

COMMONWEALTH OF VIRGINIA

SENATOR MAMIE E. LOCKE, Chair
DELEGATE CARRIE E. COYNER, Vice-Chair
ELIZABETH A. PALEN, Executive Director



701 EAST FRANKLIN STREET,
SUITE 704, RICHMOND, VIRGINIA
23219

vhc.virginia.gov

(804) 967 - 3994

VIRGINIA HOUSING COMMISSION

Meeting Notes

Virginia Housing Commission
Monday, July 15, 2024; 10:00 a.m.
Senate Room C, the General Assembly Building

Introduction:

Senator Mamie Locke, Chair, called the meeting to order at 10:07 a.m.

Members present: Senator Mamie E. Locke, Senator Ghazala F. Hashmi, Delegate Daniel W. Marshall III, Delegate Adele Y. McClure, Delegate Briana D. Sewell, Joshua Goldschmidt, Martin Johnson, Ashley Welburn.

Members absent: Delegate Carrie E. Coyner, Senator William M. Stanley Jr., Delegate Bulova.

Staff and Speakers present: Molly Bowers, Jesseca Hoff, Hamilton Lombard, Christie Marra, Elizabeth Palen, Ryan Price, Richard C. Schragger.

The meeting began with introductions and opening remarks and general updates from Executive Director of the Commission Elizabeth Palen followed by presentations and discussion.

Materials presented at the meeting are accessible through the [Commission's website](#).

Presentations

Examining the Shift in Virginia's Population Trends Since 2020

Hamilton Lombard, Estimates Program Manager, Demographics Research Group

Weldon Cooper Center for Public Services, University of Virginia Overview of their presentation/points.

Hamilton Lombard presented an overview of Virginia's population trends since 2020. He highlighted that Virginia's population has been recovering from pandemic lows and in decreasing deaths since 2021. Although, rising in migration, and births continue to decline. Lombard noted that the strongest population growth is in large metro areas, particularly the urban crescent, while many rural communities in the commonwealth, as well as Fairfax County and Virginia Beach have seen declines in population. He shared that there is increased migration to rural counties and the Richmond Metro Area, while out migration continues in Hampton Roads and Northern Virginia.

Lombard emphasized that high housing prices in Northern Virginia are driving migration trends. The persistence of remote work is increasing flexibility of workers and leading to growth in smaller metro and rural areas in the commonwealth. Additionally, Lombard pointed out that new business creation is rising, especially outside the urban crescent, and more new households are being formed among younger Virginians, driving housing demand. The number of Virginians aged 18 to 34 living alone has risen by over one third from the years 2019 to 2022.

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Virginia's Economy & Housing Market: 2024 Temperature Check

Ryan Price, Chief Economist, Virginia Association of Realtors

Ryan Price presented on Virginia's economy and its housing market. He noted that while the economy continues to grow, the pace has slowed compared to 2023, with the national GDP forecasted to increase by 1.4% and Virginia's by 2.1%. The job market remains resilient but is decreasing, with Virginia adding 8,800 jobs monthly and experiencing strong growth in sectors like health care and construction. Unemployment in Virginia is very low at 2.7%, compared to the national rate of 4.0%. Inflation is decreasing nationally but remains above target levels, suggesting potential conditions for a decrease in the Effective Federal Funds Rate (EFFR).

Mortgage rates have more than doubled in less than 12 months, reaching 6.89% as of July 11, 2024, the highest since October 2000. Despite an increase in residential real estate listings, inventory remains tight, contributing to higher home prices in the commonwealth. Virginia's median home sales price rising by 5.3% year-to-date. The residential real estate market remains highly competitive, with sellers often getting above asking prices and homes selling quickly with the average time on the market being one week. Price also noted that young homebuyers are being priced out of the residential real estate market.

Price provided information about the supply of housing available. While the months of supply in the housing market have increased across the state, the real estate market is still unbalanced with more demand available than supply available to purchase. As of May 2024, Virginia has 2.1 months of supply of houses for sale compared to 1.6 last year. Price pointed out that while this is an improvement, anything below three months of housing supply indicates a sellers' market. Virginia has not had more than three months of supply since 2019. Many cities in Virginia, including Richmond, have less than two months of supply.

Questions

Elizabeth Palen asked about how many buyers without mortgages purchase homes.

Price responded saying that individuals that are buying homes without mortgages are referred to as cash buyers but that he does not have a percentage readily available. He added additional information saying that the areas people are moving to tend to have a lot of equity and that cash buyers are often buying second homes or vacation homes

Senator Hashmi inquired about corporate entities buying up land and turning those properties into vacation homes and rental properties and if that is something Virginians should find concerning.

Price responded that yes there are large scale investors in Virginia but corporate buyers in Virginia are not as plentiful as elsewhere in the United States. He noted the small percentage, about 5%, of properties being bought by corporate buyers in Northern Virginia and Hampton Roads. Comparatively, areas such as Atlanta, Miami, Arizona and Texas have about 30% of residential properties being purchased being bought by corporate entities.

Delegate McClure asked how Virginia compares to some of our neighboring states in terms of housing inventory.

Price responded saying that other states such as North Carolina, South Carolina, and Tennessee have growing inventory because of more new home construction but they also have limited inventory although Virginia has even fewer homes.

Underdevelopment Despite Upzoning

Richard C. Schragger, Walter L. Brown Professor of Law, University of Virginia Director, Program in Law, Communities and the Environment, Senior Fellow, Miller Center

Richard Schragger presented a study focused on Charlottesville, VA, analyzing whether zoning laws significantly impact housing supply and if upzoning can increase housing availability and reduce costs. Charlottesville and Albemarle County have seen significant rises in housing costs over the past few decades. The study identified several types of housing that were underdeveloped. In Charlottesville, four percent of residential parcels are vacant, which could potentially accommodate

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1,816 new dwelling units if they were built upon using current allowable zoning regulations. If oversized parcels making up 37% of underdeveloped land were subdivided, they could add 3,787 new residential dwelling units. Only 54.6% of two-family and multi-family zones are utilized, showing unused capacity. Additionally, only 2% of parcels with the option to build accessory dwelling units (ADUs) have built them.

Despite upzoning efforts in the past few years, many parcels remain underutilized. Factors contributing to this underdevelopment include geographic constraints, market and landowner preferences, economic conditions, and additional city regulations like road frontage requirements.

Schragger concluded that upzoning alone does not necessarily lead to increased development. He suggested that larger or better-targeted land use reforms are needed to effectively increase housing supply. Their findings align with other studies showing limited uptake and modest price effects from upzoning, indicating that comprehensive approaches are necessary to address housing shortages and affordability issues in high-demand areas like Charlottesville.

Questions

Senator Hashmi asked about the increased demand for student housing and transient residents and its effect on long-term residents getting pushed out.

Schragger responded that the goal is to increase density for student areas to take pressure off permanent residents. He has seen large scale developers build new market rate luxury apartments which are very expensive but also increases student housing. He shared that the University may be considering expanding housing options for 2nd year students.

Evictions Update

Eviction Diversion Pilot Program and Analysis of Recent Eviction Numbers in Virginia

Jessica Hoff, Policy and Research Analyst, Virginia Housing Commission

Jessica Hoff gave an update on the Eviction Diversion Pilot Program. Since November, seven more people have used the court pilot program bringing the overall total to 27 cases. Overall, the program has been successful, with only one recent case resulting in a writ of eviction being executed. Most recent cases have taken place in the Petersburg courts and have been in the last few months, indicating an increase in program use. The most recent reasons for unpaid rent provided by participating tenants have included car troubles and loss in hours at work. This is consistent with the intent of the program.

Hoff also provided an update and analysis on eviction filings in Virginia. In 2023, total eviction filings reached around 88% of pre-pandemic filings, which is consistent with the Final Report provided to the Commission in November 2023. So far in 2024, eviction filings have reached 87.3% of pre-pandemic filings. While there are many ways to analyze the data, eviction filings are hovering at around 85-88% when compared to the pre-pandemic year 2019. While filings are increasing, the increase remains gradual and has not yet reached pre-pandemic levels. Hoff pointed out that the findings reached in the Final Update and this most recent update are consistent with analysis done by the Legal Services Corporation.

Each of the localities participating in the Eviction Diversion Pilot Program encountered similar fluctuations in eviction filings that can be attributed to pandemic related eviction moratoria and prevention programs. In Hampton and Richmond, eviction filings have not reached pre-pandemic levels but remain close to doing so. In the smaller cities, Petersburg and Danville, filings rose to surpass pre-pandemic levels completely in 2023.

The most recently collected data in 2024 may indicate some changes from the 2023 trends. In Richmond, findings support conclusions made based on 2023 data saying that eviction filings continue to rise in Richmond in post-pandemic years but remain under pre-pandemic levels. In Hampton, filings so far in 2024 are under the level reported in 2023 within the same period, the same is true in Petersburg. Petersburg's filings in 2023 surpassed pre-pandemic numbers for the entirety of 2023 and for the three months selected for analysis. In the three months data has been collected in 2024, filings have only reached 88% of pre-pandemic filings. Based on this data, eviction filings in Hampton and Petersburg may experience a decline in 2024 compared to 2023, but a conclusion cannot be reached until more 2024 data is available this year. In Danville, it appears eviction filings continue to rise and remain higher than pre-pandemic levels.

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Hoff will continue to provide the Commission with Pilot Program and Eviction Filing updates.

Questions

Elizabeth Palen asked if the Commission should consider permanently establishing the program. Hoff answered that yes, the program is worth consideration due to the successful diversion of evictions and low-cost.

Senator Locke asked if diversion is working and Hoff answered yes, based on this program it appears diversion efforts have been successful.

How Funding Makes Eviction Prevention Tools Operate

Christie Marra, Director of Housing Advocacy, Virginia Poverty Law Center

Christie Marra highlighted efforts to increase housing stability in Virginia. She noted that federal rental assistance provided Virginia with \$227 million from January to June 2021, and the Virginia Eviction Reduction Program allocated \$1.65 million in early 2024 to help Virginians pay rent. Despite this, evictions are increasing, with 2024 filings averaging 11,521 per month. Marra emphasized the shortage of rental assistance and housing vouchers. There are 32,498 people on the waiting list for housing vouchers but only 27,781 households receiving vouchers. Marra noted that 90-95% of evictions are for unpaid rent and wanted to reiterate that the evictions she is focusing on are for individuals being evicted due to lack of funds not those who overstay their lease or break the law.

Median rents have risen significantly, with Richmond's rent increasing from \$1,100 in 2019 to \$1,400 in 2024. The Virginia Housing Trust Fund is now at \$87.5 million per year and has been crucial in leveraging \$2.3 billion from other sources in FY2023. The affordable units funded through the Virginia Housing Trust Fund grants in 2018-2019 have been completed and contributed to Virginia's affordable housing stock, but not enough units have been built. Most of these types of projects are financed partially with Federal Low Income Housing Tax Credits (LIHTC). Marra said that because LIHTC rents are tied to the average median income (AMI) rather than the individual renter's income, people are still struggling to pay rent and that there are not enough LIHTC units available to those making less than 50% AMI. She also spoke about a new \$5 million pilot program that provides low interest loans to non-profits to purchase mobile home parks and increased relocation assistance for mobile homeowners citing the success of Bermuda Estates Manufactured Housing Community in Chesterfield County under the ownership of the non-profit project: HOMES.

Marra spoke on the success of Eviction Diversion Pilot Program but emphasized the potential for more tenants to use the program. In the program a tenant must come to court with 25% of the rent owed and pay the remainder over three months. Marra said this program would work better with funding, like funding through the Virginia Eviction Reduction Program (VERP). According to Marra, the VERP program is ideally suited for the types of events the Pilot Program intends to support, like car troubles or job loss. Marra believes eviction levels in Virginia could be reduced if VERP was fully funded to help the existing laws work better. Marra also mentioned the Redemption Tender option for tenants, where they can come to court with a promise to pay rent provided by a non-profit organization (NPO) and receive a continuance.

Public Comment:

There was no public comment.

Conclusion:

The meeting was adjourned at 12:06 p.m.

The Local Land Use and Community Living Work Group will meet August 20, 2024, at 10 a.m. in Senate Room C of the General Assembly Building.

The Affordable Housing and Landlord/Tenant Law Work Group will meet September 4, 2024, at 10 a.m. in Senate Room C of the General Assembly Building.

The Full Commission will meet on December 3, 2024, at 10 a.m. in Senate Room C of the General Assembly Building.

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