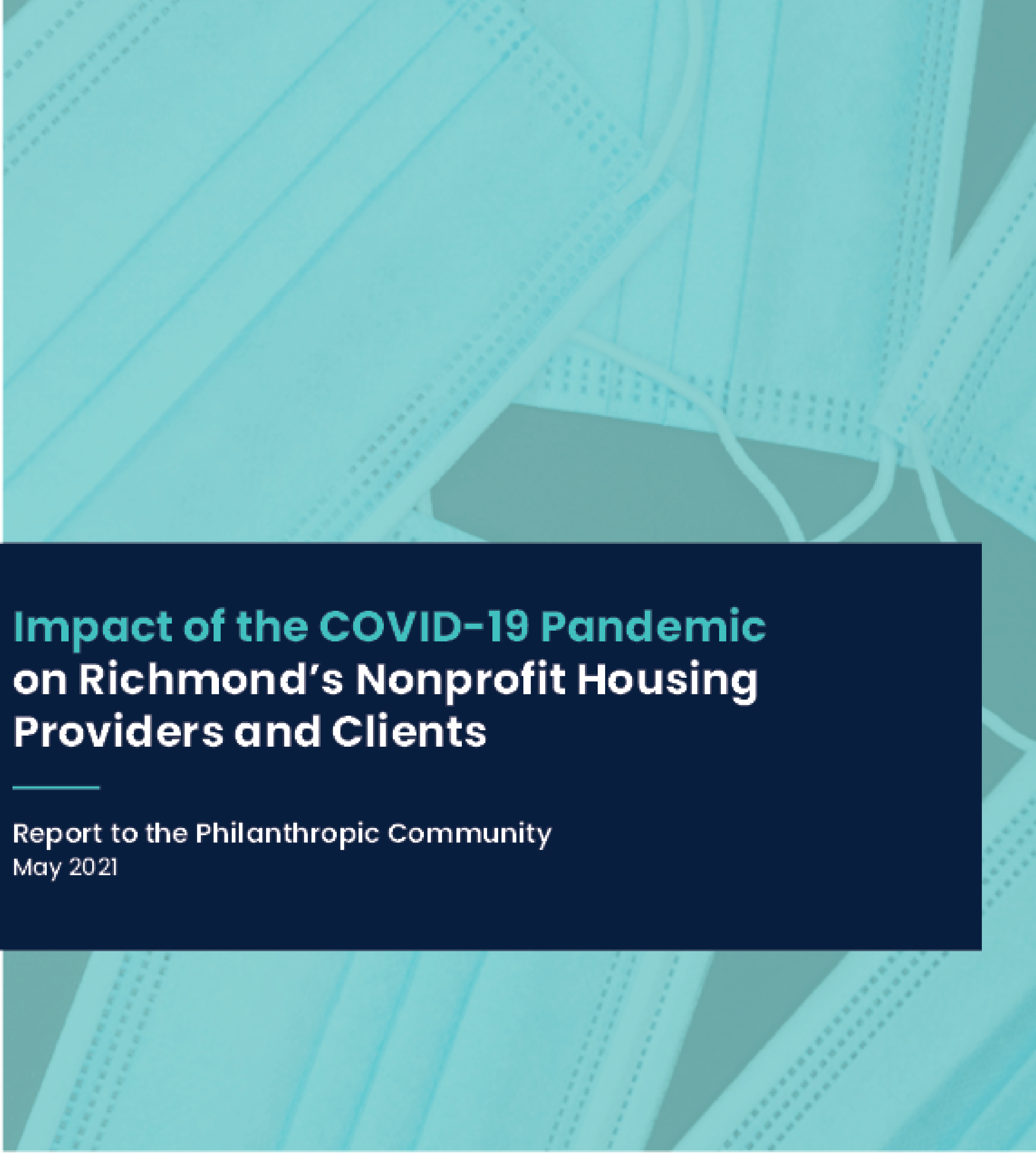

Impact of the COVID-19 Pandemic on Richmond's Nonprofit Housing Providers and Clients

Report to the Philanthropic Community

May 2021

HousingForward VIRGINIA

VIRGINIA HOUSING ALLIANCE

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01 Executive Summary

The COVID-19 pandemic changed our world in unprecedented ways. There was no exception for our region's homelessness services and affordable housing providers. Before the pandemic, these nonprofits were already under stress to meet a litany of housing needs, from emergency shelters to first-time homebuyer assistance. But throughout 2020, providers were tested unlike ever before due to virus risks, chaotic operations, and highly modified program delivery. All of this occurred amidst a national amplification of racial injustice following the murder of George Floyd by Minneapolis police last summer.

Nevertheless, based on multiple rounds of conversations with the CEOs and directors of these organizations since April 2020, it is clear they rose to the challenge. Richmond's nonprofit housing organizations have worked tirelessly but have also made major shifts in their operations over the past year in carrying out their mission to help people find safe, affordable homes. However, as the scale of needs continues to grow, providers will need commensurate levels of support—of all different kinds—to carry out their work.

Below are our major takeaways from Phase 2 of this work.

Addressing the needs of persons experiencing homelessness remains the most complex and profound impact of the pandemic.

COVID-19 disrupted the service approach to emergency shelter and necessitated a massive shift from traditional service delivery to a non-congregate shelter setting. This new reliance on the use of hotels has complicated the provision of services and has reduced the utilization of shelter beds. Though there has also been a significant increase in financial resources, providers anticipate this funding to decline in the coming year in light of the rise in conditions that contribute to homelessness.

Unprecedented levels of temporary support helped most providers avoid layoffs, but staff still need support.

Housing organizations avoided disaster using Payroll Protection Program funds and other emergency dollars to retain or immediately rehire nearly all workers. Further influxes of public and private grants, along with program resumptions, meant that many providers maintained or actually increased their total workforce.

However, leaders regularly stated that further tangible benefits—including bonuses, mental health support, and time off—are required to help workers overcome burnout, feel valued, and effectively carry out their important responsibilities into the future.

Although concern about staff reductions and meeting immediate needs has waned, uncertainty over future funding remains high.

Over the course of the past year, concerns about organizational financial status have improved but there remain worries about the unpredictability of the economy and its impact on giving over the coming years. Though 59% of organizations did not have to make any budget cuts and 71% did not have to reduce staff over the past year, any reduction across the sector is significant given the increasing demands of providing shelter and housing and related services to low-income residents in the region. Uncertainty about future funding remains high: 59% of organizations were moderately to extremely concerned about future funding.

Rental housing development flourishes, though cost increases and provision of services are challenging.

COVID-19 brought into laser focus the connection between housing and health. Public and private resources, local government commitments to address the shortage of affordable units, and a new wave of public support have all increased over the past year. This has enabled rental housing development and operations to avoid major disruptions during the pandemic. However, increased housing development costs due to construction material shortages, have and will continue to threaten the financial viability of new construction.

Affordable housing providers faced challenges with the need to adapt to virtual protocols, such as implementing online leasing and rent payments. However, these technical innovations are expected to provide greater operational efficiencies when fully implemented.

Though there was some variation, fears of significantly lower rent collections in assisted housing did not bear out. The massive commitment of federal dollars for emergency rental assistance and eviction prevention helped to ensure stable operations and kept people safely housed.

Homeownership programs face cost increases and other pandemic-induced barriers to homebuyer readiness.

Home construction and apartment development have been the activities least affected by COVID-19 though there has been a significant cost increase in building materials—lumber has increased in cost by 170% over the past year and disruptions in supply chains for other goods have resulted in higher costs. Homebuilding programs that relied on a substantial volunteer component have been forced to shift to using more subcontractors. Overall, the cost of an affordable home has risen by approximately $15,000.

Providers are exploring options to reduce building size/footprints and increase energy efficiency to cut both initial and operating costs. One organization has ventured into manufactured housing to provide housing at a sales price well below $100,000.

Providers are concerned that lower-income buyers will not only be priced out of the market but have been less able to access homebuyer education, counseling, and credit repair in the virtual environment.

Philanthropic institutions have the opportunity to strengthen these providers so they can fully meet the necessary challenges ahead.

We consistently heard from providers that the regional philanthropic community was a major asset during the worst of 2020. To carry this momentum forward, foundations can play a crucial role in supporting housing nonprofits in innovative ways to address evolving needs in 2021 and beyond. Solutions should focus on both organizational resiliency and program support.

To help support provider capacity, we recommend strategies to:

- Help with long-term transitions to new in-person and virtual protocols,
- Increase total staff capacity to take advantage of new public dollars and rising needs,
- Develop contingency funds for unrestricted support during future emergencies,
- Train staff on new skills needed to help clients in a post-pandemic world, and
- Increase funding flexibility for organizations, especially those challenged by large reimbursement-based federal grants.

To help providers fulfill their missions in the community, we recommend strategies to:

- Support low-income first-time homebuyers facing a historically competitive market,
- Assist homeowners with financial hardships as mortgage forbearances expire,
- Explore creative ways to help households with weatherization and repair needs,
- Mitigate material and labor cost increases via design and building innovations,
- Address the specific needs of special populations in affordable rental housing,
- Expand advocacy and education efforts for reducing local land use barriers, and
- Make urgent investments in homelessness prevention, supportive housing, and deeply affordable housing to help our neighbors with the greatest needs.

02 Background

Takeaways from Phase 1 Report

In June 2020, Housing*Forward* Virginia and the Virginia Housing Alliance released the *Phase 1 Report* of their "Impact of the COVID-19 Pandemic on Richmond's Nonprofit Housing Providers and Clients" research initiative. Using in-depth interviews with the leaders of more than twenty housing organizations in the region, they found:

- **Fair confidence** that providers could weather the initial months of the pandemic via changes to workflow, increased donations, and federal payroll assistance.
- **Much lower confidence** about long-term financial resiliency if the pandemic (and subsequent economic downturn) lasted later into 2020 or beyond.
- **Unprecedented collaboration** among homelessess service providers to swiftly deliver temporary shelter and resources to unhoused persons.
- **Significant concern** that expiring eviction moratoriums will create a "crisis after the crisis" that providers do not have the planning or funding to adequately address.
- **Stress and burnout** were becoming problems for frontline staff, especially among homelessness providers. Back-end staff alike were beginning to experience fatigue and mental health challenges.

These takeaways served as the background context for the Phase 2 surveys and interviews conducted for this report.

The Evolving Pandemic

Cases are finally declining, but only after unprecedented surges.

When providers were first interviewed in late April of 2020, Virginia's daily COVID-19 case count was approaching 900. In early June, our first peak topped at 1,100 cases per day before the state began its "Phase 2" reopening plan. Despite continued precautions, cases rose again in late summer, plateauing near 1,000 new infections per day into the fall as the public began experiencing pandemic fatigue.

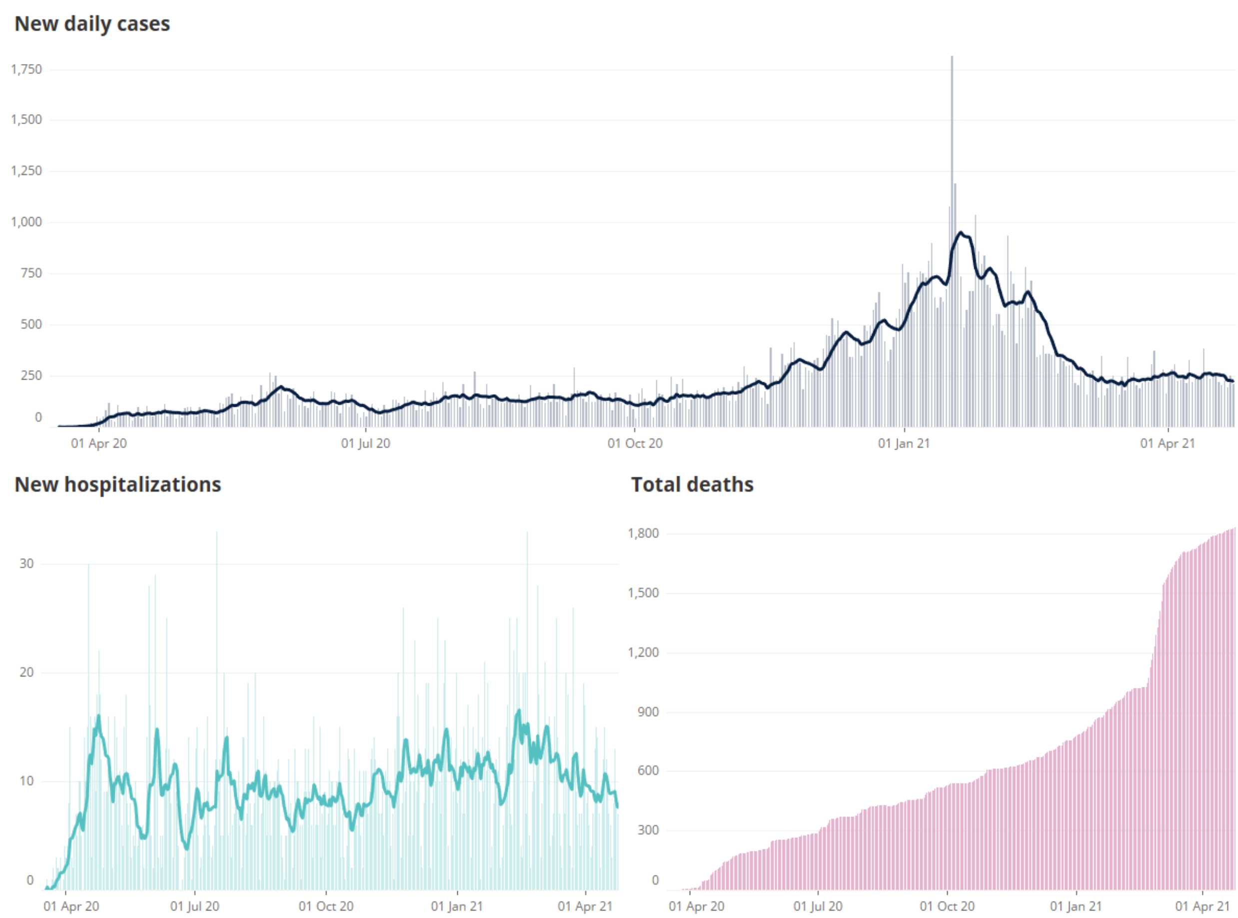
Then, as the holiday season approached, cases started to rise exponentially before peaking around 5,000 per day at the New Year. Total confirmed infections have steadily declined since, but remain close to 1,000 per day statewide, and 250 in the Richmond region, as of mid-April. This number would have shocked many a year ago, but is part of daily life today. Simply put: COVID-19 is still far from over.

This prolonged pandemic has tested our housing providers more than they could have ever expected over the past year. Immediate feelings of stress, anxiety, and uncertainty still remain in some form for many, and are now paired with months of fatigue and burnout. Numerous organizations have also dealt with serious illnesses and deaths for themselves, colleagues, clients, friends, and family. Recovery will not be easy.

FIGURE NUMBER 2.1

COVID-19 cases, hospitalizations, and deaths in the Richmond region

As of today, more than 200 test positive on a daily basis, and more than 1,800 have passed away since the beginning of the pandemic.



Source: Virginia Department of Health

Notes: Data includes all localities in the Richmond, Virginia MSA. Dark lines show 7-day moving averages. Current through April 23, 2021. High increase in deaths in March 2021 due to bulk processing of death certificates from holiday season.

The vaccine rollout offers light at the end of the tunnel.

The first doses of the COVID-19 vaccine reached Virginia in mid-December 2020. These were administered to persons in "Phase 1a," which included healthcare personnel and residents of long-term care facilities. By early January, many other essential workers and vulnerable populations started to receive vaccinations under "Phase 1b." Of note, these groups included:

- Persons living in homeless shelters,
- Persons age 65 or older,
- Adults with certain health conditions, and
- Workers and volunteers at homeless shelters

Many clients and staff of providers in the Richmond area were able to receive the vaccine during this phase. The Daily Planet alone provided more than 3,800 doses to persons experiencing homelessness and shelter workers by the end of March.[1]

FIGURE NUMBER 2.2

Daily COVID-19 vaccine doses administered in the Richmond region

The number of vaccine shots given out in the region has increased nearly ten-fold since rollout began in December.

Source: Virginia Department of Health

Notes: Data includes all localities in the Richmond, Virginia MSA. Dark line shows 7-day moving averages. Current through April 23, 2021.

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[1] Richmond Times-Dispatch, *"Daily Planet Health Services has given 3,800 COVID-19 vaccine doses to homeless population, shelter and support staff."* March 30, 2021.

Expansion into "Phase 1c" due to increased vaccine production and delivery has now greatly expanded eligibility for other essential workers, including persons in housing and construction. Virginia will move into "Phase 2" on April 18, 2021, which will allow anyone 16 and older to schedule a vaccine appointment.

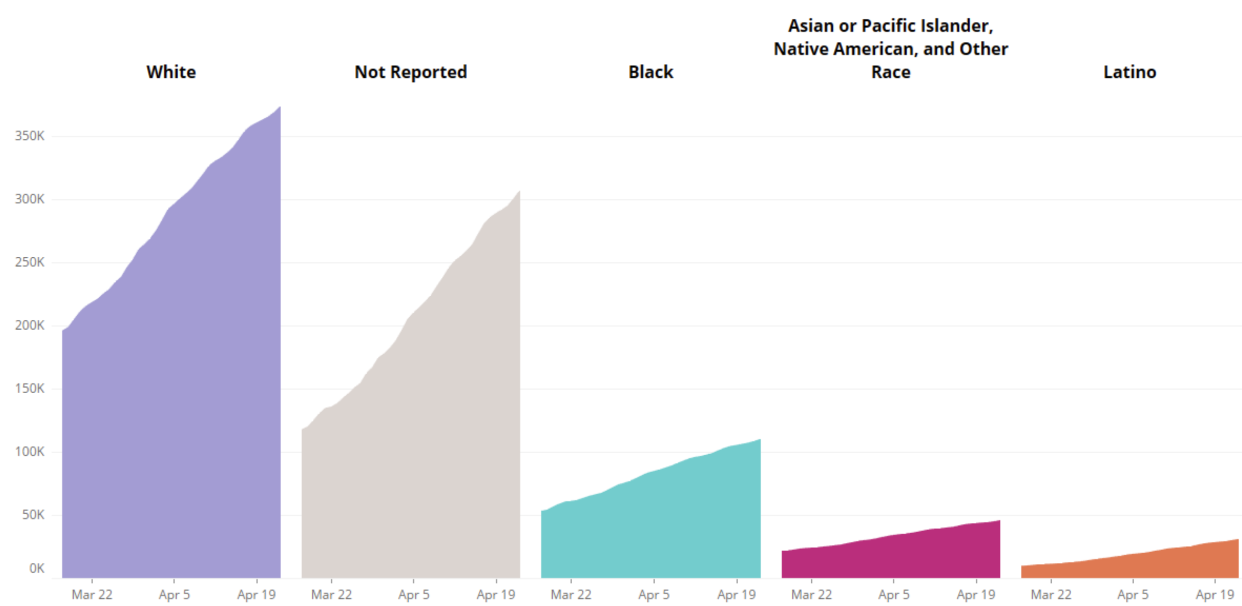
This accelerated vaccine rollout now means that more than 3.2 million Virginians have received at least one dose, and nearly 2 million are fully vaccinated. According to the Richmond and Henrico Health Districts, 33% of all people in Richmond and Henrico have received at least one dose of the COVID-19 vaccine, and 18% of residents in Richmond and Henrico have been fully vaccinated, as of April 15, 2021.

However, public health officials have struggled to distribute the vaccine equitably among minority communities. Across the state, the vaccination rate for white persons is about 23 per 100, but less than 16 per 100 for Black persons. In the Richmond region, roughly twice as many vaccine doses have gone to white individuals than to minorities, although many records have incomplete data for race and ethnicity.

FIGURE NUMBER 2.3

Cumulative COVID-19 vaccine doses administered by race and ethnicity in the Richmond region

Despite incomplete data, the difference between white and non-white vaccination rates highlights ongoing health disparities.



Source: Virginia Department of Health
Notes: Data includes all localities in the Richmond, Virginia MSA. Race and ethnicity reporting for vaccine doses began March 17, 2021. Current through April 23, 2021.

Most people have avoided disaster, but the reprieve may not be permanent.

Thanks to federal stimulus relief, eviction moratoriums, and other measures, many low-income households have avoided serious financial crises. However, that hasn't been the case for everyone, and the worst may still be yet to come.

The good news:

Extra cash assistance worked.
Direct stimulus payments to individuals and increased unemployment insurance levels have served as a critical lifeline for many, especially workers with lost jobs or reduced hours. Among CARES Act stimulus payment recipients with incomes below $75,000:

- 84% used the money on food,
- 68% used the money on utilities,
- 64% used the money on household supplies, and
- 44% used the money on rent.[2]

Eviction moratoriums have kept people in their homes.
While the enabling authority and subsequent guidance of these stoppages have resulted in various challenges, such policy measures have prevented massive waves of households being evicted due to nonpayment of rent. Most importantly, researchers determined these bans were effective at stopping the spread of COVID-19. According to a recent study from Johns Hopkins Medicine:

> *"People who are evicted or who live in a household that hosts evictees have 1.5 to 2.5 times more risk of being infected with SARS-CoV-2 than if the eviction bans were in place . . . [and] that without eviction bans, the risk of SARS-CoV-2 infection would rise for all residents of a city, not just those who are evicted."*[3]

Rent and mortgage assistance programs are increasing their capacities.
Using federal relief dollars and additional state allocations, the Virginia Rent and Mortgage Relief Program (now Rent Relief Program) started to distribute assistance to households affected by the pandemic in June 2020. The program has been streamlined since its inception, and now includes a landlord-initiated component. Nearly 30,000 households across the state have been served since the program began. (More information on the RRP is provided in the next section.)

[2] United States Census Bureau, *Week 12 Household Pulse Survey: July 16, 2020 – July 21, 2020.*
[3] Nande, A., Sheen, J., Walters, E.L. et al. "The effect of eviction moratoria on the transmission of SARS-CoV-2." *Nature Communications* 12, 2274 (2021).

The bad news:

Many Virginians are one step away from a housing crisis.

According to the latest Census Bureau Housing Pulse Survey, almost 1.5 million adults in Virginia—about one in four—still find it somewhat or very difficult to pay for usual household expenses.[4] Over 200,000 Virginians are behind on their rent or mortgage payments and have little confidence they can pay next month on time. And more than 145,000 say that eviction or foreclosure notices are "very likely" or "somewhat" likely in the next two months.

Eviction moratoriums haven't actually stopped all evictions.

The initial Virginia State Supreme Court order to shut down nearly all court proceedings, including unlawful detainers, came down on March 17, 2020. Since then, the legal landscape has remained fluid and complex. This initial order was extended several times until May, when courts received guidance on how to hear cases if elected. Some courts started to hear all eviction cases at this point. By the end of June, VSC let state protections expire, citing the rollout of DHCD's new rent relief program. In the Richmond region, eviction filings began noticeably increasing in July.

At the beginning of September, the Centers for Disease Control announced a national moratorium on evictions for households who affirm their inability to pay because of pandemic-related reasons. While the implementation of this moratorium was being sorted out during September and October, landlords filed more than 4,000 unlawful detainers in the region.

Since November, total eviction filings remain relatively low. However, several major issues remain with the CDC order and subsequent language in the most recent state budget aimed at reducing evictions. Namely, the CDC moratorium only applies to "nonpayment" cases, and does not address "de facto" evictions that occur when a landlord refuses to renew the tenant's lease.[5] According to advocates and legal aid attorneys, these nonrenewals are increasing in frequency.

Finally, despite the best efforts of state and local agencies, the initial rollout of emergency rental assistance was slow and difficult. Applications took very long to process after entirely new programs were created, and money flowed at a much slower rate than needed. While these funds are getting deployed much more quickly and efficiently today, exceptions remain: for example, landlords may proceed with eviction proceedings if a tenant's assistance agreement is not fully completed within 45 days.

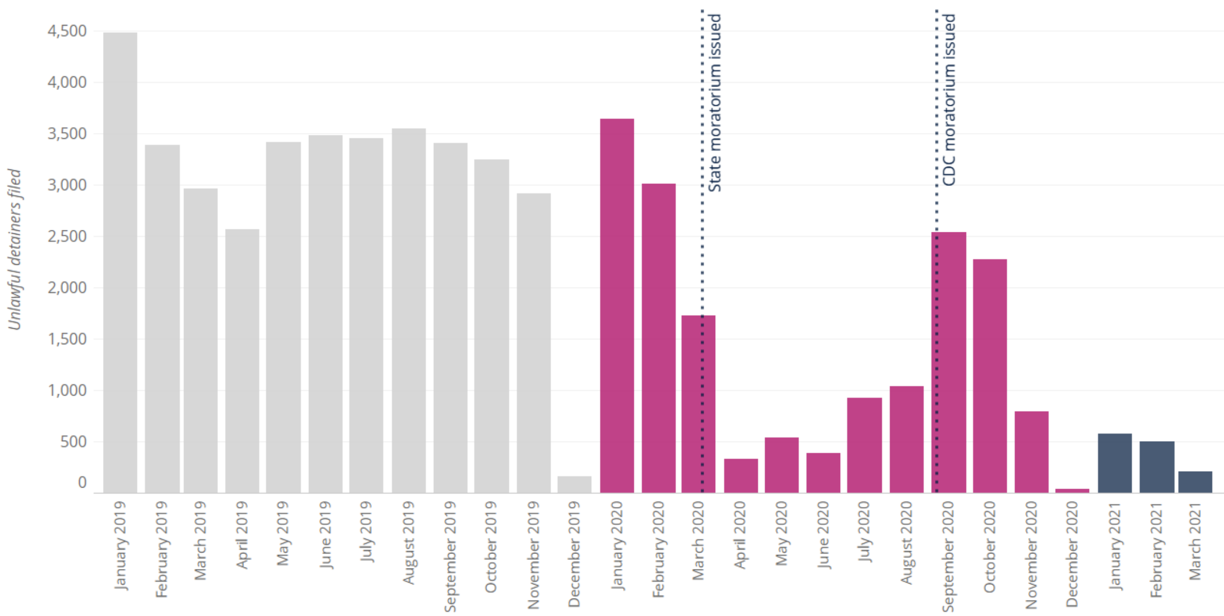
[4] United States Census Bureau, *Week 27 Household Pulse Survey: March 17, 2021 – March 29, 2021.*

[5] Shelterforce, "The Answer: Does the CDC's Extension of the Eviction Moratorium Mean No One Is Being Evicted Now?" April 23, 2021.

FIGURE NUMBER 2.4

Eviction filings didn't end during the pandemic.

Despite state and federal moratoriums, landlords in the Richmond region have filed over 10,000 eviction notices in courts since April 2020.



Source: Virginia Open Court Data

Notes: Includes all unlawful detainers filed throughout seventeen general district courts in the Richmond, Virginia MSA. Records have not been fully deduplicated; therefore, there may be multiple unlawful detainers for the same tenant.

Renters owe billions of dollars in back rent.

In the Richmond region, one in four renters pay more than half their income on rent.[6] Without significant increases to rental assistance programs and flexible payback plans, thousands of renters face a looming crisis when the eviction moratorium expires due to high levels of unpaid rent.

While there is no accurate measure of total missed payment amounts that renters owe, national estimates land between $8.4 billion and $52.6 billion, depending on how calculations account for certain stimulus measures and other factors.[7] According to the National Council of State Housing Agencies, the estimated total arrearage for renters across Virginia is $578 million to $802 million.[8] If roughly accurate, this amount *is within range* of the current funding Virginia has allocated for emergency rental assistance.

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[6] United States Census Bureau, *2015-2019 American Community Survey, 1-year estimates*.

[7] Urban Institute, *"Many People are Behind on Rent. How Much Do They Owe?"* February 24, 2021.

[8] National Council of State Housing Agencies, *"Analysis of Current and Expected Rental Shortfall and Potential Eviction Filings in the U.S."* September 28, 2020.

Federal and State Responses

March 2020: The CARES Act passes; first eviction moratoriums appear

Congress passed the first federal relief package on March 27, 2020. The $2.2 trillion "Coronavirus Aid, Relief, and Economic Security" (CARES) Act included direct stimulus payments to Americans, provided additional unemployment assistance, created the Payroll Protection Program (PPP), doled out aid for state and local governments, and created many other measures meant to keep the economy afloat while the country began attempts to mitigate the spread of COVID-19.

Virginia received over $3.3 billion in aid from the CARES Act to cover costs incurred by the pandemic and subsequent economic downturn. This included $145 million in housing aid via additional CDBG, ESG, and HOPWA dollars. Half went to the state to distribute to non-entitlement communities, and the remainder flowed directly to local governments. This total was $50 million more than the FY2020 annual allocations for these programs. Chesterfield, Henrico, and Richmond received $13.7 million, while Colonial Heights, Hopewell, and Petersburg received $978,000.

The CARES Act also established an initial moratorium on evictions that applied to rental homes with federal assistance (e.g. public housing and HUD-financed multifamily properties), as well as foreclosures in owner-occupied homes with federally-backed mortgages.

Meanwhile, the Virginia Supreme Court placed a temporary hold on eviction proceedings across the state on March 16, 2021. This action formalized similar measures taken by some local court systems, including Richmond. The original order was valid for only three weeks; it was subsequently extended on several occasions until the later CDC moratorium was published.

Simultaneously, the State Corporation Commission also ordered utility service disconnections temporarily suspended for an initial 60 days. This order was extended on several occasions throughout 2020.

June 2020: Virginia launches Rent and Mortgage Relief Program

Near the end of June 2020, the Virginia Department of Housing and Community Development created the Virginia Rent and Mortgage Relief program. The program was established to provide direct assistance to households facing eviction or foreclosure due to pandemic-related loss of income. Local and regional nonprofit partners across the state were recruited to take applications and distribute the assistance. Funding was initially provided with $50 million in CARES Act dollars.[9]

[9] Office of the Governor News Release, "*Governor Northam Launches Rent and Mortgage Relief Program to Assist Virginians Facing Eviction or Foreclosure*." June 29, 2020.

In late 2020, the program was renamed to the Rent Relief Program (RRP) and expanded to include a landlord-initiated component administered by Virginia Housing to help property owners make assistance more readily available to tenants in need. This shift was necessary to increase the scale of funding: instead of individual renters applying, assistance could now be aggregated through property managers who could familiarize themselves with the program and accelerate disbursements.

Since then, the RRP has disbursed $138.7 million to 28,960 unique households. The average amount of assistance is $4,789. According to DHCD, the program has “prevented more than 33,000 evictions.” Nearly three in four (73%) of approved applicants had incomes at or below 30% AMI, and Black households accounted for over half (52%) of those served. The program currently disburses about $10 million in assistance per week. (Figures as of March 24, 2021.[10])

August 2020: General Assembly meets for Special Session

To address both COVID-19 and calls for racial justice legislation in the wake of the killing of George Floyd, the General Assembly convened for a special session on August 18, 2020. After more than a month of negotiations, lawmakers approved a revised state budget, which set aside $254 million to address pandemic-related housing needs. This included funding for emergency housing, rent relief (via the RRP), utility relief, and legal aid for persons facing eviction.[11]

September 2020: CDC announces national eviction moratorium

At the beginning of September, The Centers for Disease Control issued a national moratorium on evictions as a measure to prevent further spread of COVID-19. To be eligible for this protection, renters must be below certain income thresholds, affirm their hardship is due to COVID-19, and affirm they are likely to become homeless if evicted. After this CDC moratorium was announced, the Virginia Supreme Court decided to not renew its previous halt on eviction proceedings.

The moratorium was originally effective through the end of 2020, but was briefly extended several times in December and January. On March 29, 2021, the Biden administration extended this moratorium through the end of June. However, the directive was not amended to address legal challenges in several states that have sought to nullify the order.[12]

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[10] Virginia Department of Housing and Community Development and Virginia Housing, “*Rent Relief Program Informational Session.”* April 14, 2021.

[11] Williams Mullen, “*2020 Virginia Special Session Report.”* October 23, 2020.

[12] National Low Income Housing Coalition, “*NLIHC President and CEO Diane Yentel Statement on CDC Eviction Moratorium Extension and Enforcement*.” March 29, 2021.

November 2020: Governor signs revised state budget

On November 18, 2020, Governor Northam signed a revised version of the state budget.[13] Amendments were made due to "previously unannounced" CARES Act funds to state. These changes included an additional $12 million to expand RRP and $100 million for utility assistance. It also established a new moratorium on utility disconnections (to renew prior SCC action that had expired) and strengthened the CDC eviction moratorium at the state level through the end of 2020 by covering all non-payment of rent unlawful detainers.

December 2020: Second federal relief bill passes Congress

President Trump signed the $2.3 trillion Consolidated Appropriations Act on December 27, 2020. The bill combined a $1.4 trillion omnibus spending package with another $900 billion in COVID-specific relief, including another round of direct stimulus payments to Americans, $25 billion in emergency rental and utility assistance, and additional Payroll Protection Program (PPP) funds to allow certain businesses to re-apply for a second loan.

The bill also provided an extension of the deadline for state and local governments to use CARES Act dollars (although it did not provide additional state and local relief), as well as an extension of the CDC eviction moratorium until January 31, 2021.[14] Also of note, the bill established a permanent "4% floor" for Low-income Housing Tax Credits which will increase the effectiveness of the program.[15]

In Virginia, an additional $567 million of rental assistance dollars flowed into RRP and to certain localities who stood up their own programs. Chesterfield County provided $10 million to ACTS in February 2021 for the Chesterfield Emergency Rent and Utility Assistance program.[16]

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[13] Office of the Governor News Release, *Governor Northam Signs Revised State Budget That Makes Key Investments, Provides Critical Relief During COVID-19 Pandemic*. November 18, 2020.

[14] National Conference of State Legislatures, *COVID-19 Economic Relief Bill: Overview.* January 4, 2021.

[15] SC&H Group, *Stimulus Deal Sets 4% Floor Rate for Low-Income Housing Tax Credit Projects.* January 7, 2021.

[16] Chesterfield County, *Chesterfield To Administer Rent and Utility Relief Program*. February 26, 2021.

March 2021: American Rescue Plan passes Congress

The $1.9 trillion American Rescue Plan was signed by President Biden on March 11, 2021. The bill continues and expands efforts from the previous two major relief packages, including: additional state and local aid, another round of direct stimulus payments, $27.4 billion in emergency rental assistance, $5 billion for homelessness assistance, and almost $10 billion for a Homeowner Assistance Fund.[17]

In total, Virginia is expected to receive more than $6.8 billion from the ARP. The state expects an estimated $450 million from American Recovery Plan to be used for rental assistance; the deadline to spend those funds is September 30, 2025.

[17] National Conference of State Legislatures, *American Rescue Plan Act of 2021: Overview*. March 9, 2021.

03 Methods

Part 1: Comprehensive Survey

The second round of data collection began with a comprehensive survey from mid-January to mid-February 2021. The survey was designed to understand how organizations have adjusted over the duration of the on-going COVID-19 pandemic since May 2020.

An online survey was developed using QuestionPro, a web-based survey platform. The survey consisted of a series of Likert scale questions and open-ended questions about changes made during the pandemic, overall concern, importance of specific resources, and future challenges. Likert scale questions allowed for a greater degree of nuance and for easier comparison, while open-ended questions provided additional detail not easily discernible from the Likert scale questions.

The first section of the survey collected contact information from respondents. The second section began by asking respondents to rate their level of concern on several items such as “Staff furloughs” and “Loss of income” at the beginning and at the time of taking the survey. The Likert scale allowed for us to make significant comparisons between the two time frames to better understand overall changes in concern. In addition, we also asked about the degree to which operational changes made in response to COVID-19 occurred.

The third section of the survey was focused on service delivery. We asked respondents to rate the importance of organizational resources, such as “Personal protective equipment (PPE) and related health precautions” and “Supportive services for employees (e.g. mental health assistance),” to mitigate the continued impacts of COVID-19. Disruption of core services and the ability to meet client needs were also topic areas covered by this section. Furthermore, specific open-ended questions focused on gaining feedback about the Virginia Rent and Mortgage Relief Program (RMRP), homeless service provider ability to transition individuals to long-term housing, and programs developed in direct response to COVID-19.

The fourth section asked respondents to rate the importance of COVID-19 financial relief sources such as CARES Act funding or philanthropic support, then followed by asking how sources of funding were utilized within their organization. This section ends by having respondents rate the degree of change among private funding sources since the beginning of the pandemic.

The final section of the survey was focused on organizational health. Respondents were asked to rate the physical, mental, and emotional health of both their clients and staff. Then respondents were asked to disclose whether any staff members had contracted COVID-19 and to describe how positive cases were handled. The survey closed by allowing for respondents to comment on any additional COVID-9 impacts not addressed already within the survey.

The survey was delivered to 22 Richmond housing nonprofit executive directors and CEOs via e-mail. Individuals were sent reminder emails or contacted via phone to be reminded to take the survey. Out of the 22 potential respondents, HFV/VHA received 17 completed survey responses for a 71% response rate.

Part 2: Follow-up Interviews

In order to explore further the answers provided by respondents, HFV/VHA felt that it was imperative to conduct follow-up interviews. These interviews were conducted by phone from late January 2021 to early March 2021. The questions asked were based on the specific answers of each respondent, but were largely focused on having respondents provide greater detail about COVID-19's impact and the future challenges that individuals foresaw in 2021 and beyond. HFV/VHA were particularly interested in major shifts in concern over time, as well as operational changes.

Out of the 17 respondents to the survey, HFV/VHA were able to conduct phone interviews with 15 executive directors and CEOs.

04 Findings

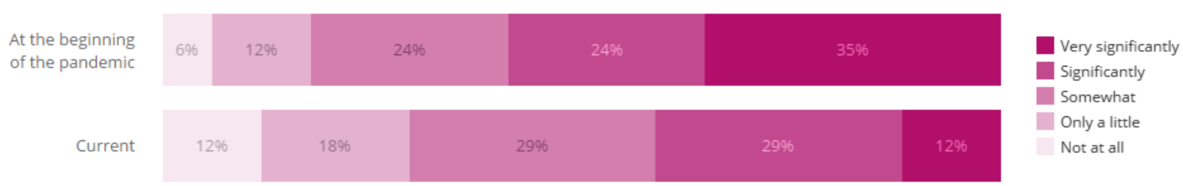
Mission, Programs, and Workflows

As we emerge from the pandemic, the concerns housing providers have about needs and programs have declined, but are still significant.

When assessing the disruption caused by the pandemic, housing providers in Richmond have become more positive over the past year. Last summer, almost 60% said that COVID-19's impact was either somewhat or very disruptive. That has now dropped to about 40%. The percent that said that the pandemic had no or little disruption has increased from 18% to 30%. While this reflects some move back to "normalcy," it's clear that one year later, impacts remain a very significant concern for many housing organizations.

FIGURE NUMBER 4.1

Level of disruption to core services

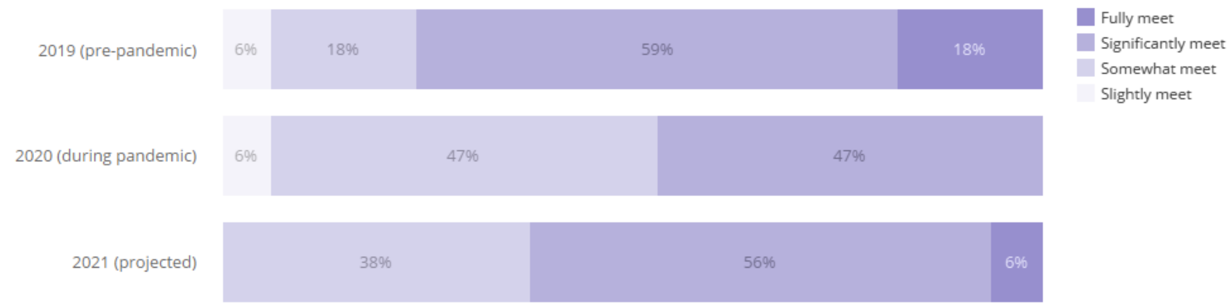


Question text: *"To what extent were the core housing/housing related services provided by your organization disrupted during the first few months of the COVID-19 pandemic? To what extent do they continue to be disrupted?"*

With regard to the ability to meet housing needs, prior to the pandemic almost 80% felt that they were able to fully or significantly meet client needs. That dropped to 45% as the pandemic raged last summer. When looking ahead to post pandemic operations, only 60% see the ability to fully or significantly meet housing needs, indicating longer term shifts between the needs in the community and the capacity of providers.

FIGURE NUMBER 4.2

Rated ability to meet needs in before, during, and after pandemic

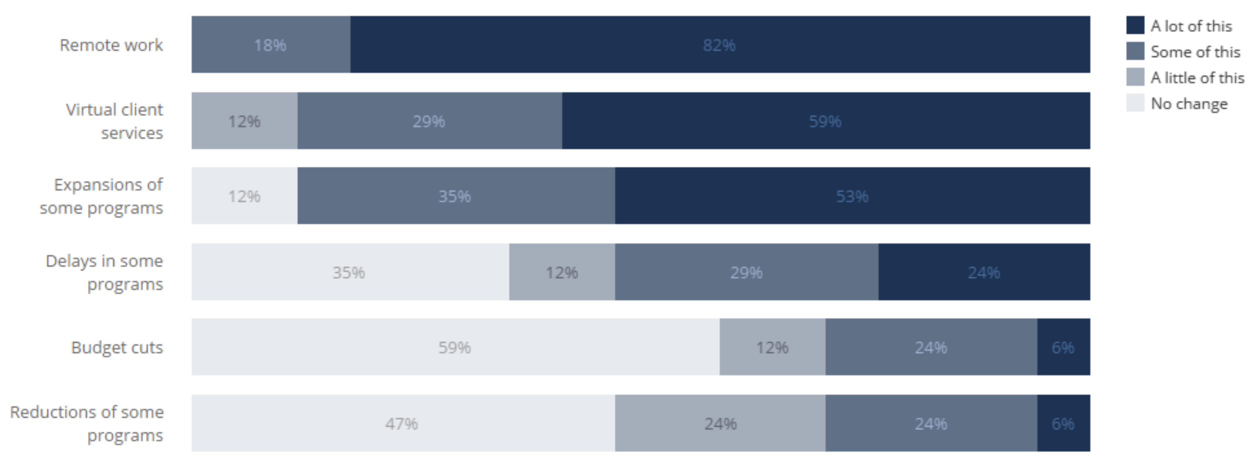


Question text: *"How would you rate your organization's ability to meet past and future client needs during the following times?"*

There's no question about the shifts that housing providers made in their programming as a result of COVID-19. Despite early high levels of concern about reduced or terminated service delivery, over 70% of nonprofit leaders indicated they had developed and implemented new and/or specialized initiatives to meet changing needs during the pandemic. Only one in five had made no changes to the services that they provide.

FIGURE NUMBER 4.3

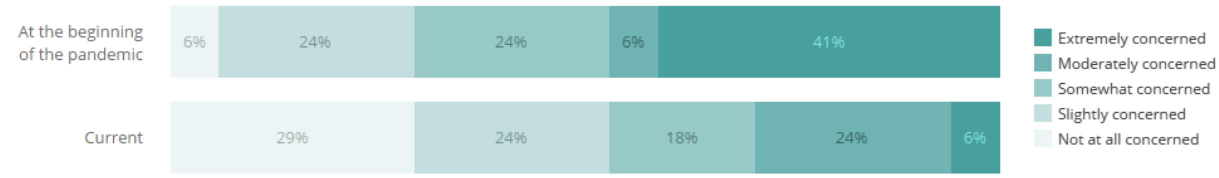
Extent of operational changes made in response to COVID-19



Question text: *"To what degree has your organization made the following operational changes in response to COVID-19?"*

FIGURE NUMBER 4.4

Level of concern about reduced or terminated service delivery



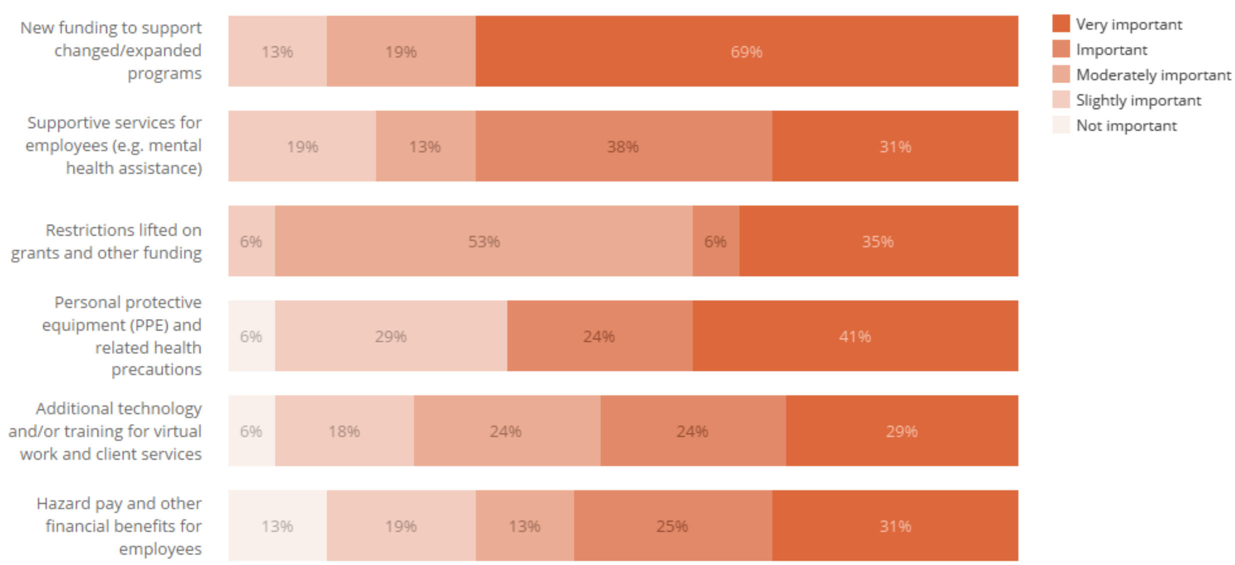
Question text: *"Rate your organization's level of concern about reduced or terminated service delivery at the beginning of the pandemic and currently."*

When it comes to what they need to continue to overcome and mitigate the impact of the pandemic, **it is no surprise that 90% of respondents replied that "new funding" for expanded services and different programs targeted to shifting needs is very important or important**. Other needs that ranked high included:

- 70% - Support services for employees (i.e., mental health)
- 65% - Continued access to PPE
- 53% - Technology and training to support virtual work for staff and clients
- 40% - Lifting of traditional restrictions on grants that impeded flexibility

FIGURE NUMBER 4.5

Importance of selected needs for mitigating pandemic's impact



Question text: *"How important will the following items be to your organization's ability to mitigate the continued impacts of the COVID-19 pandemic?"*

Addressing the needs of homeless persons remains the most complex and profound impact of COVID.

COVID-19 disrupted the traditional service approach to emergency shelter. Traditional shelter bed capacity was reduced due to varying shelter safety protocols and shifted to a non-congregant model. The massive effort to successfully house homeless persons in motels and hotels on a temporary basis had its own set of consequences. As the risk of transmission declines due to vaccination and improved mitigation techniques, traditional shelters are coming back to full capacity, though some clients continue to prefer motels which offers greater privacy and independence.

There has also been a substantial increase in assistance for homelessness through the pandemic from both public and private sources; however, providers see that flow of funds inevitably declining over the next year. Some "safety net" shelter services will end in April with uncertainty about the ability of other programs to provide replacement assistance.

At the same time that concerns about long term funding are high, providers see the underlying conditions that contribute to homelessness becoming more acute. This includes the strong Richmond housing market that is pushing housing prices higher and resulting in more displacement as neighborhoods gentrify.

COVID-19 has contributed to a spike in demand for emergency housing and services. An example of this has been the spike in drug overdoses in the area. Drug deaths in Virginia set a record in 2020 and 2021 is projected to increase. Job losses have been worst in the lowest paying jobs—the same that have also been the slowest to recover. While emergency assistance and expanded unemployment benefits have helped many, those who are affected by mental illness, drug dependence, and alcoholism have been more challenged to access these resources.

Rehabilitation, repair and weatherization programs were almost halted early, but have made a comeback—with some modifications.

Many clients continue to have concerns about program staff entering their homes to address substandard conditions. As a result, there continues to be more focus on the exterior of the home. This means that some health and safety items are less likely to be addressed. Weatherization of apartment communities have been slowed substantially, as most of these properties still are enforcing COVID-19 restrictions that make interior work high risk or impossible. Apartment owners have concerns about liability.

Many repair programs, including those that focus on improving accessibility, have traditionally relied on a large cohort of volunteers. Most volunteer programs were shut down early in the pandemic and have not yet returned. Companies that include employee volunteerism as a part of their charitable efforts have not yet relaxed the COVID-19 protocols that would permit these efforts to begin again.

Another significant sector within volunteerism is retired workers. This age group has been the most at risk from COVID-19 and has been the most cautious in terms of behavior. With vaccinations in this group at a high level, there may be some gradual return of this workforce later in the year.

Homeownership programs face cost increases and other pandemic-induced barriers to homebuyer readiness.

Home construction and apartment development have been the activities least affected by COVID-19, as contractors quickly adjusted to new procedures that allowed their work to continue. Consequently, the pace of construction was not significantly affected. What has affected these activities is the significant cost increase in building materials—especially lumber and wood products. Lumber has increased in cost by 170% over the past year. The supply chain for certain items has also been affected. For example, the wait time for kitchen appliances has been lengthy and has resulted in delays in home completion—resulting in higher interest carry costs.

Furthermore, some homebuilding programs that relied on a substantial volunteer component have been forced to shift to using more subcontractors, with a corresponding increase in the home cost. **Overall, the cost of an affordable home has risen by approximately $15,000.**

These trends have caused some providers to rethink the product they are providing. Several are considering options to reduce home size and increase energy efficiency in an effort to cut both initial and operating costs. One nonprofit has ventured into the arena of manufactured housing and has negotiated a 900 square-foot home with a price tag well below $100,000. This model is designed for placement in a park, but could also be used in non-park settings where zoning permits.

For prospective homebuyers, this higher price has been only one of several new barriers. Providers are also concerned that lower-income buyers have been less able to access homebuyer education, counseling, and credit repair as those services shifted to a virtual environment. Access to reliable high speed internet has become much more important for households hoping to achieve homeownership.

For existing homeowners, there is concern that financial challenges may come later in 2021 as forbearance programs begin to end and as homeowners exhaust their savings and reserves. Because the vast majority of emergency assistance is targeted to renters, some providers worry that homeowners may face challenges without access to assistance. Several providers are also looking at the importance of adding “aging in place” strategies for homeowners.

For renters, the picture is different. There is a national eviction moratorium still in place and billions of dollars in rental assistance flowing through state and local governments. The concern that several providers expressed was, given the unprecedented scale of assistance to renters to prevent eviction, would there be sufficient capacity to push the funding out? The sheer volume of applications, paperwork, and person-hours needed to deploy those funds in a timely manner could push some providers past their limits.

Rental housing development flourishes, though cost increases and provision of services are challenging.

Increased awareness of rental housing needs has helped to support continued production. Public and private resources to support the development of new affordable rental housing have been increasing. Several jurisdictions have made new commitments to rental production. In the long-term, COVID-19 has not impacted construction, but increases in materials are a threat to the financial viability of construction projects.

Property management has faced COVID challenges as a result of new protocols that reduce face to face interactions. One provider instituted online leasing and online rent payments. The system will require continuing efforts—especially for seniors who face greater challenges with virtual interactions. When fully implemented, such systems will provide greater operational efficiency. Service provision to vulnerable residents remains a challenge—both for residents and for staff.

Fears of significant shortfalls in rent collections have, for the most part, not materialized in affordable rental communities—especially in senior communities where COVID-19 did not affect the financial status of seniors on fixed incomes. One provider reported that collections were only off 3% from the previous year. The massive commitment of federal dollars to emergency rental assistance and eviction prevention may likely be used in privately-owned market-affordable apartments, rather than in assisted housing owned and managed by nonprofit providers.

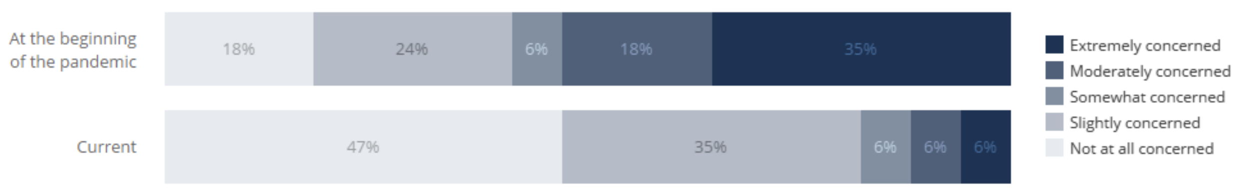
Workforce and Payroll

With some exceptions, staff levels have remained consistent throughout the pandemic.

Over half (52%) of providers were extremely or moderately concerned that staff layoffs or furloughs would be necessary at the beginning of the pandemic. Thankfully, most organizations were able to avoid such measures: 71% reported an increase or no change in staff levels as of early 2021, 12% reported a little, and 18% reported some.

FIGURE NUMBER 4.6

Level of concern about staff layoffs or furloughs



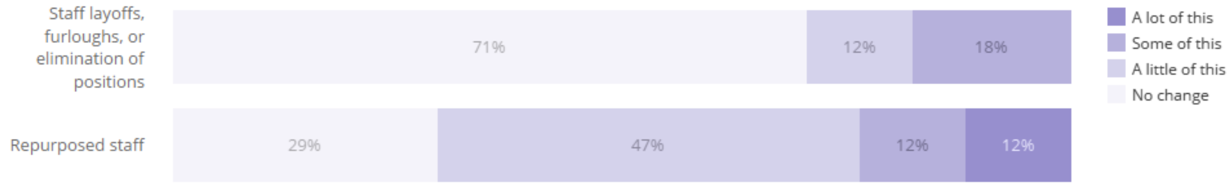
Question text: *"Rate your organization's level of concern about staff layoffs or furloughs at the beginning of the pandemic and currently."*

These results confirm what we heard in our interviews from May 2020. At that time, a fair number of organizations mentioned that some staff had their hours reduced, but these were nearly all temporary measures. Only four providers reported minor or large-scale reductions in staff levels. Of those four, two reported reductions of five or more staff, and two reported reductions of less than five staff. (Thirteen reported no change.)

Providers that were forced into temporary or permanent layoffs were generally smaller than average, or had significant numbers of employees in retail operations. The ReStore operations for both Habitat for Humanity affiliates particularly affected; however, most of those workers were eventually retained via payroll assistance and the phased reopenings of retail businesses later in 2020.

FIGURE NUMBER 4.7

Changes to staff levels and activities



Question text: *"To what degree has your organization made the following operational changes in response to COVID-19?"*

Some providers have actually expanded their staff capacity during the pandemic. In fact, four reported increases in total staff between March and May of 2020. Many of these new positions are supported by increased public grants and private giving levels over the past year; as such, those hires generally help administer programs that were created or expanded during the pandemic. However, some providers expressed concerns that scaled back funding in the future would result in the elimination of these new employees.

Today, four in five providers (82%) are only slightly or not at all concerned about future layoffs. Just two organizations expressed extreme or moderate concern. Those worries are likely due to continued anxiety over long-term revenue opportunities, and are possibly specific to new hires brought on during the pandemic.

Staff remained flexible to meet new challenges.

Almost three in four organizations (71%) responded that they had repurposed staff in some way since March 2020: 47% reported a little, and 24% reported some or a lot. In certain cases, these were reshuffled duties in the wake of temporary layoffs or furloughs for fellow workers. In other cases, staff were tasked with additional responsibilities as the result of new protocols, programs, and client needs brought on by COVID-19.

Overall, many staff have been forced to demonstrate resilience and creativity throughout the pandemic; these efforts were widely lauded by leaders we interviewed. However, these changes also resulted in increased levels of stress and fatigue. One possible solution that over half (56%) of respondents said was very important or important: hazard pay and other financial benefits.

The Payroll Protection Program prevented a major disaster.

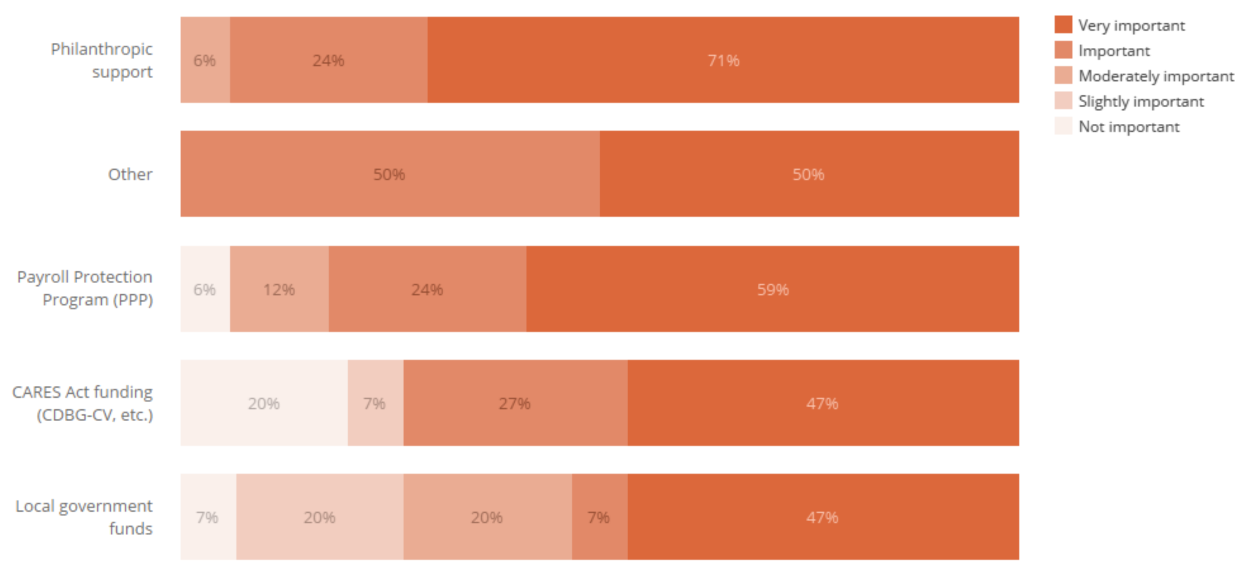
Introduced in the CARES Act, the PPP was a remarkable lifeline for thousands of businesses and nonprofits across the country. Housing providers in Richmond were no exception. During our first round of interviews in 2020, we learned that every organization that applied for a PPP loan received one.

According to leaders we interviewed, PPP loans were important in two ways:

1. First, by allowing organizations to maintain payroll, rehire laid off or furloughed employees, and avoid downsizing. They were particularly helpful lifelines for both Habitat affiliates operating ReStore retail operations.
2. Second, by ensuring that core operations were not affected, maintaining continuity of programs, and guaranteeing quality care to clients. In many cases, PPP also allowed other resources to be leveraged and deployed for other measures.

FIGURE NUMBER 4.8

Importance of financial relief sources



Question text: *"How important have the following sources of COVID-19 financial relief been to your organization's operations since the beginning of the pandemic?"*

Over four in five (83%) providers rated PPP as important or very important to the solvency of their organization. Unfortunately, across the country, not every business that applied for PPP was successful in receiving assistance. We attribute the 100% success rate among Richmond's housing nonprofits to the long-standing relationships many have with local and regional community banks in the region.

Only a couple of organizations admitted they did not apply for PPP. These providers made early, intentional decisions to forego the option based on their current operations and financial status, after consultation with executive leadership and advisors.

While December's federal relief bill allowed certain businesses to apply for PPP a second time, only one organization stated they would seek additional PPP assistance. Several others stated it would not be necessary, or that they would not be eligible. Most organizations did not experience the 25% reduction in revenue that is required in order to receive a second round of PPP funds.

Initial guidance (or lack thereof) for PPP drawdown and loan forgiveness worried many providers. Leaders had significant concerns about paying back their loan if it were not forgiven. Over time, as the federal government provided more specific guidance to lenders, this uncertainty disappeared. To our knowledge, all providers who received a PPP loan had it forgiven. This success is also attributable to the strong working relationships providers had with their community banks, who offered resources and expertise.

Financial Concerns

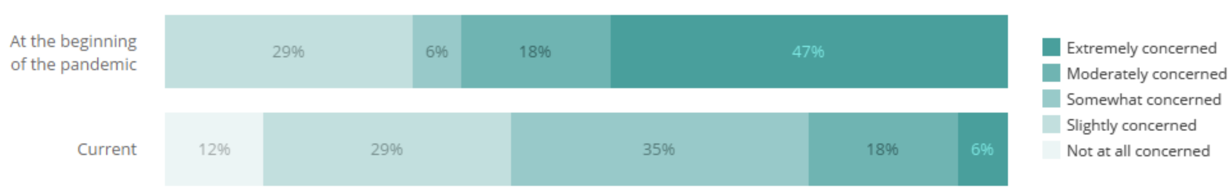
Though concern about reducing staffing and meeting immediate needs is better, the uncertainty of future funding remains high.

Over the course of the past year, concerns about organizational financial position have improved but there remain concerns about the unpredictability of the economy and its impact on giving over the coming years. Notably, extreme levels of concern about loss of income, being able to meet expenses, staff reduction, and uncertainty about future funding at the onset of the pandemic has eased significantly, though most respondents still expressed elevated levels of concern about their organizations future financial position.

Of note: 59% of organizations did not have to make any budget cuts and 71% did not have to reduce staff over the past year. Though these figures are remarkable given the broader scope of the pandemic, 41% of organizations were forced to make budget cuts and 29% reduced staff (mostly likely temporarily) over the past year. This is significant given the critical role that many of the respondents have in providing shelter and housing and related services to low-income residents in our community.

FIGURE NUMBER 4.9

Level of concern about loss of income



Question text: *"Rate your organization's level of concern about loss of income at the beginning of the pandemic and currently."*

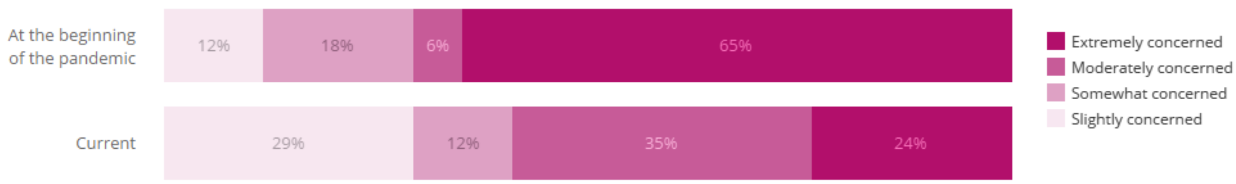
When asked at the outset of the pandemic about concern over the potential loss of income, 47% of respondents were extremely concerned compared to just 6% at the time of the second survey. However, the majority of respondents (35% somewhat concerned; 18% moderate concern) still expressed above average concern about the continued potential loss of income.

Concerns about meeting necessary expenses remain high, but lower than during the early days of the pandemic. 41% of respondents were extremely concerned about meeting necessary operational expenses, compared to just 6% during the second survey. 18% of respondents indicated no concern at all about expenses though 18% and 29% of respondents expressed Some and Moderate levels of concern respectively.

Concerns about staff layoffs/furloughs showed the largest change between the two survey periods; 18% of respondents expressed no concern about laying off staff at the beginning of the pandemic compared to 47% that felt the same a year later. Significantly, the 35% that expressed extreme concern about staff reductions fell to just 6%. Overall, 71% of respondents indicated that they had not reduced staffing at all over the past year.

FIGURE NUMBER 4.10

Level of concern about uncertainty of future funding



Question text: *"Rate your organization's level of concern about uncertainty of future funding at the beginning of the pandemic and currently."*

Uncertainty about future funding remains high, and is the category that exhibits the least improvement between the two survey periods. Collectively, 70% of organizations were moderately to extremely concerned about future funding at the inset of the pandemic compared to 59% a year later.

The impacts of the past year are projected to last for years. In order to meet the uncertainties of the coming years, organizations will need to expand services/programming/staffing, improve upon virtual service delivery, normalize health and safety protocols, and incorporate the cost of PPE into their operating expenses.

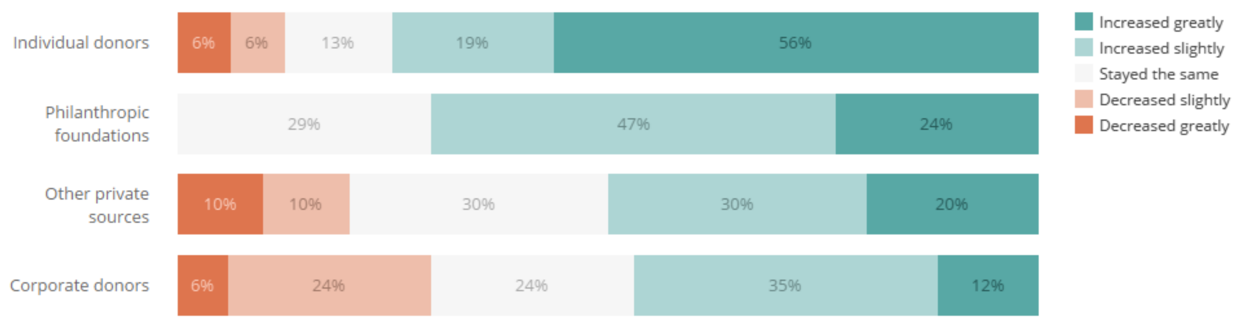
Philanthropy must continue providing critical support to housing organizations.

We asked respondents a series of questions about resources needed to continue to mitigate the impact of pandemic. 69% of respondents indicated that new funding resources will be very important to meet the continued needs of the pandemic. 38% and 31% of respondents indicated that lifting restrictions or easing requirements on existing funding is important or very important to meeting organizational needs. Majorities of respondents indicated that PPE and other health related measures, additional investments in virtual technologies, and hazard pay or other financial incentives for staff were important or very important to continuing to address pandemic impacts.

When asked about the most important sources of funding during the pandemic, 71% and 24% of respondents indicated that philanthropic support was important or very important. 59% and 24% of respondents said the same about PPP loans, while 47% indicated that local government support was very important.

FIGURE NUMBER 4.11

Changes in private funding support



Question text: *"How have the following private funding activities changed since the pandemic began?"*

Asked about changes to private funding, 56% of respondents stated that individual giving had increased significantly; 24% indicated that foundation support had increased significantly (30% slight increase); and 12% indicated that corporate funding had increased significantly - 30% of respondents indicated that corporate funding had decreased over the past year.

Client and Organizational Health

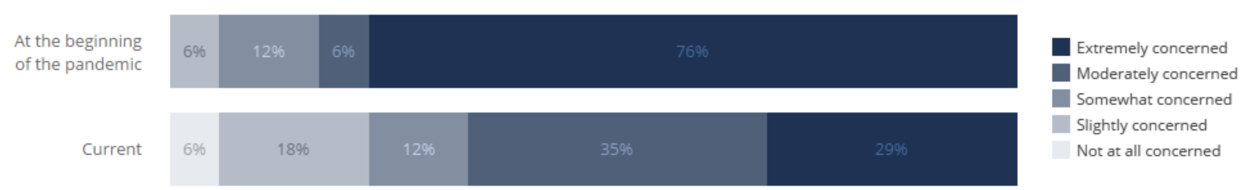
Organizations have been largely successful in protecting staff and clients from the physical impacts of COVID-19 but are challenged to address their mental and emotional health needs.

The past year highlighted the intersection of housing and health like no other event in recent memory. No one was spared the impact of the pandemic and organizations providing direct client services were particularly stressed. Similar to the first survey, we asked specific questions about the physical, mental, and emotional health of staff and clients.

Although nearly every provider still expresses at least slight concern about exposure today, the share of respondents who are "extremely concerned" has decreased from 76% to 29%. Most organizations have much less anxiety about exposure thanks to new protocols, reliable sources of PPE, and expanded vaccination activity.

FIGURE NUMBER 4.12

Level of concern about COVID-19 exposure



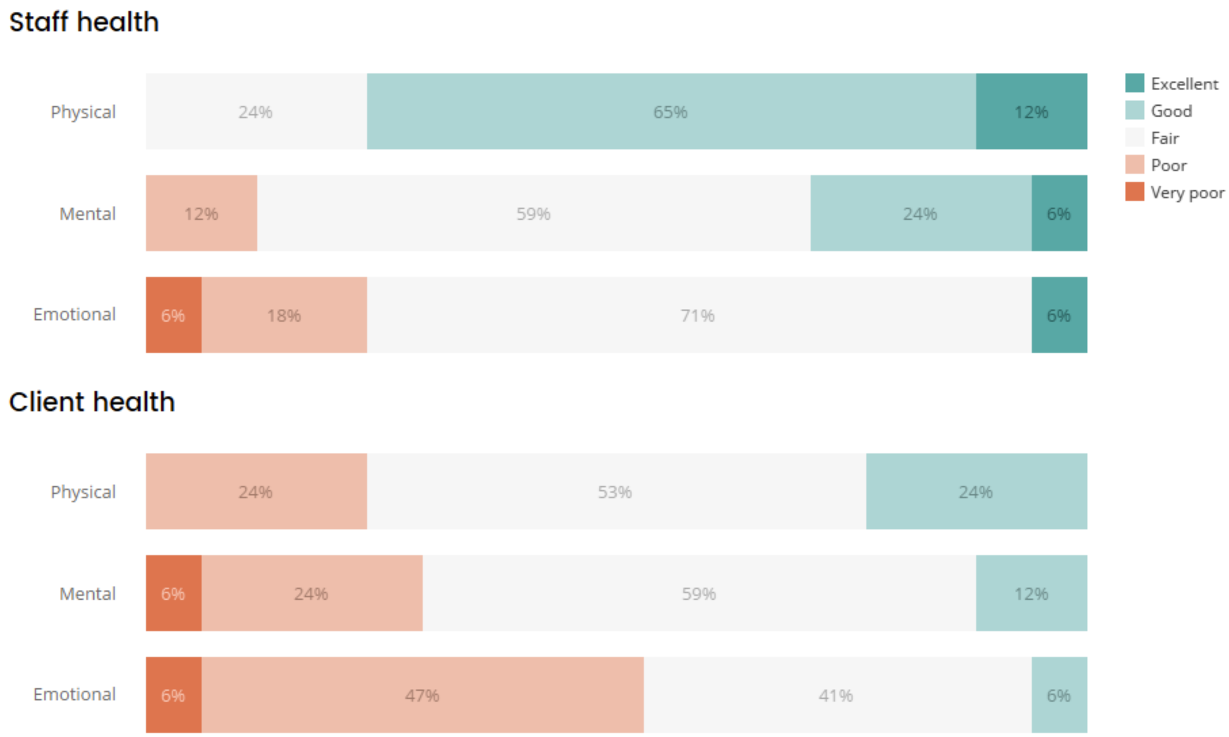
Question text: *"Rate your organization's level of concern about staff/volunteer/client exposure to COVID-19 at the beginning of the pandemic and currently."*

In regard to the transmission of COVID-19 among staff, only three organizations did not have staff contract the virus; 14 organizations stated that at least one staff member contracted the virus. There was significant discussion around the adoption and implementation of health and safety protocols including standardized procedures for testing, quarantining and symptoms tracking. These procedures differed in response to direct interaction with clients; those directly engaged in resident services obviously adhered to more stringent protocols for residents.

This collective response helped to prevent significant outbreaks and maintain the overall physical health of both clients and staff. In fact, the transmission rate for those experiencing homelessness in the region was lower than the state average. However, the mental and emotional health of staff and clients as they continue to bear the accumulated stress and fatigue of the ongoing crisis is of significant concern.

FIGURE NUMBER 4.13

Current physical, mental, and emotional health of staff and clients



Question text: *"On average, how would you currently rate the physical, mental, and emotional health of your [staff/clients]?"*

Overall, respondents indicated relatively poor physical, mental, and emotional health for both staff and clients. Client health across all three categories was significantly lower than for staff. Respondents indicated that the physical health of staff was generally good: 24% Fair; 65% Good, 12% Excellent. The majority of respondents (59%) indicated that the mental health of staff was Fair, 24% Good, and 6% excellent. Emotional health for staff suggests cause for concern as just 6% of respondents indicated staff emotional health being Good, 71% Fair, 18% Poor and 6% Very Poor.

Similar to the responses for staff physical health, physical health for clients was seen as being generally fair to good (53% and 24%). Mental health was lower with 59% of respondents indicating that client mental health was Fair, 24% Poor and, 6% Very Poor. 47% of respondents indicated that client emotional health was Poor and 41% Fair.

During follow-up interviews, mental and emotional health was a topic of frequent discussion and concern. Several organizations made inroads into prioritizing the emotional and mental health of staff and clients, through implementing mindfulness training, communicating about existing employee benefit programs and counseling and even having mental health professionals attend staff calls. However, more comprehensive, longer term, and sustainable solutions are needed. The vaccine has provided some hope for a return to some normalcy, eased anxiety of contact in the workplace and has been relatively widely accepted. Though we did not attempt to explore differences in variations between staff and client vaccinations rates, we heard anecdotally that staff acceptance rates were quite a bit higher than for clients even in light of relatively intensive vaccination education. One shelter provider indicated that no residents were receptive to receiving the vaccine.

The pandemic has underscored the relationship between housing and health in unforeseen ways. Long-term connections to resources, both financial and human, to help ensure the mental and emotional health of our non-profit housing providers, clients, and overall infrastructure will be needed in the coming years.

05 Recommendations

Organizational Support Strategies

We recommend the following organizational support solutions for philanthropic foundations to help the region's housing providers stay healthy, meet increasing demand, and become resilient in a post-pandemic world:

- **The flexibility and responsiveness exhibited within the non-profit housing sector necessitates an equal response from the philanthropic community.** The demands placed upon the non-profit housing community over the past year have been significant and varied. The challenges of the coming years will be largely in expanding organizational capacity to meet the needs of the region. Flexible, multiyear operational support from the philanthropic community will be required to allow organizations to individually address their internal needs to scale up in response to their client and staff needs.

- **Ensure that provider capacity is restored, then increased.** With resources for housing growing faster than at any time in decades, there is an acute risk that the capacity of providers will not be sufficient to effectively put these new resources to work. If that happens, it puts future program support at risk. Funders should give special attention to supporting provider staff and organizational health to ensure that the sector's capacity is not degraded. This can be done by addressing staff burnout, mental health, competitive salaries and benefits, training and professional development as well as employee recognition programs and events.

- **Provide cash assistance to support organizations reliant upon reimbursement based funding.** The demands of pivoting the homelessness system from a congregant to non-congregant network of shelters placed undue financial strain on service providers as the financial assistance they rely upon is largely reimbursement based. Highly flexible funding will continue to be needed to ensure that organizations are able to meet expenses for the foreseeable future. Funders should consider short-term repayable grants or establishing a revolving loan fund to be used to maintain positive cash flow.

- **Assist with long term access to PPE, assist with enhanced technology to facilitate virtual interaction, and assist in developing new workplace protocols.** It's clear that there will be long lasting impacts from the pandemic in terms of public health measures and the rules of social and business interaction. It's important that providers have support for access to personal protective equipment as well as physical equipment, barriers, dividers and other office design features that support public health and make clients and staff feel more comfortable.

New office protocols will also need to be established for how work gets done and how communication can be improved when more is happening virtually. Providers that utilize volunteers have been especially hard hit. New training and workplace rules will need to be established to bring volunteers back in large numbers. Communications and recruitment strategies for volunteers will need to be reimagined.

- **Explore a permanent contingency fund for unrestricted payroll assistance to be used in future emergencies.** Our research revealed just how critical PPP was for keeping housing providers afloat during 2020. Without these unrestricted dollars, the fates of many organizations would look very different than today. Unfortunately, we know that COVID-19 likely won't be the last major challenge our region will face in our lifetimes, and a federally-supported lifeline like PPP may not always get created.

  Therefore, funders should pursue the creation of a permanent contingency fund to help nonprofits meet payroll and other necessary expenses during a crisis. Proactive rainy-day set asides would allow housing providers to rapidly and effectively respond to the beginning of emergencies, rather than spend valuable time trying to maintain organizational solvency.

- **Training/support for workers that now engage in more social service provision.** Another consequence of the pandemic is that front line housing providers are now finding themselves providing "social service" type support to clients—often in the form of "light" counseling that responds to immediate needs or concerns that are expressed. The social isolation, fears and often contradictory news and information have created anxiety and emotional support needs that are new. Some basic education and training for staff in client interaction and referrals would be helpful to both staff and clients.

Operational and Program Support Strategies

We recommend the following operational and program support solutions for philanthropic foundations to help the region's housing providers maintain and expand their missions to bring greater housing opportunities to communities, especially persons and families with the greatest hardships:

- **Provide the Greater Richmond Continuum of Care providers with strategic investments to increase shelter capacity in the near term while maintaining a committed focus on scaling up permanent supportive housing and permanent, deeply affordable housing in the region.** With the significant increase of unsheltered individuals in the region between 2020 and 2021, the need for temporary shelter is more pronounced than ever. Due to chronic underfunding, the shelter system has been unable to adequately scale to meet demand. This issue is further compounded by the fact that the inventory of permanent supportive and permanent, deeply affordable housing in the region is severely deficient to meet demand.

  In short, people exiting the shelter system have incredibly limited housing options. In March, Richmond City Council approved changes to the City's zoning that will allow for the by-right development of shelter, transitional, and permanent supportive housing in a number of non-residentially zoned areas of the city. With the potential for significant federal resources in the near future, now is the time to leverage investments in the region's homelessness system to expand provider capacity and increase shelter and housing inventory.

- **Help organizations mitigate cost increases.** The COVID-19 pandemic has had major impacts on the development pipeline. Lumber prices have reached an all-time high, while significant labor shortages have stifled development and increased labor costs. While some experts expect lumber prices to fall by the year's end, labor shortages have been an issue pre-pandemic and are expected to remain a major obstacle.[18] [19]

  Richmond area organizations would benefit from assistance to mitigate these increased costs, whether through additional funding to meet those costs or through the proactive support of innovative methods to reduce costs (e.g. use of newly developed, lower cost materials, substitution of metal for lumber framing, innovative design that can reduce square footage).

[18] Bradham, B. T. (2021). "Sky-High Lumber Prices to Drop by Year-End, Analyst Says," Bloomberg.com. April, 20, 2021.

[19] Cohen, Arianne. (2021). "Why Finding Workers Is Getting Harder for U.S. Homebuilders," Bloomberg.com. January 15, 2021.

- **Support low-income first-time homebuyers overcome an extremely difficult market.** At the beginning of the pandemic, many thought an already hot homeownership market would cool down for an extended period of economic recovery. The first several months of sheltering-in-place seemed to affirm this theory as sales and listings declined significantly. However, when safe protocols allowed for showings and closings, buyers and sellers resumed their plans.

  As we now know, lower-wage workers in the retail and service industries were hardest hit by COVID-19's economic fallout. The downturn did not significantly impact higher-income earners with much higher chances of buying their first or next home. At the same time, historically low inventory levels were worsened by delays in new home production. There is now a perfect storm of market conditions preventing first-time homebuyers from competing.

  Therefore, funders should work directly with providers who have portfolios of first-time buyers (e.g., HOME of Virginia, project:HOMES, etc.) and determine what additional resources are needed to dramatically increase these buyers' ability to achieve homeownership. These strategies may include unrestricted grants for down payment assistance and closing costs, flexible funds to pay down other household debts, and dollars to support land acquisition by nonprofit developers.

- **Pay attention to homeowners experiencing financial hardship in the second half of 2021**. The federal foreclosure moratorium was extended through June 2021 and an additional three months was added to the COVID-19 forbearance program allowing borrowers to be in forbearance for a total of 18 months. This has provided homeowners with federally-backed mortgages with a temporary pause on mortgage payments, but has not provided them with financial relief when payments are reinstated.

  Attention should be paid to the needs of homeowners who have experienced financial hardships due to loss of income and/or other negative COVID-19 impacts, especially those who have entered into forbearance. The financial needs of these households may come to the forefront in the latter half of this year if the moratorium and programs are not adjusted.

- **Explore creative approaches to protect persons whose homes are undergoing repairs and weatherization.** Programs that provide critical home repairs, weatherization and similar services have been severely impacted as clients, especially seniors, are wary of having workers inside their homes. Providers could use help to explore creative ways to address the concerns of homeowners including temporary housing or respite housing perhaps provided in conjunction with another senior services provider. As with other programs, there is about to be a surge in funding support for energy efficiency so it will be important that COVID "hangover" doesn't reduce demand.

- **Address increased demand for services among special needs populations in rental housing.** Special needs populations residing in rental housing, such as seniors and persons with disabilities, have had their needs exacerbated by the pandemic. The pandemic has not only increased their need for services, but the need for services in a virtual setting. This increased demand has put pressure on staff to provide additional services, one of which includes helping residents get online. While some services will return to an in-person setting, others may remain virtual. Organizations need additional resources to meet these increased demands. This includes financial support to provide residents with technology, training to enhance service delivery in a virtual environment, and potential expansion in services.

- **Land use and inclusionary housing policy will become paramount in the next several years.** There is a shift underway that will radically change affordable housing policy priorities in the next several years. As resources for affordable housing grow, the challenges will be in organizational capacity and favorable land use policies at the local level. Providers will no longer view access to loans and grants as the chief barrier to housing development but rather it will be access to building sites and rehabable structures.

  Inclusionary housing policies that include more development by right, higher density and that lessen the influence of NIMBY opponents will be critical to making progress. The City of Richmond's recent move to expand the zoning classifications where permanent supportive housing and shelters are permitted by right is a good example. Chesterfield County has also recently launched an initiative to re-use obsolete commercial sites on Route 1 for multifamily housing—especially housing that is affordable. Henrico County is exploring an affordable dwelling unit ordinance. Funders should support the educational and grassroots/grasstops advocacy work needed to expand inclusionary land use and housing policies for all jurisdictions in the region.

Acknowledgements

On behalf of all staff and board members of our two organizations, we want to express our awe and gratitude for the nonprofit workers and volunteers who have gone above and beyond to help Richmonders stay safely housed during this pandemic.

We also greatly appreciate all the precious time organizations' leaders selflessly gave us for the survey and multiple interviews. Their commitment and dedication deserves tremendous praise.

Finally, this work would not have been possible without the proactive support of The Community Foundation for a greater Richmond, the Richmond Memorial Health Foundation, and the Bob and Anna Lou Shaberg Foundation. We are grateful for their continued investments to expand housing opportunities in our community.

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Eric Mai, Research Associate, Housing*Forward* Virginia