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COMMISSION UPDATES

In December 2024 the full Virginia Housing Commission met and voted to endorse several pieces of legislation for the 2025 Virginia General Assembly Session. The endorsed legislation was discussed throughout the year through a collaborative workgroup process. Representatives from various industries; housing experts, and elected officials, worked together to reach compromise language to address housing issues in the Commonwealth. The six bills below were endorsed unanimously by the Commission.

Disclosures related to flyover zones: HB1706 (Bulova)

This bill seeks to provide 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 bill will help officials address noise complaints in areas like Loudoun County, where the Dulles Airport seeks to expand operations.

Early Termination of Rental Agreement for victims of family abuse, sexual abuse or criminal sexual assault, stalking, or human trafficking: SB884 (Perry)

The legislation seeks to make the process by which a victim can terminate their rental agreement/lease easier and faster by providing more options that qualify a tenant for early lease termination. The legislation also adds stalking and human trafficking to the list of crimes qualifying a tenant's right for early termination of their rental agreement. Currently, there must be a permanent protective order or conviction before a tenant may terminate their rental agreement obligations. The legislation allows a tenant who is a victim to terminate their rental agreement if they have obtained an emergency protective or preliminary protective order, or a magistrate, law enforcement agency, grand jury, special grand jury, or court has issued a warrant, summons, or indictment charging any such crime.

Accessory Dwelling Units may be included in local comprehensive plans (HB 2553 Sewell)

This legislation clarifies that localities may consider Accessory Dwelling Units (ADUs) as housing in their comprehensive plans. This approach acknowledges the diversity of Virginia's localities and adds ADUs to the planning discussion.

Eviction Diversion Court Program Renewal and Expansion: SB830 (Locke) /HB1623 (McClure)

This bill expands and makes permanent the eviction diversion court program by making the program available to any locality that opts to participate. The program allows courts to enable tenants facing temporary financial challenges an option to pay their rent. The bill provides an option for courts to use their discretion in implementing the program while maintaining clear parameters for its operation.

Updates to the Urban Public Private Partnership Redevelopment Fund (UPPPRF): HB1702 (Bulova)

This bill updates the UPPPRF to increase flexibility and accessibility for localities and organizations seeking to address housing and redevelopment needs. Redevelopment helps enhance local economic growth but may be challenging and expensive.

Changes include broadening the fund's scope to include grants, revolving loans, and other financial tools. The bill also expands the list of eligible partners to assist localities in assembling, clearing, and the remediation of underutilized land and it removes the \$500,000 cap on grants.

Changes to the Virginia Housing Opportunity Tax Credit: SB828 (Locke) /HB1701 (Bulova)

This bill extends the sunset date for the Virginia Housing Opportunity Tax Credit to 2030 instead of 2025 and increases the aggregate credit cap across all calendar years. It also makes additional changes that help to ensure long-term funding continuity.

This program is tied to the federal Low-Income Housing Tax Credit and helps address rental housing affordability across the Commonwealth by helping developers with the cost of constructing affordable rental housing.

ENDORSED LEGISLATION

Eviction Diversion Pilot Program; name change; general application; expiration repealed **SB 830 (Locke) / HB1623 (McClure)**

Income tax; housing opportunity tax credit; sunset extended. **SB 828 (Locke) / HB 1701 (Bulova)**

Virginia Residential Landlord and Tenant Act; early termination of rental agreement; victims of family abuse, sexual abuse or criminal sexual assault, stalking, or human trafficking. **SB 884 (Perry)**

Urban Public-Private Partnership Redevelopment Fund; funding requirements; report. **HB 1702 (Bulova)**

Virginia Residential Property Disclosure Act; required disclosures for buyer to beware; aircraft noise. **HB 1706 (Bulova)**

Counties, cities, and towns; comprehensive plan; accessory dwelling units. **HB2553 (Sewell) & (Stanley)**

TOTAL HOUSING STARTS DROP IN NOVEMBER AS MULTI-FAMILY STARTS FALL TO FOUR-MONTH LOW

Total housing starts in November 2024, showed a slight decline compared to the previous month, with a rate of 1.289 million units, down 1.8% from October and 14.6% from November 2023. Single-family housing starts, which account for the bulk of homebuilding, increased by 6.4% from October to November but dropped 10% compared to November of last year. The rise in single-family starts from October to November was due to a substantial increase in construction in the South as the region rebounded from hurricane related delays. All other regions declined in single-family housing starts. Multi-family projects decreased more than 23% nation-wide.

Building permits for privately-owned housing units rose by 6.1% from October 2024. Single-family authorizations were nearly flat, with a slight increase of 0.1% from October 2024.

Housing completions in November 2024, were at a seasonally adjusted annual rate of 1.601 million units, a 1.9% decrease from October, declining for a third straight month since peaking in August but rising 9.2% from November 2023.

Experts continue to point to affordability challenges and supply chain issues as significant constraints on the housing market. However, there is cautious optimism that future market conditions could improve as mortgage rates stabilize and rebuilding efforts in hurricane-affected regions bolster demand.



NEW RESIDENTIAL CONSTRUCTION NOVEMBER 2024

Building Permits:	1,505,000
Housing Starts:	1,289,000
Housing Completions:	1,601,000
Next Release: January 17, 2025	

Seasonally Adjusted Annual Rate (SAAR)
Source: U.S. Census Bureau, HUD, December 18, 2024

INTEREST RATES AND MORTGAGE RATES

The Federal Reserve cut interest rates three times in 2024. This was led by lower inflation rates. Mortgage rates have remained high despite the rate cuts. As of January 9th, the mortgage rate for the 30-year fixed rate mortgage reached the highest point since July at 6.93% (Freddie-Mac).

The Federal Reserve is projecting additional cuts of 0.05% in 2025. Many forecasts expect mortgage rates to go down as inflation slows and the Federal Reserve continues to make rate cuts. However, these changes are projected to be minimal. The housing market remains challenging for first-time homebuyers.

Mortgage Rates Reach Highest Point Since July



FEATURED NEWS ARTICLES

[Real Estate Prices, Interest Rates Made Homes Unaffordable](#) (Richmond Times-Dispatch)

In 2024, the median home price in the Greater Richmond Area rose to \$420,000, a 6% increase from the previous year, making homeownership increasingly difficult due to high real estate prices and interest rates. Areas with more land available for new construction, like Chesterfield and Goochland counties, saw the highest price increases. To address affordability, Henrico County established a \$60 million trust fund to support the construction of affordable homes. High interest rates also slowed commercial development projects, including a new minor league baseball stadium and various residential and commercial buildings. The rising costs have particularly impacted younger residents, who are making smaller down payments and seeking additional financial support.

[US Homelessness Up by 18% as Affordable Housing Remains Out of Reach](#) (Associated Press)

The United States experienced an 18.1% increase in homelessness in 2024, driven by a lack of affordable housing, natural disasters, and influx of people entering the country. The U.S. Department of Housing and Urban Development reported over 770,000 people were counted as homeless in January, with minority populations being disproportionately affected. Family homelessness saw a nearly 40% rise. Disasters like the Maui wildfire also contributed to the increase. Despite some positive trends, such as a decrease in veteran homelessness, the overall rise highlights the urgent need for more investment in affordable housing and support services.

[Flood-Soaked Homeowners Face a Costly Choice](#) (The New York Times)

As climate change leads to more frequent flooding, homeowners in areas such as St. Petersburg, Florida, and Houston, Texas, are increasingly opting to elevate their homes. This costly measure, which can exceed \$400,000, involves using hydraulic lifts to raise houses and build new foundations. Federal assistance is available, but funds are limited and approval can take years. Communities are transforming as more homes are lifted to avoid flood damage.

[Youngkin Announces Plan to Help Build Housing for Virginia's Growing Workforce](#) (WHRO)

The new Workforce Housing Initiative, created by an executive order, will spend \$75 million over the next five years to help local governments build up to 5,000 housing units specifically for workers near large employers. The order also mandates that localities seeking funding through the Virginia Business Ready Sites program must have a housing plan to handle any new employees attracted by new development.

[First-time Homebuyers are Older Than Ever Before, National Association of Realtors Survey Finds](#) (Fox13 News)

The median age for first-time homebuyers has reached a record 38 years old, up from 35 years old last year. In the 1980s, that median age was in the late twenties. Factors such as saving for a down payment, rental costs, and student debt may be preventing many first-time homebuyers from entering the market.

[Commentary by Senator VanValkenburg: Housing Prices are Out of Control. Here's How to Fix It](#) (Richmond Times-Dispatch)

Senator VanValkenburg discussed the rise in the cost of housing in Richmond. The average down payment for a home in Richmond has more than doubled since 2021 and the average Richmond renter now needs to earn \$30 an hour to afford a typical one bedroom unit. VanValkenburg is introducing four proposals in 2025 aimed at tackling the housing shortage and building more housing.

[HUD Helps Low-Income Apartments with Energy Efficient Renovations](#) (Finance and Commerce)

Renters in affordable housing units often live in older buildings that consume a lot of energy. To help the nation's transition to clean energy, the U.S. Department of Housing and Urban Development (HUD) has spent more than \$1 billion to modernize and renovate older buildings for prospective low-income renters. HUD is tracking which investments significantly reduced energy and water use and will share that information with affordable housing providers to help inform future renovation and development decisions.

[To Ease the Housing Crisis, Virginia Wants Builders to Consider 3D Printing Homes](#) (WHRO)

Virginia Housing is providing a grant to the Virginia Tech Center for Housing Research to purchase an advanced, mobile 3D construction printer to print ten affordable homes across Virginia by 2026. Virginia Housing anticipates the printer will demonstrate a mobile, cost-effective, and eco-friendly method of constructing affordable housing.

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**Virginia
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WINTER NEWSLETTER

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