

COMMONWEALTH OF VIRGINIA

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



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VIRGINIA HOUSING COMMISSION

Summary

Full Virginia Housing Commission
Tuesday July 15, 2025; 10:00 a.m.
Senate Room C, the General Assembly Building

Introduction:

Senator Mamie Locke, *Chair*, called the meeting to order at 10:02 a.m.

Members present: Senator Mamie Locke (Chair), Delegate Carrie Coyner (Vice-Chair), Delegate David Bulova, Delegate Briana Sewell, Martin Johnson (Gubernatorial Appointee), Ashley Welburn (Gubernatorial Appointee), Joshua Goldschmidt (Gubernatorial Appointee), Delegate Adele McClure (virtual).

Staff and speakers present: Molly Bowers, Jesseca Hoff, Elizabeth Palen, Hamilton Lombard, Ryan Price, Cathy Ritter, Bill West.

Members absent: Senator Ghazala Hashmi, Senator William Stanley, Delegate Daniel Marshall.

The meeting began with introductions and opening remarks followed by presentations and discussion.

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

Demographic Trends and Housing in Virginia

Hamilton Lombard, Weldon Cooper Center for Public Services, University of Virginia

Hamilton Lombard presented demographic trends in Virginia. He stated that Virginia's population growth has rebounded from record lows that were driven by a surge in immigration and a net gain of residents from other states since 2013. He explained that growth is occurring increasingly outside the Urban Crescent in Richmond, smaller metro areas, and in rural counties. **Lombard** attributes this shift to factors like remote work, a strong economy, and high housing costs in large metro areas. He highlighted that younger adults are driving migration to more affordable parts of Virginia, boosting homeownership there, while high-cost areas like Northern Virginia are seeing a decline in their child populations. Although homebuilding has increased in more affordable parts of Virginia and states to the south, overall levels in Virginia remain below the average in the 2000s. **Lombard** concluded that demographic trends, including growth in young adults and older households, will continue to support housing demand. He said that housing affordability and quality of life are crucial for communities to attract and retain workers.

Questions

Joshua Goldschmidt asked if the projection of the Virginia labor force remaining flat through 2030 is still current. **Lombard** confirmed that very little growth is expected, with the number of Americans turning 18 peaking this year and then declining. He mentioned that immigration is the big question for filling labor force shortages.

Delegate David Bulova asked **Lombard** to provide more immediate dynamics regarding Fairfax County's population loss and new housing starts, questioning why housing prices are still increasing. **Lombard** explained that the population in Fairfax and Hampton Roads is aging rapidly, leading to shrinking household sizes and continued demand for housing even without population growth. He also mentioned that infill development in places like Fairfax tends to be apartments, which are not as in demand as single-family homes, especially for families with children. He agreed with **Delegate Bulova** that the conundrum is not a lack of new housing, but rather a lack of single-family housing attractive to new families. He added that the focus on density in the last 20 years, while admirable, may not align with the current desires of millennials and older populations for single-family homes.

Ashley Welburn asked exactly how many housing units Virginia is short. **Lombard** replied he didn't know the exact number but believed **Ryan Price** would touch on it, adding that the shortage is significant and likely wouldn't be filled even with a decade of increased construction.

Delegate Carrie Coyner asked about homebuilding surges in states south of Virginia, particularly North Carolina, and what Virginia could learn from their more effective handling of single-family construction. **Lombard** suggested a combination of factors, including North Carolina's traditionally less wealthy economy, less stringent land-use regulations compared to Virginia, and a greater focus on producing construction workers.

Delegate Carrie Coyner also asked about the decrease in desire for condo units, contrasting it with the high demand and waitlists for apartments in the Richmond region, and how to balance this with the demand for single-family homes. **Lombard** agreed that there's demand across the board but said it's stronger for single-family homes. He explained that apartments fill up because leases turn over yearly, and older units are converted, but he maintained that demand for apartments, particularly in Richmond, would remain strong, though likely not as strong as that for single-family homes.

Economic & Housing Market Trends

Ryan Price, Chief Economist, Virginia Association of Realtors

Ryan Price stated that the national job market is currently exceeding expectations, with 147,000 jobs added in June though employers face uncertainty due to prospective tariffs. Virginia's job growth is modest and stable, seeing gains in retail trade, construction, and healthcare, but experiencing losses in professional/technical services and in federal government sectors. From January to May 2025, construction led to job increases in Virginia with 12,200 new jobs, while the federal government saw the largest decrease at 8,600 jobs. Virginia ranks second nationally in federal jobs, with approximately 321,000 federal civilian jobs, 131,000 active-duty military jobs, and 441,000 federal contracting jobs. Richmond and Northern Virginia experienced the largest net job increases among metro areas in Virginia from January to May 2025, while Hampton Roads and Harrisonburg saw the largest losses.

The U.S. unemployment rate has remained stable, hovering between 4% and 4.2% through June 2025, but Virginia's unemployment rate has climbed slightly for five consecutive months, reaching 3.4% in May 2025. Furthermore, unemployment insurance claims in Virginia are trending higher in 2025 compared to the previous year. Consumer confidence has trended down for most of 2025, with a brief May uptick followed by a June decline, influenced by tariffs and job uncertainty.

Consumer housing sentiment has also fallen for much of 2025. In terms of the housing market, the average 30-year fixed mortgage rate for July 2025 is 6.80%. **Price** noted a significant "lock-in effect," where Virginia homeowners are locked into an average rate of 4.1%, while new mortgages average 6.8%. Virginia faces an estimated housing supply shortage of approximately 188,000 market-rate homes for those at 80% or more of the Area Median Income (AMI) in 2025, a figure projected to increase to 213,900 by 2030.

While new listings are improving, inventory remains tight. The Winchester Region and Northern Virginia saw the largest percentage increases in new listings year-to-date May 2025 compared to the previous year. Virginia's months of supply was 2.7 months in May 2025, indicating a seller's market. Home sales in Virginia have been sluggish in 2025, with sales closed below 2024 levels through May. Despite this slow transaction volume, home prices continue to climb, reflecting the market's supply-demand imbalance, with the median sales price change year-to-date May 2025 at +5.0%. The market remains competitive, evidenced by an average sold-to-ask price ratio of approximately 100% in May 2025, with Northern Virginia and Richmond Region showing ratios above 100%. **Price** concluded by stressing that providing more housing is critical for retaining Virginia's labor force and maintaining its economic competitiveness.

Questions

Delegate David Bulova asked **Price** to paint a practical picture of what would happen if Virginia achieved the projected housing gap, asking if it would mean a reduction in housing prices, a decrease in income spent on housing, or a reduction in commuting time. **Price** stated they have not "gamed it out" with specific numbers, but the broader impacts would be increased population growth, both domestic and international, with fewer people moving out and more moving into Virginia. He predicted that prices would level off and potentially drop in some places, as the current level of price growth is "unhealthy". The general direction would be economic growth, population growth, and higher homeownership rates.

Ashley Welburn asked about the anticipated increase in housing costs due to tariffs. **Price** stated that builders have estimated about a \$10,000 potential increase per unit if tariffs are enacted, particularly on imported construction materials.

Joshua Goldschmidt expressed concerns about the astronomical increase in land prices, which he sees as a greater challenge than lumber or labor costs, and asked how the Virginia Association of Realtors is tracking this issue and weighing in on policy. **Price** responded that their data does not track land sales, as those are often in the land acquisition phase before listings appear in the MLS. He agreed that developable land is a shrinking commodity, likely driving up costs and attracting national builders who bid up prices. **Goldschmidt** clarified that the "astronomical" price growth applies to all types of land, with the land-to-home value ratio in Northern Virginia being 30-40% or more, compared to 25% or less in Central Virginia. He also noted the political and regulatory pushback on lots in high-demand housing markets, creating an "interesting dynamic" of forces. **Price** acknowledged the difficulty in tracking such data but expressed interest in accessing more of the data.

Overview of Eden Village

Cathy Ritter, Founder of Eden Village of Richmond-

Cathy Ritter, Founder of Eden Village of Richmond, stated that their mission is to build affordable, individual housing communities for homeless people in partnership with others in the Richmond area, operating on the principle that "Housing is Healthcare". She explained their model involves transforming empty lots into dignified living spaces with 405 sq. ft. homes, each with one bedroom, one bath, and a kitchen/dining/living area. They are gated communities with fingerprint entry, fully furnished, and

include a Community Center offering social services, counseling, a community store, dining, and a laundromat. Additional amenities mentioned were gardens, gazebos, memory gardens for deceased residents, and chicken coops. **Ritter** highlighted that residents will pay \$350 per month, including utilities. She said that the program prioritizes individuals who have been homeless for over a year and who have chronic illnesses to rent a unit. She emphasized that a significant cause of homelessness is the lack of affordable housing, alongside addiction, job loss, poverty, chronic illness, mental illness, and unstable family situations.

Eden Village is expanding nationally, with established sites in Missouri, North Carolina, Oklahoma, Kansas, and Richmond, Virginia. Eden Village is purchasing 5.6 acres from the city of Richmond for \$100 to build approximately 32-36 of these small homes. Funding is sourced from grants, fundraising, and sponsorships, with homes being sponsored at \$45,000 (costing \$66,000). **Ritter** also mentioned plans for building mid-income homes nearby, rented below market rate, to help fund the proposed village.

Questions

Senator Mamie Locke asked about the total cost to complete the project. **Ritter** responded that it costs \$5.9 million and they hope to complete it in three to four years.

Senator Mamie Locke asked how much they have been able to raise so far. **Ritter** stated they have raised \$118,000 but have spent \$11,000 on an environmental study. She mentioned a prominent local architect is doing their site plan pro bono, that is worth \$35,000. She said they need to raise \$200,000 more this year to be eligible for larger grants next spring. She later added that they have two houses committed for sponsorship (\$90,000) and another nonprofit is giving them \$9,000, bringing their total to about \$250,000 of funds raised.

The Re-Privatization of Fannie Mae and Freddie Mac

Bill West, Virginia Mortgage Bankers Association Legislative Committee | Senior Vice President, Sales Manager TowneBank Mortgage

Bill West expressed optimism about reducing borrowing costs for Americans by re-privatizing Fannie Mae and Freddie Mac (GSEs). He explained that GSEs bundle and securitize mortgages to provide liquidity, which is crucial for maintaining low borrowing costs. He noted that mortgage-backed securities (MBS) are the second-largest liquid market in the U.S., offering credit quality and income potential for investors. **West** provided historical context, noting Fannie Mae's establishment in 1938 and its privatization in 1968, as well as Freddie Mac's role after 1970. He discussed how the GSEs entered conservatorship in 2008 following the mortgage market meltdown. He recalled that in the 1990s, Fannie and Freddie reaped huge profits based on an "implicit guarantee" from the U.S. government.

West explained that while the conservatorship has been a good investment for taxpayers, with the Treasury injecting \$190 billion and receiving over \$300 billion in dividends, the guarantee fees (G fees) on MBS have significantly increased from around 20-25 basis points to over 60 basis points, leading to higher borrowing costs for consumers. He also mentioned that Loan Level Price Adjusters (LLPAs) introduced in 2008 have made borrowing more expensive. **West** asserted that Fannie and Freddie are not likely to come out of conservatorship soon, as they are still woefully short of required capital.

West suggested a plan for re-privatization within the next year or two, involving negotiations on how to repay the Treasury. The key to success, he stated, is for the Federal Housing Finance Agency (FHFA) to transition from a conservator to a regulator of a "duopoly" that serves the public. He emphasized that the American dream of homeownership, uniquely tied to the 30-year fixed-rate mortgage, necessitates government involvement to ensure equity and wealth generation. He advocated for an explicit, paid-for guarantee on eligible MBS, possibly through Ginnie Mae, to make the securities "bulletproof" and protect

taxpayers from being the primary backstop. He believes softening G fees and LLPAs could attract more capital and lead to lower borrowing costs.

West outlined success as replacing PSPAs (which he defined as private stock purchase agreements used by the Treasury to control Fannie and Freddie), protecting taxpayers with private capital, maintaining market liquidity and stability, ensuring a level playing field, supporting affordable housing, and minimizing transition risks.

Public Comment:

There was no public comment.

Conclusion:

The meeting was adjourned at 11:55 a.m.

The Affordable Housing Solutions, Landlord/ Tenant & Real Estate Law Workgroup will meet on August 19 at 10:00 am, in Senate Room B of the General Assembly Building.

The Neighborhood Transitions, Local Land Use and Community Living Workgroup will meet on August 19 at 1:00 pm, in Senate Room C of the General Assembly Building.

The Full Virginia Housing Commission will meet on October 7 at 10:00 a.m. in Senate Room C of the General Assembly Building.