



Rising Housing Costs and Supply Shortages

Virginia's Legislative Response to the Housing Crisis

Virginia Housing Commission – Neighborhood Transitions Workgroup

September, 8, 2025

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Home Builders Association of Virginia

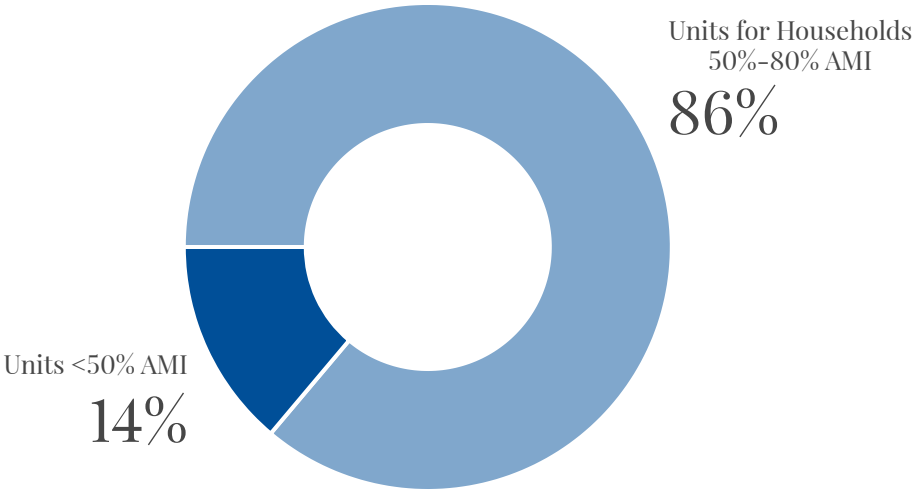
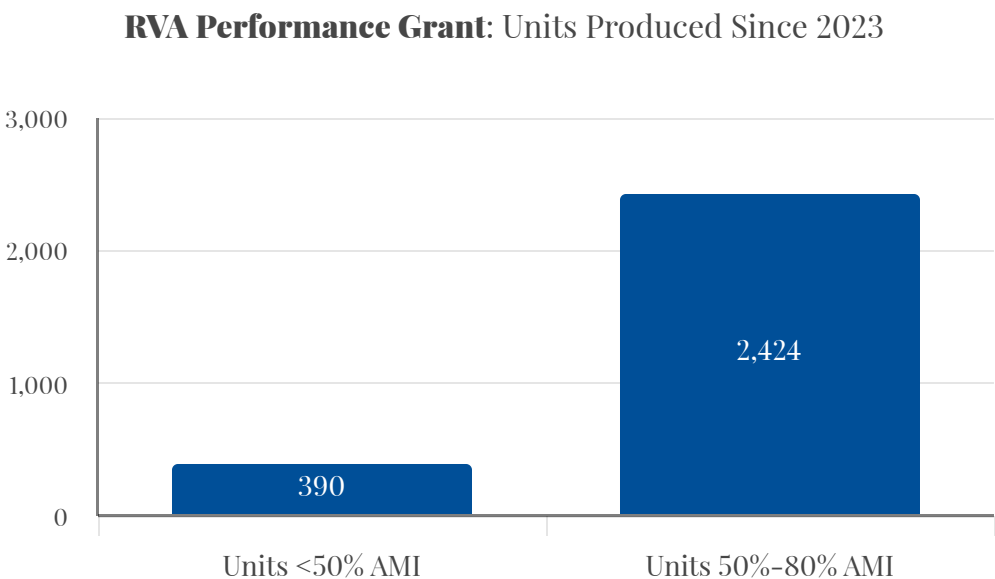
- 1 Development Financing Tools
- 2 Minimizing Risk, Enhancing Predictability,
and Lowering Project Costs
- 3 Labor and Workforce Development
- 4 Transparency and Accountability

Development Financing Tools

- **Virginia Housing Opportunity Tax Credit** (Sen. Locke, 2021–2025)
 - Modeled after the Federal Low-Income Housing Tax Credit
 - Attracts the upfront private capital necessary to build or preserve affordable rental housing
 - Effective across rural, suburban, and urban areas
 - Virginia HOTC: Charlottesville, Dumfries, Falls Church, Hopewell, Mecklenburg, Norfolk, Roanoke, and Winchester
- **Local EDA Grant Financing** (Del. Carr – 2022)
 - Allows local economic development authorities to finance affordable housing developments via grants.

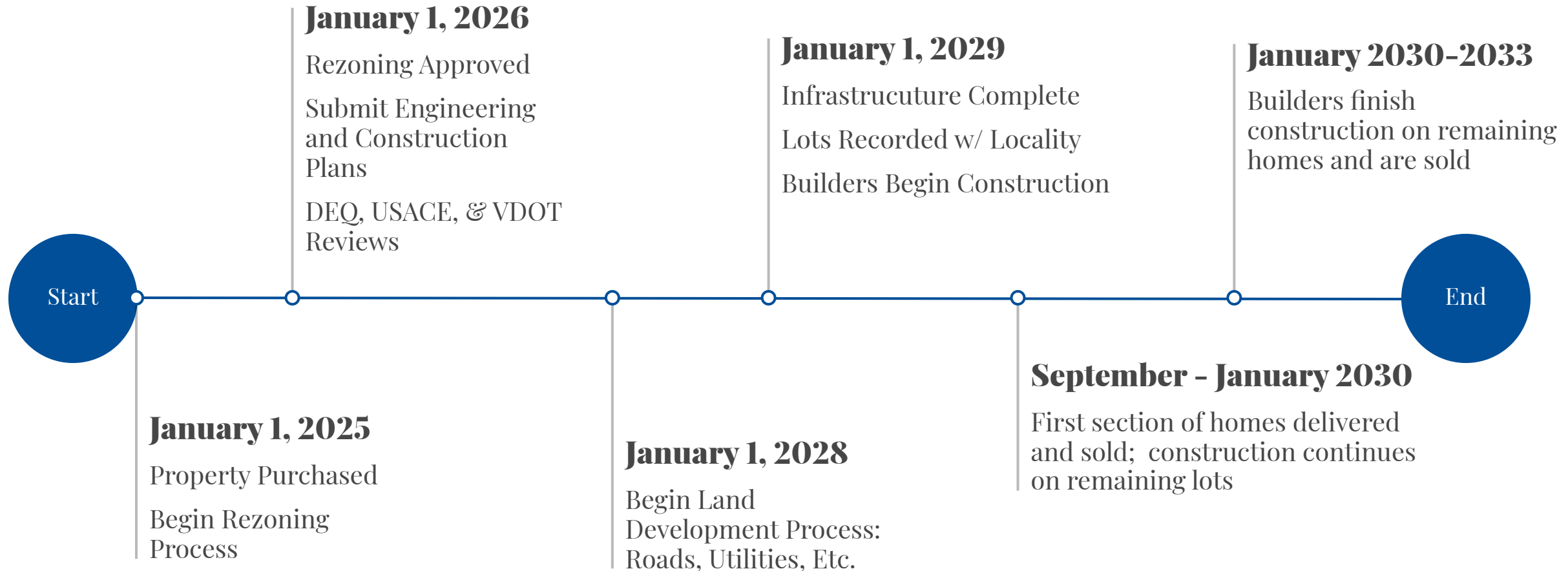
Case Study:

City of Richmond's Affordable Housing Performance Grant Program



SOURCE: CITY OF RICHMOND - MAY 20, 2025

How Risk, Uncertainty, and Delays Affect Project Cost



Legislation Minimizing Risk, Enhancing Predictability, and Project Costs

- **Plat and Plan Review**
(VanValkenburg, 2024)

Reasonable guardrails on local plat/plan reviews; ensuring process and comments remain focussed on ordinance requirements, not discretionary, subjective preferences

- **Administrative Review of Plats and Plans** (VanValkenburg, 2025)

Ensures objective review process by local staff; removed planning commission and governing body from review process

- **Plat and Plan Review Timelines**
(Simon, 2025)

Reduced review timelines by 135 days; created "quality control" review after third submission to resolve issues (w/ staff or applicant)

- **Water and Sewer Connection Fees** (Bagby, 2025)

Authorizes localities to reimburse developers for high water/sewer connection and availability fees.

Legislation Minimizing Risk, Enhancing Predictability, and Project Costs

- **Wetland & Stream Mitigation Credit Purchases (Bulova, 2023)**

Provided developers a reliable option to meet permitting requirements when credit shortages would otherwise cause costly delays.

- **In-Lieu Fee Mitigation (Coyner, 2024)**

Creates a reliable alternative method to satisfying environmental permitting requirements. Minimizes uncertainty during due diligence and project approval process

- **Conditional Use Permit Validity (Coyner, 2024)**

Ensures all residential conditional use permits, special exceptions, and special use permits are valid for three years upon approval

Labor and Workforce Development

Economic Impact of Labor Constraint on Housing Costs and Supply

Average delay
~2 months

Reduced Production

19,000 Single-Family Homes

Lost Economic Output Due to Underproduction

\$8.1B

Increased Carrying Costs

\$2.7B

Total Lost Economic Impact

\$10.8B

Labor and Workforce Development

Universal License Recognition (2023)

Streamlined licensure process for qualified out-of-state contractors

Removing Barriers to Licensure (2020-2022)

Spanish translation of license applications, exams, and building codes broadens opportunities for non-English speakers.

Expanding Access to Non-Technical Trades (2022)

Raised licensure exemption threshold to \$25,000 per project, opening doors to non-technical trade jobs

Coordinated Workforce Development Efforts (2023)

Established the Department of Workforce Development and Advancement to oversee all state government workforce development initiatives

Transparency and Accountability

VDOT Plan Review Metrics and Standards (Austin, 2022)

Requires VDOT to track residential and commercial plan review timelines

Local Housing Policy and Permit Fee

Transparency (Ware, 2023)

Enhances state policymakers insight into local policies and ordinances impacting residential construction and land development