



TABLE OF CONTENTS

Commission Updates	Page 1
Housing Starts & Interest Rates	Page 2
Featured News Articles	Page 3

For more information, check out our website at vhc.virginia.gov

COMMISSION UPDATES

The Virginia Housing Commission officially begins its interim work on April first. Sonya Waddell, Vice President and Economist at the Federal Reserve Bank of Richmond will present updates on economic forecasts and housing statistics to provide context for Commission members and stakeholders to best approach the housing issues this interim.

Additionally, the Henrico County Manager, John Vithoukias, will provide information regarding small lot developments, a consistent area of interest for commission members and housing advocates.

Director Elizabeth Palen will present the bills to be studied; these will be listed on the VHC website at the conclusion of the meeting.

This year, the commission will have two Workgroups where stakeholders will collaborate to reach compromise legislation. The two Workgroups are: **Neighborhood Transitions, Local Land Use & Community Living**, chaired by Delegate David Bulova; and **Affordable Housing Solutions, Landlord/Tenant & Real Estate Law**, chaired by Delegate Briana Sewell.

The Virginia Housing Commission continues to be chaired by Senator Mamie Locke.

2025 VHC ENDORSED LEGISLATION CODIFIED IN THE CODE OF VIRGINIA

§ 55.1-1260 . Establishment of Eviction Diversion Program; purpose; goals. (Chapter 476)

This section expands and makes permanent the eviction diversion court program, allowing any locality to participate. The program enables courts to offer tenants facing temporary financial difficulties a way to pay their rent and avoid eviction, while providing courts with implementation discretion within defined parameters.

§ 55.1-703. Required disclosures for buyer to beware; buyer to exercise necessary due diligence. (Chapter 15)

This updated code section provides additional transparency to homebuyers by advising homebuyers to exercise due diligence regarding a property's proximity to an airport or flight operations. It codifies an aviation industry best-practice for land-use near airports and helps set buyer expectations prior to purchasing a home. The code section will help officials address noise complaints in areas like Loudoun County, where the Dulles Airport seeks to expand operations.

§ 55.1-1236 . Early termination of rental agreements by victims of family abuse, sexual abuse or other criminal sexual assault, or stalking. (Chapter 593)

This updated code section streamlines the process for victims of domestic abuse to terminate their leases early. It expands the qualifying reasons for early termination to include a preliminary protective order and adds stalking and human trafficking to the list of qualifying crimes.

§ 15.2-2223 . Comprehensive plan to be prepared and adopted; scope and purpose. (Chapter 570)

This clarifies that localities may consider Accessory Dwelling Units (ADUs) and tiny homes as housing in their comprehensive plans. This acknowledges the diverse housing needs across Virginia localities and integrates ADUs and tiny homes into the planning process.

Full Virginia Housing Commission Meetings in 2025

Tuesday April 1, 1:00 p.m.

Tuesday July 15, 10:00 a.m.

Tuesday October 7, 10:00 a.m.

Thursday December 4, 10:00 a.m.

Workgroup meetings will be posted to LIS and vhc.virginia.gov once they are confirmed

****All Virginia Housing Commission Meetings take place in Senate Room C (Room 311) of the General Assembly Building ****

HOUSING STARTS SEE INCREASE AT THE END OF 2024, DECLINE IN JANUARY 2025 AND RISE IN FEBRUARY

OVERVIEW OF 2024 HOUSING DATA

The total housing starts for the entire year of 2024 were 1.26 million, which was a 3.9% decline from 2023. Single-family starts increased by 6.5% in 2024 compared to 2023. Multifamily starts ended the year with a 25% decline from 2023.

Total single-family permits increased by 6.6% in 2024, which is a positive sign for 2025. Despite this positive increase in permits, overall housing starts in 2024 declined by 3.9% to 1.36 million units, compared to 1.42 million units in 2023.

An estimated 1,627,900 housing units were completed in 2024, a 12.4% increase compared to the 2023 estimated total of 1,448,800 housing units

START OF 2025 HOUSING DATA

After a large gain in December 2024, overall housing starts decreased by 9.8% in January of 2025. Within the overall numbers, single-family starts decreased by 8.4% and multifamily starts decreased by 13.5 percent. According to the National Association of Home Builders, elevated mortgage rates and challenging affordability conditions made builders cautious. Some economists also attribute the decline partially to severe weather conditions in January. Additionally, conversations surrounding prospective tariffs on lumber and other goods may have contributed to a loss of confidence among builders.

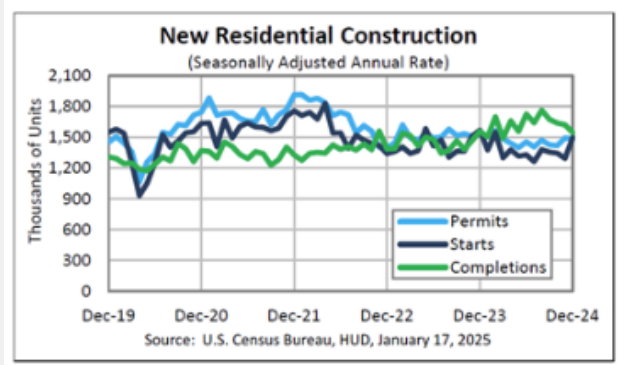
The number of single-family homes under construction decreased in January 2025 compared to January 2024. Similarly, the number of multifamily units under construction decreased by 22.1 percent.

FEBRUARY HOUSING DATA

Overall housing starts increased by 11.2 percent in February, a significant rebound from the decline in January 2025 and surpassed economist expectations.

However, overall starts in February 2025 were 2.9% lower than in 2024. Single-family housing starts rose by 11.4% and multifamily housing starts increased by 12.1 percent. Although housing starts improved, many analyst groups are reporting concerns that the rising prices of raw materials caused by tariffs will threaten a strong housing manufacturing recovery. According to the National Association of Home Builders, confidence among homebuilders dropped to a seven-month low in March of this year.

Housing permitting has stayed fairly consistent, rising by 0.1% in the single-family sector in January 2025 compared to December 2024. In February, permits declined 1.2 percent. Overall, permitting remains lower than the 2024 numbers.



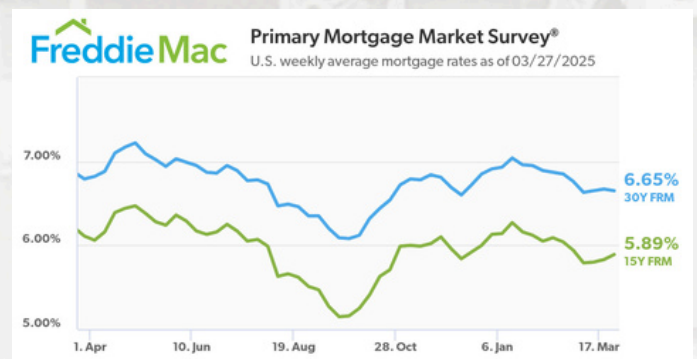
NEW RESIDENTIAL CONSTRUCTION FEBRUARY 2025	
Building Permits:	1,456,000
Housing Starts:	1,501,000
Housing Completions:	1,592,000
Next Release: April 17, 2025	
Seasonally Adjusted Annual Rate (SAAR)	
Source: U.S. Census Bureau, HUD, March 18, 2025	

INTEREST RATES AND MORTGAGE RATES

The Federal Reserve System Central Bank (The Federal Reserve) voted to hold interest rates steady during its March Federal Open Market Committee (FOMC) meeting. The rate was held at 4.5% marking the second consecutive meeting with no change.

The Federal Reserve is expected to implement two rate cuts this year, with an additional two expected in 2026. The next anticipated cut may occur at the May 7th meeting. Overall, the Federal Reserve has signaled that it anticipates fewer rate cuts in the remainder of 2025 than projections indicated in 2024. Economists suggest the Federal Reserve is likely adopting a cautious approach as new federal policies are implemented and their economic impacts are assessed.

As of March 27, 2025 the 30 year fixed-rate mortgage averaged 6.65 percent, according to Freddie Mac.



FEATURED NEWS ARTICLES

[Youngkin Announces \\$139M for Affordable Housing in Virginia](#) (The Center Square) February 27, 2025

Governor Youngkin announced more than \$139 million in affordable housing and special needs housing loans across 41 projects to create and preserve nearly 3,000 housing units. According to the National Low Income Housing Coalition, one in three Virginia households spends 30% of their income on housing. This funding will focus on the construction of new affordable housing and the rehabilitation of existing units to expand affordable housing options within the Commonwealth.

[March Madness Meets Market Madness: Construction Trends in Virginia's College Towns](#) (Virginia Realtors) March 18, 2025

Many universities in Virginia are planning to expand both off-campus and on-campus housing to accommodate anticipated increases in student enrollment. There has been an increase in building permits for multifamily construction throughout many college towns in the Commonwealth. Beyond the planned multifamily construction, strong demand persists for single-family homes and townhouses in college towns. The Hampton University area has experienced a surge in building permits for single-family homes and townhouses. Building permits in the Hampton University area increased 300% compared to January 2024.

[The Housing Market Has Shifted in Favor of Buyers – Depending on Where You Live](#) (CNN Business) - March 3, 2025

Recent data indicates a shift in the housing market, with buyers gaining the upper hand for the first time in years. In January, the market saw a 3.7-month supply of homes, and historically, a supply exceeding four months suggests a buyers' market. Though mortgage rates remain high, buyers are facing less competition and have more options now compared to the last few years.

[Central Virginia Draws Scores of New Residents](#) (Richmond Times-Dispatch) Feb 8, 2025

Central Virginia has experienced the biggest growth in the Commonwealth over the past few years, with Chesterfield and Henrico ranking among the state's fastest-growing localities. Since 2020, Chesterfield has added the highest number of residents of any locality in Virginia. New Kent experienced the highest percentage rate of growth. Overall, Central Virginia has added more residents compared to other regions in the Commonwealth. Housing construction in the region has increased to meet the rising demand. A significant portion of the growth in Central Virginia can be attributed to young adults relocating from Northern Virginia in search of more affordable housing in the Richmond region.

[Tariffs on Lumber and Appliances Set Stage for Higher Costs on New Homes and Remodeling Projects](#) (Associated Press) March 17, 2025.

Tariffs on imported building materials from Canada, Mexico, and China are expected to raise the cost of new home construction and remodeling projects in the U.S. The National Association of Home Builders estimates an increase of \$7,500 to \$10,000 per single-family home due to these tariffs. Businesses are already seeing price increases for materials like lumber and steel, which could lead to higher home prices for buyers.

[Office-to-Residential Project Proposes 94 New Apartments in Va. Square](#) (ARL Now) March 6, 2025

A six-story office building may be converted into a 94-unit apartment building in Arlington County. According to Gilbane Development Company, Arlington's recent changes to its adaptive-reuse policy in November made the property a good candidate for an office-to-residential conversion. The changes to the policy are meant to simplify the site amendment process and incentivize developers to undertake these conversion projects. Pending approval, construction is expected to start in January 2026 and take 12 months to complete.

[Northern Virginia Housing Market Shows Strong Growth in January 2025 with Higher Sales and Rising Prices, According to NVAR](#) (Yahoo Finance) February 11, 2025

The Northern Virginia Housing Market started strong in 2025. Closed sales and home prices showed significant increases compared to 2024. There was an 8% increase in home sales in January 2025 compared to January 2024. The strong start to the 2025 market shows that buyers are engaging in the market despite the challenging conditions, such as high interest rates and a historically low housing inventory.

[RRHA Starts Evictions for Residents Not Complying With Second Chance Repayment Program](#) (ABC 8News) February 4, 2025

The Richmond Redevelopment and Housing Authority (RRHA) is moving forward with lease enforcement for residents who aren't cooperating with their second chance repayment plan. Residents have 30 days to pay back all owed money or be removed from their housing. Hundreds of Richmond tenants are not utilizing the repayment program and are facing eviction if they do not pay back the money they owe. According to RRHA, there are many people on the RRHA waiting list who can take the spots of those unable to pay their owed rent.

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**Virginia
Housing
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SPRING NEWSLETTER



Issue Eleven