George Washington Regional Commission

2020 Housing Affordability Study and Action Plan

HousingForward VIRGINIA

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Executive Summary

As the George Washington Region continues to grow, the current housing supply will continue to feel the pressures of high demand. Both new and existing residents in the region are feeling those impacts through increasing costs to to buy and maintain a home or rent an apartment. But the entire region is feeling the effects through greater traffic congestion and decreasing income diversity.

The George Washington Regional Commission's *2020 Housing Affordability Study and Action Plan* was completed by Housing*Forward* Virginia to provide the region with a clear understanding of housing affordability in the region and ways to address the issues identified.

Why a regional housing study?

Challenges in housing affordability aren't isolated to a single locality. In fact, local housing markets are inherently linked as residents and workers look for housing across jurisdictional boundaries. By taking a regional approach, the localities can better understand how they share a common interest in developing more diverse housing options for all of their residents.

Collaboration on housing can lead to greater impact on economic vitality, decreased traffic congestion, and the creation of more vibrant communities.

Defining affordable housing

For the purposes of this study "affordable housing" is not a type of housing, but instead refers to housing that a household can pay for without being cost-burdened. We use the U.S. Department of Housing and Urban Development's (HUD) 30% rule to define affordability. This simple ratio states that housing is affordable if a household pays no more than 30% of their gross household income on housing costs. If they pay greater than this threshold, they are housing cost-burdened.

For example, a two-person household earning 50% of the area median income should pay at most $1,110 per month towards housing costs. A single person household earning 50% of the area median income should pay at most $950.[1]

Major findings

- **Rental housing will continue to be unaffordable without intervention. One in two renters in the region are cost-burdened. An overwhelming majority of those cost-burdened renters are low- and moderate-income households.**
- **There is little rental housing that is dedicated to low- and moderate-income households in the region. Only 7% of all the new homes built in the region over the past decade use public assistance to provide below-market rate rents.**
- **The price of homeownership continues to increase as supply dwindles. Over the past five years, the price of a home has risen nearly 20%.**
- **First-time homebuyers are being priced out of the market. As of June 2020, 1 in 5 home resales were below $250,000 in 2020. Of all new construction sales in 2019 and 2020, only 3% were below $250,000.**

1 Based on an assumption that households pay $150 per month towards utilities.

Executive Summary

- **Homebuyers are looking for homes that aren't being built. The average new home constructed is over 3,000 sqft, but the highest demand is for smaller homes.**
- **COVID-19 has increased the desire and need for multigenerational housing, flexible living spaces, and broadband access.**
- **Senior housing needs will be a significant portion of future housing demand. One in five residents in the region will be 65 years or older by 2040.**
- **Active duty military and veterans have bolstered homeownership over the past decade. The growth of VA home loans since 2008 is twice that of conventional loans.**

Recommended Solutions

These housing challenges are not wholly unique to the GWRC region. Across Virginia and the country, such problems are leading localities to supplement state and federal housing resources with their own efforts. The bulk of this report outlines forty-two detailed housing policy solutions that can be implemented at the local level. These solutions are categorized based upon the impact they will have on the local housing supply. Each solution includes a guide to implementation and information to aid in prioritization.

Not every solution needs to be implemented for progress to happen. This is a menu with a wide variety of options for localities to implement based on needs and priorities. These solutions have a proven track record in other regions and are tailored to the GWRC region based on the data and information we have learned in the last eight months of studying the local housing market. Some solutions are regional; others are particular to specific jurisdictions.

Implementation

So where does the region go from here? The following ten solutions are recommended as priority solutions. They provide a range of outcomes and were chosen based on the region's needs and an interest in setting priorities that are manageable, yet aspirational. Priority solutions range in level of difficulty, length of time to implement, and the quantity or type of housing produced. These priority solutions are a good mix and a great start.

Priority solutions

1.3 Use comprehensive plan updates to explore density options and expand housing education efforts
1.4 Expand accessory dwelling units in residential districts
1.9 Create and promote inclusionary zoning programs
1.10 Permit by-right multifamily housing in more residential zonings
2.5 Establish a regional housing consortium to pool federal housing resources to create more impact
2.9 Establish a regional housing trust fund
3.3 Increase housing rehab and critical home repair assistance programs
3.12 Revitalize manufactured home communities and replace poor quality homes
5.3 Create a center for first time, moderate-income homebuyer readiness
5.4 Begin awareness campaign to demonstrate the importance and value of affordable housing

About

About Housing*Forward* Virginia

This report was written by Housing*Forward* Virginia. Housing*Forward* Virginia is the Commonwealth's trusted resource for affordable housing data and actionable insights. Advocates, planners, developers, and mission-aligned organizations rely on us to help them build connections and advance their work. With our support, they're able to better identify needs, influence decision makers, and ultimately increase access to affordable housing for all.

Housing*Forward* Virginia is a 501(c)3 nonprofit organization based in Richmond, Virginia. For more information, visit: **housingforwardva.org**

About George Washington Regional Commission

The George Washington Regional Commission (GWRC) is the regional planning and doing organization for Planning District 16. The region includes the City of Fredericksburg, Caroline County, King George County, Spotsylvania County, and Stafford County. By statute, GWRC is charged with addressing "issues of greater than local" impact. For more information, visit: **gwregion.org**

Acknowledgments

This effort would not have been possible without the support and participation of dozens of individuals and organizations with a vested interest in the region's continued success and growth. We thank the George Washington Regional Commission's Executive Director, Dr. Linda Millsaps and Deputy Director, Kate Gibson, for their input and collaboration throughout this study.

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We would also like to acknowledge those individuals who participated in our community survey and focus group. Your feedback provided valuable information to guide the selection of recommendations catered to the region. Focus group and interview participants represented a diverse group of companies and organizations:

1st Choice Better Homes & Land
Amy Cherry Taylor & Associates
Atlantic Builders
Caroline County Department of Social Services
Central Virginia Housing Coalition
City of Fredericksburg
Coldwell Banker Elite
The Community Foundation
Fredericksburg Area Association of REALTORs
Fredericksburg Area Builders Association
Fredericksburg Regional Alliance
Germanna Community College
Greater Fredericksburg Habitat for Humanity
Jarrell Properties, Inc.
King George County
Legal Aid Works
Mary Washington Healthcare
Mary Washington University
Republic Home Builders
Rappahanock United Way
Spotsylvania County
Stafford County

Additional thanks goes to Fredericksburg Area Association of REALTORS and Bright MLS, Inc. for providing data from which to gain a baseline reference of the region's housing market.

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Introduction

Fig. 1) George St., Downtown Fredericksburg, Photo by HousingForward Virginia

Why a regional housing study?

Housing choices and challenges cross local boundaries.

Communities across the George Washington region, or Planning District Commission 16, face different challenges when it comes to housing, but the need for more affordable housing is a common thread across rural, suburban, and urban communities. The region has experienced some of the fastest growth in Virginia—with few signs of slowing down. By 2040, the region is expected to be home to nearly half a million people.[1] But this growth requires policymakers to consider where new and existing residents will live, especially as housing costs continue to rise and supply significantly lags demand.

The impact of the Washington, DC Metro Area has long been felt by the entire Fredericksburg region. The Interstate 95 Express Lane and the Virginia Railway Express extensions to the region have solidified a robust connection to the DC economy. With comparatively cheaper housing options, the GRWC region has been an attractive destination for workers seeking more affordable housing at the cost of a longer commute. Nearly 42% of the workforce commutes to a job outside of the region, with 1 in 10 commuters spending over 90 minutes or more traveling one-way to work.[2]

1 University of Virginia Weldon Cooper Center, Demographics Research Group. (2019). Virginia Population Projections. Retrieved from https://demographics.coopercenter.org/virginia-population-projections

2 Gentry, Lance. 2019 Fredericksburg Region Commuter Workforce Study. Prepared for the Fredericksburg Regional Alliance at the University of Mary Washington, the George Washington Regional Commission, and GO Virginia. October 12, 2019. Center for Business Research, University of Mary Washington.

As the population continues to grow, market pressures may have unintended consequences on the region's population and housing. For example, millennials and baby boomers seeking diverse and vibrant neighborhoods may push long-time, low-income residents out when home values and rents rise in once affordable neighborhoods, like the historic African-American neighborhood of Mayfield. High homeownership costs and limited affordable rental prospects in the counties surrounding Fredericksburg will leave modest income families with few quality housing options. Seniors with fixed incomes will experience rising housing costs, declining housing quality and few alternatives.

When families of diverse incomes can't afford to live in amenity rich areas, they often have to travel further and further out to find housing within their budgets. Impacts are felt across all localities as traffic congestion increases, housing and job mismatch persists, less money is spent in the local economy, and development sprawls. Essential workers, like nurses and firefighters, need diverse housing choices at affordable price points as do low-income and senior populations.

With a wide range of housing for people of all incomes, the region can continue to be a place to call home for both new and existing residents. A regional approach to housing recognizes the impacts that Stafford has on Fredericksburg or Fredericksburg on King George. While each locality may need housing solutions tailored to their distinct issues, collaboration can ensure the region creates and maintains housing that is affordable to people of all incomes.

Fig. 2) The George Washington Regional Commission Area

Defining affordable housing

Affordable housing means different things to different people based on their income.

OUR DEFINITION

In this report, we use "affordable housing" to mean a**ny home where a household pays no more than 30% of their gross income on rent or mortgage and basic utilities.** This definition is consistent across type and location of housing, and aligns with the standard threshold used by the US Department of Housing and Urban Development (HUD). This definition does not make a distinction between housing that uses direct public assistance versus housing provided by the private market.

WHY THIS MATTERS

With rising house costs for both owners and renters, finding and maintaining budget-friendly housing is increasingly difficult. This translates to not only housing instability for existing residents in the region, but also difficulty for a region to attract a diverse workforce.

Essential workers like food service and retail employees, teachers, nurses, and firefighters may find it increasingly hard to locate where jobs may be available due to the lack of housing within their budget. These workers are considered part of a growing population known as **Asset Limited, Income Constrained, Employed (ALICE)**. These households make enough money to not be in poverty, but budgets are stretched far to afford things like childcare, healthcare and housing. Within the GWRC region, one in four households are part of the ALICE population.

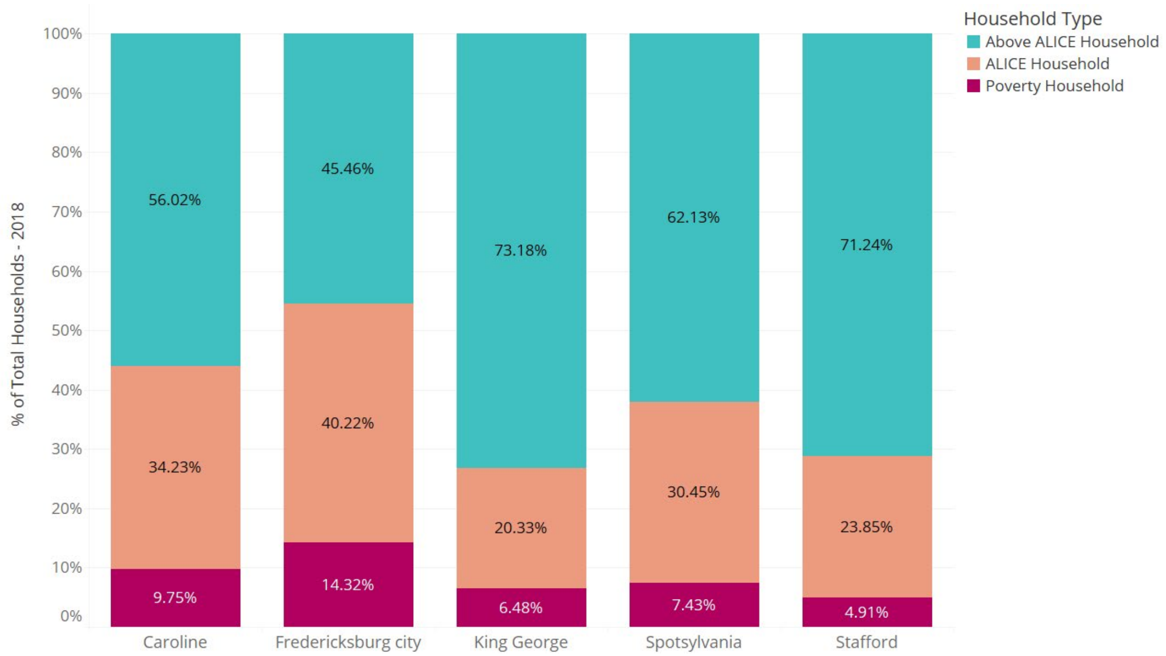

Fig. 3) ALICE Threshold in the GWRC Region. Source: United Way, ALICE Threshold 2018

Many households make hard decisions about what necessities to pay for; whether it be housing, healthcare, medication, education, transportation, or food. When households spend a large portion of their income on housing, they are often referred to as **housing cost burdened.**

By federal standards, those households that pay more than 30% of their income on housing costs are referred to as cost burdened. From those who are experiencing poverty to even some high income earners, households of all incomes are cost burdened. Therefore, affordable housing is a concern for everyone. When a region has diverse housing options for everyone, local communities and economies are able to thrive. When a region has diverse housing options for everyone, households have more spending and saving power by not paying too much for their home and unnecessarily long commutes. This helps local communities thrive and become economically resilient.

MAKING SENSE OF AREA MEDIAN INCOME (AMI)

The **Area Median Income (AMI)** is how HUD determines the income eligibility requirements for federal housing programs such as the Low Income Housing Tax Credit (LIHTC), first-time homeowner preferential grants or loans, or the Section 8 Housing Choice Voucher Programs.

HUD calculates AMI values for metro regions across the nation using estimates derived from household responses to American Community Survey, an annual survey conducted by the Census Bureau. Using these estimates, HUD determines a median income for all families, then uses a standard methodology to calculate incomes at 80%, 50%, and 30% of this median for household sizes ranging from one person to eight persons.

Households earning less than 80% of AMI are referred to as "low-income"; households earning less than 50% of AMI are "very low-income"; and households earning less than 30% of AMI are "extremely low-income." These thresholds are used to determine program eligibility for nearly all types of housing assistance provided by federal, state, and local governments.

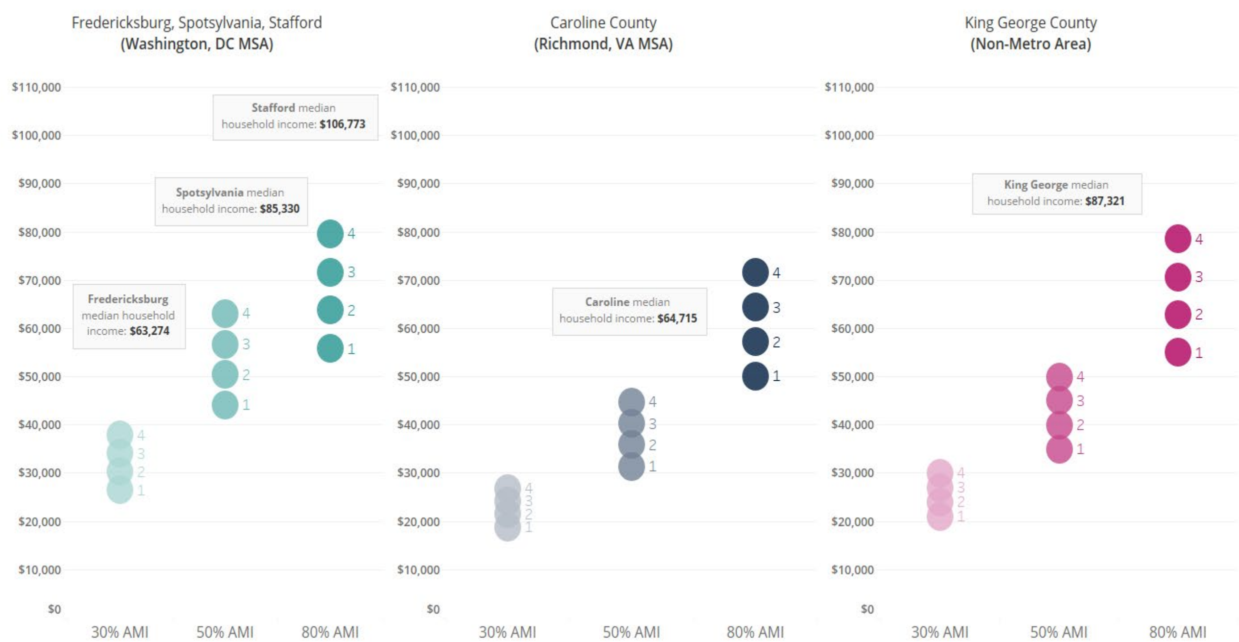

Fig. 4) Comparison of AMIs in the GWRC region for households with 1 to 4 persons. Sources: HUD FY2020 Income Limits; 2014-2018 American Community Survey, 5-year estimates

A major challenge for the GWRC Region is that HUD uses three different geographical areas to determine AMI for the five localities. The high income households of the DC metro area drive up the thresholds to qualify for federally-backed subsidies in Fredericksburg, Spotsylvania, and Stafford, which are included in the "Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area." Meanwhile, the Richmond, VA MSA is used for Caroline, and King George is not assigned any metro region and therefore uses its own AMI.

The federally-set FY2020 AMI for the DC metro area is $126,000.[3] Based on this estimate, HUD classifies a two-person household making $50,400 as very low-income. For the Richmond metro area, the AMI is $89,400, with a very-low income two-person household earning $35,800 or below. These distinctions make for significantly different eligibility thresholds within a single region.

For comparison, the Fredericksburg region's average median household income was only $81,833 in 2018.[4] With lower household incomes than Northern Virginia and Richmond residents, the region continues to experience external pressures from the DC region that make it difficult for existing regional residents to find and afford lower-cost housing. What is affordable in the Fredericksburg region is significantly different from affordable housing in Northern Virginia. Therefore, when thinking about affordability, we must focus on maintaining affordability based on local incomes. Solutions offered in this report will offer ways to address this challenge.

HOW WE CREATE MORE MODESTLY-PRICED HOUSING

A shortage of affordable housing implies that building more housing is the best answer. But rising construction costs, low supply of available land, labor shortages, and other challenges make this solution very difficult in practice. In order to create housing at more accessible price points, two types of interventions are used to either 1) make new, modestly-priced housing or 2) make existing housing more affordable.

Making new, lower-cost housing uses strategies that make it easier to develop more housing and lower costs by increasing supply. Lessening zoning restrictions that prevent multifamily housing, offering tax incentives or density bonuses for dedicated affordability, and streamlining the development process are just some of the ways localities can help increase the supply of housing for low and moderate income households.

Making housing more affordable focuses on helping individual households afford housing. This is often done through rental assistance and homeownership grants that help households cover increasing costs. Other assistance like rehabilitation programs help existing homeowners make necessary improvements in their properties to maintain a quality home without sacrificing income needed for food and healthcare.

There is no one single solution that will solve the housing challenge that the region faces. Instead, it will take an assortment of strategies to create affordable housing, make housing affordable, and maintain that affordability over time.

3 US Department of Housing and Urban Development; FY 2020 Income Limit documentation.
4 US Census Bureau; 2014-2018 American Community Survey, 5-year estimates; Table S1901.

Fig. 5) Why is it expensive to build affordable housing?

Why is it expensive to build affordable housing?

If there's such a demand to build affordable homes for people, why isn't the market filling that need? The answer is a simple math problem, but a complicated policy problem. In short, the cost to build and maintain nearly any kind of home these days commands price points well above what most would consider affordable. Filling this "gap" is a constant challenge for any affordable housing developer. So how did we get here?

Homes need land, and land is getting more expensive.
In high-growth regions, land costs have skyrocketed as the amount of developable land dries up. Localities can help by zoning for additional density and, if possible, donating underused public land for housing.

Labor isn't easy to find and afford.
Skilled construction workers are hard to come by, which drives up costs. Labor shortages are the result of limited trade programs, volatility in immigration policy, and other factors.

Raw materials costs are increasing.
Due to tariffs and pandemic-related supply chain issues, the price of lumber has skyrocketed in 2020. The National Association of Home Builders estimates this has increased the average single-family home price by $14,000.

Government investments in housing aren't enough.
Affordable housing developers often use public subsidies and tax credits to help "close the gap." According to the Center on Budget and Policy Priorities, federal discretionary spending has declined by almost 5% since 2010 (adjusted for inflation), despite a clearly growing demand.

NIMBY contributes to development costs.
In addition to preventing development altogether, Not In My Back Yard (NIMBY) sentiments can be costly to developers. Construction delays, permit denials, and design concessions in response to local opposition lead to loss of income for developers that are often mitigated by increasing housing prices.

Spectrum of housing needs

Different households have different housing needs based on their size, income, age, and other factors. The graphic below shows a range of households and how they are served by homes created by nonprofit, public, and private market activities. This "housing spectrum" is a useful tool for understanding the wide continuum of policies required to provide housing options that are affordable and attainable across the GWRC Region.

Fig. 6) Spectrum of housing needs in the GWRC region

	Less than 30% AMI	30% to 50% AMI	50% to 80% AMI	80% to 100% AMI	Greater than 100% AMI
Income category	Extremely low income	Very low income	Low income	Below average income	Above average income
Number of households	29,004	30,500	25,405	24,972	124,724
Cost burden	8%	23%	17%	13%	3%
Severe cost burden	30%	9%	3%	1%	0.2%
Household types	Minimum wage workers; Low-income seniors; Persons with disabilities; Housing insecure persons/families	Low-wage workers; Low-income seniors; Persons with occasional housing challenges	Recent college graduates; Young couples; Moderate-wage workers	Young professionals; Working-class families; Retired professionals	Families with two high earners; High-income singles
Types of housing used by these households	Low-cost market rental; Housing Choice Vouchers; Assisted rental housing; Supportive housing; Temporary shelters	Low-cost market rental Housing Choice Vouchers Assisted rental housing	Market-rate rental; Assisted rental housing Starter homes	Market-rate rental; Median-price for-sale homes	High-end renta;l High-end for-sale homes
Challenges	Homelessness; Major housing insecurity; Extremely low or no income; Supportive services needs; Unemployment or under - employment	One crisis away from housing insecurity; Fixed or low incomes; Affordable housing not near jobs	Can afford market-rate, but with cost burden; Limited inventory to achieve homeownership	Market-rate housing attainable but limited by location and quality; Strong income but limited assets	Very few challenges

How is this study different?

In late 2007, the national foreclosure crisis and recession prompted the region to create an Affordable Housing Task Force. The resulting work of the Task Force led to a 2008 report that highlighted the high demand for housing from DC Metro Area workers that persists today and the need for more greater regional collaboration to take advantage of federal funding.[5]

The report was released amid the economic downturn which changed the rate of development and employment growth that the region was experiencing ahead of 2007. The recommendations provide general guidelines for further exploring and evaluating the affordable housing challenges in the region. The region successfully deployed the federal Neighborhood Stabilization Program as a result of the report. This successful grant award program was used to purchase foreclosure homes and rehabilitate them as affordable housing.

This study expands upon the 2008 report, as well as recent reports conducted by Lisa Sturtevant & Associates LLC and the Fredericksburg Area Association of REALTORS. These recent reports have provided a baseline reference from which to understand the region's housing inventory and have helped guide this study which offers detailed, actionable solutions to address a wide range of housing challenges the region is facing today.

The housing solutions presented in this study provide localities and the region with specific programs and tools to support quality and affordable housing development. From the local- to regional-level, we provide a menu of solutions with comprehensive information such as the actions and resources needed to carry solutions to implementation.

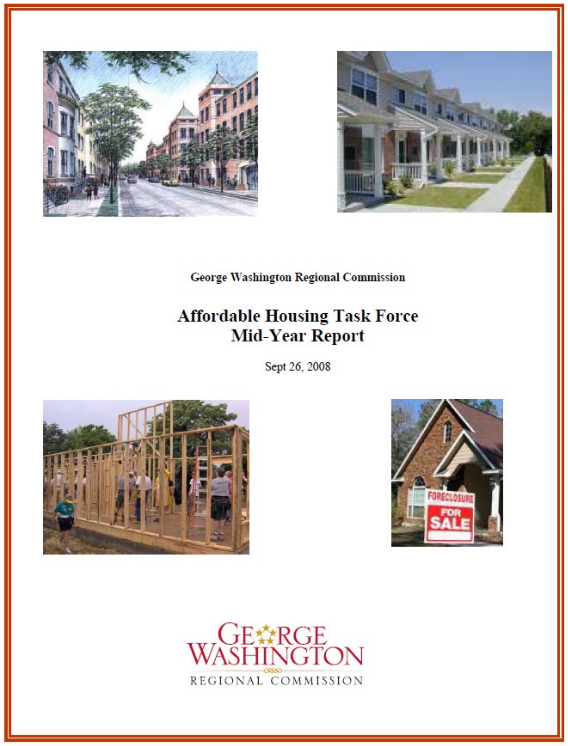

Fig. 7) Affordable Housing Task Force Mid-Year Report Cover, 2008, George Washington Regional Commission

5 George Washington Regional Commission. (2008). *Affordable Housing Task Force Mid-Year Report.* September 26, 2008.

Vision & Values

To help craft and advance the solutions provided later in this report, Housing*Forward* Virginia and GWRC assembled a work group of housing experts, advocates, and other regional leaders in early 2020. The first task this group completed was drafting a regional vision and set of values to anchor this effort. Housing*Forward* Virginia and GWRC used the vision and values to shape the content, type, and prioritization of the housing solutions provided in this document.

REGIONAL VISION

All residents in our region will have a path to a high-quality, affordable place to call home.

VALUES

Collaboration	Successful housing solutions will be a group effort led by both public and private individuals and organizations.
Community	We will take advantage of our shared geography and shared vision for affordable housing to achieve results that build and strengthen connections across our neighborhoods and region.
Equity	Everyone in the region will have the tools and resources necessary to meet their housing needs regardless of race, ethnicity, income, age, or other measure of diversity.
Innovation	The region will make use of new ideas and fresh approaches to break through the existing constraints on our housing supply.
Sustainability	Solutions will be measured by their ability to create long-term, positive environmental, social and financial health.

Findings

HOUSING NEEDS SURVEY

Community members are an important source of information. Their insight is helpful to provide an even clearer picture of housing needs beyond available data.

Housing Forward Virginia developed a 15 question online survey to ask residents in the GWRC region directly about their housing needs. Questions sought to understand how residents felt about their current housing affordability, condition, and future housing needs.

From late June to early August, the survey was distributed online by members of the Working Group and other stakeholders. In total, there were 461 respondents who represented a diverse range of residents from all localities. The following highlights some major trends among these responses:

- Three quarters of respondents noted a difficulty in the ability to find both a good quality and reasonably-priced home in the region.
- Two-thirds of respondents indicated that they or someone they know has experienced a barrier to finding good housing.
- There is an overwhelming desire to see more diverse housing options in the region so that people who work in the region can live here.
- While many respondents are satisfied with their current housing, many are thinking about future needs such as aging-in-place and major home repairs or upgrades.

The responses from the survey helped to further inform solutions and priorities for the region. For a full breakdown of the survey results, see **Appendix A.**

Rental Market

The number of renters in the GWRC Region is steadily growing. This is largely due to the fact that the cost to buy a home continues to rise, while wages have barely budged. Younger households seeking homeownership may have income to support a monthly mortgage payment, but lack sufficient savings for down payments, and are often straddled with student debt payments.[6] While new rentals are emerging on the market to accommodate these families as they work toward homeownership, they are overwhelmingly high-end apartments that do not serve low- to middle-income households, including young people in the early stages of their careers.

With a low supply of older duplexes, townhomes, and garden apartments available to be rehabilitated or renovated, the region lacks a diversity of housing that can serve all budgets. The lack of low-cost rental housing in Fredericksburg has forced many low wage households to take on the additional costs of commuting to jobs located in the surrounding counties.

6 National Association of REALTORS® Research Department & American Student Assistance®. (2017). Student Loan Debt and Housing Report 2017: When Debt Holds You Back.

In recent years, Fredericksburg has consistently had lower median rents when compared to Spotsylvania and Stafford Counties, and higher out-commuting rates for low-earning workers. In 2017, 73% percent of workers earning $1,250 or less who live in Fredericksburg commuted out of the city for work, while 67% and 70% of workers earning $1,250 or less in Spotsylvania and Stafford worked outside of their areas, respectively.[7]

The lack of diverse workforce housing has additional implications on the regional economy. Without an adequate supply of middle-income rental housing, the region will be unable to attract and retain an educated workforce, which in turn is a key factor in attracting new business to the region.

Today, there is a significant need for apartments that are affordable to households with tight budgets, especially outside of the City of Fredericksburg. Without intervention, this deficit will leave many low income households without any budget-friendly housing options in the region.

WHERE WE'VE BEEN

Renters are on the rise across the region.

The number of renters across the region has increased by nearly 20% from 2010 to 2018, while the number of

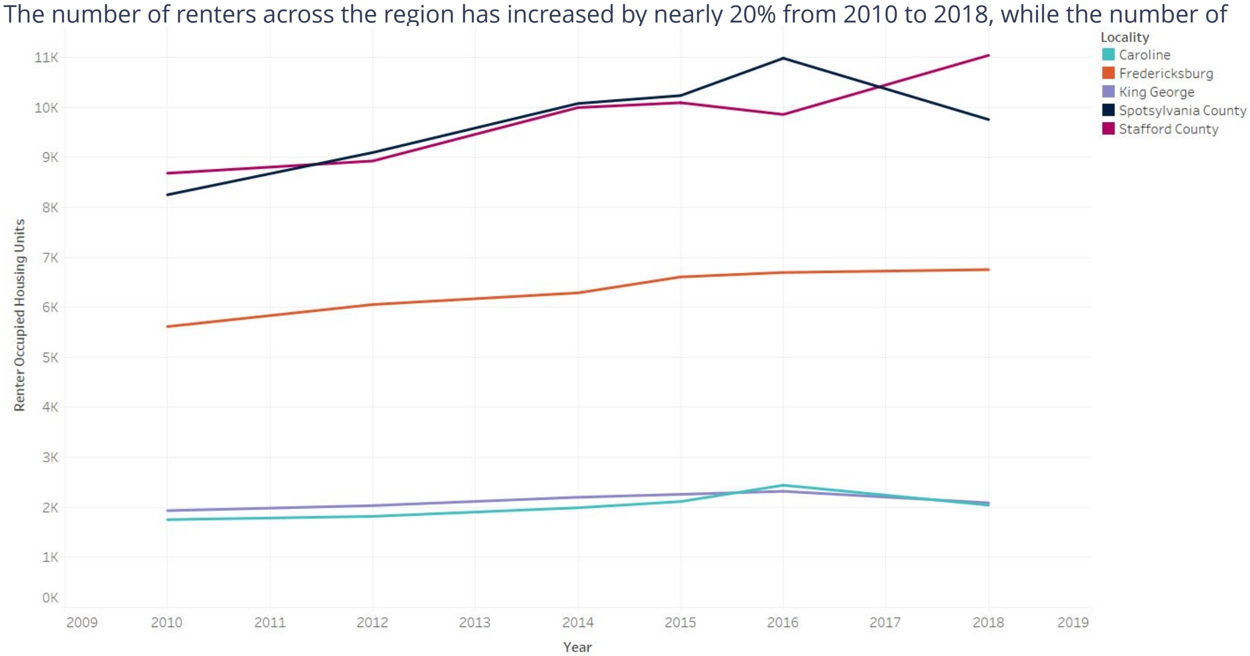

Fig. 8) Increase of renter occupancy from 2010 to 2018, by locality. Source: American Community Survey 5-year estimates.

new multifamily units being built has only grown by 10% in that same time period. With over 5,400 more renter households now than in 2010, the growth of the renter population is far outpacing the number of multifamily units being built. And the increase in the renter population is only expected to continue for years to come.

There's a mismatch between rents and income in the region.

Since 2000, renters' incomes have not kept pace with housing costs across the country. Virginia and the GWRC Region are no exceptions. Caroline and Fredericksburg have seen an increased number of renters making higher incomes, but on average the renter incomes in the region have only increased by 1% from 2017 to 2018. In that same time period, average median rents across the region have increased by nearly 6%.

7 U.S. Census Bureau. (2020). LEHD Origin-Destination Employment Statistics (2002-2017) [computer file]. Washington, DC: U.S. Census Bureau, Longitudinal-Employer Household Dynamics Program [distributor], accessed on 9/7/2020 at https://onthemap.ces.census.gov. LODES 7.4 [version]

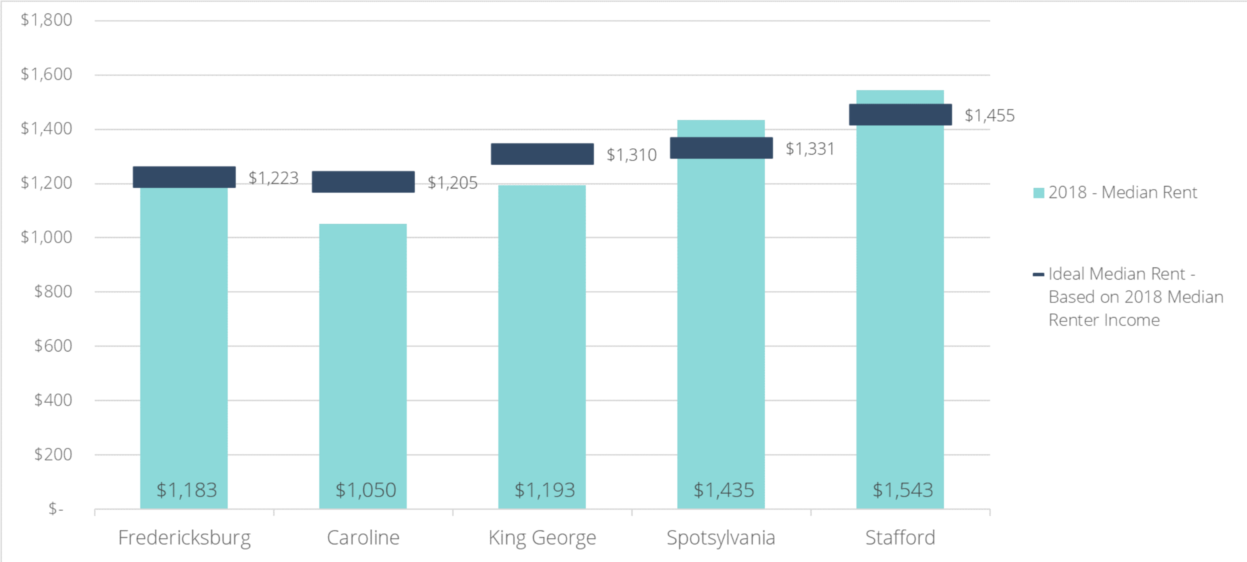

Fig. 9) 2018 Median rents vs. ideal median rents based on 2018 median renter household incomes,, Source: American Community Survey 5-year estimates

Rents in Stafford and Spotsylvania have especially not kept pace with renter incomes. The 2018 median rent for both these localities is above what is affordable for the average renter's income.

The region has depended on private and nonprofit developers for affordable housing.

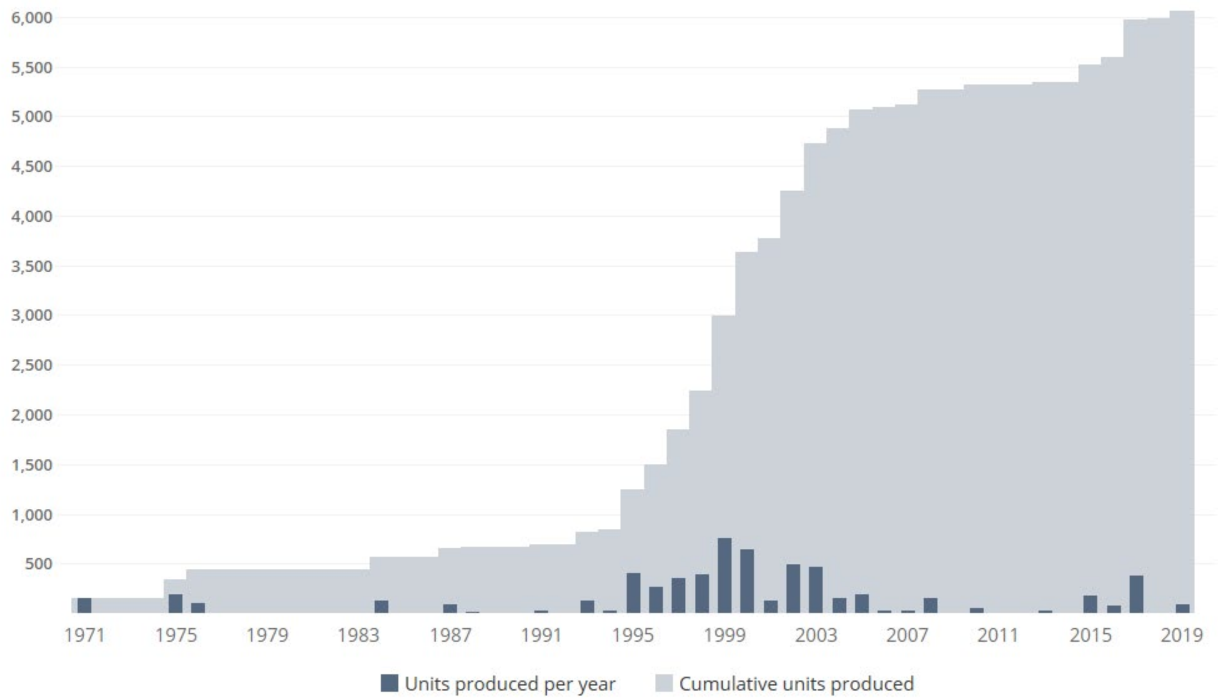

Fig. 10) Annual and cumulative LIHTC units placed in service in the GRWC Region, Source: NHPD

Between the 1940s and 1970s, the federal government created and funded deeply affordable housing for very low income households, including public housing. However, public housing was never developed in the Fredericksburg region.

Instead, the region has greatly depended on private and nonprofit developers using the Low-Income Housing Tax Credit (LIHTC) for dedicated affordable apartments. Most of these homes were built in the late 1990s and early 2000s. Since 2015, roughly 650 new affordable LIHTC apartments have been built in the region, but demand still far outpaces new supply.

Other rental units with public assistance include slightly under 1,000 apartments subsidized with Project-Based Section 8 funds, and several hundred units built or rehabilitated using the HOME Investment Partnerships Program, or USDA Section 515 Rural Rental Housing Loans. In some cases, funds from multiple programs are used to provide assistance to a single property.

The other primary source of rental assistance in the region is the Housing Choice Voucher program. Rather than attach assistance to a particular housing unit, HCVs are awarded to individual renter households and used on the private market.

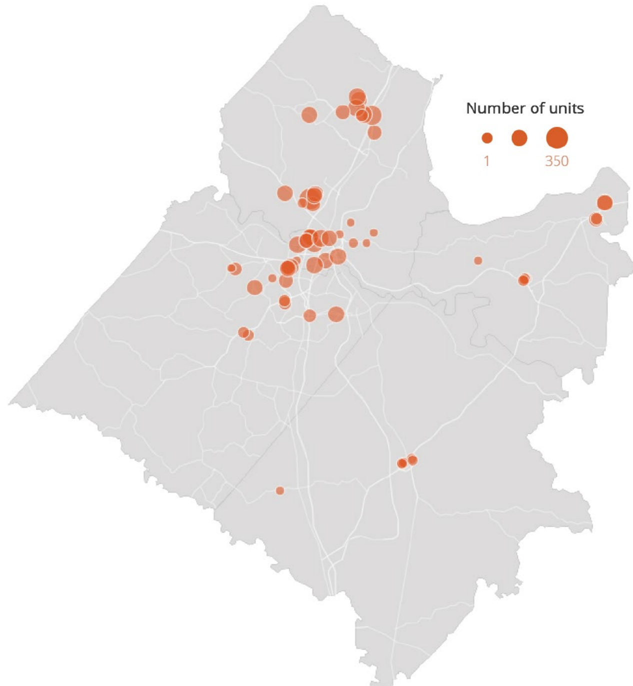

Fig. 11) Locations of assisted rental housing in the GRWC Region. Source: NHPD.

There is such a gap between the supply and demand for affordable apartments in the region that the Central Virginia Housing Coalition's waiting list for Housing Choice Vouchers has been closed since 2003. Some families have resorted to "porting" in HCVs from providers elsewhere in Virginia and even out of state.

A voucher recipient will pay up to 30% of their gross income on rent, and the HCV will cover the balance between that amount and the full rent. HCVs are federally funded but administered by local and regional agencies. In the GWRC region, the Central Virginia Housing Coalition provides approximate 1,400 vouchers. HCVs are not entitlements; they are awarded on a competitive basis. Nationwide, fewer than one in four renter households eligible for HCVs receives assistance.

WHERE WE ARE

High rents force one in two renters in the region to pay too much for their homes.

Half of all the renters in the region are cost-burdened (48%), meaning they pay 30% or more of their gross income on rent and basic utilities.[8] Worse yet, one in five of cost-burdened renters in the region are severely cost-burdened, meaning that they spend more than 50% of their gross income on housing costs. This burden is most heavily carried by renters earning less than half of AMI for their respective localities: 78% of all renters between 30% and 50% AMI are cost-burdened, and 88% of all renters below 30% AMI are cost-burdened. Of those renters making below 30% AMI, two-thirds of them are severely cost-burdened.

The most common type of new affordable housing produced around the country, with Low Income Housing Tax Credits, is often only affordable to those earning above 50% of AMI and below 60% of AMI, but the program can be adapted to expand affordability. As a result, these households often face extreme challenges making ends

8 2012-2016 Comprehensive Housing Affordability Strategy dataset, Table 7.

meet. Even with well-planned budgeting, an unexpected expense can force a family into an unstable housing situation.

This trend is not exclusive to the GWRC Region. Statewide, over four in five renters below 50% AMI are cost-burdened (83%). This is the direct result of entry-level and working-class wages growing at a much slower pace than rents asked by the private market, along with the very limited supply of affordable homes for persons unable to work, including seniors and persons with disabilities who have fixed incomes.

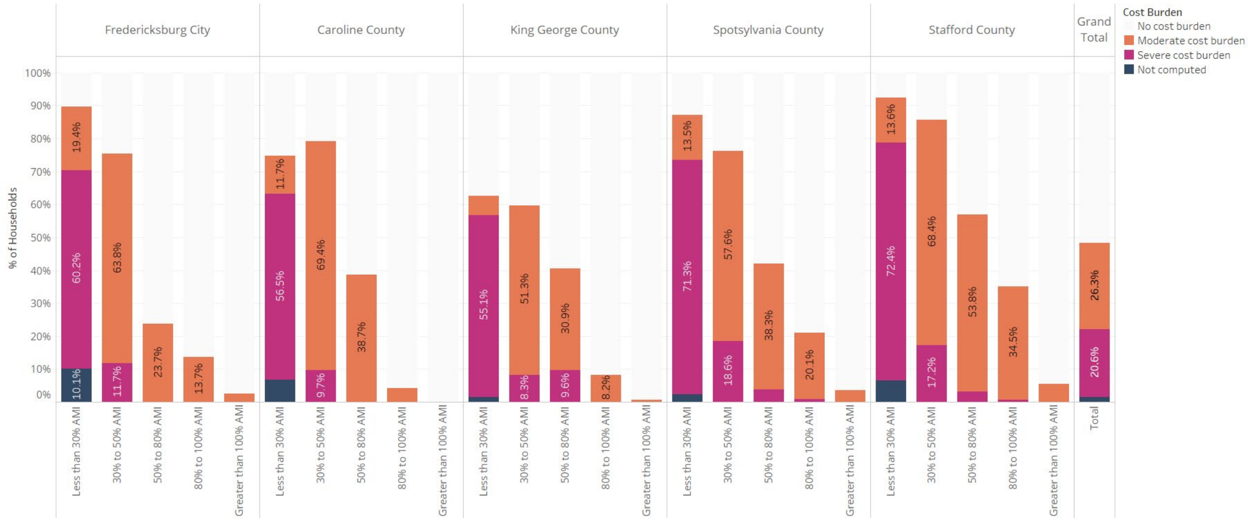

Fig. 12) Cost burden by AMI and locality, Source: 2012-2016 CHAS

Cost burdened renters are more likely to be part of smaller, younger households.

Almost half of all the cost burdened renters in the region are in small families (two non-senior persons, three persons, or four persons), and another quarter are in non-family households (e.g., non-related roommates).

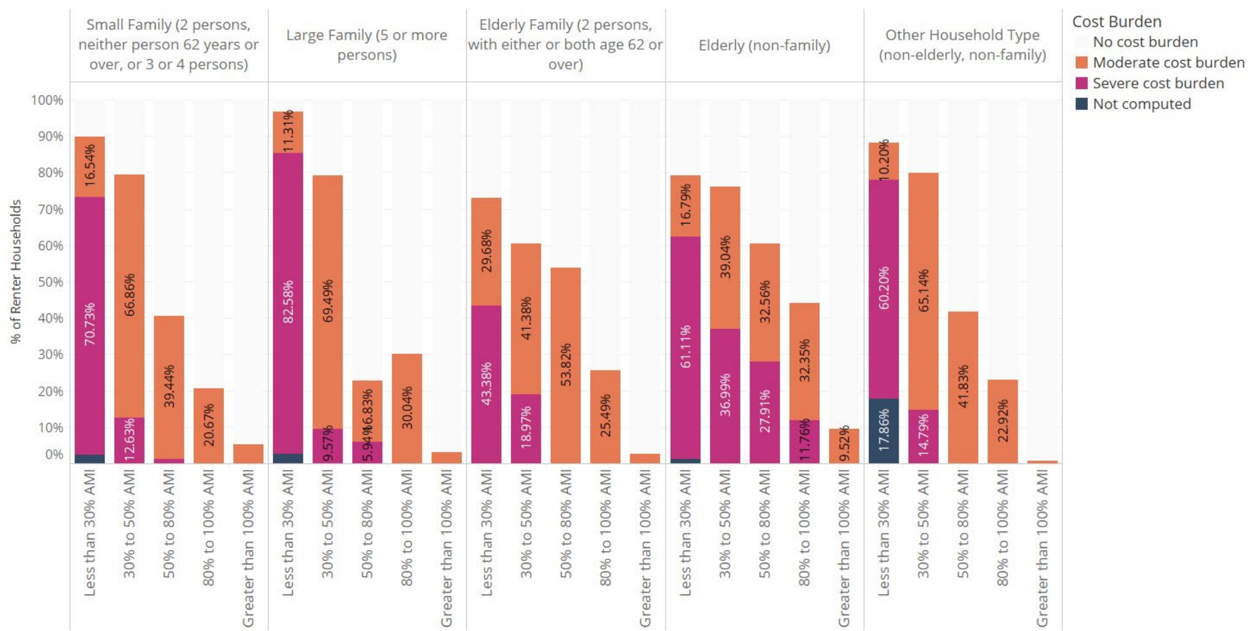

Fig. 13) Renter cost burden by age and household type, Source: 2012-2016 CHAS

Nearly equal numbers of renters live in single-family homes as multifamily apartments.

There are approximately 31,660 homes occupied by renters in the region. Of these, 43% are detached and attached single-family homes, another 43% are apartments in structures with five or more units, and the remainder are small apartment buildings or manufactured homes.[9]

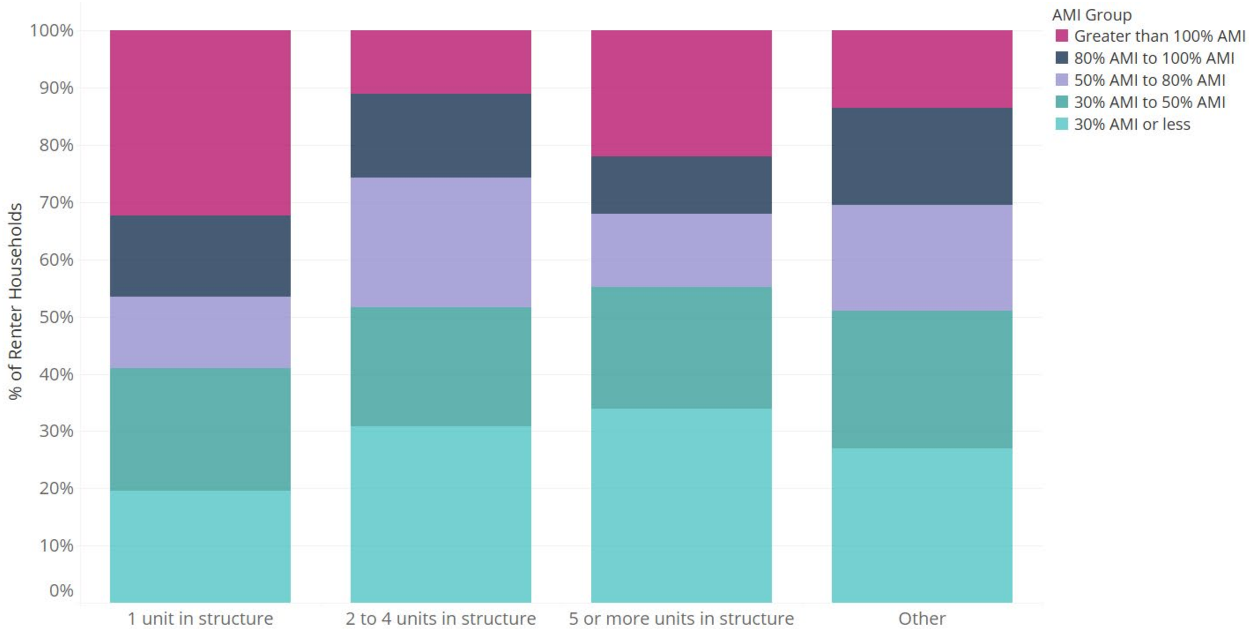

Fig. 14) Distribution of renter households by type of structure, Source: 2012-2016 CHAS

Dedicated affordable apartments are a very small share of the rental housing stock.

Since 2010, only 793 new subsidized rental units have been built in the region, primarily through the LIHTC program. This represents just 31% of all new multifamily construction over the same time period, and only 7% of all new homes produced.

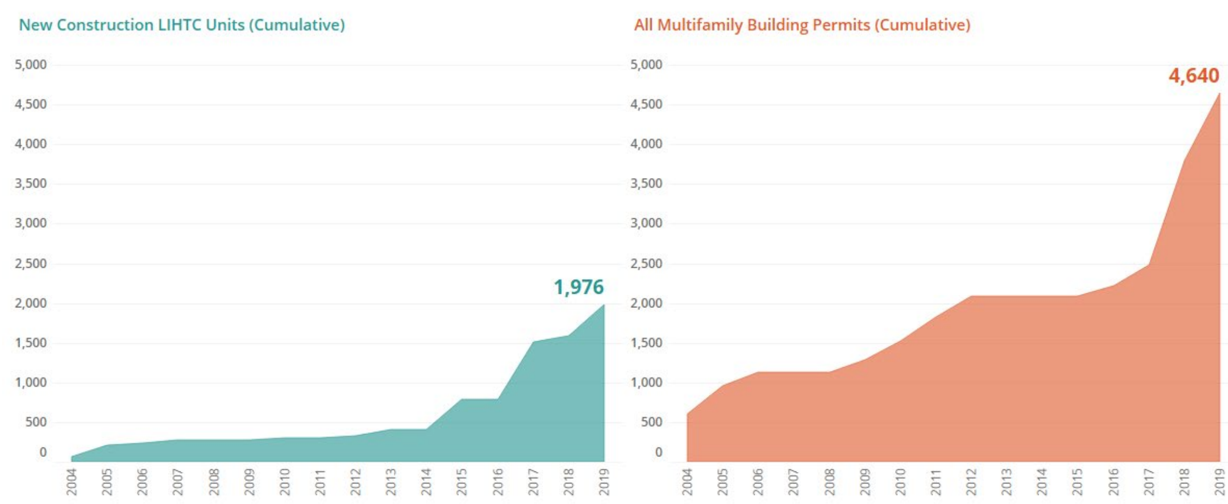

Fig. 15) Cumulative production of LIHTC units versus all multifamily units, Sources: NHPD and Census Bureau Building Permit Survey

9 2014-2018 American Community Survey, 5-year estimates; Table B25032.

Over this same time, 38,870 LIHTC units were placed in service across the whole state. This accounts for roughly 43% of all multifamily construction, and just 13% of all housing starts. Held to this statewide standard, the GWRC Region is slightly "behind pace" for its provision of affordable rental homes as a portion of its total housing production. (For comparison, the Richmond region[10] produced 2,175 LIHTC units between 2010 and 2019, which accounted for 17% of all multifamily production and 5% of all new residential units.)

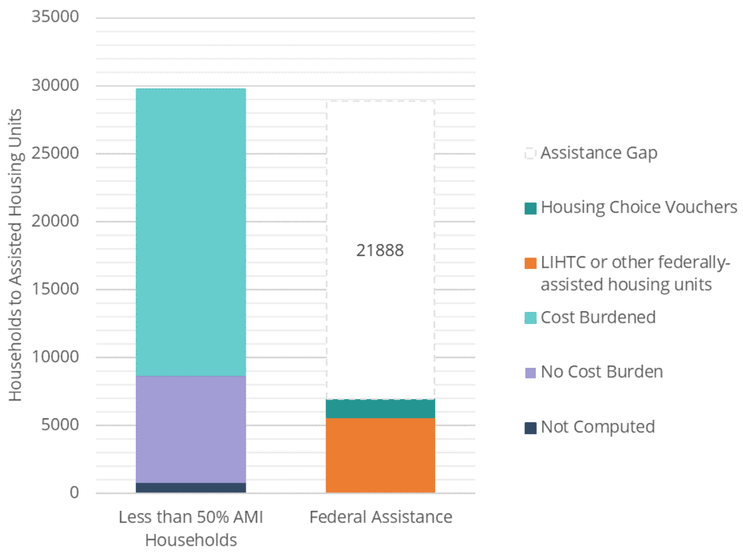

Fig. 16) Number of cost-burdened renters below 50% AMI versus total LIHTC units and other forms of housing assistance, Sources: HUD and 2012-2016 CHAS

As of 2020, there are approximately 6,000 publicly assisted rental units in the region found throughout 66 different properties. Most of these were produced using the Low-Income Housing Tax Credit Program (LIHTC). Together with approximately 1,400 Housing Choice Vouchers administered through the Central Virginia Housing Coalition, dedicated affordable apartments make up fewer than one in four of all apartments throughout the region.

As a result of this extremely tight inventory, over 21,000 families earning below 50% AMI are cost-burdened. Assuming just two persons per household, this is enough people to fill the new Fredericksburg Nationals ballpark at least eight times over.

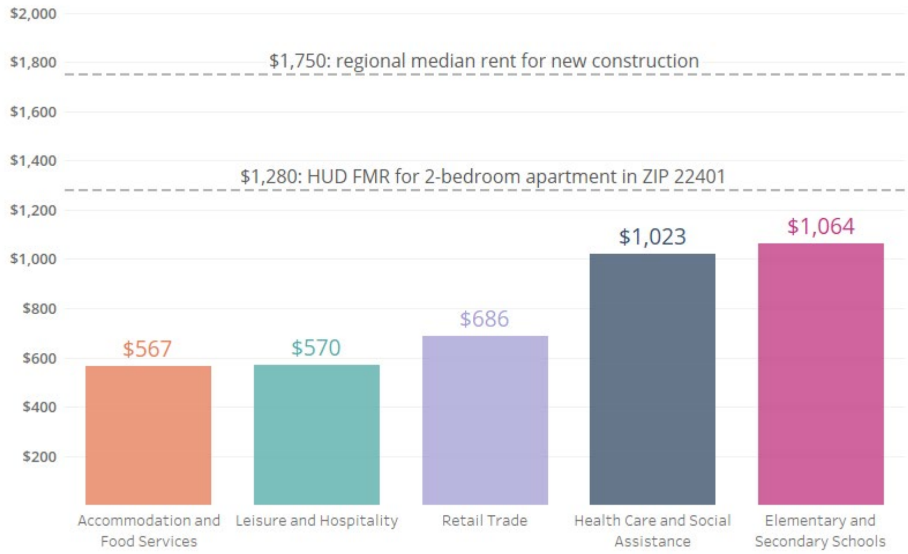

Fig. 17) Affordable monthly rents based on median regional wages, Source: VEC

Rents for new market-rate apartments are out of reach for many working-class families.

Based on MLS records of residential leases from January 2019 through June 2020, the median monthly rent for a newly-built apartment in the region is $1,750.[11] This requires an annual household income of at least $70,000—far above the median rental household incomes estimated by the Census in 2018, which range from $48,210 to $58,205 across the region.

10 Defined as the City of Richmond, Chesterfield County, Hanover County, and Henrico County.
11 Residential lease records from Bright MLS, Inc. data for the GWRC Region do not capture all rentals. Only broker-transacted leases are included, which likely skew toward higher-end rental properties with professional management.

Very little land in the region is zoned to allow apartments by-right.

When a land use is "by-right" in a zoning district, property owners can develop that use without additional public approvals. As of today, only 3% of all the land in the region allows multifamily buildings by-right, compared to 85% for single-family homes. Another 7% allows duplexes, primarily in King George County, and another 5% does not permit any residential use. (This final category includes exclusively commercial and industrial areas that may not be agreeable locations for housing.)

This dominance of "single-family only" zoning severely limits the ability for private and nonprofit developers to add to rental supply in the region to meet demand and reduce costs.

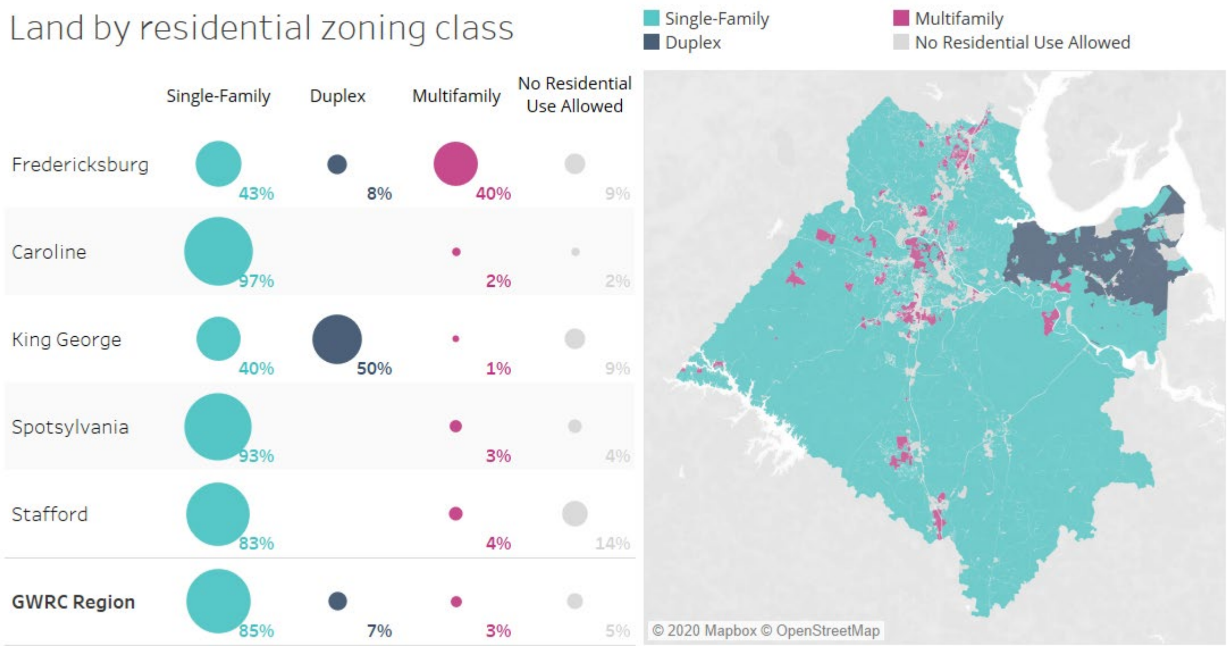

Fig. 18) Land by residential zoning class, Sources: Zoning district GIS files and zoning ordinances via localities

WHERE WE'RE GOING

Without significant interventions, housing instability will get much worse as the COVID-19 fallout continues.

As of August 8, 2020, over 9,200 workers in the region had continued unemployment claims as a result of cascading job losses from the COVID-19 pandemic. These losses are concentrated in retail, food service, and other similar low- to moderate-wage sectors whose workers predominately rent their homes.

While a patchwork of eviction moratoriums, along with supplemental unemployment insurance and other forms of direct financial assistance, has tamped down widespread displacement, future interventions at the state and federal levels remain uncertain. The National Low Income Housing Coalition estimates 12 to 17 million households across America are at risk of eviction as job losses become permanent. In Virginia, up to 384,000 households are at risk—over a third of all renters.

The subsidies for over a quarter of all the publicly assisted rental units in the region will expire by 2030. Nearly two-thirds will expire by 2040.

Because the region has no permanently affordable public housing stock, all dedicated affordable rental units use subsidies that expire a certain number of years after they are first activated—usually 30 years later. The largest share of these units were brought online in the late 1990s and early 2000s and will therefore see their subsidies expire in the next two decades.

Nearly all of these homes were created using the LIHTC program, which produces units with rents affordable to households earning 50% to 60% of AMI. In some cases, these developments are wholly or partially reserved for seniors. In the GWRC Region, 1,110 publicly assisted rental units have been set aside for seniors (18% of all).

Unless current (or new) property owners preserve the affordability of their units via new subsidy, a full quarter of all rent-assisted apartments will revert to market-rate by 2030. By 2040, well over half will have expired.

POLICY IMPLICATIONS

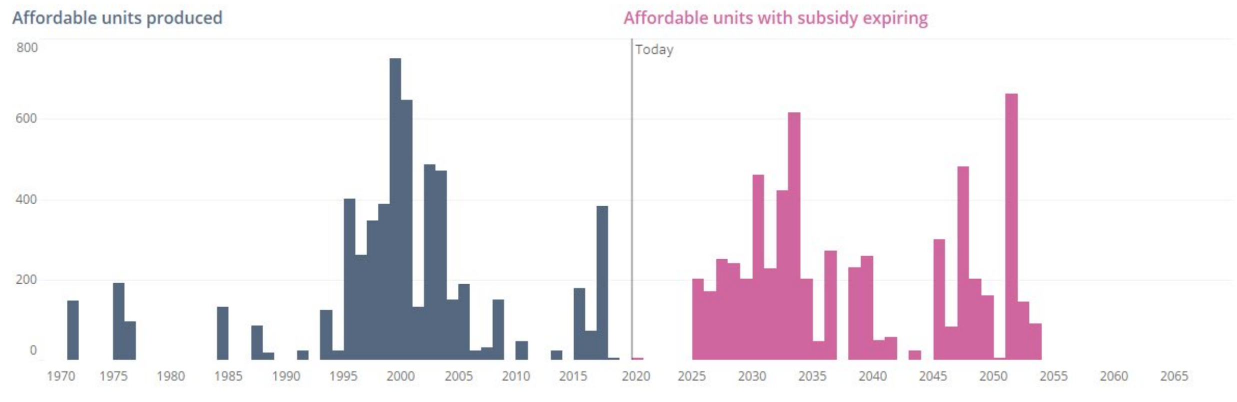

Fig. 21) Annual production and subsidy expiration of assisted rental units in the GWRC Region, Source: NHPD

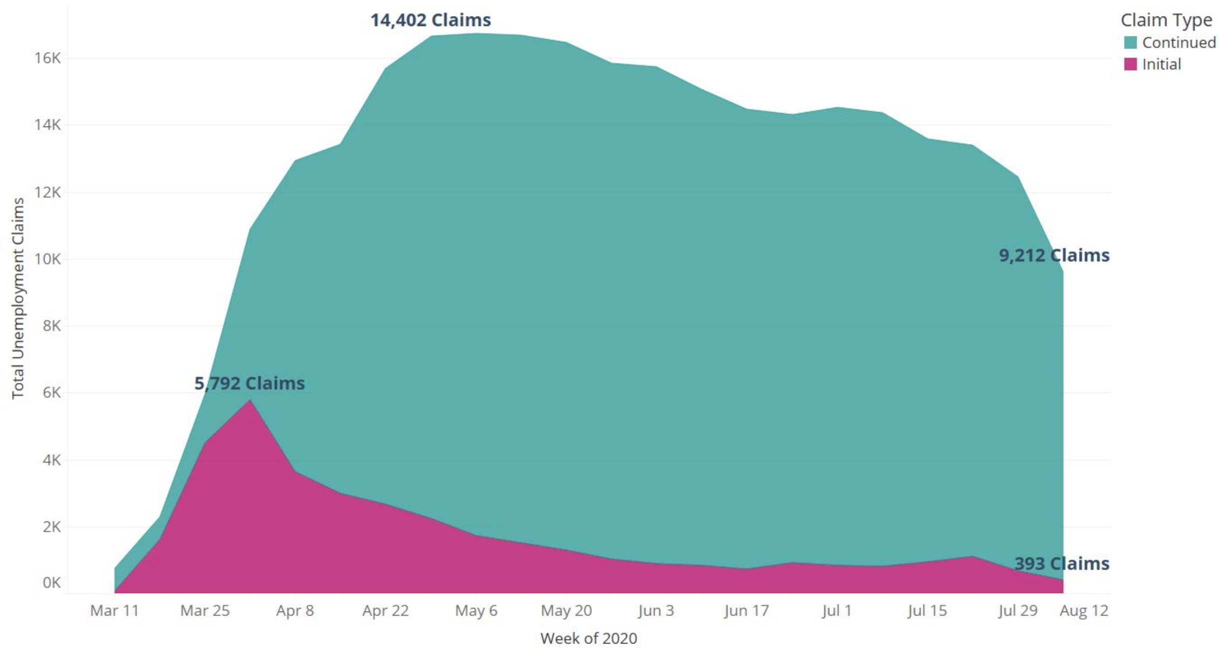

Fig. 19) Initial and continued unemployment claims in the region, March through August 2020, Source: VEC

The Virginia Department of Housing and Community Development (DHCD) established the Rent and Mortgage Relief Program in July 2020 to provide financial assistance to households who need help with housing payments resulting from coronavirus-related economic hardships. The RMRP was initially seeded with $50 million of CARES Act funding. Funds are allocated to households in need via regional partner organizations. As of August 16, 2020, the Rappahannock United Way has distributed $139,686.42 in RMRP funds to 50 households in the GWRC Region.

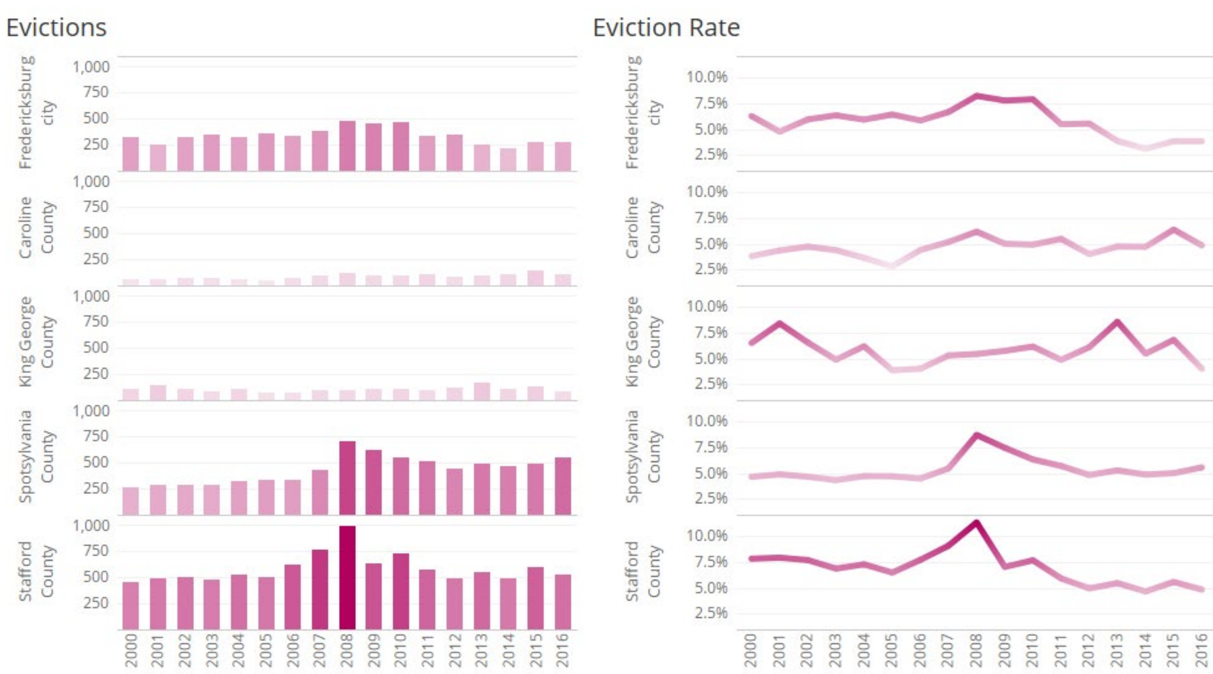

Fig. 20) Total evictions and eviction rate by locality, 2000-2016, Source: Eviction Lab

- Localities have an opportunity to re-think land uses to promote more affordable types of housing, including missing-middle, multifamily and mixed use, as a means to mitigate sprawl, reduce traffic congestion, and create community-focused developments.
- The region should find ways to attract high-quality affordable rental developers from the Richmond area, DC metro area, and greater Mid-Atlantic region. These include both private and nonprofit entities with experience using LIHTC and other housing programs to create and preserve affordable rentals.
- High cost burdens for working class renters mean that many of the region's essential workers often face significant challenges budgeting for rent, groceries, healthcare, childcare, and other necessities. One unexpected expense could easily send a family into a financial crisis—and potentially eviction—and place strains on social services.
- Workforce development initiatives—and measures to help young adults complete college degrees and job training programs—may help increase incomes for low and very-low income renters.
- High rents, combined with student loans and other debts, prevent younger households from saving for down payments and closing costs on first-time home purchases. They may also entice graduates to move outside of the region to seek more attractive housing options.
- As federal resources for affordable rental housing continue to fall well below demand, regions and localities must look inward for new solutions and resources to help low income renters find quality housing. This need applies to both new construction and preservation. The GWRC Region is not immune to this national trend.

Homeownership Market

Homeownership provides residents with a way to build wealth and gain financial independence. For residents across the region, homeownership continues to be a long-term goal. But the dream of homeownership remains out of reach for many people throughout the region as home prices have continued to rise, while incomes have struggled to grow.

Furthermore, the lack of affordable housing options in the DC Metro Area has continued to push workers down Interstate 95, where relatively more affordable housing is available. The migration of high-income white collar workers from DC, along with a limited supply of developable land, has led to an extremely tight housing market. This has left many young professionals, working families, and seniors with few options when searching for budget-friendly housing.

In addition, the racial homeownership gap continues to widen between the white and Black and Latino populations within the region. Today, the Black homeownership rate in the region is 16 points lower than the white homeownership rate. This is an increase in the gap from 2000, when Black homeownership was at 69% compared to 78% for whites in the region.

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WHERE WE'VE BEEN

Home prices in the region have risen significantly due to limited supply and high demand.

The median closing price for a home in the GWRC Region has increased from $265,000 in 2015 to $315,000 in 2019—a 19% jump. At the same time, the odds of even finding a home are getting smaller. The median days on market (DOM) decreased from 35 in 2015 to just 19 in 2019.

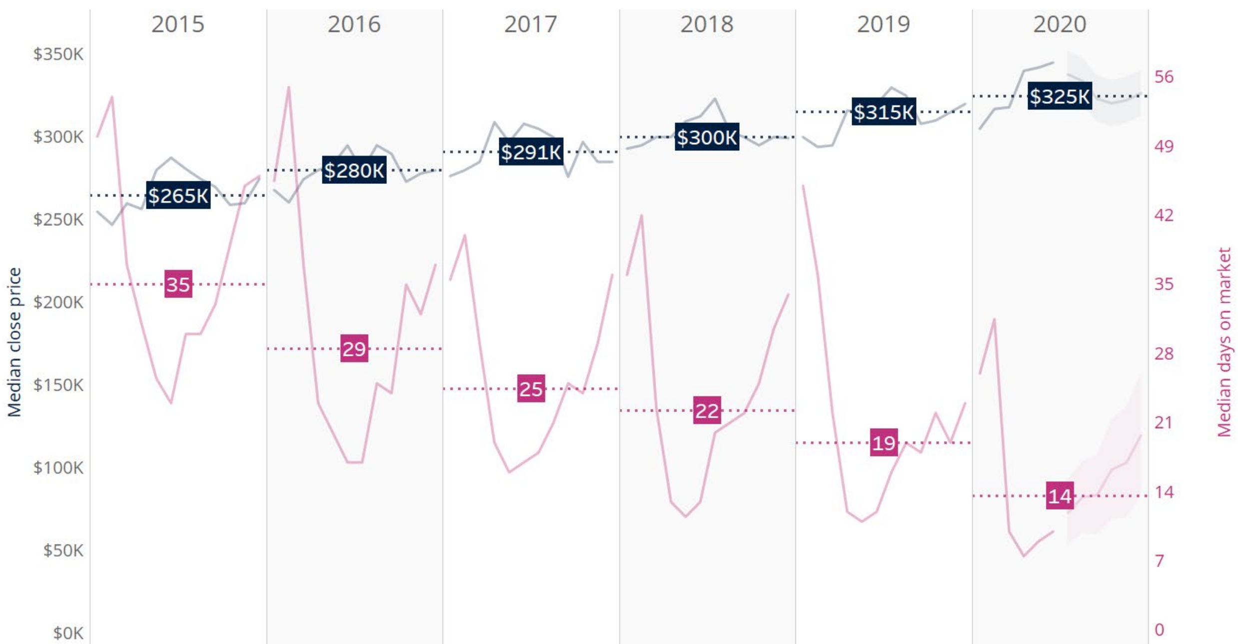


Fig. 22) Median close price and median days on market for all homes sold in the GRWC Region, Source: Bright MLS, Inc.

The homeownership market in every locality has gotten tighter.

Median home prices in each of the five localities in the GWRC Region have increased since 2015. Even in the "weakest" market of Caroline County, the average home now sells for well over $200,000, and stays on the market for fewer than three weeks. Average home prices in every other locality have exceeded $300,000; furthermore, homes in these areas are now on average selling in less than two weeks.

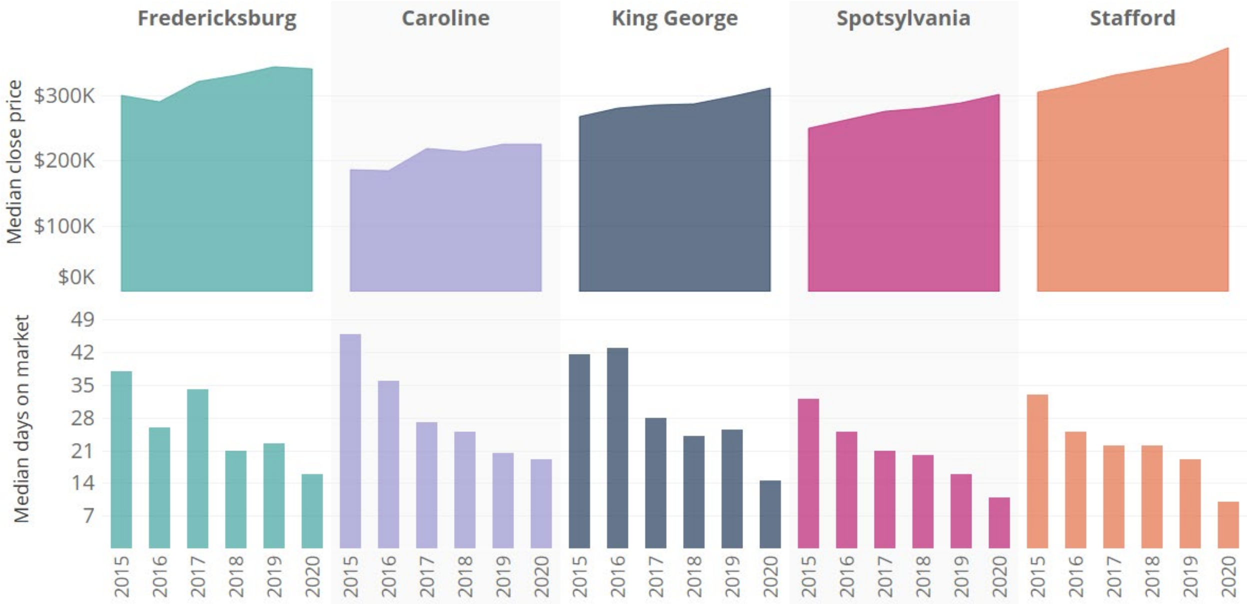


Fig. 23) Median close price and median days on market for all homes sold by locality, Source: Bright MLS, Inc.

Black homeownership has decreased significantly since 2000 when compared to White and Hispanic/Latino households.

The Fair Housing Act of 1968 made discrimination in the housing market a federal crime. As of the 1970 Census, the homeownership rate for Black Virginians was 51.5%. Nearly half a century later in 2018, the Black homeownership rate in the state was 47.7%.

While the Black homeownership rate in the GWRC Region (61.7%) is higher than the statewide rate, the gap between Black and White homeowners has widened since 2000. Black homeownership has decreased by 7.5% since 2000, while White homeownership has increased by 0.3% and Hispanic/Latino homeownership has decreased only by 0.6%.

Homes priced for first-time buyers have become nearly impossible to find.

First-time homebuyers in the region are looking for homes in the $200,000 to $300,000 range; many would prefer prices below $250,000 to avoid overleveraging their income on a mortgage. In 2015, previously-occupied homes (i.e., not new construction) reselling for less than $250,000 were 43% of all sold inventory. Entry-level buyers stood a good chance at finding a home they could afford without significant trouble.

As of June 2020, the share of under-$250,000 homes is just 19% of all year-to-date home resales. First-time buyers now have a much lower chance of successfully finding a home they can afford. To make matters even more challenging, of all newly constructed homes for sale in 2019 and 2020, only 3% were priced below $250,000.

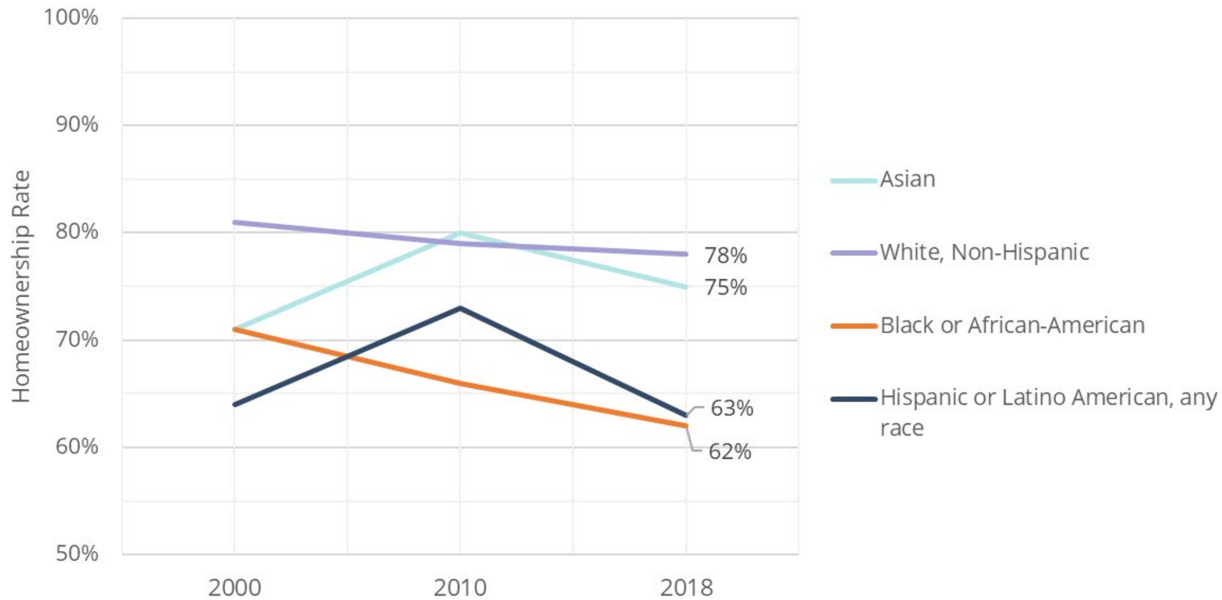


Fig. 24) Homeownership rate by race/ethnicity, 2000 to 2018, Source: American Community Survey, 5-year estimates

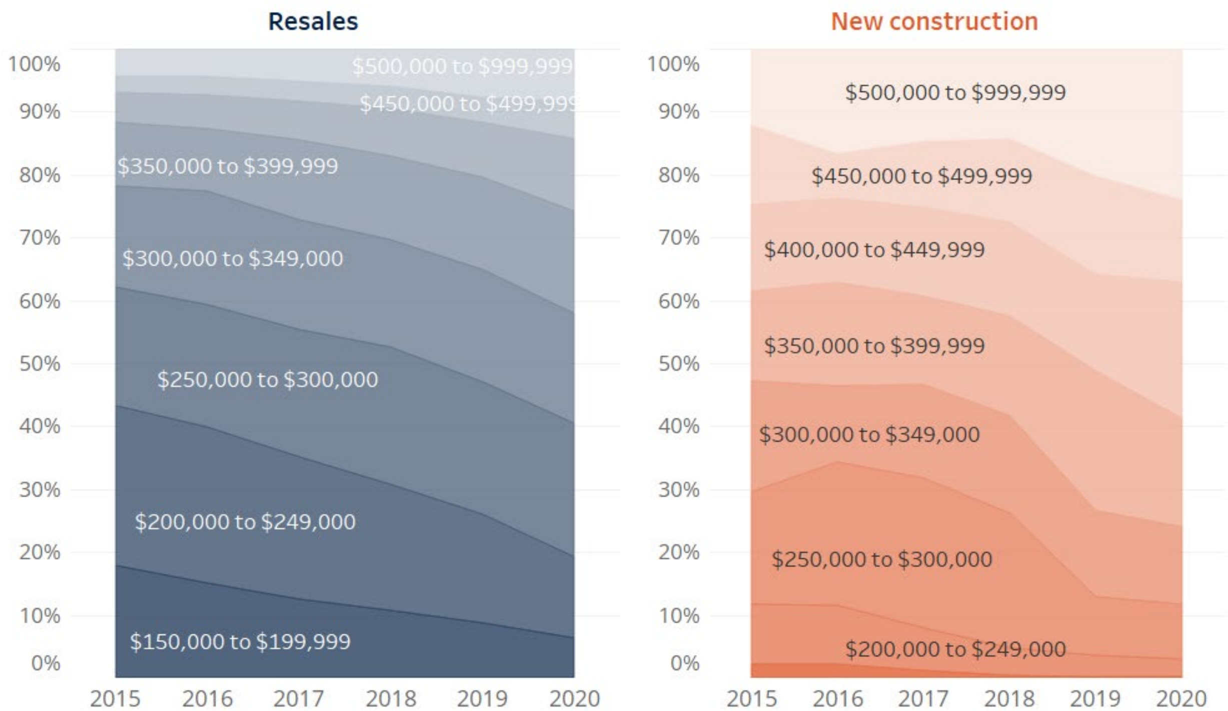


Fig. 25) Home price distribution by construction type, 2015-2020, Source: Bright MLS, Inc.

WHERE WE ARE

The average newly-built home is over 3,000 square feet and on a half-acre lot.

When a low supply of developable land increases acquisition costs, and with few incentives to increase density, homebuilders will recoup costs by building to the high-end of the market. Large homes on large lots make up the majority of new construction in the GWRC Region.

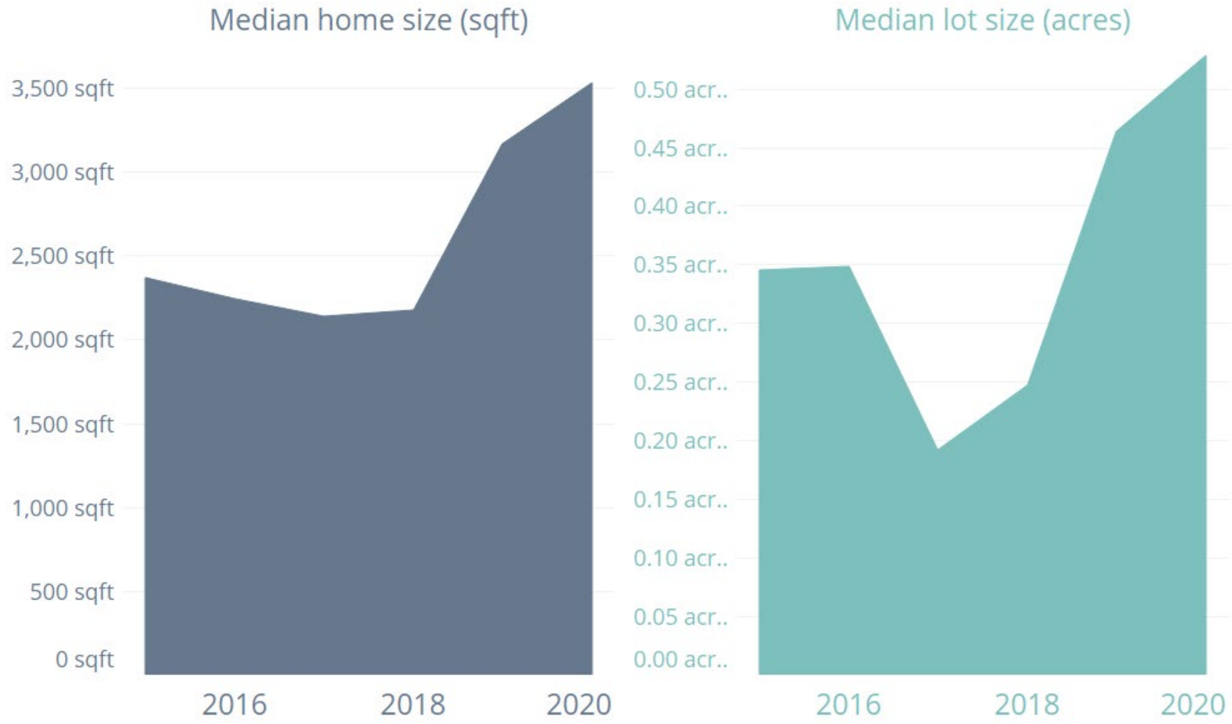


Fig. 26): Median home size and lot size for new construction homes in the GWRC Region, Source: Bright MLS, Inc.

While this product may suit upper-income buyers relocating from more expensive markets, first-time buyers (and even "upgrading" buyers) in the region are nearly always priced out. Furthermore, these homes are more often located further from existing developments and amenities, contributing to sprawl and traffic congestion.

Buyers have a strong preference for small- to medium-sized three-bedroom homes.

Based on MLS data and interviews with local real estate agents REALTORs, there is a clear market preference for homes around or below 2,500 square feet with at least three bedrooms. During the first half of 2020, the average home under 2,500 square feet sold in 10 days for fewer. Many homes are now selling in just days with multiple offers, price escalations, and closing prices over list.

First-time buyers have extreme difficulty competing in the tight market.

Discussion with local real estate agents revealed that first-time buyers currently have many disadvantages in today's market. Despite steady incomes and good credit to obtain prequalification into the mid-$200k's, they may be cash-poor and unable to easily assemble assets for down payments and closing costs.

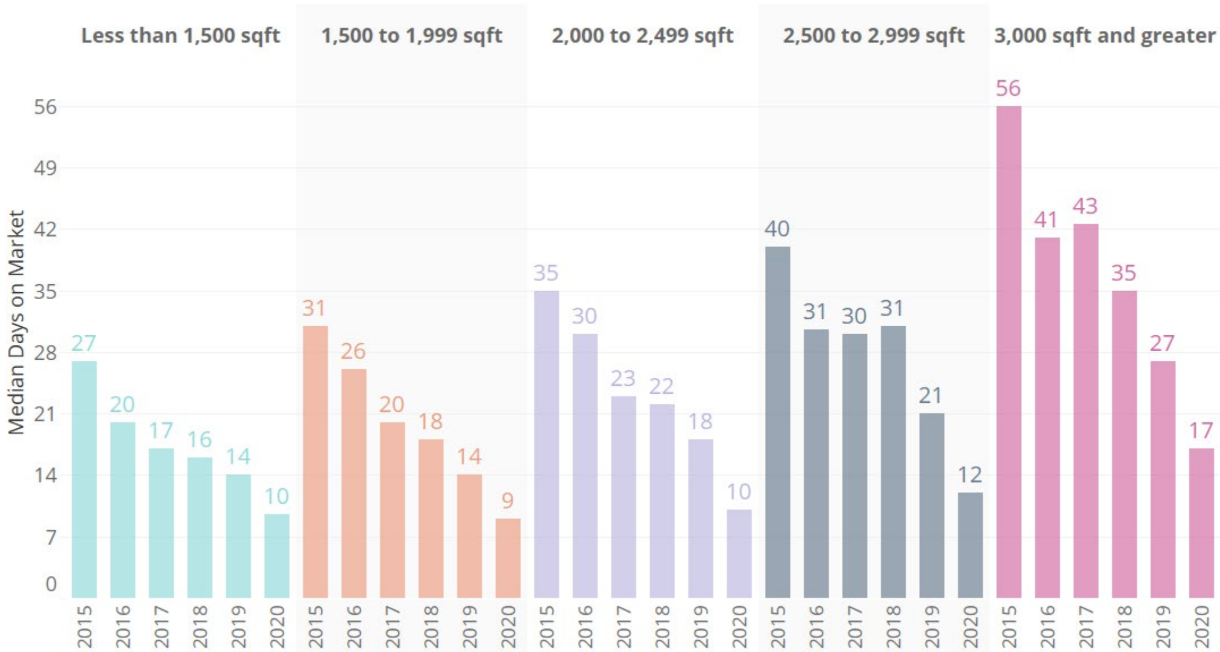


Fig. 27) Median days on market by home size, Source: Bright MLS, Inc.

Inexperience with the homebuying process also means they are less likely to take risks; for example, some repeat buyers are waiving appraisals and inspections to be as attractive to the seller as possible, even if these are not rational decisions—and may lead to significant troubles down the road. Repeat buyers are more willing to take these chances to lock in a contract and beat out first-time buyers.

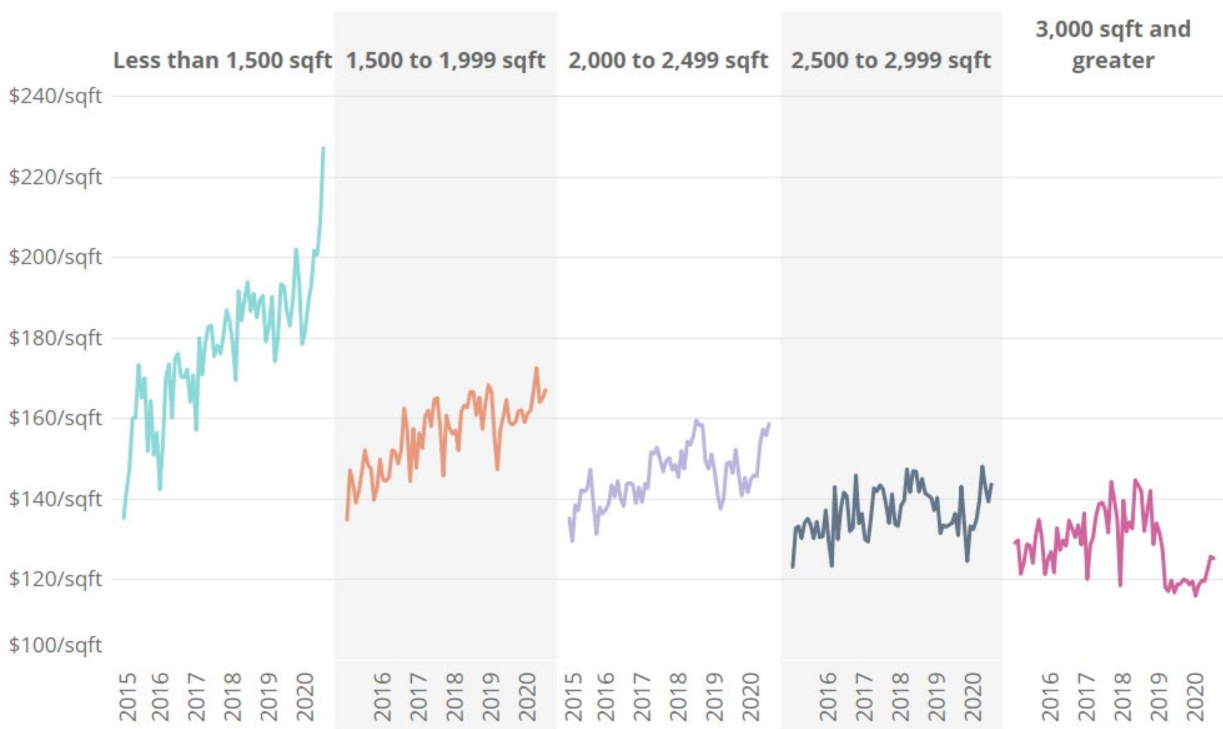


Fig. 28) Price per square foot by home size, Source: Bright MLS

WHERE WE'RE GOING

Townhomes present an opportunity to expand the supply of affordable starter homes.

Attached single-family homes (townhomes) are less common in the region but remain in high demand. While their average prices are also increasing, they are selling in the mid-$200k's—a much more accessible amount for first-time buyers.

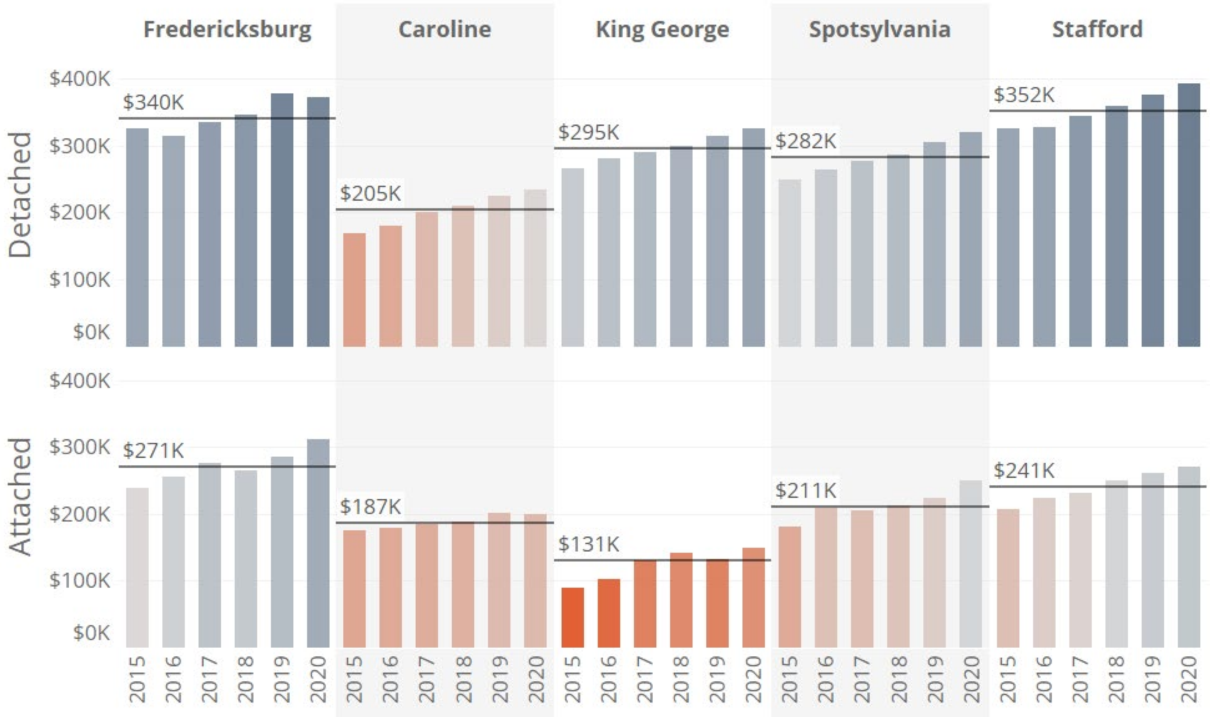


Fig. 29) Annual median home prices for detached and attached homes by locality, Source: Bright MLS, Inc.

Without major public policy and private market changes, homeownership in the region will become accessible only to high-end earners.

With no signs pointing toward significant increases in incomes for low- and modest-wage earners, rising home prices in the region will mean the security of homeownership is accessible only to high-income buyers. The homeownership rates for young couples and families, recent college graduates, returning veterans, Black and Latino households, and modest-income seniors will not improve, increasing the overall housing instability of the region and preventing thousands from accessing the most efficient wealth-building opportunity in America.

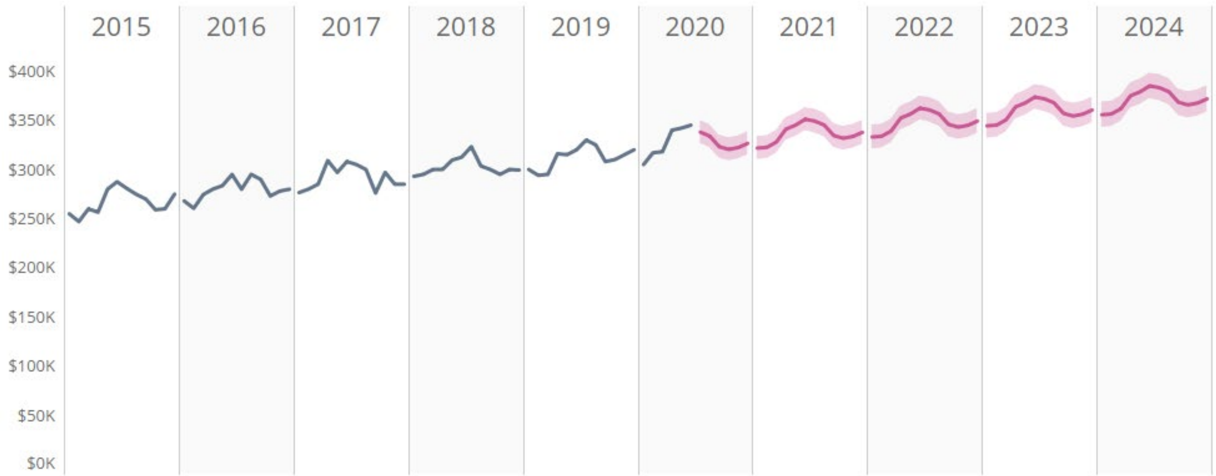


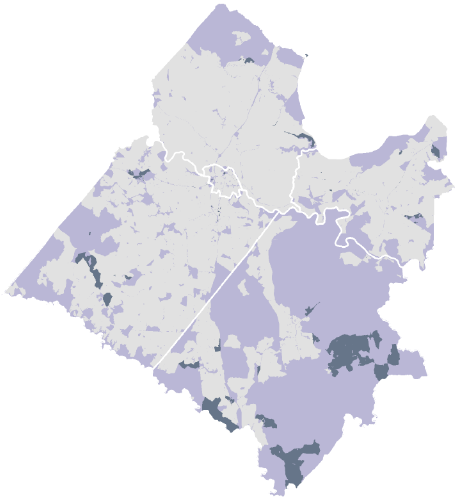
Fig. 30) Historical and forecasted median home price for the GWRC Region, Sources: Bright MLS, Inc. and HousingForward Virginia calculations

Changing demographics and work trends may require significant shifts in the region's approach to homebuilding.

While it may still be too early to tell for certain, the COVID-19 pandemic could be amplifying two significant market trends. First, a desire for multigenerational and flexible living spaces, such as accessory dwelling units (ADUs); second, dedicated space and infrastructure for semi-permanent work-from-home capabilities.

To date, ADUs—whether within the existing envelope of a home or fully external—are relatively rare in the region. However, they may become a very useful tool to increase housing options for homeowners that wish to blend their household with additional family members, set up a rental unit for additional income, have a permanent home office space for telework, or have a dedicated quarantine space.

Additionally, the massive transition to work-from-home during the COVID-19 pandemic has exposed one major weakness of many new residential communities in the region: lack of broadband access. High-speed internet is critical for nearly all professional workers today, especially government employees and contractors who require secure connections. Real estate agents explained how many buyers will reject otherwise acceptable homes if satellite internet is the only option available. Furthermore, if only new large homes are built in areas where broadband is expanded, internet access will become less equal.



Underserved (45 Mbps downstream / 15 Mbps upstream transmission speed)
Unserved (15 Mbps downstream / 768 Kbps upstream or less transmission speed)

Fig. 31) Areas with underserved and unserved broadband access, Source: VITA

POLICY IMPLICATIONS

- Localities must reevaluate how their zoning and land use regimes are guiding new home construction away from affordable, attainable products. These conversations should be held in concert with the homebuilding and home-selling industries.
- To level the playing field for first-time homebuyers, the region will need to dutifully investigate specific barriers and embrace innovative forms of assistance.
- While the rolling impacts of the COVID-19 pandemic may not have stifled the homebuying market, it may have the effect of “knocking out” potential first-time buyers who suffered a temporary or permanent loss of income.
- As the region slowly recovers from and adapts to a “new normal,” localities should embrace measures to accommodate shifting needs and preferences, including flexible living options and increased internet access.

Senior Housing Needs

As the population of the region continues to age, the need for safe and affordable housing will only continue to increase. The Weldon Cooper Center projects that the region's population 65 years and older will grow from 50,618 to 84,234 by 2040, a 66% increase. Nearly one in five residents will be a senior by 2040. Many seniors and those approaching retirement desire to age-in-place or move to housing that better meets their needs, but they, like many residents in the region, face challenges in securing housing.

Critical repairs and adapting homes to meet the physical needs of seniors can be difficult for low income seniors, while the majority of age-restricted developments are beyond fixed-income budgets. To meet those needs, many families are looking to have their aging parents live closer to them, if not with them. But the cost and challenges of multigenerational homes, whether in new construction or accessory dwelling units, have served as major barriers for households at all income levels.

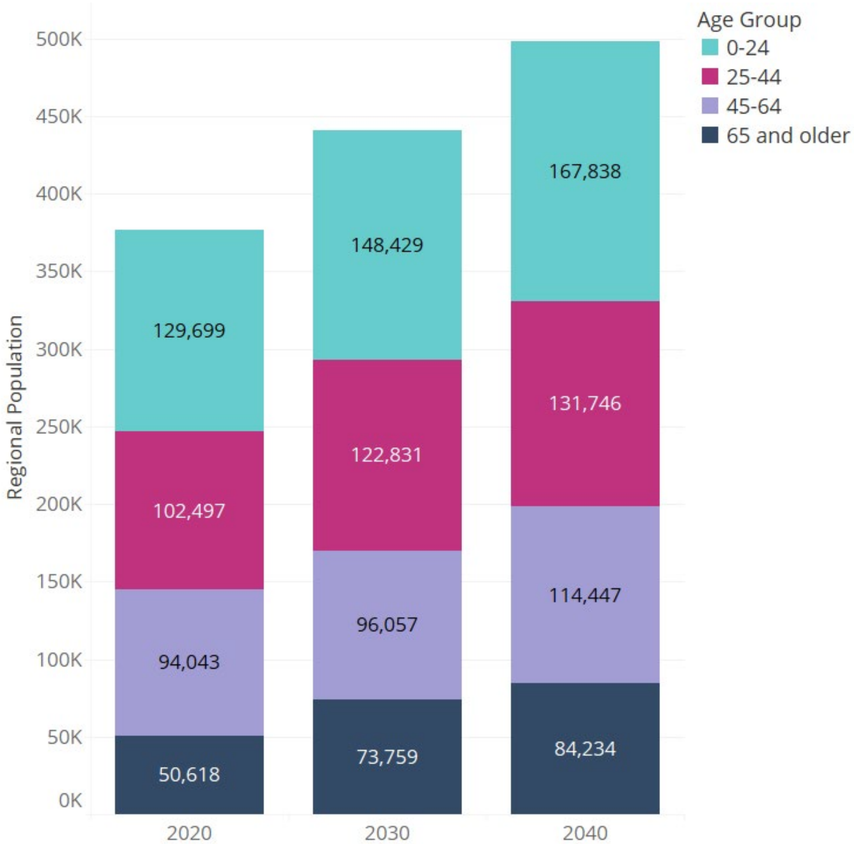


Fig. 32) Population projection 2020-2040, by age group, Source: Weldon Cooper Center

For seniors wanting to sell their homes, the difference in the current value of their home and homes on the market is wide. Those looking to downgrade to smaller, low maintenance homes are being squeezed out of a market where there are few options that meet both their needs and budgets. This has left many seniors in homes that don't meet their physical or financial needs. At the same time, these homes, which would be starter homes for early career professionals or moderate-income families, are kept off the market, tightening an already tight market.

In 2019, the League of Women Voters of Fredericksburg Area (LWV) conducted a study of low income senior housing in the region. Their study highlighted not only the increasing senior population, but the housing cost burden that many seniors in the region face. Thirty-two percent of senior households in the region are cost-burdened and this number is only expected to increase over the next twenty years.[12]

Noting the insufficient supply of affordable housing, the LWV recommended several strategies that this report further supports. These strategies seek to provide seniors of all incomes with budget-friendly housing solutions. By providing seniors with more affordable and diverse housing options, residents of the entire region benefit.

12 League of Women Voters of Fredericksburg Area. (2019). *Affordable Housing for Low-Income Seniors in the Fredericksburg Area: Study Committee Report*. February 9, 2019.

POLICY IMPLICATIONS

- Localities in the region need to look beyond aging-in-place strategies and towards creation of new senior housing opportunities.
- Social services and healthcare providers like Mary Washington Healthcare have a vested interest in the quality of the region's housing, especially homes for aging persons with greater health needs.
- There is a need for more diverse housing options that include age-restricted, low income developments and multigenerational housing. Age-restricted LIHTC developments and other publicly-assisted production mechanisms that blend subsidies should be pursued.
- There are many programs in the region that currently help seniors with accessibility issues and tax relief, but expansion is warranted.

Student Housing Needs

The GWRC region's population is constantly changing as students come to attend the region's higher education institutions. For students, housing is an additional concern when studying for exams and working a job takes up a large portion of their time.

The University of Mary Washington (UMW) offers on-campus housing options that largely meet the needs of their roughly 4,400 undergraduate student population. Seventeen residence halls and apartment buildings are located across the Fredericksburg campus house over half of the undergraduate population, while those seeking housing off-campus find housing across the city and into parts of south Stafford.

UMW has no immediate plans to increase their student population and has focused on upgrading their current residential facilities, some of which date back to the 1950s. Expanding or developing new residential facilities is not a priority at this moment.

For the most part, UMW students who are looking for off-campus housing have been able to find homes for rent or apartments close to campus. However, like any other resident in the region, they face similar issues with housing affordability on the private market. To mitigate the cost of housing, many students opt for multiple roommates to afford rent.

With campuses located across the region, Germanna Community College (GCC) provides many local residents with valuable skills and resources to gain employment in the region. Germanna students are located across the entire region. Many students are full-time workers who have been impacted by the coronavirus pandemic. For the 2019-2020 school year, three in four students at GCC were 24 years old or younger and represent a substantial number of local residents who already are or will be entering the workforce. Meanwhile, the remaining quarter of GCC students are 25 years old or older, a portion of the existing workforce that are often seeking skills to gain better wages.

In a recent survey conducted by Germanna Community College, nearly 30% of students surveyed have often had concerns about their housing situation due to the impacts of COVID-19.[13] For some, the choice between maintaining housing or continuing education has led to students being forced to drop out. Germanna students are not unlike many residents in the region who are having to make difficult choices about their spending in order to have a place to call home.

Overall, the region's student population is not unlike the rest of the population. They are looking for more diverse and affordable housing options that don't stretch their budgets. But for students, the costs of higher education are just another factor to consider when choosing housing that fits their budgets.

13 Germanna Community College. (2019). *HEDS COVID-19 Institutional Response Student Survey, Comparison Report*. Released August 14, 2020.

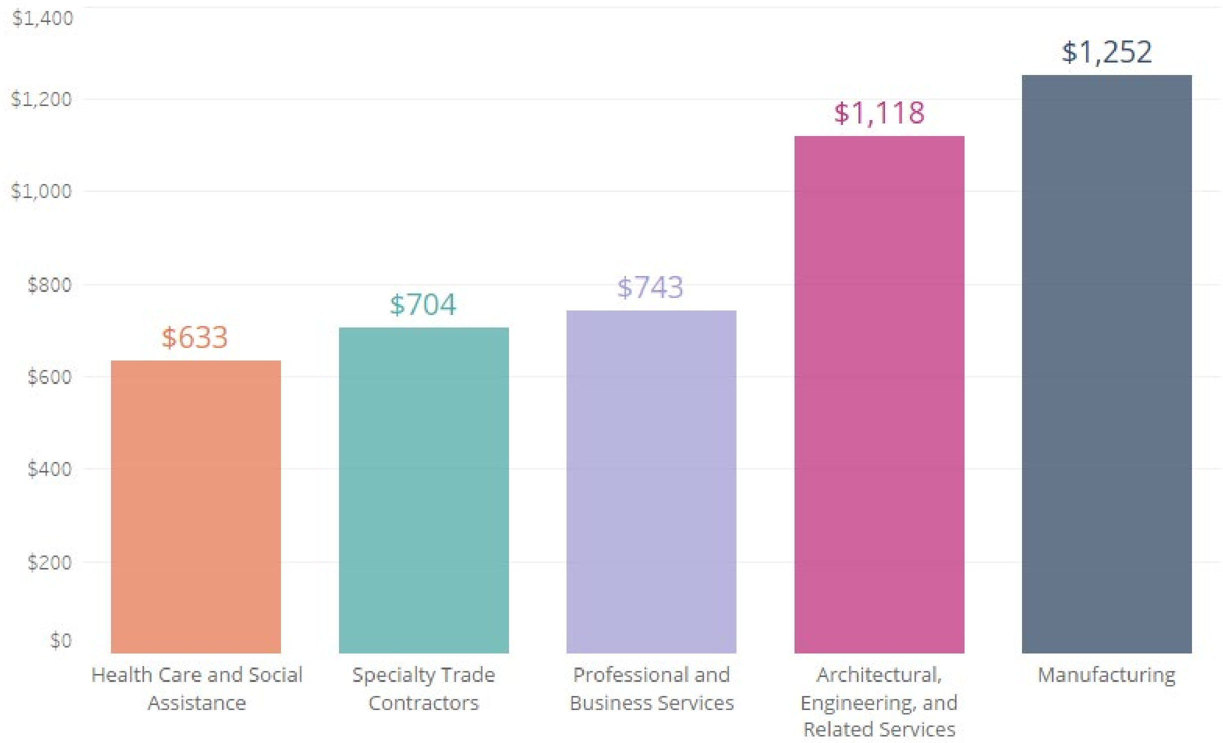


Fig. 33) Affordable monthly rent amounts based on median entry-level wages for selected industries, Source: VEC

POLICY IMPLICATIONS

- Increasing the supply of affordable housing options is critical to retaining a diverse and talented workforce. Many entry-level wages for jobs in important and essential industries do not allow a worker to find and afford a quality home in a neighborhood close to their place of work. Graduates may therefore seek jobs in regions with better housing options.
- Affordable and stable housing are areas of concern for higher education institutions in the region. Localities should increase their coordination with these institutions on land use and housing.
- There is a need for affordable rentals and homeownership opportunities to not only maintain a community college student population, but to retain the talent that is cultivated in the region's higher education institutions.

Active Duty and Veteran Housing Needs

Active duty military and veterans make up a significant share of the population in the GWRC Region due to the proximity of Marine Corps Base Quantico, Fort A.P. Hill, Naval Support Facility Dahlgren, and other installations. As of 2018, approximately 41,605 veterans call the GWRC Region their home. These veterans are also highly-educated; almost half (46%) have a bachelor's degree or higher, providing a strong foundation for well-paying jobs after their service.

As a result, homeownership among active duty military and veterans is widespread and growing. In 2008, about 1,000 Veterans Administration (VA) home loans were issued in the GWRC Region. By 2017, that annual figure had doubled to over 2,100. When compared to conventional home loans and FHA-guaranteed home loans, VA home purchases expanded much more significantly following 2008. These loans helped the GWRC Region see homeownership gains while the market contracted on the whole; however, veterans still need to meet income and credit requirements to qualify for a loan, so some former service members without full-time employment may be left out.

Assignments to military bases across the nation and internationally also lead to an increased demand of rental housing. High-mobility service members may prefer to rent their home for greater flexibility.

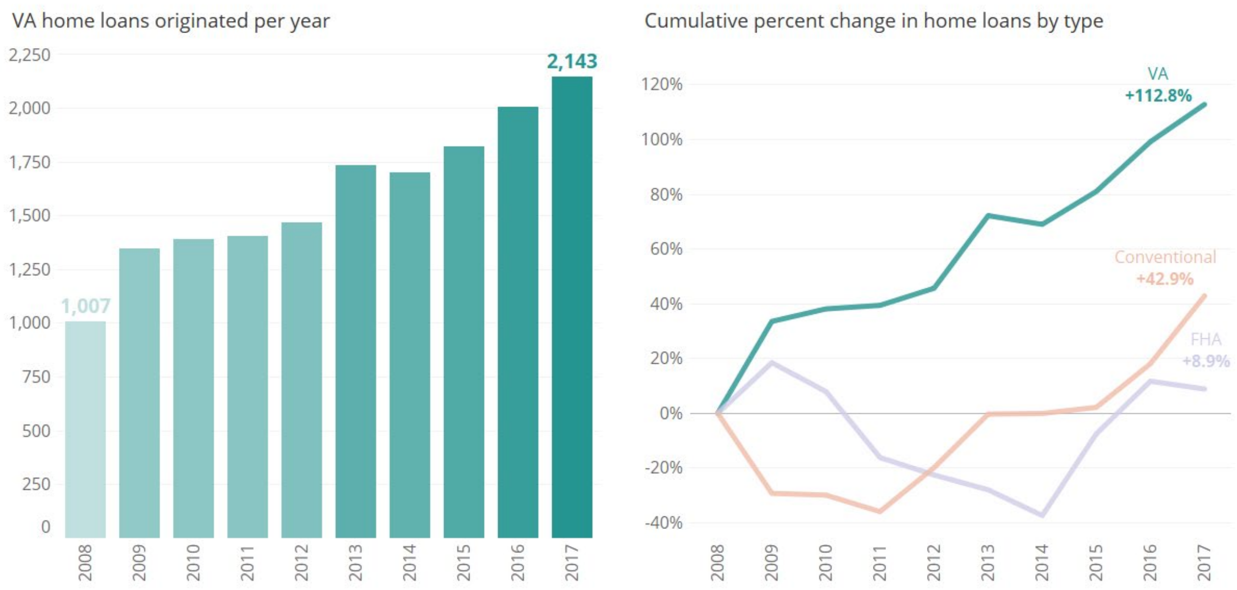


Fig. 34) VA home loans in the GRWC Region, 2008-2017, Source: HMDA

At the other end of the housing spectrum, veterans also struggle with homelessness. Statewide, the number of homeless veterans has greatly decreased over the past decade. This decline can be attributed to a large statewide effort to functionally end veteran homelessness beginning in 2013.[14] In the GWRC Region, the number of homeless veterans was at its lowest point in 2017 (8 persons), then increased to 22 in 2018, and was 13 most recently in 2019.

14 Ending Veteran Homelessness in Virginia: A Statewide Collaboration, National Alliance to End Homelessness (https://endhomelessness.org/resource/ending-veteran-homelessness-virginia-statewide-collaboration/)

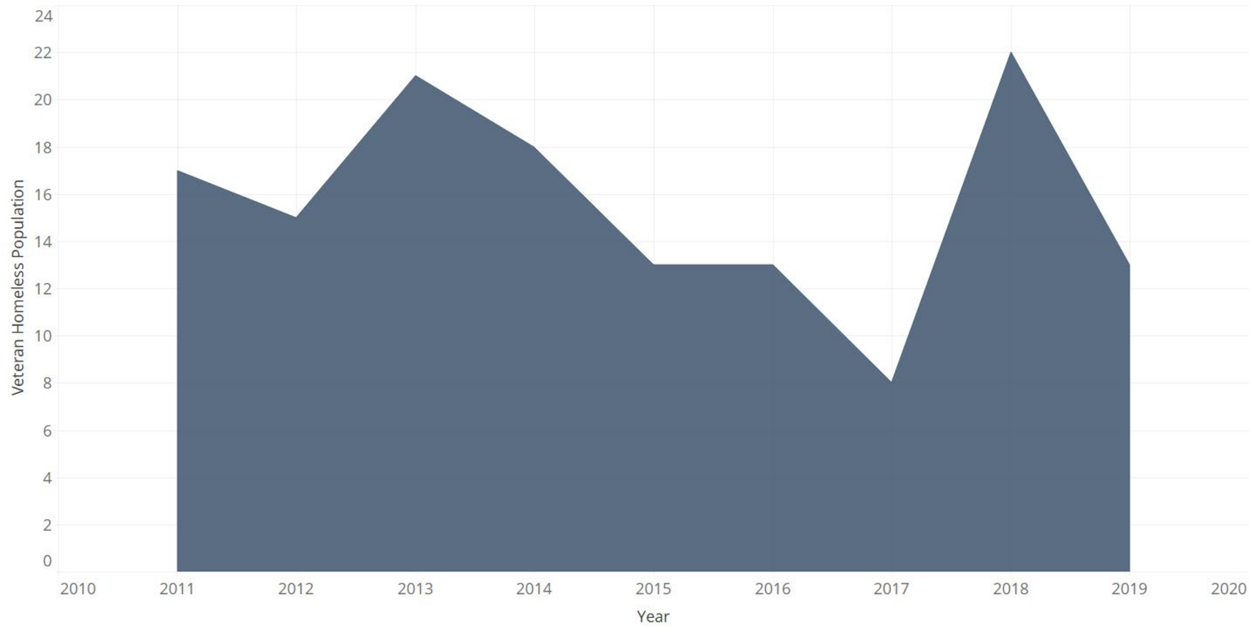


Fig. 35) Number of homeless veterans in the GWRC Region, Source: HUD CoC PIT Counts

POLICY IMPLICATIONS

- The prevalence of military installations in and near the GWRC Region produces a large number of active duty and veteran households. Creating permanent housing opportunities for this population will help the region expand their tax base and workforce.
- Veterans in the GWRC Region are very likely to seek homeownership using VA loans. The region should continue to supply a stock of homes affordable to multiple income levels to help these households stay in the area and build wealth, rather than seek homeownership elsewhere.
- While veteran homelessness is rare in the GWRC Region and the commonwealth as a whole, homeless service providers should continue their efforts to make these occurrences brief and non-recurring.

Homeless and Precariously Housed Population Needs

While the reasons that people experience homelessness vary, one of the most important steps towards leaving homelessness behind is a safe and stable place to live. Through consistency and safety, a shelter or home can provide enough respite to address issues through case management and other wraparound services.

In recent years, many families experiencing hardships have found shelter in the region's hotels and motels. While this situation keeps these households out of emergency shelters, such living arrangements are not sustainable and an inadequate replacement for long-term permanent housing. In fact, many families indefinitely living in hotels are paying more per month than they would for a normal apartment—but are "locked out" of the normal housing market because of credit issues, previous evictions, limited assets for deposits, and other challenges.

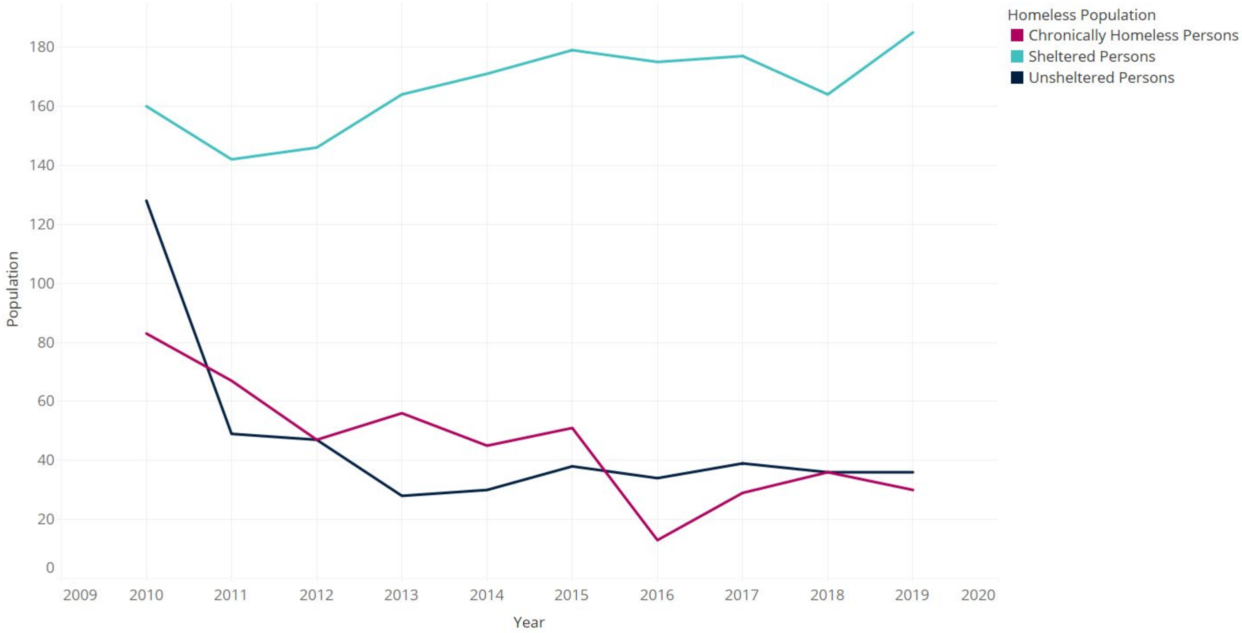


Fig. 36) Types of homeless populations from 2010 to 2019, Source: HUD CoC PIT Counts

Following the recession, the number of homeless persons in the GWRC Region who are unsheltered or chronically homeless has steadily decreased to below 80 total in 2019. Over that same period, the number of homeless persons in shelters has slowly increased to over 180 in 2019.

Along with point-in-time (PIT) counts, another measure of homelessness is done by counting precariously-housed students in public schools. These numbers include students who are "doubled up" and living with friends or family members. As of the 2018-2019 school year, over 1,000 students in the GWRC Region are homeless.

POLICY IMPLICATIONS

- While the region has been recently successful finding temporary housing for homeless persons during the COVID-19 pandemic, additional resources and solutions are needed to make this progress permanent.
- Innovative solutions are needed to address families using hotels and motels as semi-permanent living situations.
- The current Continuum of Care strategic plan provides a road map for solving homelessness in the region and should be implemented in concert with this report.

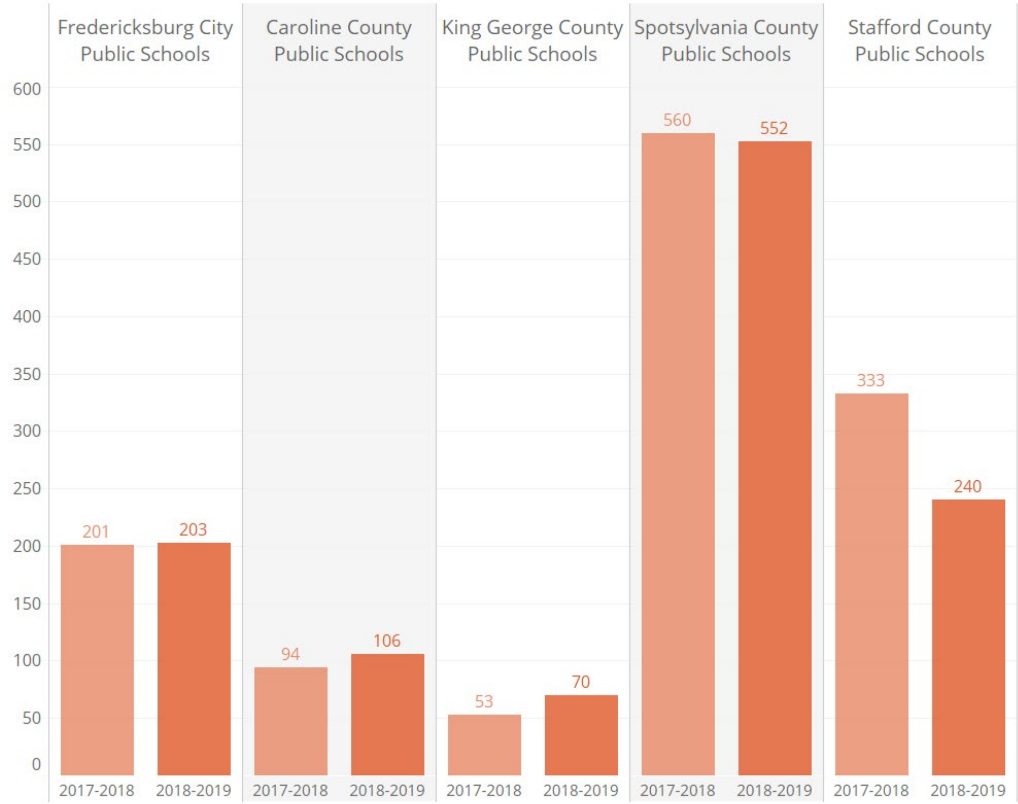


Fig. 37) Homeless children by locality, Source: McKinney-Vento data from Project Hope Virginia, William & Mary

HOMELESSNESS PLANNING IN THE GWRC REGION

Homelessness is the result of cascading missed opportunities: a small supply of low-cost and low-barrier homes, limited capacities for mental health and substance abuse challenges, economic hardships due to job losses and family separations. A combination—or even just one—of these problems can send a person into homelessness.

While this report addresses many of the "upstream" housing problems in the region, including those directly linked to housing instability, it does not deeply cover homelessness. This is not an abdication of the region's responsibility to solve homelessness. Rather, it is an opportunity to highlight and promote an existing action plan recently developed to end homelessness: the ***Fredericksburg Regional Continuum of Care Strategic Plan for 2021-2023.***

The Fredericksburg Regional Continuum of Care (CoC) is a network of community organizations and individuals working together to prevent and end homelessness in the region. The CoC, which is staffed by GWRC, is guided by a board of directors with decades of collective experience in homelessess.

The new CoC strategic plan is organized into three goals:

1. *Achieve a housing-focused homelessness response system that is comprehensive and effective.*
2. *Strengthen the internal operations of the CoC to effectively support community strategies to address homelessness.*
3. *Enhance the CoC's role as the community leader and subject matter expert on homelessness.*

Visit the GWRC website to read the full plan.

Solutions

Just as different geographic parts of the region require unique solutions, different demographic segments of the region's population require custom-tailored strategies to meet their specific housing demands. Solutions can take the form of; 1) creating new housing at a range of price points, to alleviate supply constraints or 2) working with existing housing to increase quality and affordability. These solutions provide options for both and are also organized according to a series of categories, listed below, for ease of use.

This section provides an easy-to-use menu for practitioners to understand a wide variety of affordable housing solutions and opportunities. Each solution is summarized to include:

- What it does
- How to implement
- Resources needed
- Implementers and roles
- Projected outcomes
- New legislation needed, if any
- Key challenges
- Applicable localities

Solutions are divided into five categories and organized by level of difficulty from easiest to hardest:

CATEGORY 1: HOW TO LOWER THE COST OF NEW HOUSING

Local jurisdictions can support new housing production through either direct funding resources or through lowering the cost to build the housing. This category focuses on the latter. These cost-lowering measures generally involve streamlining, increasing the opportunity for and otherwise easing the methods used to build affordable housing so that less direct subsidy is required to achieve the production of new affordable housing.

CATEGORY 2: HOW TO DEVELOP NEW HOUSING RESOURCES

New affordable housing utilizes financial resources from a wide range and typically involves multiple sources of financial support to succeed. Financial support often comes in the form of Federal and State level subsidies but there are many ways local jurisdictions can create direct financial resources to supplement other subsidies and thereby increase the production of new affordable housing.

CATEGORY 3: HOW TO PRESERVE AND IMPROVE EXISTING HOUSING

Much of a jurisdiction's affordable housing opportunity lies in its existing housing stock, particularly its lower quality or older housing. This housing is also the most vulnerable to gentrification and other market forces that will remove it from the affordable stock. This category of solutions covers ways that jurisdictions can improve, preserve and protect this existing housing stock.

CATEGORY 4: HOW TO INCREASE HOUSING OPPORTUNITY

Access to housing is also a barrier for many who need quality, affordable housing. Many groups of people including those with disabilities, veterans, special needs populations, seniors, members of a racial group experiencing discrimination, etc. require government intervention to ensure fair access to housing. These solutions focus on ensuring equal access to housing.

CATEGORY 5: HOW TO EXPAND COLLABORATION

Financial resources are not the only barrier to the creation of new affordable housing. Public opposition, lack of public awareness, and difficulty in coordinating complex systems are also barriers. This category focuses on soft power solutions to increasing the likelihood of success for new affordable housing creation.

List of Solutions (ordered by difficulty)	
1.0 // How to lower the cost of housing	
1.1	Promote "income averaging" in LIHTC properties to achieve deeper affordability targeting
1.2	Implement a "Green-Tape" program to facilitate faster and less costly affordable developments
1.3	Use comprehensive plan updates to explore density options and expand housing education efforts
1.4	Expand accessory dwelling units in residential districts
1.5	Build smaller, less expensive homes to meet market demand and replace poor-quality housing
1.6	Develop local incentives that provide tax abatement for affordable housing communities in designated conservation and redevelopment areas.
1.7	Adopt transfer of development rights (TDR) programs to increase housing options
1.8	Establish a community land trust
1.9	Create and promote inclusionary zoning programs
1.10	Permit by-right multifamily housing in more residential zones
2.0 // How to develop new housing resources	
2.1	Advocate for the creation of a state housing tax credit to supplement the Federal Low Income Housing Tax Credit program and enable these projects to serve some households at the 30-40% AMI level.
2.2	Promote Virginia Housing (VH) Workforce Housing Loan Program to create Mixed-Use Mixed-Income (MUMI) projects
2.3	Expand utilization of USDA-RD 504 Rehabilitation Program.
2.4	Forge partnerships with anchor institutions to address housing challenges
2.5	Establish a regional housing consortium to pool federal housing resources to create more impact
2.6	Pursue the creation of a regional housing focused loan fund that provides short and medium term financing with concessionary terms.
2.7	Develop a regional housing equity fund that taps social investors who are willing to commit patient capital with below market return expectations.
2.8	Create programs that offer real estate tax "rebates" if developers meet pledged affordability commitments to serve low income households
2.9	Establish a regional housing trust fund
2.10	Incubate a new entity with powers similar to a housing authority

3.0 // How to preserve and improve existing housing	
3.1	Promote and expand existing senior tax relief programs
3.2	Support and streamline programs for seniors to navigate and access assistance programs
3.3	Increase housing rehab and critical home repair assistance programs
3.4	Provide tax relief for long time neighborhood residents
3.5	Pursue implementation of property assessed clean energy programs for multifamily and single-family housing
3.6	Implement holistic code enforcement to preserve and improve existing housing
3.7	Improve aging housing stock by expanding resources and access to affordable rehab programs
3.8	Coordinate home assessment services with age in place improvements
3.9	Proactively design and build accessible housing
3.1	Preserve naturally occurring affordable housing through proactive outreach to building owners
3.11	Identify assisted housing communities at risk from expiring affordability restrictions; expand preservation efforts
3.12	Revitalize manufactured home communities and replace poor quality homes
3.13	Address the use of motels used as de facto affordable and transitional housing
4.0 // How to increase housing opportunity	
4.1	Increase housing choice voucher holders' success rate in finding housing
4.2	Encourage CDCs and private developers to develop affordable and mixed-income housing in high opportunity areas
4.3	Encourage landlords to modify rental screen standards
4.4	Explore transit-oriented development / corridor development
4.5	Produce more age restricted housing that serves very low income seniors
5.0 // How to expand collaboration	
5.1	Establish data sharing procedures among service providers and community organizations
5.2	Expand partnerships between hospitals, healthcare providers and housing providers
5.3	Create a center for first time, moderate-income homebuyer readiness
5.4	Begin awareness campaign to demonstrate the importance and value of affordable housing

Category 1: How to lower the cost of new housing

Solution 1.1 // Promote "income averaging" in LIHTC properties to achieve deeper affordability targeting

WHAT IT DOES

Federal law has always allowed for a range of rents in tax credit properties. But until 2018, the maximum rent was one that was affordable to households at 60% AMI. Frequently these properties might also include some rents affordable to 50% AMI, depending on the other types of subsidies that were available. Often the range of households served is narrowly in the 50-60% AMI band. Changes in LIHTC regulations in 2018 now make it possible to serve households up to 80% AMI, if these are offset with a corresponding number at a lower percentage of AMI.

HOW TO IMPLEMENT

This income averaging where higher rents "subsidize" lower rents makes it possible for LIHTC projects to serve a wider range of incomes. This method can achieve some deeply affordable units that otherwise are only possible when federal rent subsidies are available. The program also creates housing that is more truly a "mixed income" community.

WHO IS RESPONSIBLE

- Local planning and community development staff: encourage LIHTC developers to adopt deep skewing by accelerated development and permitting reviews, greater density, financial incentives, reduced parking requirements or other measures

PROJECTED OUTCOMES

This method can produce the type of more deeply affordable housing that is typically only achievable with rental assistance.

KEY CHALLENGES

- Understanding the internal financing parameters for a developer in order to create and offer appropriate incentives.
- Convincing LIHTC equity investors to accept the more complex feasibility and compliance issues associated with rent skewing.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 1.2 // Implement a "Green-Tape" program to facilitate faster and less costly affordable housing development

WHAT IT DOES

Within their existing planning and permitting programs, jurisdictions can streamline components of the new project review process and offer a "fast track" for projects that include affordable housing. The fast track can expedite items such as: permitting, public approval, special use, environmental review, infrastructure installation and other processes necessary for creating new housing.

"Green-Tape" programs also offer to waive fees for affordable housing developments. The faster and more predictable process coupled with lower fees means a lower cost affordable housing project.

HOW TO IMPLEMENT

Jurisdictions coordinate their various permitting departments (building department, planning and zoning, etc.) to create a separate, expedited review outside of the standard review process for qualifying affordable housing developments. Program parameters such as what types of projects qualify and the extent of the benefits to the program can vary.

WHO IS RESPONSIBLE

- Local planning, building, and permitting staff: Draft and implement the program guidelines and procedures
- Local planning commissions: Reviews and adopts ordinances
- Local governing body: Approve any ordinances necessary to create program

PROJECTED OUTCOMES

Green-Tape Programs can lower the cost and expedite the process (which lowers the cost) of new development which translates into increased affordability or additional affordable housing.

KEY CHALLENGES

- Streamlined permitting and approval processes is always a goal of jurisdictions yet can be difficult to achieve.
- A system must be in place to ensure projects applying for expedited review follow through to create the affordable housing stated in their permitting application.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes, in the form of program administration only

Solution 1.3 // Use comprehensive plan updates to explore density options and expand housing education efforts

WHAT IT DOES

The comprehensive plan is a document that guides growth and development for communities over a 10 to 20 year period. Through the comprehensive plan, localities and communities envision a better future by strategically planning for the location and provision of land uses, public facilities, housing, and transportation. In Virginia, the comprehensive plan is a requirement for all localities and must "include the designation of areas and implementation of measures for the construction, rehabilitation and maintenance of affordable housing, which is sufficient to meet the current and future needs of residents of all levels of income in the locality while considering the current and future needs of the planning district within which the locality is situated."

Engagement with community members is a vital part of the long-range planning process and provides feedback to localities on how the community wants to grow. At the same time, localities are provided with an opportunity to educate the community on strategies that support the provision of diverse affordable housing options.

HOW TO IMPLEMENT

The comprehensive plan offers a chance to explore potential growth scenarios and envision what a community might look like with increased density and affordable options.

Localities regularly defer to their adopted comprehensive plans to justify development decisions over the course of 10 to 20 years. In addition, localities are required to review their comprehensive plans every five years to determine if amendments are advisable.

WHO IS RESPONSIBLE

- Local planning department
- Local government, to adopt comprehensive plan

PROJECTED OUTCOMES

Through robust community engagement inherent in comprehensive plan updates, jurisdictions can begin to have conversations about affordable housing and density. Successful conversations would lead to a comprehensive plan that supports changes in zoning and new special use permits that would prioritize affordable housing and density.

KEY CHALLENGES

- Changes to the comprehensive plan alone will not create new affordable housing. The comprehensive plan amendments would be the beginning of a longer set of changes made by localities.
- Comprehensive plan amendments take time

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 1.4 // Expand accessory dwelling units in residential districts

WHAT IT DOES

Accessory dwelling units (ADUs) are small homes owned and managed by existing homeowners in the community. ADU programs often allow single-family homeowners to build small "accessory" units in garages, in the back or side yards, or attached to their home. Some programs also allow ADUs within the existing building's structure. These units are low-cost by virtue of their small size and can be a source of affordable rental housing for young workers, seniors, and others—and often help families stay together on their property. In the case of seniors, ADUs can house family members or other caretakers. Seniors can also downsize into the ADU and lease the house to a larger family, using the extra income for health or other needs.

HOW TO IMPLEMENT

Through changes to the local zoning ordinance, a jurisdiction can permit development of additional housing units on parcels currently zoned exclusively for single-family units. ADUs may be allowed by-right in certain districts or permitted with a conditional approval. After construction, localities will issue a certificate of occupancy that allows the homeowner to lease out the unit.

WHO IS RESPONSIBLE

- Local planning staff: researches and drafts ordinances; undertakes community outreach
- Local planning commission: reviews and recommends ordinances
- Local governing body: takes final action on adoption

PROJECTED OUTCOMES

ADUs create two affordable housing benefits: they create more affordable rental housing without subsidy, and they provide an additional source of income for single-family homeowners. ADUs are small enough in scale that homeowners can more easily afford the cost of construction, and the units have limited impact on the surrounding neighborhood.

KEY CHALLENGES

- Considerations of neighborhood character and how to safely and cohesively allow for this new type of development can be addressed during the process of making zoning changes and through developing thoughtful program guidelines.
- Some programs require owner occupancy of the primary living unit. This requirement severely restricts participation, especially by seniors who may be interested in downsizing to their accessory unit.Programs can instead be designed with greater flexibility.
- Some programs require accessory units to be attached or detached rather than allowing them to be within the existing building envelope. The option of putting a small apartment on the second floor of an existing home is frequently the cheapest and most desirable option for a homeowner. Updates to zoning ordinances should pay special attention to any requirements in local and state building code.
- Parking is often a neighborhood concern, especially in older, dense urban neighborhoods. Experience in many programs demonstrates that parking is seldom significantly impacted in such areas when well designed ADU programs are implemented.
- Individual homeowners may need assistance in developing this housing type and taking on the responsibilities of the role of landlord.
- Underutilization is possible where knowledge, education, and other resources for property owners are not available.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 1.5 // Build smaller, less expensive homes to meet market demand and replace poor-quality housing

WHAT IT DOES

In the 1950s the average home size was less than 1,000 square feet. Over the next 50 years, it more than doubled. Today, the average size of a new home in the GWRC Region is over 3,500 square feet, but millennials and downsizing baby boomers are both looking for smaller homes. Smaller homes are not only cheaper to build, but also less expensive to heat and cool.

HOW TO IMPLEMENT

Builder and developer profits are tied to home prices, which are influenced by lot sizes, home sizes, finishes, and features. These factors are guided in large part by local rules and regulations. If these guidelines favor larger homes on larger lots, the industry will seek greater returns on the fewer number of homes allowed per given acre. Localities should examine ways their land use regulations are preventing smaller, more affordable homes from being developed.

Factory-built housing can also help to reduce cost and provide smaller homes. Cost reductions are achieved by reduced material waste, lower labor costs and faster production as a result of a controlled environment. These homes may be manufactured (built and delivered as one unit that conforms to HUD guidelines) or modular (built and delivered as several modules that are assembled on-site to local building codes). Affordable housing providers are also experimenting with new innovations in the industry such as 3-D printing and the use of recycled shipping containers.

WHO IS RESPONSIBLE

- Local planning and permitting staff: identify any barriers to small home production and recommend changes, ensure that smaller homes are included in future land use planning efforts
- Developers and builders: increase the number of small homes produced in new developments
- Lenders: expand financing options for smaller homes, including manufactured and modular homes

PROJECTED OUTCOMES

Smaller homes are much more likely to cost less to build, and therefore much more likely to be sold at a price that is attainable to low- and moderate-income buyers.

KEY CHALLENGES

- Small homes are perceived to be inconsistent in neighborhoods with larger homes. These homes are sometimes opposed with the belief that they will cause values to drop, even though there is no evidence of that.
- Large lots have values that encourage or require higher priced, larger homes to be built on them.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Mobile, Manufactured, Modular, and Tiny Homes: What's the Difference?

Mobile homes

Prior to 1976, there were no federal regulations for factory-built homes—units built prior to this date are the "mobile" and "trailer" homes often represented in media. These mobile homes are smaller and not built to last. Nearly all mobile homes have now reached the end of their functional lifespan and need replacement.

Manufactured homes

Manufactured homes are completely constructed in a factory setting. They are then transported to the site, placed and affixed to a permanent foundation, and connected to utilities. They are very rarely ever moved again. They are built according to federal construction codes from Housing and Urban Development (HUD) first established in 1976. To meet these codes and receive a HUD permit, manufacturers must conform to certain quality, safety, and efficiency standards.

Modular homes

Modular homes are also built in factories, but are instead governed by local/state building codes. Workers build large components (e.g., wall sections) in controlled settings, which are then transported and assembled at the home site. For this reason, modular homes offer greater design and size options, but at higher cost than wholly manufactured homes.

Tiny homes

Tiny homes are generally very small homes (under 400 square feet) built directly on a chassis and easily transported. Unlike the other types above, a "tiny home" is a cultural term and has no specific regulatory or policy definition. Some self-made tiny homes may not conform to any federal, state, or local building codes. Manufactured home builders have recently started offering "Park Model" homes that are built to ANSI standards for recreational vehicles (RVs).

Fig. 38) Differences between mobile, manufactured, modular, and tiny homes

necessary to program

Solution 1.6 // Develop local incentives that provide tax abatement for affordable housing communities in designated conservation and redevelopment areas

WHAT IT DOES

Under Virginia code (Section §58.1-3219.4) localities may grant partial tax exemption to new or rehabilitated properties located in designated redevelopment or conservation areas or in rehabilitation districts. The locality can establish the terms of such exemption—including the requirement to meet defined affordability terms. Property taxes are a significant element of a rental property's operating expenses. A reduction in taxes can translate directly to a reduction in rents. Units with lower rents can be designated to serve lower income tenants.

HOW TO IMPLEMENT

Local governments would establish such areas or districts in accordance with state law. They would also set the terms for affordability that would qualify the property for the abatement. The level of abatement and the term of abatement are also set by the locality within the statutory limits.

WHO IS RESPONSIBLE

- Local planning staff: determine area designation(s)
- Local government staff: establish program design
- Local governing body: approves ordinances

PROJECTED OUTCOMES

Tax abatements can incentivize private rental property owners to set aside, as well as maintain affordable housing units in naturally occurring affordable housing. Reduced operating costs can translate to affordable units, as well as additional profit for property owners. Although reduced property tax revenues will occur, the savings will be realized through the preservation of affordable housing units in the long-term.

KEY CHALLENGES

- Requires some level of staff knowledge and experience to set abatement levels to obtain certain levels of rent reduction. Requires annual reporting and monitoring. While abatement for rehabilitation has been commonplace in Virginia, abatement for affordability is not widely in practice.
- Programs would need to be tightly drawn to avoid abuses. This is not recommended for homeownership programs except where long term affordability requirements (i.e., community land trust) are in place.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 1.7 // Adopt transfer of development rights (TDR) programs to increase housing options

WHAT IT DOES

Every property owner has rights, including the right to develop. By allowing for the transfer of these specific development rights from areas designated for preservation to areas designated for growth, localities can encourage denser, more affordable housing options and retain existing rural character by avoiding sprawl.

In the GWRC Region, Stafford County has a Transfer of Developer Rights program, and Spotsylvania County administers a Purchase of Development Rights program. Under a PDR program, localities extinguish development rights upon purchase, limiting the number of homes that could be built.

HOW TO IMPLEMENT

Virginia state code (§15.2-2316.2) permits localities to adopt TDR ordinances. In each ordinance, localities will designate “sending” areas that transfer development rights to “receiving” areas where the additional development rights are added. Property ownership does not change. Parcels with forfeited (transferred) development rights will carry deed restrictions that preserve open space. Parcels that receive additional development rights will use those credits to increase density which can lower costs. Localities with existing programs can seek to advertise and strengthen them.

WHO IS RESPONSIBLE

- Local planning staff: research and draft ordinances; undertake community outreach
- Local planning commission: review and recommend ordinances
- Local governing body: take final action on adoption

PROJECTED OUTCOMES

Suburban homeownership has traditionally been more affordable; but it has become steadily more difficult to obtain. A TDR program would help increase housing density in neighborhoods that have been collectively chosen for additional growth. Allowing additional density per acre will help developers offer lower-priced homes for ownership.

KEY CHALLENGES

- TDR programs are complex and require up-front research, along with education for property owners and developers.
- Designation of specific sending and receiving areas may be politically challenging.
- Only a few other localities in Virginia have adopted and operated TDR programs.

APPLICABLE LOCALITIES: Caroline, King George, Spotsylvania, Stafford

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 1.8 // Establish a community land trust

WHAT IT DOES

A community land trust (CLT) is an “equity sharing” model of homeownership that provides homeownership opportunities to modest-income buyers and keeps homes affordable for future generations by limiting a home’s future resale price.

HOW TO IMPLEMENT

The community land trust is a nonprofit organization that develops homes and retains ownership of the land under the house in perpetuity. The CLT leases the land to the homeowner with a long-term lease at a nominal price, thereby reducing the cost of the house by the value of the land. The lease also contains restrictions that include an income limit for subsequent buyers as well as limits on the future sales price of the house. CLTs across the country use a variety of mechanisms to keep the price of the home affordable.

One of the benefits of the CLT model is that, unlike traditional homeownership programs, the home stays affordable for future buyers without the need for additional public subsidy. The board of directors for the CLT is composed of community representatives, local experts and stakeholders, and homeowners in the CLT program. CLTs can also be used for rental and commercial development.

WHO IS RESPONSIBLE

- Local nonprofit community land trust: develops housing, cultivates buyers, and administers program
- Local housing staff: assists CLTs with tax assessments, provides local funding, and ensures CLT is eligible for federal housing fund support including HOME and CDBG
- Mortgage lenders: create or modify lending products available for CLT homebuyers

PROJECTED OUTCOMES

One CLT home may serve ten or more low- and moderate-income households during its life cycle as compared with traditional models that only serve one. Because CLTs strive to be strongly connected to the neighborhoods they serve, they often prioritize homebuyer engagement and education in communities of color, which helps increase homeownership opportunities.

KEY CHALLENGES

- The CLT model can be difficult for homebuyers to understand and accept. It requires more interaction and counseling with potential buyers.
- The CLT model does not allow for as much equity building (wealth building) as a traditional fee simple homeownership model.
- Because land costs are rising in the GWRC region, a CLT will need a consistent source of support to be able to continue to purchase land.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes; both for land acquisition and additional homebuyer subsidy at closing

Solution 1.9 // Create and promote an inclusionary zoning program

WHAT IT DOES

Inclusionary zoning programs, also known as affordable dwelling unit ordinances, direct or encourage below-market rate units in new housing developments in exchange for meaningful developer incentives. By codifying affordable home production in a locality's zoning rules, a range of housing prices and choices are delivered in all new residential developments. Nearly 500 communities across the country have a form of inclusionary zoning. Because developers provide affordable units without additional subsidy, most inclusionary zoning programs are targeted to households earning between 50% and 80% of AMI.

HOW TO IMPLEMENT

There are many different types of inclusionary zoning. Under Virginia law, localities may either choose to require affordable housing set-asides in all new development (including by-right), or elect to require it only when a developer seeks a rezoning or special use permit. The former (guided by Va. Code Ann. §15.2-2304) is known as mandatory inclusionary zoning; Virginia law permits this only in six localities, primarily in Northern Virginia. In such cases, developers set aside a certain portion of affordable units in new developments in exchange for incentives like density bonuses and reduced parking requirements.

The latter, known as voluntary inclusionary zoning (guided by Va. Code Ann. §15.2-2305), is available for all other jurisdictions, including all five in the GWRC region. A locality may only require affordability set-asides in exchange for incentives if a developer requests a land use exemption, including rezonings and special use permits.

For either legislative path, localities that pursue inclusionary zoning programs which target the creation of rental units affordable to essential workers who earn 60% AMI or less. In 2020, these monthly rents limits top out around $1,200—about $500 below the average rent for a new construction apartment in the region. Prior to, or as part of, the policy drafting process, localities should hire consultants to conduct market assessments to fully understand the economic feasibility of inclusionary set-asides within new rental construction.

WHO IS RESPONSIBLE

- Local planning staff: Researches and drafts ordinances; undertakes community outreach
- Local planning commissions: Reviews and adopts ordinances
- Local governing body: Takes final action on adoption
- GWRC: Support and coordinate effort

PROJECTED OUTCOMES

Because inclusionary zoning can be used without additional public subsidy, it is not a program capable of producing a large number of deeply affordable homes. Rather, it is an important tool available to localities to guarantee some affordable homes are included in nearly all new private-market development—which generally occurs in higher-opportunity neighborhoods. New, robust inclusionary zoning programs in the region would help create and equitably distribute homes available to low and moderate income households.

KEY CHALLENGES

- Although mandatory inclusionary zoning has shown to be far more effective at producing affordable units than voluntary programs, Virginia law does not enable any localities in the GWRC region to adopt it. The region should consider lobbying for our localities to be included in the §15.2-2304 enabling legislation.
- Developers and builders may be opposed to new inclusionary requirements. However, well-designed programs offer substantial incentives to offset costs incurred by providing affordable units.

APPLICABLE LOCALITIES: Fredericksburg

REQUIRES NEW ENABLING LEGISLATION: Yes, if localities seek to develop an ordinance under §15.2-2304. Otherwise, no further legislation is required.

REQUIRES NEW FUNDING: No

Solution 1.10 // Permit by-right multifamily housing in more residential zones

WHAT IT DOES

New areas of potential multifamily development (i.e., especially where such development does not require a rezoning or special use permit) will foster new, multifamily rental and homeownership developments which will increase housing supply and relieve market pressure on rising rents and prices. Prioritizing high opportunity neighborhoods—ones with quality schools, jobs, transportation, and amenities—for this zoning change will enable new housing to be built in neighborhoods with a high quality of life for incoming residents.

HOW TO IMPLEMENT

Through changes to the local zoning ordinance, a jurisdiction can allow more multifamily development on parcels currently zoned for low-density uses. Localities may expand existing zoning districts or create and designate new ones.

WHO IS RESPONSIBLE

- Local planning staff: researches and drafts ordinances; undertakes community outreach
- Local planning commissions: reviews and recommends ordinances
- Local governing body: takes final action on adoption

PROJECTED OUTCOMES

Expanded multifamily zones will increase the supply of higher density housing that can serve a variety of uses such as homeownership, rental, market-rate and affordable, senior and non-senior housing.

KEY CHALLENGES

- Existing residents may have concerns over the impact that higher density housing will have on the quality of life in their neighborhood (impact on schools, traffic, parking, etc.).
- Large-scale education efforts may be necessary to build public support for added densities. Most notably, the City of Minneapolis recently eliminated zoning that is exclusively single family in its new comprehensive plan, but only after years of community outreach and engagement.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Category 2: How to develop new housing resources

Solution 2.1 // Advocate for the creation of a state housing tax credit to supplement the federal Low Income Housing Tax Credit program

WHAT IT DOES

Housing tax credits offer a tax incentive to help subsidize the private development of affordable rental housing projects—both new construction and rehabilitation. The federal Low Income Housing Tax Credit (LIHTC) has been in place since 1987 and is the most important federal support for the production of rental housing.

Nearly 20 states also offer state housing tax credits. They function similarly to the federal program by providing affordable rental housing investors with a tax credit that reduces state tax liabilities in return for equity investment in affordable apartments. When state tax credits are paired with the federal tax credit, developers are better able to close the gap in financing deeply affordable units. State credits can also help to stretch federal credits so that more affordable housing can be developed.

As of August 2020, the General Assembly is entertaining the creation of a Virginia state housing tax credit that would be administered by Virginia Housing. Localities can advocate for and politically support this initiative to insure its success. Virginia Housing will deliver its report to the Governor and the General Assembly by September 2020. Legislative proposals are expected in the 2021 session.

HOW TO IMPLEMENT

Through direct lobbying of the legislature or through coordination with Virginia Housing Alliance, local jurisdictions can provide support to this new legislation and also help frame out the conditions for this new financial support. Virginia Housing Alliance (VHA) is a statewide affordable housing advocacy group. VHA is a membership based organization that, with its member's support, advocates for new affordable housing resources and laws. Local jurisdictions can become VHA members and lend their support to their efforts such as the creation of the state housing tax credit.

While the specific goals and targeting of the state tax credit are yet to be determined, it will likely facilitate the production of more affordable rental housing (by allowing LIHTC developers to increase the number of units they deliver) as well as enable some projects to serve households at the 40% AMI level, which is a lower affordability level than standard LIHTC units serve (50% to 60% AMI).

WHO IS RESPONSIBLE

- Local jurisdictions
- GWRC to coordinate efforts
- Virginia Housing Alliance

PROJECTED OUTCOMES

The state housing tax credit will directly result in additional affordable housing created throughout the commonwealth as it is a new source of funding to support this work. It does not rely on any additional local funding to be effective.

KEY CHALLENGES

- Local governments in the region may not see this potential program as a high priority for their state policy advocacy efforts in the 2021 General Assembly session.
- Because the annual allocation of credits by Virginia Housing is competitive, this policy won't necessarily result in new housing in the GWRC region each year, but it will facilitate a greater opportunity for it.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: Yes

REQUIRES NEW FUNDING: None required from localities; state tax credit would impact state revenues.

Solution 2.2 // Promote Virginia Housing (VH) Workforce Housing Loan Program to create Mixed-Use Mixed-Income (MUMI) projects

WHAT IT DOES

Mixed-use and mixed-income projects offer developers a greater opportunity for return on investment, but also allow for the creation of affordable housing units for diverse incomes. With greater income diversity and closer proximity to retail, localities can supply more affordable housing and address community revitalization needs. The Workforce Housing Loan Program offered by Virginia Housing provides flexible financing to encourage mixed-income and mixed-use/mixed-income developments. While mixed income is a required component of the project, mixed-use such as office or retail is an option but not required.

The program offers three loan options based on the percentage of units that are reserved for specified income levels: 1) Workforce 20/80, where 20% of units must be restricted to incomes less than or equal to 80% AMI and the remaining units are unrestricted, 2) Workforce 40/60, where 40% of units must be restricted to incomes less than or equal to 100% AMI and the remaining units are unrestricted, and 3) Workforce 100, where 100% of units are restricted to incomes less than or equal to 150% AMI.

VH provides low-interest loans to developers in order to achieve this affordability. Developers apply directly to VH for the loan and VH sets the terms of affordability with the developer including the term of affordability. VH monitors the property for compliance throughout the lifetime of the term of affordability.

HOW TO IMPLEMENT

Because MUMI projects work well in mixed-use buildings or developments, developers often use this financing in historic downtown revitalization projects (this has the added benefit of often also allows for the utilization of historic tax credits). Jurisdictions can identify properties that would be suitable for this development type and work with area developers to envision a project. Local government support of projects is very important to Virginia Housing and projects work even better if local jurisdictions can provide financial support in the form of CDBG grant funds, local housing trust fund dollars or various tax incentives detailed in other solutions in this report.

Local jurisdictions could also implement a program of this type by approaching Virginia Housing directly and working collaboratively with the Agency to develop plans for specific projects and then soliciting developer participation.

WHO IS RESPONSIBLE

- Real estate developer/ property owner
- Virginia Housing
- Local planning departments if zoning amendments of special use permits are required
- Local government financial support can benefit these projects

PROJECTED OUTCOMES

New affordable housing will be created in mixed rental developments that previously would have been 100% market rate.

KEY CHALLENGES

- A market with strong market-rate rents is important so that those higher rents can support the lower, more affordable rents.
- This program relies on willing property owners and developers interested in pursuing this type of program
- Developers with experience in seeking Virginia Housing financing will be more successful

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 2.3 // Expand utilization of USDA-RD 504 Rehabilitation Program.

WHAT IT DOES

In rural areas, residents are facing the challenges of aging housing and waning resources. In order to preserve rural housing, the Rural Development office of the United States Department of Agriculture (USDA) administers the Section 504 Home Repair Program, or Single Family Housing Repair Loan and Grant Program. This program provides loans to low income residents and grants to elderly residents in rural areas to ensure that residents are able to maintain their homes.

The purpose of USDA-RD 504 loans is to provide low income residents with necessary funds to repair, improve, or modernize their homes. In order to qualify, the borrower must be the homeowner, occupy the house, and be unable to obtain affordable credit anywhere else. The income limits for the program are set at below 50% AMI. Grants are provided to elderly residents who are age 62 or older and meet the preceding requirements in order to remove health and safety hazards within the occupied home.

The 504 Program provides low interest (1 percent for 20 years) loans to very low income homeowners to repair, improve, or modernize their homes; or grants to elderly very low income homeowners to remove health and safety hazards. This program has been underutilized in Virginia, and efforts should be undertaken to enhance the effectiveness of the delivery system for 504 loans and grants. The maximum loan amount is $20,000 and the maximum grant is $7,500. Loans and grants can be combined for up to $27,500 in assistance.

Updates to the program occurred in September 2019 expanded grant opportunities to homeowners living in extreme poverty.

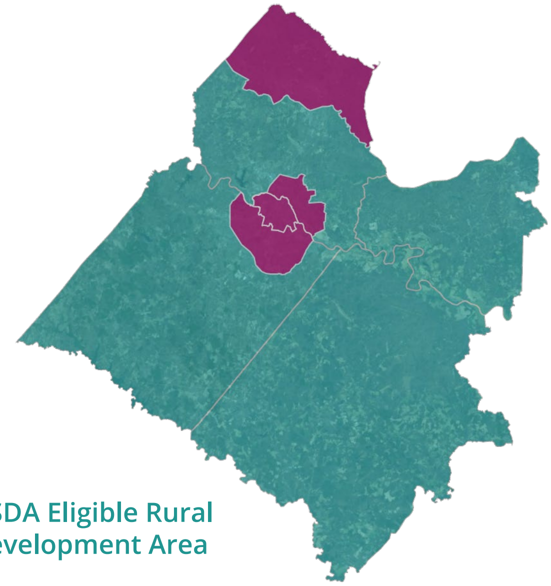


Fig. 39) USDA eligible areas in the GWRC region, Source: USDA

HOW TO IMPLEMENT

Rural areas are designated by the USDA as areas with a population less than 35,000. Residents in these areas may apply directly to their local Rural Development office for a loan or grant or utilize a loan application packager. Any public, tribe, or private nonprofit organizations that are tax exempt under the IRS Code can become a packager. Local organizations in the region may already provide this service. While grant funding is limited through this program on a statewide level, the loan funds are virtually unlimited.

To increase utilization, localities should coordinate together to create a "one stop shop" for homeowners to learn about the program, determine eligibility, and get quickly connected with USDA-RD. Localities should work to designate a local "packager" of the 504 loans (via a government office or an existing nonprofit). This staff would build a relationship with Rural Development, learn the program regulations and assist households in applying for 504 loans. Localities should also develop strong relationships with the administrators at the USDA-RD Virginia Area 3 offices in Culpeper and Fredericksburg who service localities in the GWRC Region.

WHO IS RESPONSIBLE

- Local nonprofits or local government office that can serve as loan packagers
- Local nonprofits who can administer the repair program
- USDA Rural Development

PROJECTED OUTCOMES

Very low income households, particularly seniors, will have the ability to make critical repairs to their homes. These homes will remain safe and affordable for current residents, and will ensure a lasting inventory of quality homes for future generations.

KEY CHALLENGES

- The program requires the navigation of federal red tape.
- This program is limited to rural jurisdictions.

APPLICABLE LOCALITIES: Caroline, King George, Spotsylvania, Stafford

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 2.4 // Forge partnerships with anchor institutions to address housing challenges

WHAT IT DOES

Anchor institutions have a broad impact on social and economic trends in the region. These include universities, healthcare systems, major employers, entities that are major destinations, and other organizations whose investments and spending significantly impact local economies. These entities also include corporations, governments, arts and cultural institutions, sports facilities and teams, among others. Anchor institutions are major determinants in the direction and future status of communities.

In recent years, anchor institutions have begun to look beyond the bounds of their core activity and to explore how they can address other issues affecting the vitality of the community, as well as the welfare of their employees and customers. Partnerships can take myriad forms and can include financial and intellectual capital, services, targeted programming and many other activities.

HOW TO IMPLEMENT

Housers and anchor institutions must work together to identify areas of mutual concern and then work through a range of issues around community engagement, program design, funding and implementation. Another common example is when anchor institutions create incentive programs that assist their employees in being able to afford decent housing. Often, these efforts are focused on homeownership.

WHO IS RESPONSIBLE

- Anchor institutions
- Housing providers
- Local government

- CDFIs
- Virginia Housing and other housing lenders
- GWRC

PROJECTED OUTCOMES

Anchor institutions have the ability to improve housing choices in numerous ways. They can mobilize financial and human capital at scale in order to address the full range of housing challenges identified in this report.

KEY CHALLENGES

- Finding the nexus where the specific interests of the anchor institutions and the housing community intersect.
- Understanding how to scale initiatives so that their impact is commensurate with their other activities and influences in the region
- Engaging early since the planning windows of these institutions is typically very long range.
- Helping anchor institutions understand the intricacies of funding affordable housing initiatives and helping the housing industry understand the constraints and expectations of the anchor institution.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (from anchor institutions)

Solution 2.5 // Establish a regional housing consortium to pool federal housing resources to create more impact

WHAT IT DOES

A regional housing consortium is a formal sharing/ reciprocity agreement made between multiple local governments throughout a region to pool funds for the purpose of affordable housing. Smaller jurisdictions have access to federal Community Development Block Grant (CDBG) and HOME funds for a variety of local purposes, including affordable housing. An individual jurisdiction's pool of available CDBG funds is generally not sufficient to, for example, provide "gap" financing for a new multifamily affordable housing project because housing is costly to build. Through regional consolidation, these funds can be sufficiently pooled to close the gap and contribute to the financing of a new project.

HOW TO IMPLEMENT

The regional consortium agrees to pool resources and to develop a reciprocity arrangement whereby each participating jurisdiction can have access to the full pool of funds for a project. Jurisdictions take turns utilizing the pool of funds for projects in their jurisdictions. This means each jurisdiction has to wait its turn, but without the pooling it is likely an individual jurisdiction will never have sufficient resources to complete a stand-alone project. Non-traditional federal sources for housing including New Market Tax Credits and Opportunity Zone credits can also be used to generate capital for the affordable housing pool. This innovative approach may also attract the interest of private philanthropy and social investors.

In Virginia, a successful example of this solution is the New River Valley HOME Consortium. The consortium is a regional collaboration between the counties of Floyd, Giles, Montgomery, Pulaski, towns within those counties, and the City of Radford. By working together, the localities can pool housing dollars more efficiently. Since 2007, the consortium has leveraged over $35 million in additional funds and has produced over 350 units of affordable housing. Localities appoint consortium board members, and staff support is provided by the New River Valley Regional Commision and the Town of Blacksburg.

WHO IS RESPONSIBLE

Local government housing or planning officials

A new or existing (GWRC) regional entity to oversee the consortium

PROJECTED OUTCOMES

Affordable housing developers will be able to apply to the consortium for the pooled resources for new affordable housing projects that are receiving other sources of federal or state funding but that need additional “gap” grant funding in order to succeed. The consortium will see a larger number of these projects completed as a result of this consolidation of existing funding. No new funding is required for this.

KEY CHALLENGES

Local governments must enter into a regional agreement to share funds and to wait their turn to use the pool of funds.

This Solution requires a significant amount of regional participation. Participants may have unequal funds to contribute and that imbalance will need to be addressed in the arrangement.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 2.6 // Pursue the creation of a regional housing focused loan fund that provides short and medium term financing with concessionary terms

WHAT IT DOES

A regional loan fund with low interest financing for affordable housing can reduce the cost of affordable housing. Such a fund could provide primary, mezzanine and soft debt for acquisition of at risk housing and development of new housing. Acquisition funding is particularly important as it is not readily available in the market from many sources and is essential in starting a new project.

HOW TO IMPLEMENT

Through a regional agreement, local jurisdictions would fund and develop the terms for a loan pool. A local bank or another intermediary (the national organization Local Initiatives Support Corporation has performed this service elsewhere in Virginia, Virginia Community Capital may also have interest) would administer the loan funds and manage oversight. The loan funds would be for short-term financing (eg zero to seven years) so they would not replace the need for permanent, low-interest loans or grant/equity sources of funding for projects but they would help lower the cost of affordable housing and would serve as early capital necessary to bring new projects to fruition. This would be a great accompaniment to a regional housing trust fund.

WHO IS RESPONSIBLE

- Local government finance and legal departments
- An intermediary such as Local Initiatives Support Corporation to administer and oversee the loan fund
- Private developers to access the funding
- GWRC to support effort

PROJECTED OUTCOMES

New or more affordable projects would be developed in the area. Existing buildings at risk of becoming unaffordable or falling into disrepair could be purchased quickly using these loan funds.

KEY CHALLENGES

- This funding source does not replace the need for other permanent sources of funding to make affordable housing projects work.

- Interest rates are at historic lows and are likely to remain so for some time. This means low-interest loan funds are not as necessary, but access to early acquisition financing is still very important in the market and currently under-supplied.
- This requires regional cooperation

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes

Solution 2.7 // Develop a regional housing equity fund that taps social investors who are willing to commit patient capital with below market return expectations

WHAT IT DOES

A pool of capital that typically is provided by private sources, including philanthropy. These funds are used as equity investments in affordable housing. The investors are willing to receive a below market rate of return and are more patient than market rate investors. They are willing to leave their funds in for longer periods and are patient in waiting for returns. These funds are sometimes referred to as social investment funds.

HOW TO IMPLEMENT

Usually, nonprofit housing developers are the users of these types of funds. A typical use would be to support the acquisition of existing housing that can be renovated and repurposed as rent-restricted housing. Access to funds for acquisition are currently under-supplied in the affordable housing finance landscape and are a necessary component to a successful project. The equity investor accepts a lower rate of return and waits until the affordable housing developer gets other funding such as LIHTCs to complete a project, before the funder is repaid. This may take three to five years. Such social equity can also be helpful during the early stages of developing new housing by helping the developer to avoid the carrying costs of high interest debt.

WHO IS RESPONSIBLE

- Corporate and philanthropic leaders: establish and seed fund
- Financial institutions: provide capital and shape the design and implementation
- GWRC or other new regional entity to administer the fund

PROJECTED OUTCOMES

There will be more acquisitions of projects appropriate for future affordable housing development. In time, these sites would be rehabilitated or developed into new affordable housing projects.

KEY CHALLENGES

- Equity investing is not a long-term project subsidy, so it is only part of what is necessary to make a project succeed.
- Rising acquisition costs will require this fund be substantial enough to make a difference.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes

Solution 2.8 // Create programs that offer real estate tax “rebates” if developers meet pledged affordability commitments to serve low income households

WHAT IT DOES

A locality enters into an agreement with a market rate property owner to provide some rental units at reduced rent levels and to serve households at a designated income level. For example, a property might make 10% of its units affordable to households at 80% AMI or below for a period of 20 years. Rent levels and occupancy must be certified to the locality. The property owner makes their full tax payment but receives a payment at year-end to offset the cost of the rent reduction.

HOW TO IMPLEMENT

These programs are sometimes referred to as “tax rebates” in order to create a nexus between the payment and the affordability requirement. These are grant programs where the locality uses its general funds to “rebate” an agreed upon amount depending on the number of affordable units and the level of rent reduction. It is important for the locality to achieve a formula that provides an incentive that is sufficient for the developer but not excessive.

WHO IS RESPONSIBLE

- Local government housing and finance department staff: design and draft the program
- Local governing body: approves any ordinances necessary to the program

PROJECTED OUTCOMES

New affordable housing will be created in mixed rental developments that previously would have been 100% market rate.

KEY CHALLENGES

- This requires an ongoing budget expenditure by the jurisdiction. If the expenditure is discontinued, it could result in the displacement of the lower income households.
- While basic program design parameters need to be developed, ideally, each project should be underwritten to set the subsidy at the correct level. This requires experienced staff support or out-sourcing of this aspect of the program.
- The program requires staff to monitor compliance annually.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes, but indirect in the form of foregone tax revenue

Solution 2.9 // Establish a regional housing trust fund

WHAT IT DOES

A regional housing trust fund is a flexible pool of capital that can be deployed to increase the affordability of housing and to fill “gaps” in financing, thereby making the development more feasible. Housing trust funds provide grants and loans with deeply concessionary terms. Usually, housing trust funds are capitalized with public funds, but they can also receive funding from private sources, including corporate, philanthropic and individual.

HOW TO IMPLEMENT

Housing trust funds are frequently funded by direct appropriations from a locality’s budget; however, in some cases, these funds may be supported by a direct, recurring revenue stream from a tax, fee, or special assessment. These automatically replenishing funds are usually preferred as they provide a more consistent, reliable source of support. Funds that are supported with annual appropriations often require regular "campaigns" by advocates to sustain funding levels. A cross-sector funding strategy that solicits support from non-governmental sources has the advantage of a collaborative, uniform message to a broad range of funders who may otherwise need to respond to numerous, individual requests.

A regional housing trust fund would need to coordinate across jurisdictions to raise funds and to equitable disburse those funds throughout the region.

WHO IS RESPONSIBLE

- Local governing body to allocate funds
- A regional entity (GWRC) or intermediary to administer the funds and review and approve projects
- Local government to participate in the regional entity
- Private developers and non profits to apply for funds

PROJECTED OUTCOMES

This funding source would be the most significant financial investment outlined in this Report for contributing to new affordable housing. It is expected that this would result in significant new affordable housing constructed or preserved in the region.

KEY CHALLENGES

- Regional funds are less common than funds for single jurisdictions. Regional funds offer significant advantages, however, including uniform and consistent policies, application procedures, timing and greater administrative efficiency. The challenge is to ensure that localities feel that they are all being treated equitably by the fund, and that they retain input into policies and priorities.
- Another major challenge with housing funds generally is sustaining or growing the annual contribution. Hence a dedicated source of revenue is a preferable method for ensuring consistent contributions.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes

Solution 2.10 // Incubate a new entity with powers similar to a housing authority

WHAT IT DOES

Redevelopment and Housing Authorities in Virginia have a wide range of powers. Most importantly a Housing Authority has the ability to acquire, own, hold and sell property. Small communities frequently are challenged in finding developers who are willing to come into the area and undertake smaller scale projects which may have lower returns and higher risks. The Authority could take on projects that the private sector is unwilling to pursue. The authority could purchase properties through market sale transactions and combine them with other parcels in order to make more attractive development sites. However, creating a new housing authority is a very significant technical project and is not generally recommended as there has not been a new housing authority created in Virginia in over thirty years.

Housing authorities across the country are on the wane due to the lack of funding at the federal level, the negative perception many have of them, and the rise of strong nonprofit leadership in many geographies. The utility of a housing authority can be recreated without the organization itself. An alternative approach for the GWRC region could be to create a new affordable housing entity capable of creating new housing (or facilitating the creation of new housing) that has quasi-public control.

A publicly-controlled nonprofit entity would be financially supported through public funds and local governments would have greater control over the projects undertaken by the organization. In jurisdictions where there is a dearth of local nonprofit capacity, this can be a good approach.

HOW TO IMPLEMENT

Identify an existing organization or champion a new organization that can be created to take on creation of new affordable housing. The Board of Directors of this organization would include public representation. This new entity would then be in a position to have regional authority and mission to focus on new affordable housing development. Public funding would need to be earmarked to support the operations of the entity as well as fund a portion of their work.

WHO IS RESPONSIBLE

- Local government or GWRC to take the lead in creating the new entity

PROJECTED OUTCOMES

A new affordable housing entity would exist, with strong public support, to create new affordable housing.

KEY CHALLENGES

- This model of capacity building requires committed public dollars on a consistent basis
- This model is not widely used and this work may best be left to qualified, existing non-profits.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes

Category 3: How to preserve and improve existing housing

Solution 3.1 // Promote and expand existing senior tax relief programs

WHAT IT DOES

Senior tax relief programs enable seniors on fixed and low incomes to pay less in real estate property taxes. This is particularly impactful when seniors are in aging housing with deferred maintenance and in real estate markets where property tax assessments are rapidly rising. Senior tax relief programs can keep low income seniors in their housing. All GWRC operate existing senior tax relief programs.

HOW TO IMPLEMENT

All jurisdictions in the region currently have senior tax relief programs that vary in their requirements but generally achieve similar outcomes. In each jurisdiction, however, the number of eligible households exceeds the number of program users meaning that the programs are not reaching all eligible households. Through additional outreach, advertising and increased flexibility around eligibility, the programs could be more widely utilized. Additionally, jurisdictions should consider enhancing the benefits or increasing the pool of eligible homeowners.

WHO IS RESPONSIBLE

- Local finance and property tax assessment staff
- Local governing bodies to approve changes
- Community development organizations
- Social service organizations

PROJECTED OUTCOMES

Reducing costs to senior homeowners makes housing more affordable for seniors who are some of the most housing cost-burdened households in our region.

KEY CHALLENGES

- Advertising campaigns to increase program awareness must be broad and sustained.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes, but indirect in the form of foregone tax revenue

Solution 3.2 // Support and streamline programs for seniors to navigate and access assistance programs.

WHAT IT DOES

A streamlined one-point-of-entry program that helps seniors access any and all financial or housing supports available to them ensures wider use and more equitable use of existing programs. State-level programs such as SeniorNavigator and No Wrong Door are designed to help seniors successfully work through confusing programs and program requirements. These programs provide a single point of entry where information about an entire range of programs and services are aggregated in one website though links and brief explanations. Housing is one area of assistance within a very large database of programs and services.

HOW TO IMPLEMENT

Convenings of all senior-focused resources in the region must be held to develop a coordinated system and process for seniors. Existing programs such as SeniorNavigator and No Wrong Door can be incorporated into a streamlined system. Both public and private programs must come together to coordinate their offerings, their intake of new clients and their systems with the goal to allow seniors to be able to access any and all programs with a single phone call or intake process.

WHO IS RESPONSIBLE

- State and local government agencies
- Social service agencies and nonprofits, including the local area agency on aging
- Churches and health systems

PROJECTED OUTCOMES

The streamlining of any program is beneficial to users but particularly for low income seniors, the barrier to entry of new programs can be significant. Designing a program whereby the burden of navigation is on the program, not the client, will result in greater usage of the program, more equitable distribution of use and a better user experience.

KEY CHALLENGES

- Existing programs and services are plentiful and diffuse
- Housing is just one of many services that are listed.
- Private vendors and service providers must be fully vetted and subject to regular certification. Seniors may need assistance in dealing with outside contractors.
- Web based information and navigation is less helpful to low income seniors.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (personnel funding)

Solution 3.3 // Increase housing rehab and critical home repair assistance programs

WHAT IT DOES

Many lower income households, particularly seniors, are living in homes that they are not able to maintain. The result can be unsafe conditions for occupants (ie. leaking roof or plumbing that degrades structural elements of the home and may also cause the growth of mold affecting indoor air quality). Older homes may also lack insulation and other energy efficient materials resulting in very high utility bills in order to keep the home temperature comfortable. Rehabilitation assistance can help these households address the conditions in their homes that are needed to ensure a safe and decent living environment.

HOW TO IMPLEMENT

The locality provides assistance to an intermediary (usually a nonprofit organization) that has the ability to assess the critical needs and address them, either by using its own staff to carry out the improvements or by contracting with and supervising the work through a private home repair company. Some types of critical repairs (stairs, railings) may be able to be provided by skilled volunteers while others (roofs, heating) need to be undertaken by qualified/licensed vendors

WHO IS RESPONSIBLE

- Local government housing staff: administer funds to nonprofit organizations. Federal funds such as CDBG can be used in this work.

- Nonprofit service providers: identify households in need and undertake critical home repairs directly or by hiring private contractors
- Private contractors: perform needed repairs
- Social services and healthcare staff: identify needs through home visits or other client interactions.

PROJECTED OUTCOMES

With critical repairs completed, residents have a safe and secure environment. Housing instability is prevented. Residents will be able to delay the need to move to alternate housing that better meets their needs.

KEY CHALLENGES

- Demand for these services substantially exceeds resources.
- In some cases, conditions are too severe to repair the underlying issues without major, intrusive work—or complete replacement of the home.
- Household members may have other critical needs, including healthcare issues, that should be addressed simultaneously.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (capital/ grant funding)

Solution 3.4 // Provide tax relief for long time neighborhood residents

WHAT IT DOES

Current tax relief programs in the city and the counties are restricted to seniors and the permanently disabled who meet certain eligibility guidelines, including income. In fact, the Virginia constitution limits the basis on which a locality can provide tax relief. Long-time property owners are not included as an eligible category. In addition, the constitution requires that all properties be assessed at fair market value; restricting assessments is also not permissible. For that reason, alternative approaches to assist long-time neighborhood residents at risk of displacement are needed.

HOW TO IMPLEMENT

Localities may defer a portion of tax payments when annual assessments increase above a determined trigger amount. Another approach would be to provide a long-term residency rebate for certain owners who are at risk of displacement. These methods are allowed within the State's existing laws. In jurisdictions where housing demand is very strong, assessments can increase very rapidly thereby placing financial burdens on non-senior, lower income homeowners.

WHO IS RESPONSIBLE

- Local assessors and finance departments: design and administer program
- Local governing body: take final action on any necessary changes to local code

PROJECTED OUTCOMES

By reducing housing costs for homeowners who are at risk of displacement in communities where values are rising rapidly, these initiatives will help keep some long-time residents in place and increase housing stability.

KEY CHALLENGES

- Virginia constitutional restrictions make such programs difficult to design and manage.
- Localities may not want to forego the deferred tax payments.
- Determining eligibility can be problematic - what constitutes a "long time" resident, how to measure the risk of displacement.
- Programs don't address renters who are much more vulnerable to displacement than owners.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes, but indirect in the form of foregone tax revenue

Solution 3.5 // Pursue implementation of property assessed clean energy programs for multifamily and single-family housing

WHAT IT DOES

Property assessed clean energy (PACE) programs create a way for building owners (and homeowners) to make energy improvements to their property without the need to raise the front-end capital for the improvements themselves. Costs are repaid gradually through special assessments on the property. Improvements could include solar panel installations, high efficiency HVAC equipment, insulation, air sealing, new windows and similar improvements. Programs for commercial buildings (including multifamily apartments) are known as C-PACE, while residential programs for homeowners are known as R-PACE.

HOW TO IMPLEMENT

PACE programs are typically administered by a PACE authority that can operate at the state, regional or even local level. The PACE authority raises the capital for the improvements to the building. The local government agrees to participate in the program and secures the capital with repayments through real estate tax assessments and billings. The theory behind PACE is that both the current and future owners of the property will share in the utility savings that the improvements create. Through the PACE mechanism, these costs are shared by all the beneficiaries.

Several localities in Virginia have implemented or are studying C-PACE programs, including Fredericksburg. The city adopted a program in 2018, but has only been used to-date for a professional baseball stadium. The city should proactively advertise the program to multifamily property owners and potential new developers. We also recommend neighboring counties explore C-PACE programs that are structured similarly to the city's existing one to reduce confusion and inefficiencies.

WHO IS RESPONSIBLE

- Local housing staff: design the program with technical experts
- Local assessor and finance departments: implement the assessments and repayment; pass payments through to PACE to service the debt.
- Local governing body: take final action on adoption
- Regional or statewide PACE authority: administer the program

PROJECTED OUTCOMES

Energy improvements can replace outdated, inefficient systems and other substandard conditions. Energy improvements may also correct life safety issues with natural gas, carbon monoxide build-up and other indoor air quality issues. These energy improvements will also directly result in utility savings thereby reducing the cost of housing.

KEY CHALLENGES

- Like many new programs that change paradigms of how housing programs operate, PACE does meet with some market reluctance. This is particularly true for single-family homeownership programs, where both local governments and the real estate community have expressed reservations.
- The PACE program administrator must have technical expertise in energy efficiency, building construction and finance. The program must be able to ensure that the right improvements are made, the pricing is fair, and the work is properly completed.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: Yes, for R-PACE. Current state code allows for C-PACE only.

REQUIRES NEW FUNDING: Yes, but indirect in the form of foregone tax revenue

Solution 3.6 // Implement holistic code enforcement to preserve and improve existing housing

WHAT IT DOES

Holistic code enforcement integrates models of incentive and cooperation with property owners into the municipal enforcement process. Instead of an adversarial and punitive function, code enforcement is used as a tool to understand a jurisdiction's housing needs and alleviate them.

HOW TO IMPLEMENT

Holistic code enforcement works well when a jurisdiction has programs and incentives for owners to use to remediate code violations. Education of property owners about building maintenance, healthy housing, and code requirements is paired with financial resources and a collaboration between code enforcement officials and owners. Holistic code enforcement can be proactive; meaning that properties are inspected not when a complaint or emergency situation occurs, but rather on a routine basis.

WHO IS RESPONSIBLE

- Local code enforcement departments: pilot and implement new procedures

PROJECTED OUTCOMES

Holistic code enforcement provides two additional benefits beyond traditional code enforcement. First, because of its proactive nature, holistic code enforcement helps jurisdictions to develop a reliable data set of existing housing conditions. In the absence of this, jurisdictions have scant information about the extent and location of housing condition needs. Second, holistic code enforcement is believed to lead to a greater incidence of home improvements than traditional code enforcement, because of its collaborative and supportive relationship with the homeowner.

KEY CHALLENGES

- Requires home repair programs or other financial supports to be funded.
- Requires additional administrative support than traditional code enforcement due to the increased level of interaction with the homeowner.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (personnel funding)

Solution 3.7 // Improve aging housing stock by establishing and expanding resources for affordable rehab programs

WHAT IT DOES

Nonprofits organizations across the country make critical home improvements for income-qualifying households, including heating, roof repairs, electrical improvements, structural corrections, insulation and energy improvements, lead abatement, ramps and other accessibility features, as well as other work that addresses key health and safety deficiencies. In the GWRC region, there is currently not a robust infrastructure of organizations completing this work. This gap presents an opportunity to create new resources and systems to assist homeowners.

HOW TO IMPLEMENT

Nonprofit program providers conduct eligibility reviews, home assessments, and work write-ups as well as oversight of contractors doing the work. Nearly all of these programs are restricted to households with incomes below 80% of AMI. For seniors above this level, there are few coordinated programs to help with repairs and improvements, increasing the challenges of access to such help and the risks of contracting for work that is unnecessary, overpriced or poor quality.

Programs can be funded by a combination of public subsidies and private donations. Localities can fund this work using their own general fund dollars, and/or federal grants such as CDBG and HOME. Private entities like corporations and philanthropic organizations can donate funds to organizations that complete this work.

The region should take stock of any and all existing rehab programs, especially those funded with public money. Localities should identify ways to scale up these programs as they align with the strategic objectives of the nonprofit groups that administer them.

WHO IS RESPONSIBLE

- Local governments: provide local and federal funding, help identify and cultivate homeowners who can benefit from programs
- Private donors: provide funding and volunteers
- Nonprofit program providers: deliver services, monitor programs, communicate needs and challenges

PROJECTED OUTCOMES

These efforts address some of the most serious issues within the existing housing stock. If successful, these programs will help homeowners—especially aging seniors—stay in their homes and delay or prevent moves into assisted living facilities.

KEY CHALLENGES

- Typically, only owner-occupied properties qualify for assistance, leaving much of the rental housing stock unaffected.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (capital funding)

Solution 3.8 // Coordinate home assessment services with age in place improvements.

WHAT IT DOES

Many seniors wish to remain in their homes. But they may put themselves at risk by doing so, if they lack the resources to make accessibility improvements that will keep them safe. Home assessment services enable seniors to obtain consistent, high-quality assessments about what they need, what is possible in their home, and how to pay for it.

HOW TO IMPLEMENT

A network of qualified home assessors is established (often trained individuals) who hold credentials in occupational therapy and related fields. The assessor evaluates the current and future needs of the homeowner. They prepare a list of needed improvements. These assessments and the repairs they require are currently available to higher income households; but for low- and moderate-income homeowners, they are an unaffordable luxury. The costs to perform both assessments and repairs can be defrayed for very low income homeowners with grants and/or secured by a lien on the property.

WHO IS RESPONSIBLE

Nonprofit housing providers: manage and operate program, especially those with healthcare partners that can build health need priorities into the system

Social service organizations: refer clients to home assessors

Local governments: provide funding

PROJECTED OUTCOMES

Home assessments are an extremely helpful way to give seniors a clear path forward for needed home improvements. More seniors will be able to safely age in place for longer periods of time. These programs may also be expanded to help serve families with children and other vulnerable households.

KEY CHALLENGES

Will require new funding and the development/ certification of trained home assessors.

A new or existing entity will need to play the role of program administrator.

Funding for assessments will need to be identified, especially to cover cases where accessibility improvements are not feasible.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (capital and program funding)

Solution 3.9 // Proactively design and build accessible housing

WHAT IT DOES

Accessible housing built to universal design standards is housing that meets the needs of seniors as well as the disabled. Accessible housing works better for everyone (e.g., parents with strollers, persons recovering from an injury) and are accessible by everyone, regardless of their ability.

HOW TO IMPLEMENT

Provide financial incentives to builders/developers to incorporate universal design and key accessibility features such as: no step entries, wider doors and passageways, first floor bedrooms and accessible baths. Localities may also seek to expand and improve Virginia's Livable Home Tax Credit (LHTC) that offers a $5,000 credit to homeowners or builders who meet these basic requirements.

WHO IS RESPONSIBLE

- Local government
- Community development organizations
- Social service organizations

PROJECTED OUTCOMES

Expands the housing options of seniors who may be interested in downsizing from the home where they raised their family but who still wish to live in a single-family, detached home.

KEY CHALLENGES

- Costs to build to accessible standards may be slightly higher; there may also be a misperception of market resistance to accessibility. Realtors report they have difficulty locating homes that meet the accessibility preferences of their buyers.
- Realtors report that they sometimes have difficulty selling properties with significant or visually apparent accessibility improvements, for example, a ramp on the front of the house.
- Accessibility improvements can be specific to the needs of the homeowner - not necessarily universal to all persons with a disability.
- There is no well recognized clearinghouse to connect buyers looking for accessibility with sellers whose homes have those features.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Optional (if state LHTC expanded)

Solution 3.10 // Preserve naturally occurring affordable housing through proactive outreach to building owners

WHAT IT DOES

Naturally occurring affordable housing (NOAH) is housing that is affordable on the private market due to age, condition, and/or style. As these properties continue to age, NOAH owners may prioritize cash flow over housing quality. As a result, rience market pressures to raise rents or to defer maintenance. Owners may prioritize cash flow over housing quality.

Preservation ensures that private landlords continue as responsible stewards of affordable housing that is not subsidized or regulated housing but rather is affordable "naturally." NOAH owners experience market pressures to increase rents or to defer maintenance. NOAH owners may prioritize cash flow over housing quality. A NOAH program at the jurisdictional or regional level can be a resource for NOAH owners to ensure their housing is maintained in good condition and reasonable prices.

HOW TO IMPLEMENT

Through carrot-and-stick approaches, a NOAH preservation strategy works with NOAH owners to ensure the preservation of the housing at affordable prices and high quality. Jurisdictions can create programs that offer incentives as well as penalties for owners of NOAH. Financial and other incentives can induce owners to improve building conditions while preserving affordability. Financial and other incentives can induce owners to maintain affordability in the face of market pressures. Jurisdictions can also implement "stick" measures around code enforcement to ensure owners maintain quality housing.

WHO IS RESPONSIBLE

- Local housing officials: identify existing NOAH and track its ownership, condition and rents
- Community advocates and residents: assist in identifying NOAH, building relationships with owners and tenants
- NOAH owners: partner with public and nonprofit entities to ensure continuing affordability
- Local governments: offer a range of incentives (tax "rebates", performance grants, special financing, and others) to encourage owners to preserve affordability while maintaining building conditions and financial profitability
- Community development organizations: explore acquisition of NOAH to preserve affordability through special loan and equity funds (see Funding Sources)

PROJECTED OUTCOMES

This preserves existing affordable housing, prevents displacement and may also be an opportunity to renovate and improve existing, aging affordable housing.

KEY CHALLENGES

- Proactive outreach will require identifying and communicating with NOAH owners who will have a range of interests in such a program.
- Any financial incentives will need to be paired with ongoing monitoring of the project to ensure that owners follow through on their commitments.
- Poor quality housing and NOAH housing is highly correlated. This means that NOAH housing is likely to need more renovation than other housing in the jurisdiction.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes

Solution 3.11 // Identify assisted housing communities at risk from expiring affordability restrictions; expand preservation efforts.

WHAT IT DOES

Most affordable housing subsidies are provided on a time-limited basis and require property owners to maintain a certain rate of affordability for a specific number of years. When this term expires, the property owner can sell the property or convert it to market-rate uses. This creates displacement of large numbers of residents and diminishes the amount of existing affordable housing. This happens often with LIHTC projects and represents a significant loss of affordable housing and displacement of residents. Oftentimes jurisdictions and community development organizations are unaware the property is in the process of converting to market rate.

HOW TO IMPLEMENT

Jurisdictions can create a system to be better aware of expiring affordable housing projects. Once identified, community development organizations can step in and acquire the properties using new subsidies to preserve affordability. This keeps the housing as affordable and prevents displacement of residents.

Through a coalition of public and private players, localities could monitor and become aware of expiring use properties. This information could be used to create partnerships with VH, DHCD, local jurisdictions, other funding sources and community development organizations to make offers to purchase properties and protect their affordability.

WHO IS RESPONSIBLE

- Local and state housing officials: monitor and track housing with expiring subsidies
- Affordable housing owners: partner with public and nonprofit entities to ensure continuing affordability
- Community development organizations: explore acquisition of expiring affordable housing
- State financing agencies and other funders: create and promote financing schemes to encourage preservation
- Community advocates and residents: raise awareness and guide preservation implementation

PROJECTED OUTCOMES

This preserves existing affordable housing, prevents displacement and is also an opportunity to renovate and improve existing, aging affordable housing.

KEY CHALLENGES

- Properties positioned for conversion into market-rate housing will have high acquisition costs. This cost will make preservation of affordable housing financially difficult. Additional funding sources will be required to pay these acquisition costs.
- Some of these conversions from affordable to market-rate are difficult to identify, as some occur in off-market transactions or without changing hands in ownership. In this situation, establishing strong relationships with existing owners of affordable housing and with VH/DHCD will be valuable.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (Capital/ grant funding)

Solution 3.12 // Revitalize manufactured home communities and replace poor quality homes

WHAT IT DOES

Some of the poorest quality housing in the region exists within aging mobile home parks. Prior to 1976, no standards were applied to the construction of manufactured homes. In 1976 HUD promulgated national safety, quality, and efficiency standards. Consequently, many households still occupy homes in these parks that are unsafe and in desperate need of investment. Revitalizing these communities involves rehab work for viable housing, full home replacement when homes are uninhabitable, and infrastructure upgrades for utilities and amenities.

HOW TO IMPLEMENT

Manufactured home community revitalization is often performed by nonprofit organizations, or a coalition of nonprofits. However, for profit owners can also be partners in improving these communities. To address the unique housing challenges in parks, revitalization often includes:

- Rehabilitation and repairs for homes that need minor improvements;
- Replacement of very old and very poor condition homes; and
- Upgrades to park infrastructure (roads, electricity hookups, water and sewer lines) and amenities (community space, sidewalks, playgrounds).

The work may be supported by public funds, private donations, and favorable loan products from housing finance agencies. In some cases, nonprofits may acquire parks to facilitate improvements efficiently and provide residents with greater stability.

As a first step, the region may coordinate with the Manufactured Home Community Coalition of Virginia (MHCCV) to undertake a full census of parks in the region to understand their residents, infrastructure, ownership, and amenities. MHCCV conducted a thorough survey of parks in the Richmond area in 2016 which has since led to increased local government interventions to preserve and revitalize parks.

WHO IS RESPONSIBLE

- Local governments: provide funding and coordinate any necessary zoning reforms
- Nonprofit housing providers: identify needs and undertake revitalization
- Manufactured Home Community Coalition of Virginia: coordinate efforts between localities and providers, provide technical assistance and connections to outside resources
- Lenders: offer favorable financing products
- Housing manufacturers: produce new, high-quality, affordable homes

PROJECTED OUTCOMES

The quality of this stock is among the poorest in the region and its improvement is a high priority in addressing substandard housing. When done properly, mobile home parks can provide a viable source of affordable housing.

KEY CHALLENGES

Household incomes in some communities are extremely low with very limited capacity to afford higher quality housing, even with assistance.

Many parks are home to undocumented immigrants who may not qualify for some federally funded assistance and who may be fearful of participating in revitalization activities.

New manufactured homes are usually financed using high interest personal property loans; traditional mortgage lenders have been reluctant to make home loans on manufactured products.

Local land use regulations may stymie by-right replacement of homes in grandfathered mobile home park zoning districts.

APPLICABLE LOCALITIES: Caroline, King George, Spotsylvania, Stafford

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (capital funding)

Solution 3.13 // Address the use of motels used as de facto affordable and transitional housing

WHAT IT DOES

The COVID-19 pandemic has highlighted the use of motels and hotels as a shelter strategy for the homeless. But motels and hotels have long been utilized by individuals and families as a long-term housing solution. Lacking the barriers to housing such as credit checks, security deposits, and eviction records, motels and hotels offer easier access to shelter during periods of housing instability. However, while more stable than homelessness, motel and hotels are not a substitute for more permanent, renter- and owner-occupied housing.

Families in these temporary living situations have limited housing protections and unstable incomes. In some cases, families are overcrowded in single units and conditions less than desirable. In addition, property owners often lack the knowledge and resources to act as landlords. Aging hotels and motels have seen even greater challenges as customer preferences and travel patterns have changed over time.

Conversion of motels to permanent housing has been an increasing trend in many localities across the nation. Nonprofit organizations and local governments have partnered to acquire and rehabilitate or redevelop properties for affordable housing development or permanent supportive housing. In Williamsburg, Virginia, local motel owners have also seen success in converting their properties into adaptive housing to serve as workforce, student, and senior housing priced at affordable rates.

HOW TO IMPLEMENT

To improve the housing situations of persons living in motels, two important types of intervention are needed:

1. EXPAND RAPID RE-HOUSING AND PERMANENT SUPPORTIVE HOUSING OPTIONS.

To secure better housing, persons and families living in motels need to be connected to services and resources focused on bridging the gap between instability and stability. Two proven methods include rapid re-housing and permanent supportive housing.

Rapid re-housing programs are run by nonprofits and other service providers to place families into long-term housing quickly and efficiently. Case managers curate apartments and use flexible sources of funds to get housing insecure families into high-quality homes. Providers help clients overcome barriers and support their transition into permanent housing.

Permanent supportive housing blends low-barrier rental homes with wraparound services to address mental health, substance abuse, and other challenges persons may have that prevent them from obtaining and affording housing on the private market. PSH operators employ health professionals and case managers to personally assist tenants overcome those challenges.

2. EXPLORE LONG-TERM CONVERSION OF UNDERUTILIZED HOTELS INTO PERMANENT HOUSING.

The conversion of a hotel or motel property to permanent housing is often undertaken by nonprofit organizations or the property owner themselves. Localities can support this type of development by streamlining the process for conversion. Important steps include:

- Brokering conversations between motel owners/operators
- The establishment of zoning districts that accommodate the limitations of hotel and motel adaptive reuse, such as room size, site layout, and amenities, and facilitate the development of efficiency and one-bedroom units.
- Supply acquisition funding and financing programs to help nonprofit organizations purchase motel properties.

WHO IS RESPONSIBLE

- Nonprofit providers who currently operate or may expand into providing rapid re-housing and permanent supportive housing.
- Nonprofit or mission-oriented developers capable of acquiring and redeveloping motels into permanent housing options.
- Localities to provide funding, financing options, zoning reforms, and possibly surplus properties for new housing development.
- Philanthropic and institutional donors to provide funding for program operations and property acquisition.

PROJECTED OUTCOMES

- Families and individuals living in motels will find secure housing, save money, benefit from increased tenant protections.
- The economic, educational, and health outcomes of these precariously housed families will improve.
- If successfully transformed, motels that become permanent housing will serve as catalysts for revitalization in the neighborhoods they occupy.

KEY CHALLENGES

- Scaling up existing (or creating new) rapid re-housing and permanent supportive housing programs requires new funds and increased nonprofit/provider capacity.
- Permanent supportive housing developments require significant funding, and are normally only accomplished with long-term planning and layered subsides. In high-cost areas like the Fredericksburg region and Northern Virginia, PSH is especially difficult due to high land acquisition costs.
- Motel/hotel owners may not be amenable to selling their properties and are content operating them under their current model.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes

Category 4: How to increase housing opportunity

Solution 4.1 // Increase Housing Choice Voucher holders' success rate in finding housing

WHAT IT DOES

Housing choice voucher (HCV) holders face discrimination and a lack of quality options in housing complexes that accept HCVs. Many end up renting in high poverty neighborhoods because it is the only housing that they can find and qualify for. Some are not successful at all and must return the voucher. Access to more information for both landlords and voucher holders may improve this, including case management support for voucher holders.

Voucher holders who are seeking to identify housing complexes that accept vouchers and landlords who do accept vouchers are often unaware of one another. Resources are needed to facilitate this "matchmaking." Through increased education of landlords and tenants, HCV holders may have greater success in securing housing.

HOW TO IMPLEMENT

A coalition of jurisdictions, landlords, HCV administrators and social service organizations would create a series of resources for landlords and HCV holders. Resources would include: landlord education programs to increase participation in the HCV program, landlord education regarding case management resources for HCV tenants, initial inspection checklists, a list of properties that accept HCV holders, a list of LIHTC developments that are required to accept HCV holders, special security deposit assistance, other financial incentives to landlords.

During the 2020 legislative session, discrimation on the basis of the source of a tenant's income (like HCVs) became illegal (an exception is made for very small landlords of four or less units). Therefore landlords are required to accept HCV payments just as they would any other form of cash payment for rent. This new law is not commonly known or enforced and so education on this is important.

WHO IS RESPONSIBLE

- Voucher program administrators: seek out and partner with nonprofit and private rental managers
- Private and nonprofit rental management companies: increase number of complexes that accept HCV holders

PROJECTED OUTCOMES

A higher rate of HCV holders will find quality housing in the region and will pay market rents while keeping their own expenses affordable to their income.

KEY CHALLENGES

- Many landlords in the area simply choose not to accept Housing Choice Vouchers. This is no longer legal.
- Many low income households need support to successfully locate and lease housing in high opportunity neighborhoods.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 4.2 // Encourage CDCs and private developers to develop affordable and mixed-income housing in high opportunity areas

WHAT IT DOES

Through targeted funding, land use changes, and incentives, localities may: provide access to sites in high opportunity areas where jobs and educational opportunities are stronger; encourage greater density for mixed-income housing; and require mixed income housing in transit hubs.

HOW TO IMPLEMENT

Localities should proactively establish districts and production targets over the next five years, and encourage production through site identification, expedited land use approvals, and financial incentives. To help developers achieve these goals, localities may consider incentives such as reduced parking and higher density. In many places around the region, height and other zoning restrictions could be relaxed to expand housing supply. These development incentives should be linked to the provision of affordable housing.

Additionally, or as an alternative, localities may consider a commercial linkage fee in developing areas that could support affordable units in market rate developments. Linkage fees are charged to developers and collected by localities to help fund affordable housing initiatives. These districts may also be strong candidates for "experimental" new housing types that can reduce housing costs, including accessory dwelling units as well as a wide range of manufactured, modular and panelized construction.

WHO IS RESPONSIBLE

- Local governments: undertake planning and site prioritization, regulatory reform, create incentives
- Nonprofit and private housing developers: construct and provide affordable homes

PROJECTED OUTCOMES

Developing new affordable housing in high opportunity areas is urgently needed, especially where LIHTC and other low- and moderate-income housing has not been widely developed.

KEY CHALLENGES

- Acquisition costs in high opportunity areas are higher.
- Community opposition may need to be addressed through education and messaging.

APPLICABLE LOCALITIES: Fredericksburg and Spotsylvania County

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 4.3 // Encourage landlords to modify rental screen standards

WHAT IT DOES

All private landlords and management companies have screening standards that are used in determining whether an applicant is qualified to rent an apartment. Some of these are simple standards around income qualification, but others can include a range of disqualifying factors including criminal history (both misdemeanors and felonies), bankruptcy, evictions, credit score and others. Strict standards often rule out quality prospective tenants, because of a single misdemeanor that occurred years in the past. This eliminates housing choices for many families.

HOW TO IMPLEMENT

Landlords should be engaged in a dialogue about their screening standards in order to secure changes that will increase rental choices. Localities and/or nonprofit housing organizations could conduct a survey of screening standards to understand the landscape faced by renters, including in LIHTC developments. This type of outreach could be paired with education regarding the recent enactment of source of income discrimination legislation.

Equally important is to ensure that the dedicated affordable housing stock in the region, for example LIHTC housing, serves as a model for proper adherence to the rules around tenant screening and income qualification.

WHO IS RESPONSIBLE

- Local government and GWRC: broker conversations and meetings
- Nonprofits: conduct surveys, evaluate and propose changes to screening standards
- Landlords and management companies: evaluate and change screening standards

PROJECTED OUTCOMES

Flexible screening requirements will create more choices for lower income apartment seekers.

KEY CHALLENGES

- Private owners will be risk averse, especially in a strong rental market where occupancy is high and they have adequate demand.
- Additional studies and other evidence may be needed to present to landlords the positive effects of revising standards.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 4.4 // Explore transit-oriented and transportation corridor development

WHAT IT DOES

To improve access to jobs and promote transportation alternatives, affordable housing should be well-connected to the rest of the region. In core urban areas and along dense corridors, affordable housing can be located adjacent to transit. In lower-density suburban communities, diverse housing options can be integrated into newer walkable, mixed-use communities. Transit-oriented development (TOD) connects land use, affordable housing and transportation planning to build equitable developments.

HOW TO IMPLEMENT

Throughout dense corridors served by transit, localities may pursue TOD to promote higher-density, mixed-use, pedestrian-oriented designs. In such TOD districts, zoning ordinances often reduce parking requirements and increase floor area ratios so developers can supply more housing at lower costs. Adding parcels where multifamily is allowed and encouraged also opens possibilities for developers to use LIHTC and other programs to deliver dedicated affordable apartments near public transportation.

In corridor areas where public transit is not available, localities can pursue similar land use strategies, but with a greater emphasis on alternative transportation infrastructure. This might include sidewalks, bike-friendly street designs, shared-use paths that connect housing with commercial, civic, and recreational uses. Designating parcels near this infrastructure for less-expensive housing types ensures equitable access.

Along with land use reform, localities may also engage in strategic land acquisition, especially to consolidate larger parcels that are conducive to the type of development desired. A land bank or other entity may be a useful tool in pursuing this activity. There may also be a variety of financing incentives, including tax incentives, that can be committed to the corridor. Frequently, third party financing entities (e.g., VH or Virginia Community Capital) may also be brought in as special partners. Newly designated Opportunity Zone census tracts in these corridors may also provide financial incentives for investments in new development.

Because these corridors cross jurisdictional lines, it is important that localities collaborate on the corridor strategies so that incentives to developers and design goals align on both sides of the boundary line. Adjoining localities should also adopt similar affordability strategies so that real mixed-income outcomes are achieved in both jurisdictions.

WHO IS RESPONSIBLE

- Local planning staff: identifies areas where diverse transportation options exist or are planned; researches and drafts ordinances; undertakes community outreach
- Local planning commission: reviews and recommends ordinances
- Local governing body: takes final action on adoption
- Economic development officials: promote and encourage commercial activity

PROJECTED OUTCOMES

Including diverse housing options (and multifamily housing types where dedicated rental assistance programs may be used) within transportation-rich development is a widely accepted planning best practice. Providing new, affordable homes in these neighborhoods helps workers live near job clusters, reducing commuting costs and providing greater economic opportunities.

The GWRC region has many high traffic corridors, such as US Route 1 and State Route 3, that cross jurisdictional boundaries. Commercial development has rapidly spread along these corridors in previous decades, but the need for more affordable housing in close proximity has remained. Future development that includes affordable housing in the mix will help to reduce traffic, reduce transportation costs for many low- and moderate-income households, and contribute to more vibrant communities.

KEY CHALLENGES

- There may be opposition to higher densities from residential neighborhoods that are adjacent to the proposed higher density corridor development areas; but in general, property owners in the district benefit by increased potential for development on their parcels.
- While localities will be responsible for specific land use and zoning reforms, collaboration by localities is necessary to ensure a common vision, consistency in zoning, overlays and design requirements, along with shared responsibility for providing affordable housing within the developments along the corridor.

APPLICABLE LOCALITIES:
AllFredericksburg, Spotsylvania, Stafford, Caroline County

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 4.5 // Produce more age-restricted housing that serves very low income seniors

WHAT IT DOES

While many aging baby boomers express a preference to “age-in-place” and remain in the communities where they have family, social and economic connections, there is also a need for more housing to serve very low income seniors. Most of the housing serving very low income seniors was built using Section 8 and public housing programs that have not produced new, additional housing units in decades. Consequently, waiting lists are usually long for this type of deeply affordable housing and the quality is deteriorating. Accessible housing is also at a premium. Age-segregated housing does have the advantage of making the delivery of health and other social services less expensive and more efficient.

HOW TO IMPLEMENT

The Low-Income Housing Tax Credit program is the primary vehicle for producing new affordable rental housing. But the LIHTC program does not provide rental assistance for tenants, so other strategies must be used to achieve lower rents. These can include rent skewing, additional subsidies, and the use of project-based housing vouchers from a local voucher program.

WHO IS RESPONSIBLE

- Private and nonprofit developers: explore partnerships with VH and Central Virginia Housing Coalition for the creation of new low income senior housing
- VH: provide LIHTC allocations and other sources of funding/financing
- CVHC: provide HCVs for seniors and offer development financing options

PROJECTED OUTCOMES

This will increase housing options for low income seniors who wish to downsize to age restricted communities. This approach has the added benefit of freeing up their home (which was likely underutilized) for the next generation of homebuyers.

KEY CHALLENGES

- Rental assistance that enables very low income households to afford the apartments is difficult to locate—often requiring complex layers of financing.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes

Category 5: How to expand collaboration

Solution 5.1 // Establish data sharing procedures among service providers and community organizations

WHAT IT DOES

Many housing and non-housing organizations (visiting nurse programs, EMTs, food banks, churches, etc.) informally gather data on housing conditions through their intake processes and interactions with clients. This data could be collected systematically to create a dataset of housing quality and to make targeted code enforcement outreach to improve conditions.

HOW TO IMPLEMENT

Jurisdictions would develop a voluntary database for social service and other organizations to contribute housing quality data by address. The dataset would be used by the jurisdiction to address critical and unsafe conditions in the home, target code enforcement, and improve housing quality.

WHO IS RESPONSIBLE

- Local code enforcement departments
- Social service organizations

PROJECTED OUTCOMES

Increased data sharing is necessary to better understand the scope and severity of our region's housing quality issues. Service providers who regularly visit residences, or who regularly discuss housing issues with clients, could play a key role in the collection of this data.

KEY CHALLENGES

- Organizations would have to be regularly reminded and encouraged to be diligent in data collection and sharing in order to make the tool effective.
- Data would have to be shared in a uniform manner to be effective.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Solution 5.2 // Expand partnerships between hospitals, healthcare providers and housing providers

WHAT IT DOES

For the last several years there has been increasing awareness of and attention paid to the "social determinants" of health—those factors beyond healthcare treatment that have a significant influence on a person's health. Key social determinants include the home and the neighborhood where one lives. One result of the focus on this connection between health and environment has been the growing engagement of hospitals and other healthcare providers in directly funding and supporting the creation of housing. The Richmond region has already seen the development of several of these partnerships that have resulted in new housing units or programs created and the opportunity exists to expand these in ways that achieve the objectives of both affordable housing providers and the healthcare industry.

HOW TO IMPLEMENT

Healthcare providers and housing specialists partner around a specific program objective. Collaborations can include direct investment in affordable housing or financial support of organizations providing affordable housing, including opportunities to create partnerships that focus on senior health and safety.

The improvement of living conditions has the benefit of reducing illness and injury, thereby resulting in reduced medical expenses. For example, improving home accessibility features for seniors has been shown to reduce emergency room visits and hospitalizations as a result of falls and other accidents.

WHO IS RESPONSIBLE

- Hospitals and other care providers
- Housing and service providers
- Area agencies on aging and other senior service centers
- Health departments and other local government agencies

PROJECTED OUTCOMES

Healthcare partnerships can directly address targeted improvements to the housing stock and increase the supply of affordable housing.

KEY CHALLENGES

- Housing providers and healthcare providers work in entirely different systems—each with their own language—requiring steep learning curves on both sides for effective collaboration.
- Medicaid has the potential to provide a new source of funding for housing improvements, including affordability, but will require new strategies and greater understanding by housing providers.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (from healthcare providers)

Solution 5.3 // Create a center for first time, moderate-income homebuyer readiness

WHAT IT DOES

Many first time homebuyers lack the ability to be competitive with investors and other buyers in a very strong housing market. They need access to homeowner counseling, credit repair services and downpayment assistance, among other supports. A regional center provides a single point of entry and a simplified process for households that are interested in homeownership. Currently, the providers of and information about homeownership counseling, homebuyer readiness, assistance programs, lending and production are scattered and not well coordinated. There are multiple points of entry into the process and the process itself can be confusing for first time homebuyers. Regional centers exist in many forms across the country that can provide a variety of models and best practices.

HOW TO IMPLEMENT

One physical location would serve as a “one-stop shop” first time homebuyers. The center is supported by contributions from each participating locality, from banks and other participating entities. The center offers a full range of services to new homebuyers from financial literacy, credit repair and homebuyer readiness to financing, down payment and closing cost assistance, mortgage loans and information about homes to purchase. Once established as a “go to” resource, it may be possible to add services for renters and expand the mission of the center.

WHO IS RESPONSIBLE

- Nonprofit homeownership providers: advertise available homes and any applicable program restrictions
- Counseling organizations: provide direct homebuyer assistance

- Banks and mortgage lenders: provide funding, educational materials, access to loan products
- REALTORS: educate brokers on affordable homeownership programs, offer homebuying assistance to buyers
- Local government: advertise hub to residents and provide funding
- VH: coordinate and provide homeownership educational programs

PROJECTED OUTCOMES

Centralizing the delivery of services makes the program more accessible to homebuyers. Special targeting programs such as reducing the racial gap in homeownership or reaching out to new immigrants can be prioritized, delivered, and measured more effectively.

KEY CHALLENGES

- Shifting the existing scattered programs from individual organizations to a new entity will be a challenge.
- Organizations currently involved in homeownership development will need to buy into the collective benefit of this arrangement and de-prioritize their individual needs or priorities.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: Yes (programmatic funding)

Solution 5.4 // Begin awareness campaign to demonstrate the importance and value of affordable housing

WHAT IT DOES

One of the major constraints to the production of new affordable housing in the region is persistent and widespread community opposition. This NIMBY ("Not in My Backyard") sentiment is strong and frequently plays out in the form of high turnouts of opponents at public meetings. Much research has been done in the past several years about how the public hears and responds to the way advocates have traditionally talked about affordable housing. New strategies for communicating with the public have been developed that can increase acceptance of affordable housing. This model has been successful in Charlotte North Carolina where it was used to raise $50Million for housing funding and in Minneapolis where it was used to drastically change zoning.

HOW TO IMPLEMENT

Localities and housing advocates should implement a broad range of communication strategies, from small meetings to social media to community forums. These strategies will use the new language and new approaches identified in recent research from FrameWorks Institute and Enterprise Community Partners. Housing*Forward* Virginia has "Overcoming NIMBY" resources available to help educate the public and build pro-housing alliances. These campaigns must be informed by the voices of residents whose views are frequently not included in policy development. A strong community engagement effort needs to be a key element of the campaign development.

WHO IS RESPONSIBLE

- GWRC and local government: coordinates campaign
- Nonprofit housing providers: partner with GWRC and support campaign
- Philanthropy: provide support and funding for campaign

PROJECTED OUTCOMES

Tempering community opposition to new affordable housing is a lynchpin to any successful housing plan.

KEY CHALLENGES

- An effective campaign will require engagement with many stakeholders, including the recruitment and training of community champions to carry the message and do much of the "retail" work of the campaign.
- Case studies and examples of success stories will need to be developed.

APPLICABLE LOCALITIES: All

REQUIRES NEW ENABLING LEGISLATION: No

REQUIRES NEW FUNDING: No

Implementation matrix

Impact refers to the level of positive outcome. This includes number of units, geographic extent, and/or populations impacted.

Effort refers to the level of work and support needed. This includes amount of funding, personnel, education, and/or policy change.

Level of Impact

1 (Lowest) — (Highest) 4

Level of Effort

1 (Lowest) — (Highest) 4

Category	Sub-Category	Solution	Localities	Impact	Effort	New Leg?	New Capital Funding?	Tax Revenue Funding?	New, Preservation, or Other	Time to New Units
1	2	"Green-Tape" program	All	1	1				N	Med
3	2	Streamline senior assistance programs	All	1	1				P	Short
5	1	Data sharing between service providers and community organizations	All	1	1				O	Short
5	2	Link housing programs to healthcare providers	All	1	1				O	Med
3	5	Property assessed clean energy programs	All	1	2	X		X	P	Long
5	4	Housing affordability awareness campaign	All	1	2				O	Short
5	3	Create a homebuyer center	All	1	2		X		O	Med
1	4	Expand ADU allowance	All	1	3				N	Med
3	8	Coordinate home assessments and age-in-place improvements	All	1	3		X		P	Med
2	1	Advocate for state housing tax credit	All	2	1	X			N	Long
3	1	Expand senior tax relief	All	2	1			X	P	Short
4	2	Encourage mixed-income in high opportunity areas	All	2	1				N	Med
1	5	Build smaller homes	All	2	2				N	Med
1	1	Income averaging at LIHTC properties	All	2	2				N	Med
3	6	Holistic code enforcement	All	2	2		X		P	Med
1	8	Establish community land trust	All	2	3		X		N	Long
2	4	Partner with anchor institutions	All	2	3				P	Short
4	3	Encourage modified rental screening standards	All	2	4				P	Short
2	3	Expand USDA-RD 504 Rehab Program	C, KG, SP, ST	3	1				N	Short
2	2	VH Workforce Housing Loan Program	All	3	1				N	Med
1	6	Tax abatements in housing conservation and redevelopment areas	All	3	2			X	N	Long
1	3	Utilize comp plan to explore density and education	All	3	2				N	Long
2	8	Real estate tax rebate programs for developers	All	3	2			X	N	Med
2	6	Regional housing-focused loan fund	All	3	2		X		P	Long
3	3	Increase housing rehab and repair	All	3	2		X		P	Short
3	4	Long-time resident tax relief	All	3	2			X	P	Med
4	4	Transit-oriented/corridor development	F, C, SP, ST	3	2		X		N	Med
4	1	Increase housing choice voucher success	All	3	2				N	Med
1	9	Inclusionary zoning programs	F	3	3	X			N	Long
2	7	Regional housing equity fund	All	3	3		X		N, P	Long
3	7	Improve aging housing stock	All	3	3		X		P	Short
3	9	Design and build accessible housing	All	3	3				N	Med
4	5	Age-restriced low income housing	All	3	3		X		N	Med
1	7	Adopt housing-focused TDR programs	C, KG, SP, ST	3	4				N	Med
3	13	Address long-term motel residency	All	3	4		X		N	Med
3	11	Expand preservation of expiring affordability	All	3	4		X		P	Long
3	10	Preserve NOAH	All	3	4		X		P	Long
3	12	Revitalize manufactured homes	C, KG, SP, ST	3	4		X		P	Med
2	5	Regional housing consortium	All	4	2				N, P	Med
2	9	Establish regional housing trust fund	All	4	3		X		N, P	Long
1	10	By-right multifamily	All	4	4		X		N, P	Long
2	10	Incubate a "housing authority"	All	4	4		X		N, P	Long

Funding Sources

Virginia Housing (VH)

ACCESSIBILITY GRANTS

VHDA makes grants of up to $4,000 per unit to make accessibility improvements to rental housing occupied by a disabled person with an income of less than 80% of area median. Under its "Granting Freedom" program, VH will make $4,000 grants to veterans who are homeowners or renters and who have a service related disability.

CAPACITY BUILDING GRANT PROGRAM

This program is designed to help organizations create, preserve, or manage affordable housing, bring new housing services to underserved areas, improve implementation of community revitalization projects, establish local and regional collaboration, and support critical state housing. Grants are available to nonprofit housing organizations.

LIHTC - THE LOW-INCOME HOUSING TAX CREDIT PROGRAM

The Low-Income Housing Tax Credit Program (LIHTC) is administered by VH, and encourages the development of affordable rental housing and an incentive for private investors to participate in the building of affordable housing for low icome families. The housing serves families with incomes below 80% of area median income.

UNIVERSAL DESIGN AND FAIR HOUSING GUIDELINES

This resource is a set of design features that serve the needs of people with disabilities and an aging population. VH provides guidelines for design professionals that are applicable to the Low Income Housing Tax Credit program but that are useful for any type of housing.

VIRGINIA DESIGNATED HISTORIC DISTRICT

Once an area has gone through the process of designation by the Virginia Department of Historic Resources, eligible properties within the district will qualify for state and federal historic tax credits when undergoing qualified rehab work. The value of the credits can significantly assist with the cost of the project.

VH/USDA LOAN PROGRAM WITH EXISTING MANUFACTURED HOUSING UNIT FINANCING PILOT PROGRAM

This program provides a VH mortgage to a qualified purchaser of a manufactured home that meets certain requirements in terms of age and location. This long term financing is frequently much more affordable than the traditional financing available for this type of housing. This program is a good vehicle for replacing old, deteriorated homes.

WORKFORCE HOUSING LOAN PROGRAM - MIXED-USE/MIXED-INCOME

VH provides low-interest loans for mixed-use/mixed-income developments if the property is located in a designated Revitalization Area. This program requires that a percentage of units must be reserved for residents whose annual income does not exceed certain limits.

U.S. Department of Agriculture (USDA) Rural Development

SINGLE FAMILY HOUSING REPAIR LOANS & GRANTS (SECTION 504 HOME REPAIR PROGRAM)

This program provides low cost loans to low income homeowners to repair, improve, or modernize their homes and grants to elderly and very low income homeowners to remove health and safety hazards.

U.S Department of Housing and Urban Development (HUD) - Department of Veterans Affairs

HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING PROGRAM VOUCHERS (VASH)

This program provides a rental-assistance voucher for homeless veterans and their families with case management and clinical services provided by the local Department of Veterans Affairs.

Virginia Department of Housing and Community Development (DHCD)

AFFORDABLE AND SPECIAL NEEDS HOUSING (ASNH)

This program combines federal and state funding to fund affordable housing projects throughout the state. The three types of these funds are the HOME funds, Virginia Housing Trust Fund Competitive Pool, and National Housing Trust Fund.

HOME Funds

> This program is for nonprofit and for-profit housing developers, CHDO's and public housing authorities seeking to develop affordable housing projects in Virginia

Virginia Housing Trust Fund Competitive Loan Pool

> This program is intended to help address the state's housing needs and reduce homelessness. These are low-interest loans that meet financing needs of housing projects directed toward key state housing policies.

National Housing Trust Fund (NHTF)

> This fund provides resources that will preserve, build, and rehabilitate housing for extremely low income Virginians (30% AMI or lower). This funding is specifically for rental projects that are creating or preserving affordable units for extremely low income families. These loans are flexible and below-market-rate.

COMMUNITY DEVELOPMENT BLOCK GRANT (CBDG)

This program provides funding for many types of community improvement projects including housing rehabilitation for low income families. The ultimate goal of the program is to improve the community environment for moderate to low income people. Funding must flow through the local government.

EMERGENCY HOME AND ACCESSIBILITY REPAIR PROGRAM (EHARP)

This program provides funds to remove urgent, emergency health and safety hazards, to local administrators to undertake repairs that improve housing conditions, and address accessibility barriers for low income Virginians.

INDUSTRIAL REVITALIZATION FUND (IRF)

This grant program supports the rehabilitation and revitalization of vacant, blighted commercial and industrial buildings. The project could, for example, support the conversion of a vacant downtown building into mixed commercial and residential. The project should be part of an economic revitalization strategy for the community. The maximum grant is $600,000 and a 1:1 match is required.

LIVABLE HOMES TAX CREDIT (LHTC)

This program provides tax credits for the purchase of new units or the retrofitting of existing units that improve accessibility and universal visitability to residential units. The credits can be used by the homeowner or the contractor.

PLANNING GRANTS (CDBG)

Under the planning grant program, DHCD will support the initial feasibility studies and assessments needed to support a large scale project. One example is for Business District Revitalization where 2nd story housing could be one strategy. Planning grants are made to localities but the work is typically carried out by consultants.

VIBRANT COMMUNITY INITIATIVE (VCI)

This special initiative provides loan and grant funding to support local or regional community-based projects that are innovative and contribute to the holistic improvement of neighborhoods. This annual competition includes affordable housing with community and economic development.

Other

DOMINION ENERGY SHARE

This program gives qualifying customers free energy assessments and free energy-saving measures. These measures include: EnergyStar® qualified LED light bulbs, efficient showerheads and faucet aerators, wrap insulation for hot water pipes, attic insulation and air/duct sealing, furnace fan motor, and heat pump and A/C tune up. Both owners and renters qualify but must be income eligible. The work is performed by Dominion's nonprofit and for profit weatherization partners.

FEDERAL HOME LOAN BANK SYSTEM - AFFORDABLE HOUSING PROGRAM (AHP)

The FHLB's operate a grant program for affordable housing that is available on a competitive basis once a year. Both nonprofit and for profit housing sponsors are eligible. The rules vary by bank (ie. Atlanta, Pittsburgh) and applications must be submitted through a local bank member of the FHLB system. Grants are also available for down payment assistance to homebuyers with special assistance to veterans.

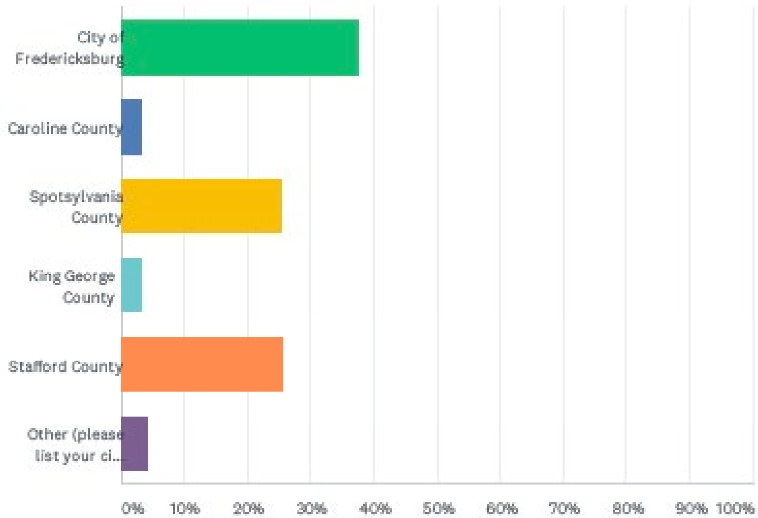
MANUFACTURED HOME COMMUNITY COALITION OF VIRGINIA (MHCCV)

This group formed last year to work on strategies for the preservation and improvement of manufactured home communities as well as the improvement and replacement of older, pre 1976 housing units. They are coordinating with state housing agencies and national organizations to bring new resources and strategies to this challenge. Contact at mhccv.org.

George Washington Region Housing Needs Survey

Q1 Which locality do you currently call home?

Answered: 465 Skipped: 0



ANSWER CHOICES	RESPONSES	
City of Fredericksburg	37.63%	175
Caroline County	3.44%	16
Spotsylvania County	25.38%	118
King George County	3.44%	16
Stafford County	25.81%	120
Other (please list your city or county)	4.30%	20
TOTAL		465

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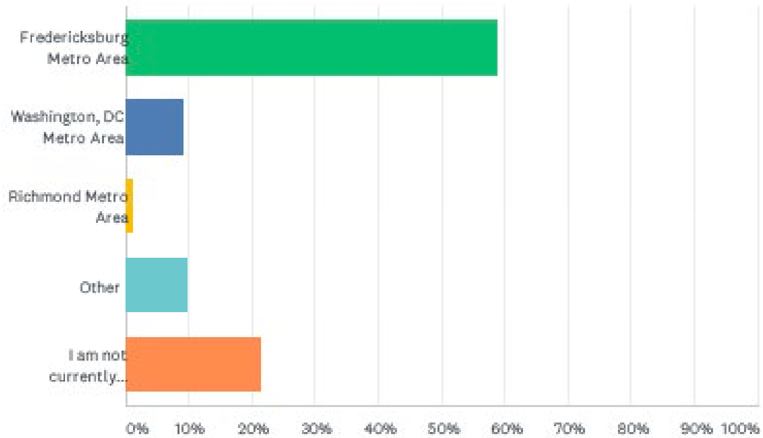
Q2 What is your “general” address?(To keep responses anonymous, round your street number to your block. Example: If you live at 1234 Main Street, list your address as 1200 Main Street.)

Answered: 465 Skipped: 0

ANSWER CHOICES	RESPONSES	
General street address	97.20%	452
City/town	96.56%	449
State	96.77%	450
ZIP	98.71%	459

Q3 If you are currently employed, where do you work?

Answered: 465 Skipped: 0



ANSWER CHOICES	RESPONSES	
Fredericksburg Metro Area	58.71%	273
Washington, DC Metro Area	9.25%	43
Richmond Metro Area	1.08%	5
Other	9.68%	45
I am not currently employed.	21.29%	99
TOTAL		465

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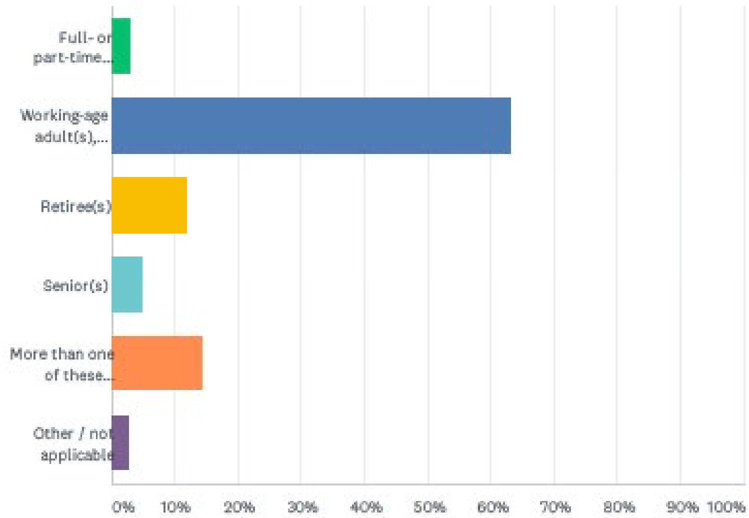
Q4 Which of the following terms best describes the adult or adults who are the primary owners or renters of your home?

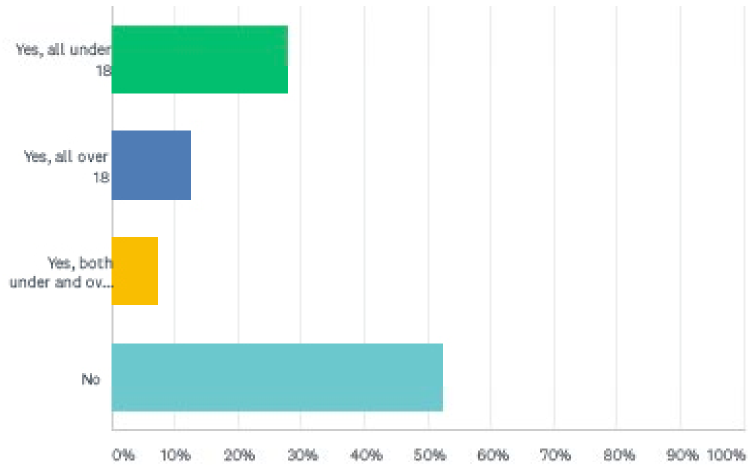
Answered: 465 Skipped: 0



ANSWER CHOICES	RESPONSES	
Full- or part-time student(s)	3.23%	15
Working-age adult(s), regardless of current employment status	63.01%	293
Retiree(s)	11.83%	55
Senior(s)	4.73%	22
More than one of these options applies to my household	14.41%	67
Other / not applicable	2.80%	13
TOTAL		465

Q5 Do you currently have any children living in your home as their primary residence?

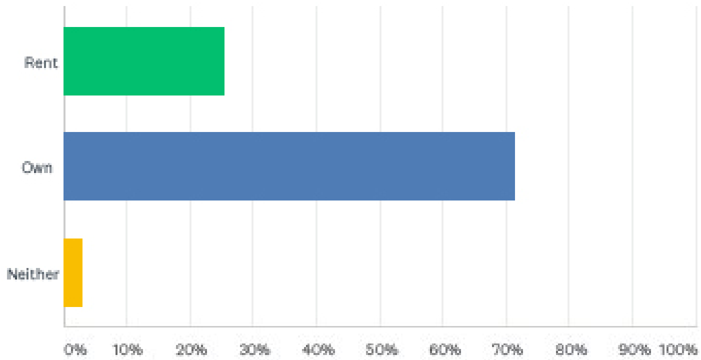
Answered: 465 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes, all under 18	27.74%	129
Yes, all over 18	12.47%	58
Yes, both under and over 18	7.31%	34
No	52.47%	244
TOTAL		465

Q6 Do you rent or own your home?

Answered: 465 Skipped: 0

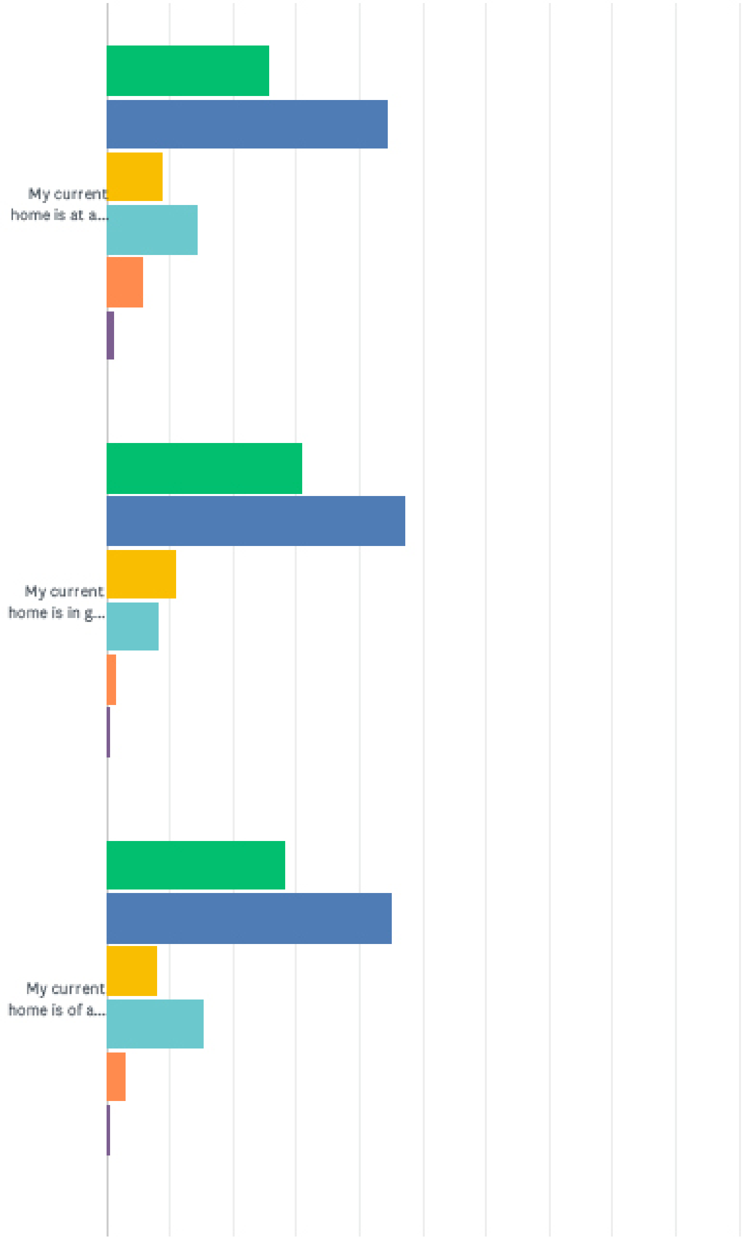


ANSWER CHOICES	RESPONSES	
Rent	25.38%	118
Own	71.61%	333
Neither	3.01%	14
TOTAL		465

George Washington Region Housing Needs Survey

Q7 Please rate your agreement with the following statements.

Answered: 452 Skipped: 13



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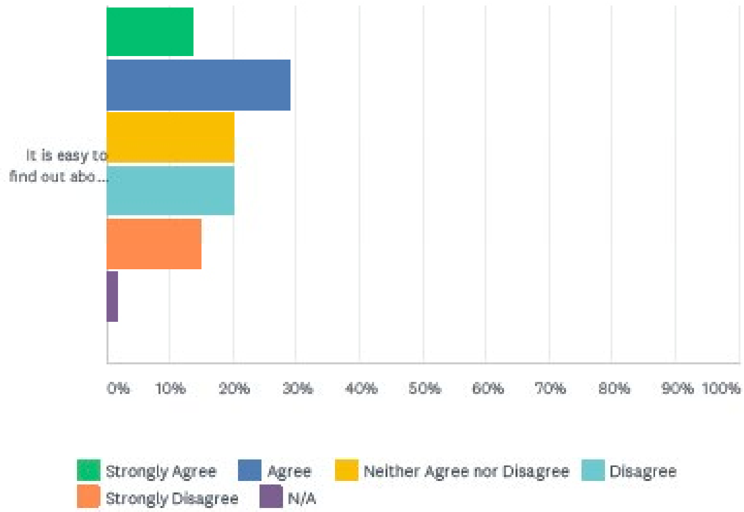
George Washington Region Housing Needs Survey

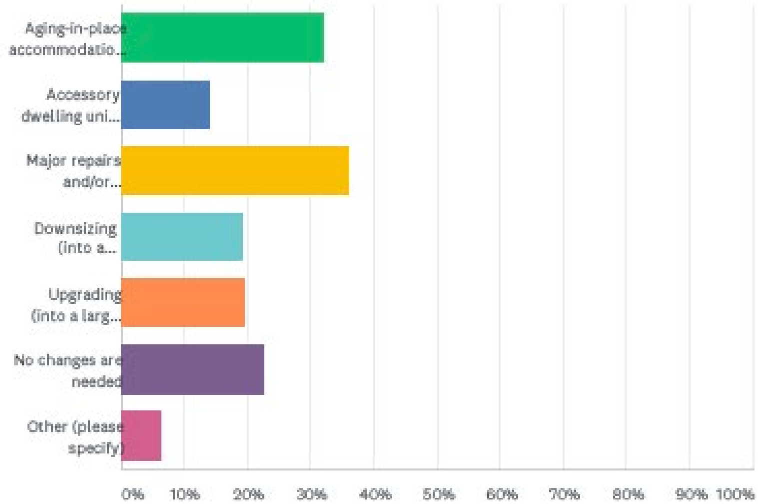


	STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE	N/A	TOTAL	WEIGHTED AVERAGE
My current home is at a price I can afford.	25.66% 116	44.25% 200	8.85% 40	14.16% 64	5.75% 26	1.33% 6	452	3.71
My current home is in good condition.	30.97% 140	47.35% 214	11.06% 50	8.41% 38	1.55% 7	0.66% 3	452	3.98
My current home is of a size and type that meets my needs.	28.32% 128	44.91% 203	7.96% 36	15.27% 69	2.88% 13	0.66% 3	452	3.81
It is easy to find out about available housing where I live.	13.72% 62	28.98% 131	20.35% 92	20.35% 92	14.82% 67	1.77% 8	452	3.07

George Washington Region Housing Needs Survey

Q8 In what ways would your current home need to change in order to meet anticipated housing needs for your household over the next ten years? Check all that apply.

Answered: 452   Skipped: 13



ANSWER CHOICES	RESPONSES	
Aging-in-place accommodations (e.g., zero-step entries, first floor master)	32.08%	145
Accessory dwelling unit (e.g, mother-in-law suite)	13.94%	63
Major repairs and/or retrofits (e.g., energy efficiency upgrades)	36.06%	163
Downsizing (into a different home)	19.25%	87
Upgrading (into a larger home)	19.69%	89
No changes are needed	22.57%	102
Other (please specify)	6.42%	29
Total Respondents: 452		

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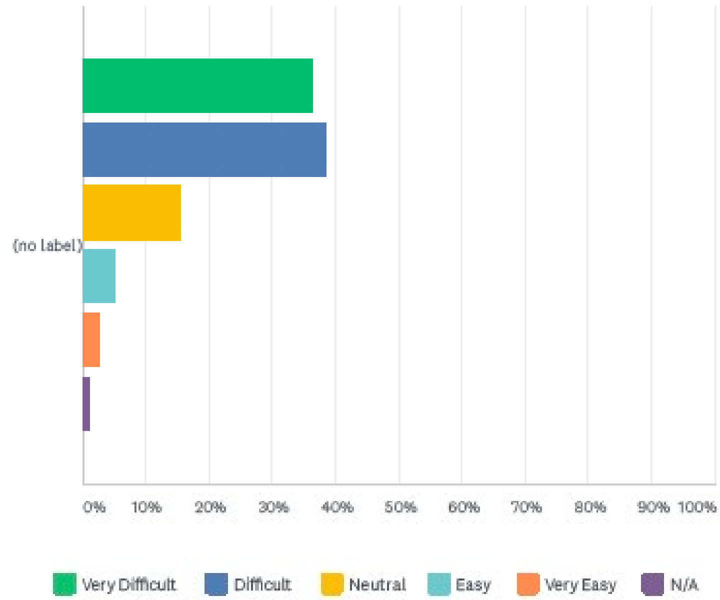
George Washington Region Housing Needs Survey

Q9 In your opinion, how difficult is it to find a good quality, reasonably-priced home where you live?

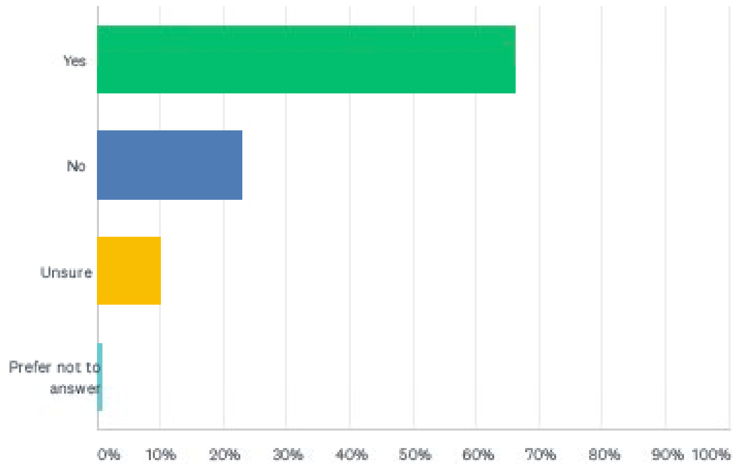
Answered: 452 Skipped: 13



	VERY DIFFICULT	DIFFICULT	NEUTRAL	EASY	VERY EASY	N/A	TOTAL	WEIGHTED AVERAGE
(no label)	36.50% 165	38.72% 175	15.71% 71	5.31% 24	2.65% 12	1.11% 5	452	1.98

Q10 Have you or someone you know experienced barriers to finding good housing?

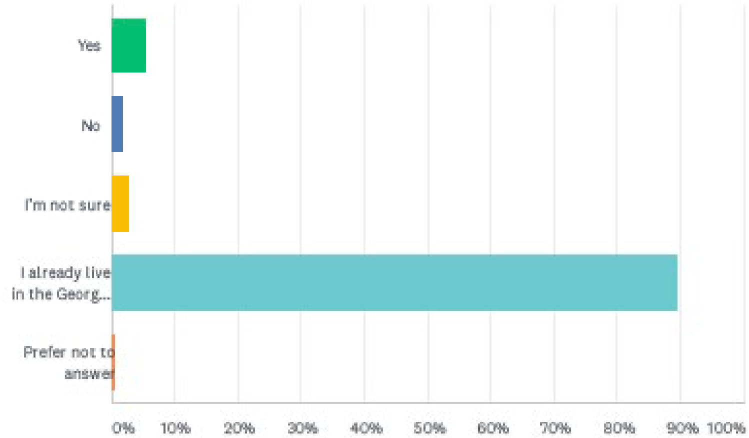
Answered: 452 Skipped: 13



ANSWER CHOICES	RESPONSES	
Yes	66.15%	299
No	23.01%	104
Unsure	9.96%	45
Prefer not to answer	0.88%	4
TOTAL		452

Q11 If you don't currently live in the George Washington Region (Fredericksburg City, Spotsylvania, Caroline, King George, and Stafford counties), would you want to live there?

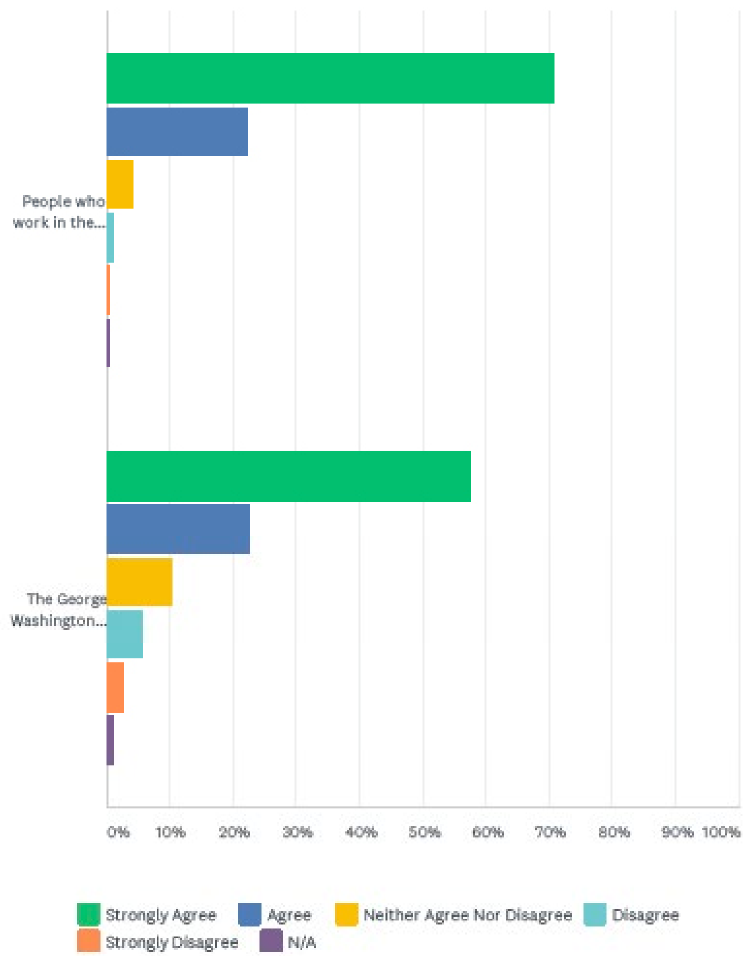
Answered: 452   Skipped: 13



ANSWER CHOICES	RESPONSES	
Yes	5.53%	25
No	1.77%	8
I'm not sure	2.65%	12
I already live in the George Washington Region.	89.60%	405
Prefer not to answer	0.44%	2
TOTAL		452

Q12 Please rate your agreement with the following statements.

Answered: 452 Skipped: 13



George Washington Region Housing Needs Survey

	STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE	N/A	TOTAL	WEIGHTED AVERAGE
People who work in the George Washington Region should be able to live in the George Washington Region.	71.02% 321	22.35% 101	4.42% 20	1.11% 5	0.44% 2	0.66% 3	452	4.63
The George Washington Region would benefit from a wider range of housing options, including smaller starter homes, duplexes, townhomes, and apartments.	57.74% 261	22.57% 102	10.18% 46	5.75% 26	2.65% 12	1.11% 5	452	4.28

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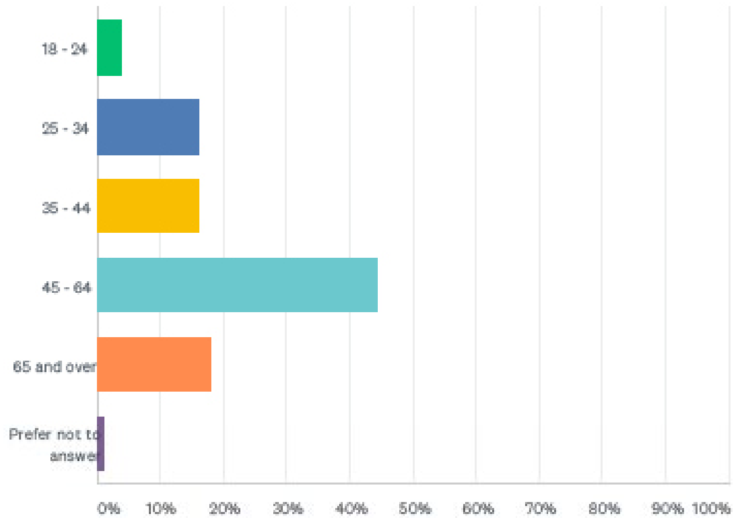
George Washington Region Housing Needs Survey

Q13 What is your age?

Answered: 451 Skipped: 14



ANSWER CHOICES	RESPONSES	
18 - 24	3.99%	18
25 - 34	16.41%	74
35 - 44	16.19%	73
45 - 64	44.35%	200
65 and over	17.96%	81
Prefer not to answer	1.11%	5
TOTAL		451

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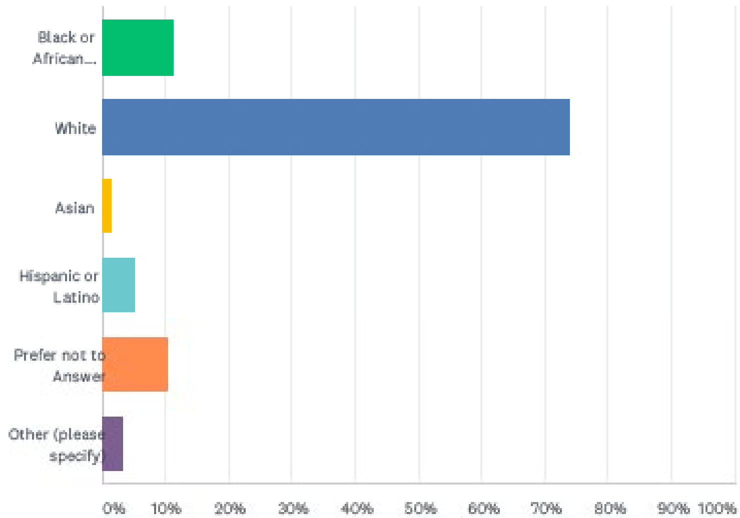
George Washington Region Housing Needs Survey

Q14 What is your race/ethnicity? Check all that apply.

Answered: 451 Skipped: 14



ANSWER CHOICES	RESPONSES	
Black or African American	11.31%	51
White	73.84%	333
Asian	1.55%	7
Hispanic or Latino	5.10%	23
Prefer not to Answer	10.42%	47
Other (please specify)	3.33%	15
Total Respondents: 451		

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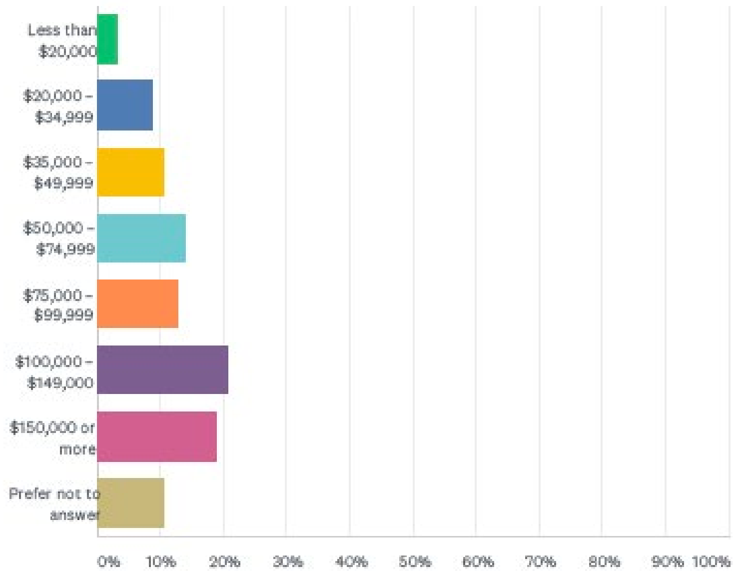
Q15 What is your total annual household income? That is, how much do all the income-earners in your household make altogether every year?

Answered: 451 Skipped: 14



ANSWER CHOICES	RESPONSES	
Less than $20,000	3.33%	15
$20,000 – $34,999	8.87%	40
$35,000 – $49,999	10.64%	48
$50,000 – $74,999	13.97%	63
$75,000 – $99,999	12.86%	58
$100,000 – $149,000	20.62%	93
$150,000 or more	19.07%	86
Prefer not to answer	10.64%	48
TOTAL		451