

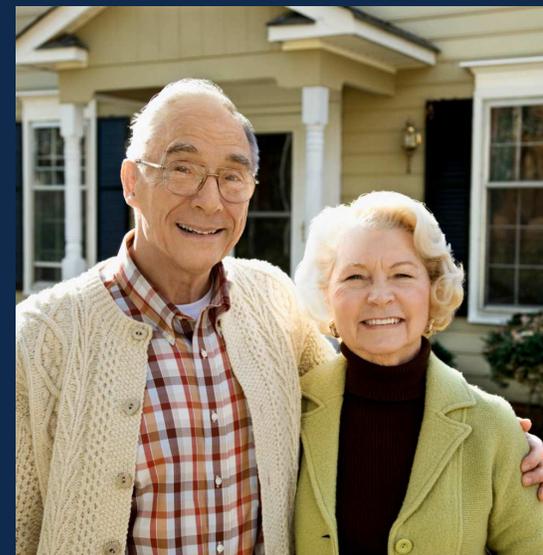
Housing the Richmond Region: Needs, Impediments, and Strategies



PARTNERSHIP *for* **HOUSING AFFORDABILITY**

On behalf of the Capital Region Collaborative, The Partnership for Housing Affordability commissioned this report to determine how we can work together to ensure adequate housing quality for Richmond residents of all incomes and circumstances.

Prepared by the Virginia Center for Housing Research at Virginia Tech
and the Center for Urban and Regional Analysis at VCU



Acknowledgements

The publication of this report was made possible through the generous support of:

- The Community Foundation
Serving Richmond & Central Virginia
- Housing Virginia
- The National Association of REALTORS®,
through a Housing Opportunity Grant
- The Richmond Association of REALTORS®
- Virginia Housing Development Authority
- Virginia Nonprofit Housing Coalition



PARTNERSHIP for **HOUSING AFFORDABILITY** would also like to acknowledge the following partners:

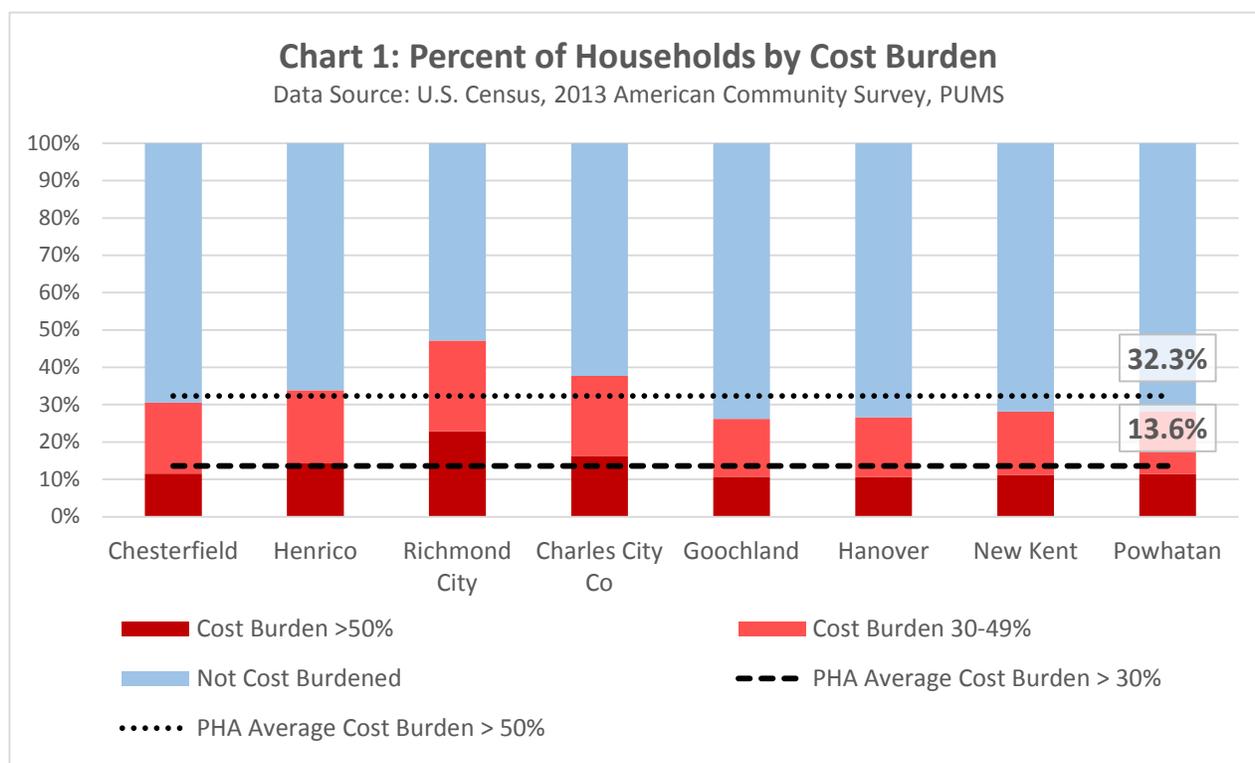
- Members of the Capital Region Collaborative, who conceived the idea of a Regional Housing Report and invited PHA to oversee its completion;
- The Regional Housing Alliance, a steering group of private, public and nonprofit leaders that oversaw the production of this report;
- The Virginia Center for Housing Research at Virginia Tech, the primary researchers responsible for the data contained in this report; and
- VCU Center for Urban and Regional Analysis, which was responsible for collecting and analyzing information provided by stakeholders through surveys, interviews and a community workshop

Executive Summary

The Capital Region Collaborative (CRC), a joint effort of the Richmond Regional Planning District Commission and the Greater Richmond Chamber, asked the Partnership for Housing Affordability (PHA) to lead the CRC's efforts to convene a Regional Housing Alliance and develop a plan to achieve the region's housing goals. PHA commissioned this study to inform the planning process. The report discusses the most important results of research and analysis conducted by Virginia Tech and Virginia Commonwealth University (VCU) and provides information on housing affordability strategies practiced by communities throughout Virginia and the United States.

The Richmond Regional Planning District faces a big challenge: an annual housing affordability deficit of \$862 million, averaging \$6,422 per cost burdened household. Approximately 35% of all households in the planning district are cost burdened, paying more than 30% of their income for housing, including 15% who are severely cost burdened, paying more than 50% of their income for housing. Cost-burdened households may have difficulty affording necessities such as food, clothing, transportation, and medical care. Severely cost-burdened households face even harder choices between housing and other necessities.

The challenge is regional and is shared by each jurisdiction. More than 25% of residents living in each jurisdiction within the Richmond Regional Planning District are cost burdened and more than 10% are severely cost burdened. Housing cost burdens span all income levels but are most common among households with low and moderate incomes. Severe housing cost burden is more common among lower income households, although the majority share of the region's cost-burdened households is split relatively evenly among households with extremely low, very low, and low-incomes. A little more than half, 53%, of cost-burdened households own their home.



The deficit is growing, and must be addressed. In addition to the existing housing affordability challenges faced by the region, the Richmond Regional Planning District will require 100,000 to 132,000 new housing units in order to meet housing demand associated with anticipated growth in the next 20 years. Job growth drives household formation and in-migration, increasing housing demand. Higher- and lower-wage jobs grow in tandem, so the housing affordability deficit grows with demand. Further, regional inflation-adjusted housing costs have increased significantly, while inflation-adjusted incomes have increased very little, or not at all. If this trend continues, the affordability problem will increase at an even faster pace than overall housing demand.

Inadequate or unaffordable housing and associated consequences like involuntary moves, economic segregation, stress, and financial hardship have well documented ramifications for children and families.¹ Studies have associated affordable housing with greater cognitive development in children² and housing has been established as the foundation for family well-being.³ Recently, studies have dispelled myths about the negative effects of affordable housing on property values, crime, and taxes.⁴ Further, affordable housing has become central to community development as housing cost burdens have become more widespread and begun to affect both community resilience and economic development. Housing unaffordability can have severe long-term consequences for the economy: slowed population growth and family formation, falling school enrollment rates, and a less attractive business environment.⁵

There are barriers to overcome, but we have the resources to build a solution. Funding, negative perceptions, misconceptions, economics, politics, and legacy all present challenges. Education, collaboration, and creativity can overcome those challenges. More than 170 individuals including local government officials, non-profit and for-profit housing developers, service providers, and philanthropic organizations participated in this study. Each interviewee, survey respondent, and workshop participant takes the affordable housing gap seriously and most are already working toward solutions or are ready to do so. The efforts of participants in this study indicate a promising movement to organize the region's leaders and develop realistic, effective strategies to improve housing affordability in the planning district.



The Partnership for Housing Affordability held a workshop in November 2014 to gather public input.

¹Mueller, Elizabeth and Tighe, J. Rosie. 2007. "Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes" Newman, Sandra J. and Holupka, C. Scott. July 2014. MacArthur Foundation "How Housing Matters" Policy Research Brief ³Bratt, Rachel G. 2002. "Housing and family well-being." *Housing Studies*, 17(1), 13-26. ⁴Albright, L., Derickson, E. S., & Massey, D. S. 2011. "Do affordable housing projects harm suburban communities? Crime, property values, and property taxes in Mt. Laurel, New Jersey." Rochester: Social Science Research Network. doi:<http://dx.doi.org/10.2139/ssrn.1865231> ⁵The Urban Institute and the Metropolitan Washington Council of Governments. 2014. "Housing Security in the Washington Region."

Solutions come in many shapes and sizes. The Richmond Regional Planning District includes three broad types of communities— urban, suburban, and exurban (rural). Each jurisdiction has somewhat different housing affordability challenges and perhaps different political values. Each community may take a different approach to housing affordability for the population segment most in need within its community, but each community must take the challenge seriously.

There are good examples to follow. Henrico, Chesterfield, and Richmond each provided \$250,000 in funding to support a 21-room addition to Virginia Supportive Housing’s South Richmond Single Room Occupancy (SRO) complex, expanding the region’s ability to prevent and end homelessness. The City of Portland, Oregon created a coalition of stakeholders, including the U. S. Department of Housing and Urban Development (HUD), local nonprofits, lenders, and city agencies to preserve 11 buildings that provide affordable housing in desirable locations. Similar approaches could preserve garden style apartments that provide affordable housing throughout our region. Rockville, Maryland adopted a master plan to create a new, vibrant town center in place of a failing strip mall. The new center includes 175,000 square feet of shops and restaurants and 644 residential units--both owner-occupied and rental, 15% of which are dedicated as affordable. This project is very similar to developments throughout Virginia that have attracted significant interest from retailers and residents who still want to live in the suburbs, but prefer walkable communities. Across the country, in virtually every type and size of community, good examples of successful responses to the affordable housing challenge exist.



Rockville Town Center in Rockville, Maryland is an example of a retrofitting retail development project.

We have a place to start. Building on strategies suggested by participants in the Partnership’s Affordable Housing initiative, VCU and Virginia Tech have developed eight recommendations for the Richmond Regional Planning District. Based on the study’s findings, these recommendations include the following approaches.

1. Develop a flexible, dedicated funding source for affordable housing.
2. Improve access to the regional transit system, including dedicated funding, expansion, or new service.
3. Create incentives or requirements to site affordable housing near job centers.

4. Expand by-right development to include:
 - Mixed-use retail-residential centers;
 - Accessory Dwelling Units such as granny flats or alley flats; and
 - Infill multifamily development within the urban core and commercial corridors.
5. Prioritize the preservation of existing federally-assisted housing and market-affordable units.
6. Support access to affordable housing through employer-assisted housing programs.
7. Develop a community land trust to support long term affordable housing.
8. Strengthen local and regional coalitions to provide advocacy at the project and policy levels.
These practical advocacy efforts should include the coordination and execution of regional demonstration projects that are based upon the joint contributions of the public, private, and non-profit sectors and that reflect best practices in mixed use and mixed income development.

VCU, Virginia Tech, and PHA have also identified next steps for the Partnership:

1. Educate (and frequently reeducate) the entire community about the nature and magnitude of the lack of affordable housing.
2. Educate the community about options that similar communities have used to address the lack of affordable housing, and the roles that public, private, and nonprofit entities can play.
3. Monitor the region's progress in addressing the affordable housing challenge.
4. Celebrate every genuine effort and success. One of PHA's most valuable tools to change community attitudes may be positive reinforcement--continuously searching for and finding examples of positive contributions in the region, describing them, and rewarding them with positive media attention.

We can accomplish our goals with community commitment, education, and regional collaboration. Reducing our regional housing affordability deficit requires each jurisdiction and all community members (employers, for-profit and nonprofit developers, elected officials, county and city staff, advocates, educators, service providers, and individual citizens, etc.) to commit to making affordable housing more accessible. Education is a key component. Some solutions to the affordable housing problem, such as building smaller units and multi-family structures, might frighten some residents who are concerned about negative impacts of higher density development, despite ample evidence to the contrary. Education will foster community understanding and generate the political will needed to tackle this challenge. Where there's a will, there's a way. For example, the Coalition of Nonprofit Housing and Economic Development (CNHED) in Washington, DC, represents 140 organizations, including service providers, nonprofit and for-profit housing developers, technical assistance providers, and intermediary lenders in housing and economic development. CNHED led a "Housing for All" campaign to rally tenants, CNHED members, city council members, and private citizens. CNHED successfully advocated for a dedicated funding source for affordable housing.

The report that follows provides evidence of the complex affordable housing challenge presented in the Richmond Regional Planning District, but also demonstrates that we have many of the resources we need to meet that challenge. The health of all communities in the Richmond Regional Planning District depends on their citizens' commitment to a solution. Communities throughout the Commonwealth and the nation have found successful strategies to help everyone access affordable housing. Building on their example and our resources, we can too.

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1. Introduction

Background

The Social Stability Work Plan of the Capital Region Collaborative (CRC) calls for the development of “a Regional Housing Alliance to coordinate the research and evaluation of existing housing availability and impediments to achieving the goal of a community with adequate quality housing for all incomes and circumstances with access to jobs and commerce.” The CRC is a joint effort of the Richmond Regional Planning District Commission and the Greater Richmond Chamber. The CRC was formed to address issues that are not confined by city or county limits. It is a partnership between government, business, and community, committed to improving the quality of life across the Capital Region of Virginia by supporting collaboration. The CRC is made up of 18 representatives from the Greater Richmond Chamber of Commerce and 18 members of the Richmond Regional Planning District Commission (2 representatives from each of the 9 jurisdictions that make up the RRPDC). As such, the area examined in this study includes all 9 jurisdictions in the Richmond Regional Planning District: Charles City County, Chesterfield County, Goochland County, Hanover County, Henrico County, New Kent County, Powhatan County, the City of Richmond and the Town of Ashland.

The CRC asked the Partnership for Housing Affordability (PHA) to convene an alliance and develop a plan to achieve the region’s housing goals. PHA assembled a group of local housing and data experts to form the Regional Housing Alliance and commissioned this study to inform the planning process. The Virginia Center for Housing Research at Virginia Tech (VCHR) and the Virginia Commonwealth University Center for Urban and Regional Analysis (VCU CURA) collaborated with PHA to:

1. Identify the gap between the current need for affordable housing across all income levels and the current housing supply that is available for both owners and renters.
2. Research/identify reasons for the gap and identify specific impediments.
3. Develop strategies for addressing the gap by reducing impediments and creating incentives for achieving the goal.
4. Develop metrics to evaluate progress towards closing the gap.

This report to the Partnership for Housing Affordability reflects the most important results of research and analysis conducted by VCHR and VCU CURA and information on housing affordability strategies practiced by communities throughout Virginia and the United States. The appendices included in the web version of the report provide data and additional details. The web version of the report can be found at www.PartnershipHousingAffordability.com, www.vchr.vt.edu, and www.wilder.vcu.edu/research/cura/. One to two page descriptions of housing affordability in each of the county-equivalent Richmond Regional Planning District jurisdictions are included in Appendix 1.

Study Methodology

VCHR analyzed quantitative data to define the housing affordability gap and the current need for affordable housing across all income levels. Preliminary results of the quantitative data analysis informed qualitative analysis conducted by VCU CURA. VCU CURA solicited expert views on the reasons for the housing affordability gap and ways to solve it. VCU CURA and VCHR identified and assessed strategies for addressing the gap, in partnership with PHA, the Regional Housing Alliance, and study participants. In addition, VCHR and VCU CURA consulted with housing policy expert Charles Buki to identify practical solutions and examples from comparable communities.

VCHR analyzed American Community Survey (ACS) and Comprehensive Housing Affordability Strategy (CHAS) data at the county and independent city level to:

- Assess cost burdened households by income category, tenure, and household characteristics (age, household type, number of children);
- Profile housing demand by income category, number of households, tenure, age, household type, household size, number of children, housing assistance and other public assistance, housing costs and cost burden, presence of subfamilies and grandchildren, adult progeny, non-relatives, persons with disabilities by age of person, and veteran status;
- Profile of housing supply by price or rent affordable to each income tier and the following housing stock characteristics: tenure, occupancy, age, size, and housing problems as defined by the U.S. Census;
- Prepare multiple measures of the affordability gap to identify affordability problems (e.g. inadequate gross supply, inadequate supply available to occupy, excess turn-over or 'churning', inadequate supply due to demand from next tier income categories, and the total housing affordability deficit).

VCHR used standard (published) ACS and CHAS tables whenever possible. For detailed characteristics unavailable in published tables, VCHR prepared estimates by calculating segmented distributions from ACS Public Use Microdata Sample (PUMS) files and applied these PUMS distributions to published tables using a best-fit algorithm for each jurisdiction. VCHR used PUMS files for 1, 3, or 5-year ACS samples based on the sample size for the applicable Public Use Microdata Area(s) for each jurisdiction.

VCHR also projected housing demand using two alternative projection scenarios. Scenario A assumes that the pattern of growth in 'birth cohorts' between 2000 and 2010 for each jurisdiction will stay constant across 2010-2020 and 2020-2030, whereas Scenario B uses a population projection that relies on the trend from 1950 through 2010 to project total population into the future and on the average Cohort Change Ratio for 1990 to 2000 and 2000 to 2010. Scenario B uses the age-specific population projections published by the Weldon Cooper Center at the University of Virginia, but substitutes Chesterfield County's own projections for that county. Scenario A uses Cohort Change Ratios for 2000 to 2010.

VCU CURA conducted in-depth interviews with 12 regional housing experts. The interviews were semi-structured with a standard set of questions to guide the discussion. VCU CURA used the responses collected from these interviews to develop an online survey instrument and sent it to more than 700 practitioners in the region. 162 people completed the survey.

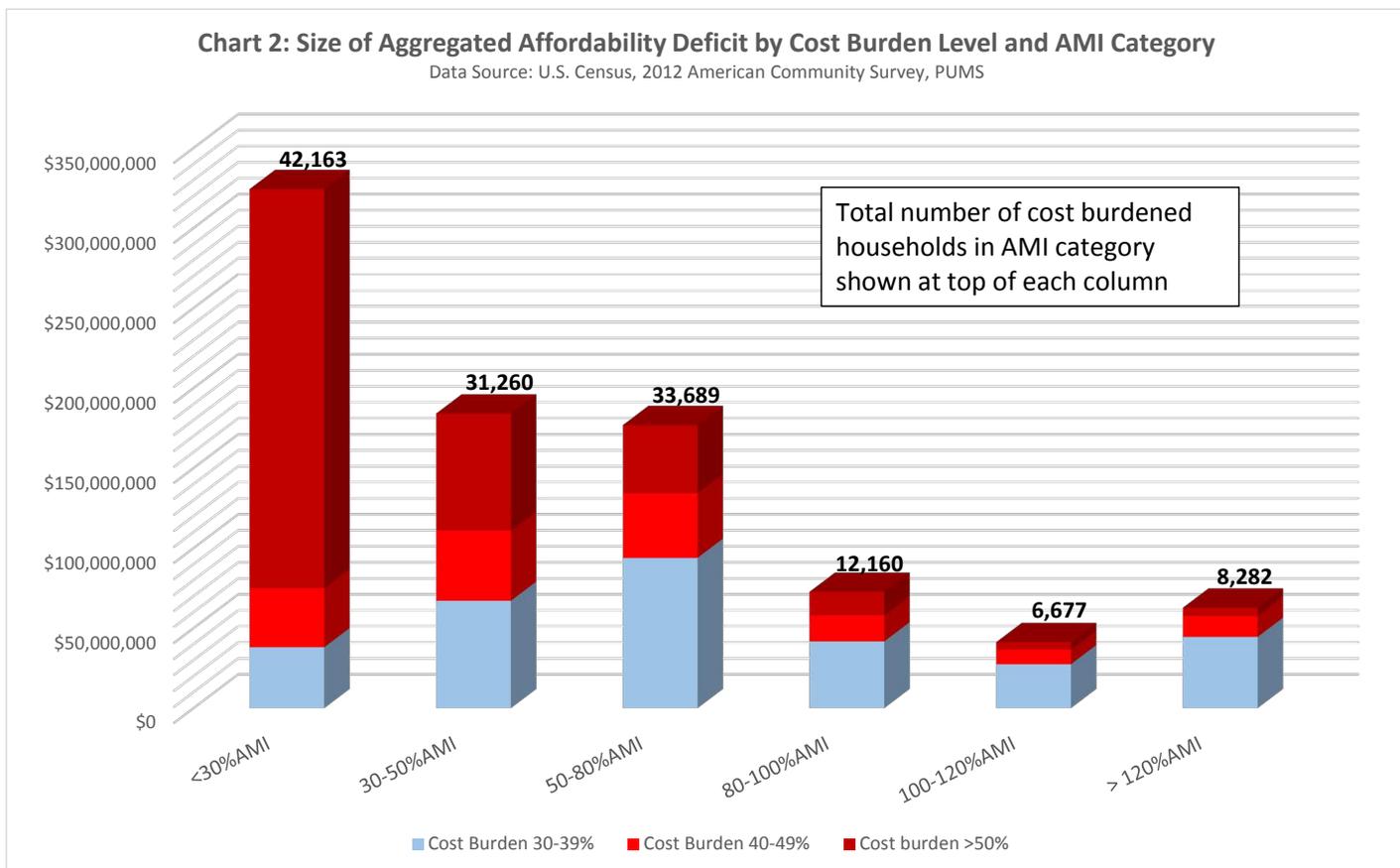
VCU CURA led the design and planning for the housing affordability workshop. PHA invited 260 regional housing experts to attend the workshop to review the results of the research conducted by VCHR and VCU CURA; 65 attended. The workshop participants examined the responses to the survey and interviews and discussed potential ways to decrease the affordability gap in the planning district. Workshop facilitators divided the participants into groups based on the type of jurisdiction they represented (rural, suburban, or urban) to better focus the discussions. These groups reported to the larger group and engaged in a discussion about the feasibility of the proposed solutions.

VCU CURA synthesized findings from the qualitative research described above, recommendations from housing policy expert Charles Buki, and a summary of literature on

successful strategies for increasing the availability of housing affordable to households and special populations in each income category. VCU CURA proposed eight strategy recommendations, three key regional objectives, and four action items for PHA, based on their analysis of these three bodies of work and the scale of the housing affordability challenge as defined by VCHR.

2. Defining the Affordable Housing Challenge for the Richmond Regional Planning District

The planning district’s annual housing affordability deficit is \$862 million, an average of \$6,422 per household. This deficit is the amount of additional money needed to completely eliminate the region’s housing cost burdens (the gap between actual gross housing costs and 30% of the household’s income). The housing affordability deficit figure is useful because it characterizes the degree to which the entire community is challenged by the inaccessibility of affordable housing. The deficit incorporates households that cannot obtain affordable housing because of low household income and households that are cost burdened in order to have an appropriate space for their family or because affordable housing is not available where they need to live. Further, the affordable housing income deficit is responsive to all strategies for increasing access to affordable housing (or combinations thereof), many of which are discussed in Section 5, below.



| Table 1: 2014 HUD Income Limits by AMI and Household Size | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Richmond Regional Planning District | | | | |
| Percent of Area Median Income | 1 person | 2 person | 3 person | 4 person |
| 30, Extremely Low | \$ 15,300 | \$ 17,500 | \$ 19,790 | \$ 23,850 |
| 50, Very Low | \$ 25,550 | \$ 29,200 | \$ 32,850 | \$ 36,450 |
| 80, Low | \$ 40,850 | \$ 46,650 | \$ 52,500 | \$ 58,300 |
| 100, Moderate | \$ 51,050 | \$ 58,350 | \$ 65,650 | \$ 72,900 |
| 120, Moderate | \$ 61,250 | \$ 70,000 | \$ 78,750 | \$ 87,480 |

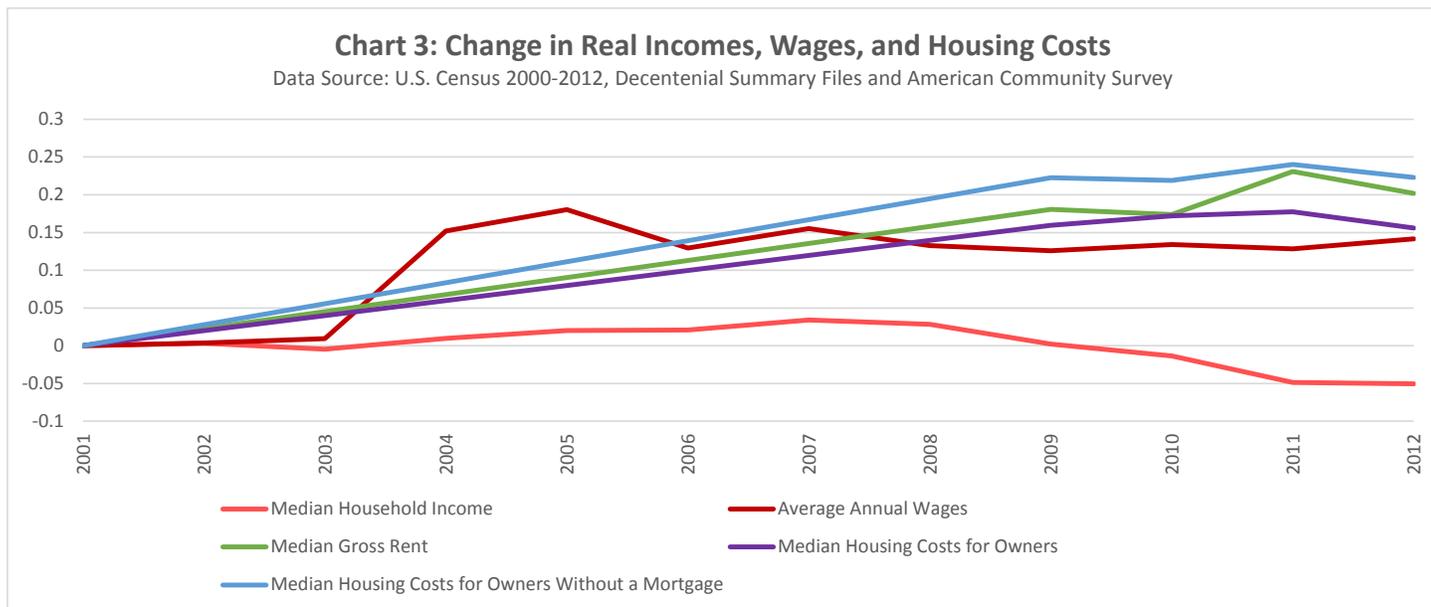
| Table 2: HUD 2015 Fair Market Rent (FMR) by Number of Bedrooms | | | | | |
|---|----------|----------|----------|----------|----------|
| Richmond, VA HUD Metro FMR Area | | | | | |
| Bedrooms | 0 | 1 | 2 | 3 | 4 |
| FMR | \$ 797 | \$ 838 | \$ 993 | \$ 1,306 | \$ 1,582 |

Low-income households (households with incomes less than 80% of the area median) bear 80% of the region's affordable housing income deficit and moderate-income households (households with income between 80% and 120% of the area median) bear the majority of the remaining 20%. Severely cost-burdened households (those paying 50% or more of their income for housing) account for 45% of the income deficit. Since the percent of cost-burdened households (those paying 30% or more of their income for housing) is similar in each of the planning district jurisdictions, jurisdictions with larger populations bear the largest part of the deficit. Residents of Chesterfield, Henrico, and the City of Richmond bear 84% of the regional deficit. Table 1 in Appendix 2 provides income limits by household size for 1-8 person households.

In addition to the existing housing affordability challenges faced by the region, VCHR projects that the region will require 100,000 to 132,000 new housing units in order to meet housing demand associated with anticipated growth in the next 20 years. Job growth drives household formation and in-migration, increasing both housing demand and the housing affordability deficit. Higher-wage and lower-wage jobs grow in tandem. High-wage employment generates more demand for the services that continue to pay low wages such as retail, restaurants, and home healthcare services. Low-wage jobs constitute over one third of the total jobs in regions such as the Richmond Regional Planning District, hence it is not possible to solve the affordable housing problem by recruiting higher-wage jobs to the region or by providing more training to low-wage workers (although these are good strategies for other reasons). Without a strategy to ensure adequate housing for its lowest earners,

a growing community will always face a growing housing affordability problem.

The housing affordability deficit is also expected to grow, in large part, because regional inflation-adjusted housing costs have increased significantly, whereas inflation-adjusted incomes have increased very little, or not at all. This trend has contributed to the growing deficit for some time, but became particularly acute as incomes decreased during the Great Recession and had not rebounded as of 2012.



The consequences of the housing bubble have led to wide spread struggles to access affordable housing. In the Richmond Regional Planning District, inaccessibility to affordable housing is a challenge for each jurisdiction, for households with low and moderate incomes, and for renters and homeowners alike.

Residents Who Need More Affordable Housing

Approximately 35% of all households in the Richmond Regional Planning District are “cost burdened.” The U.S. Department of Housing and Urban Development (HUD) established the term “cost burdened” to define households that need more affordable housing. HUD defines cost-burdened households as “families who pay more than 30% of their income for housing... and may have difficulty affording necessities such as food, clothing, transportation, and medical care.” Households that pay more than 50% of their income for housing are considered severely cost burdened and may face even harder choices between paying for housing and other necessities. Approximately 15% of all households in the Richmond Regional Planning District pay more than 50% of their income for housing.

Housing cost burden is a regional challenge. More than 25% of residents living in each jurisdiction within the planning district are cost burdened and more than 10% are severely cost burdened, as shown in chart 4, on the next page. The dotted lines in chart 4 show the average cost burden and severe cost burden for the region. The City of Richmond has the highest proportion of cost burdened residents —nearly half of all households are cost burdened, including 22.9% with severe cost burdens.

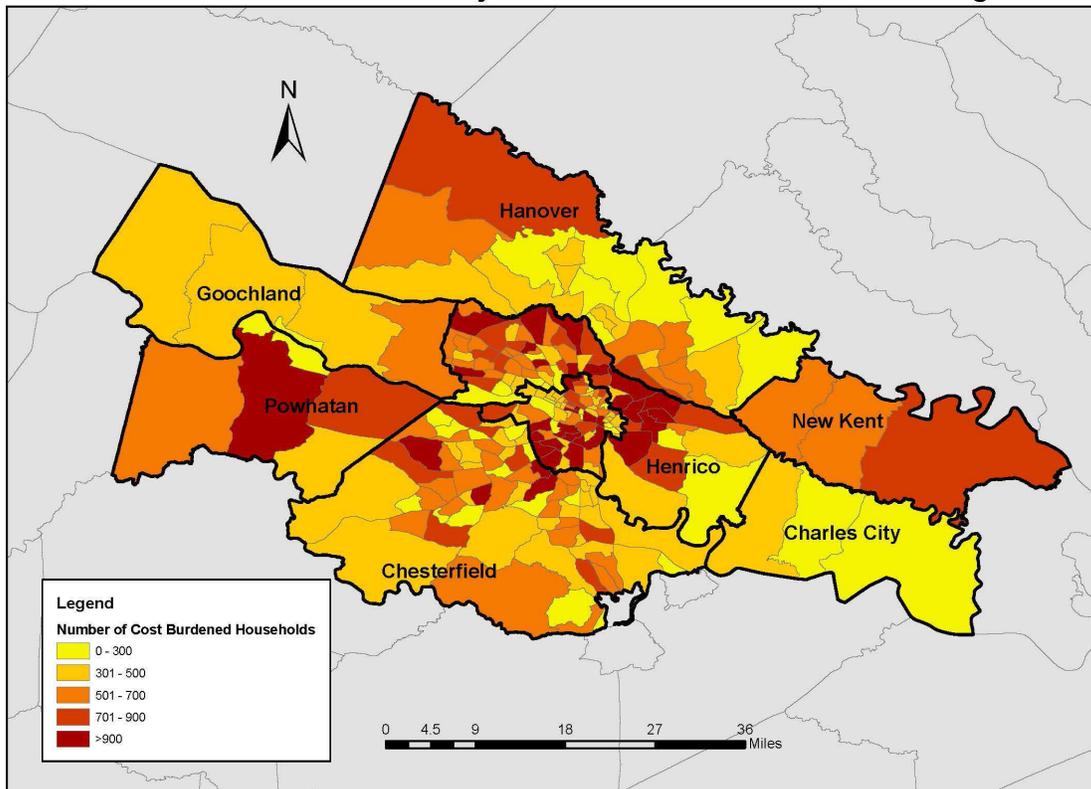
Chart 4: Percent of Households by Cost Burden

Data Source: U.S. Census, 2013 American Community Survey, PUMS



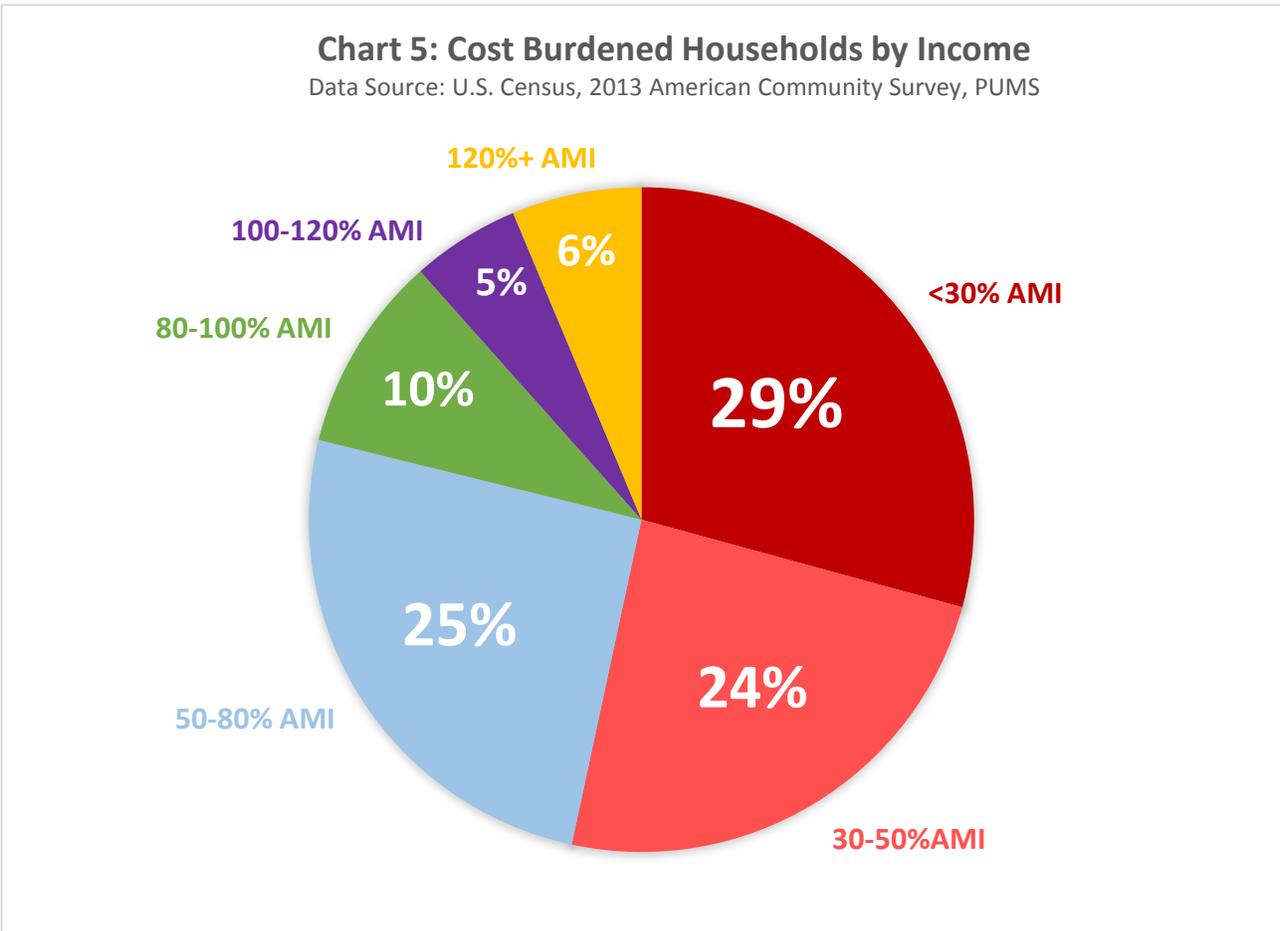
Even Goochland, with the smallest percentage of cost burden residents, compared to other jurisdictions in the planning district, faces a significant challenge: 25% of Goochland residents have a housing cost burden, and more than 10% are severely cost burdened. Table 1 in Appendix 3 provides cost burden counts for each jurisdiction in the planning district. The map below shows the number of cost-burdened households by census tract in the region. The map further illustrates that housing cost burden is experienced by residents across the planning district.

Cost Burdened Households by Census Tract for the Richmond Region



Housing cost burdens span all income levels, but are most common among households with low incomes (80% of AMI or lower) and moderate incomes (80-120% AMI). Of the region’s cost-burdened households, more than three-fourths are in the low-income category. A family of four with a household income below \$58,300 would be classified as having a low income. The Area Median Income (100% of AMI) for a family of four is \$72,900. HUD estimates household AMI for Metro Fair Market Rent Areas (FMR) and assigns income limits based on level of income and household size. The entire Richmond Regional Planning District is contained in the Richmond, Virginia HUD Metro FMR Area. Table 1 in Appendix 2 gives the income limits for households with 1-8 people and for 30%, 50%, 80%, 100%, and 120% of AMI.

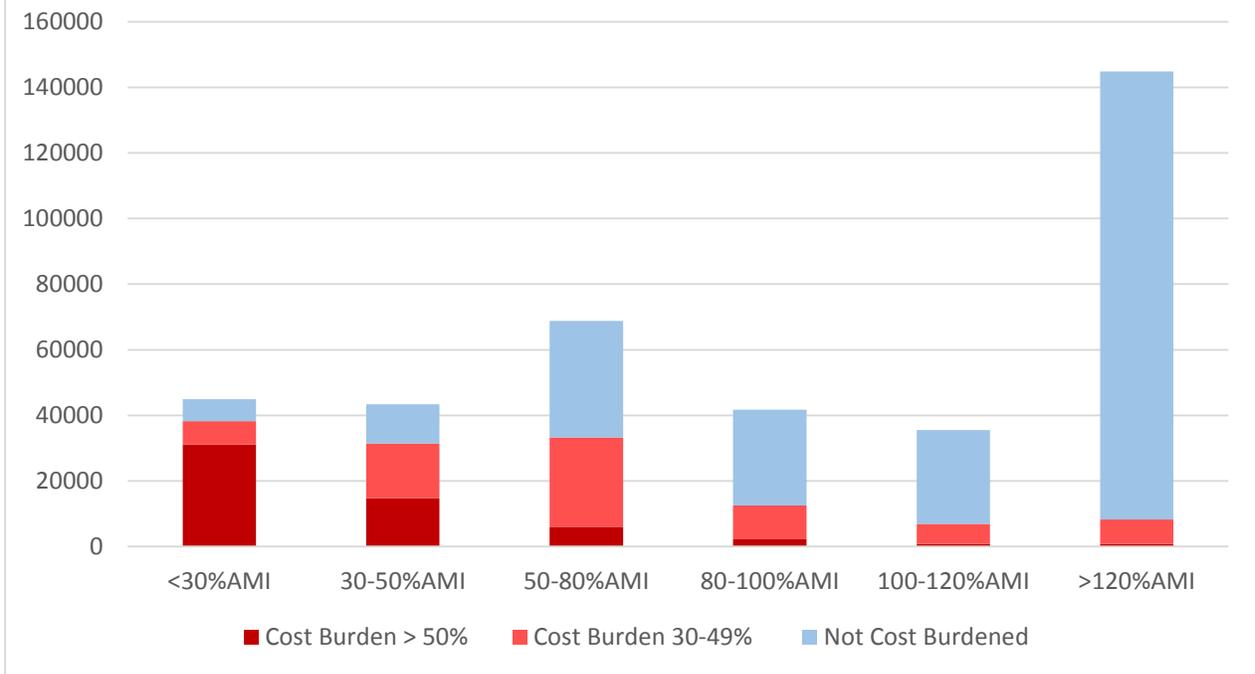
The majority share of the region’s cost-burdened households is split relatively evenly among households with extremely low (30% of AMI or less), very low (between 30% of AMI and 50% of AMI); and low (between 50% of AMI and 80% of AMI) incomes as shown in chart 5.



Housing cost burden shifts from moderate to severe as incomes decrease, as shown in chart 6. Among households with incomes from 50-80% of AMI, 33,286 households are cost burdened, but only 6,037 households are severely cost burdened. Among households with incomes from 30-50% of AMI, there are slightly fewer cost-burdened households, 31,488, but there are more than double the number of households that are severely cost burdened compared to the 50-80% AMI category. In the 0-30% of AMI category, 81% of the 38,188 cost burdened-households area severely cost burdened.

Chart 6: Cost Burden by Income Category, PHA Region

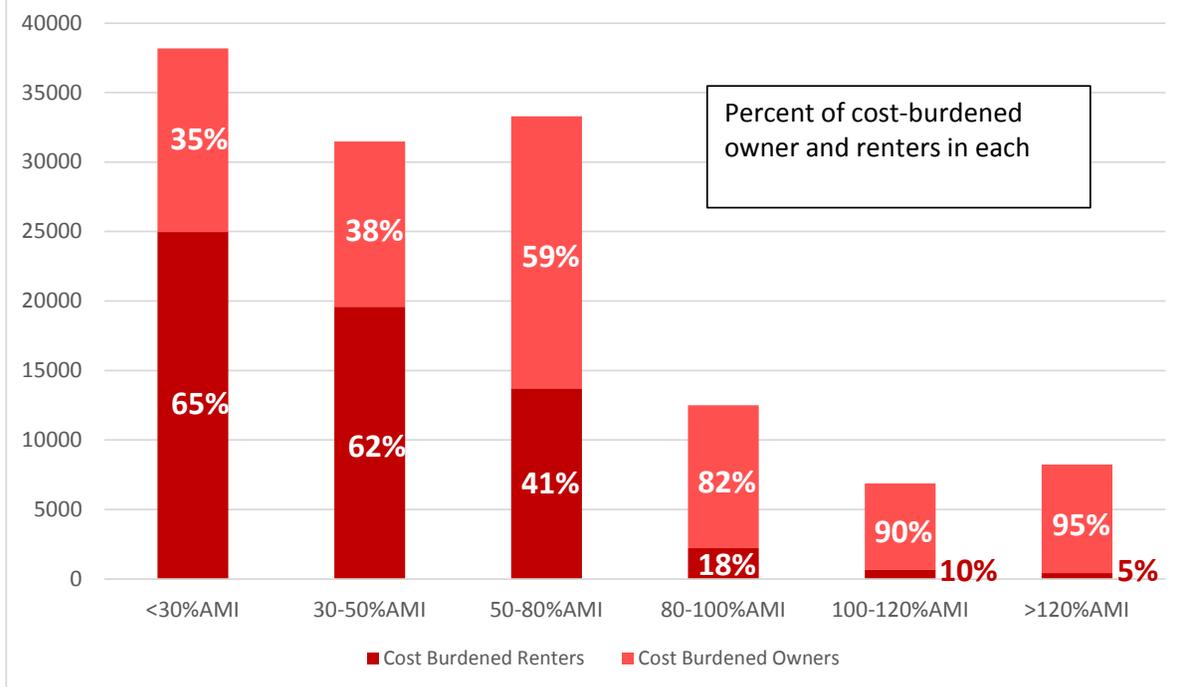
Data Source: US Census, 2013 American Community Survey, PUMS



A little more than half, 53%, of cost-burdened households own their home. This owner/renter split is similar to the overall tenure split of all households in the Richmond Regional Planning District: 57% of all households own their home. This comparison indicates that owners and renters are equally likely to be cost burdened, in general. In the subgroup of low- income households, renters and owners are also equally likely to be cost burdened. **The majority of households with incomes below 80% of AMI are cost burdened regardless of tenure.**

Chart 7: Cost Burdened Households by AMI Level and Tenure

Data Source: U.S. Census, 2013 American Community Survey, PUMS

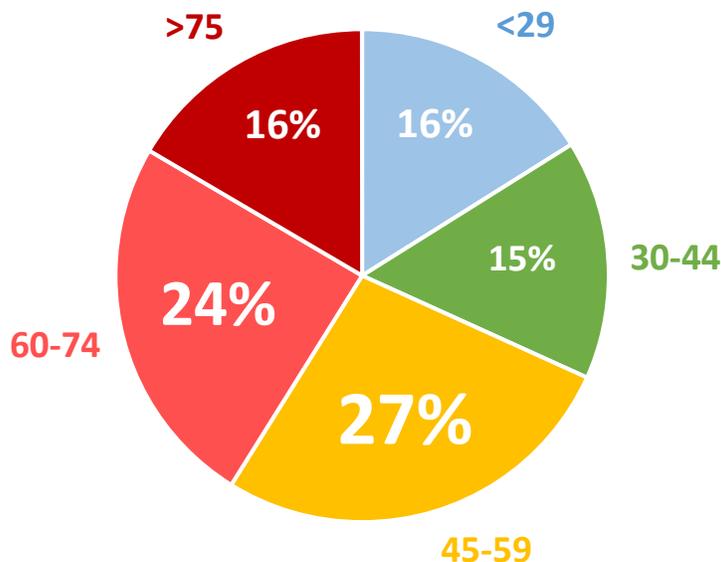


The subgroup of households with more moderate incomes does not follow this trend. Nearly 60% of households with incomes greater than 80% of AMI, but less than 120% of AMI are homeowners. But, homeowners make up 85% of moderate-income households that are cost burdened. This significant difference in the tenure split of moderate-income homeowners compared to moderate-income, cost-burdened homeowners indicates that moderate-income homeowners are disproportionately cost burdened. That is, in the moderate-income category, owners are more likely to be cost burdened than renters. Tenure choice among moderate-income households may be a significant factor in determining cost burden. This disproportionality could also suggest that moderate-income households may have to accept higher housing cost burdens in order to be homeowners. They may also bear greater risk of mortgage delinquency or default should their incomes decrease, utilities increase, or should they experience an unexpected life event.

Senior and single person households also stand out as making up a large part of cost burdened households. While single person households make up only 28% of all households, they represent 41% of the cost-burdened households. Nearly half of single person households are cost burdened. Senior households represent approximately 25% of all households and make up 27% of cost-burdened households.

Chart 8: Cost Burdened, Single Person Households by Age

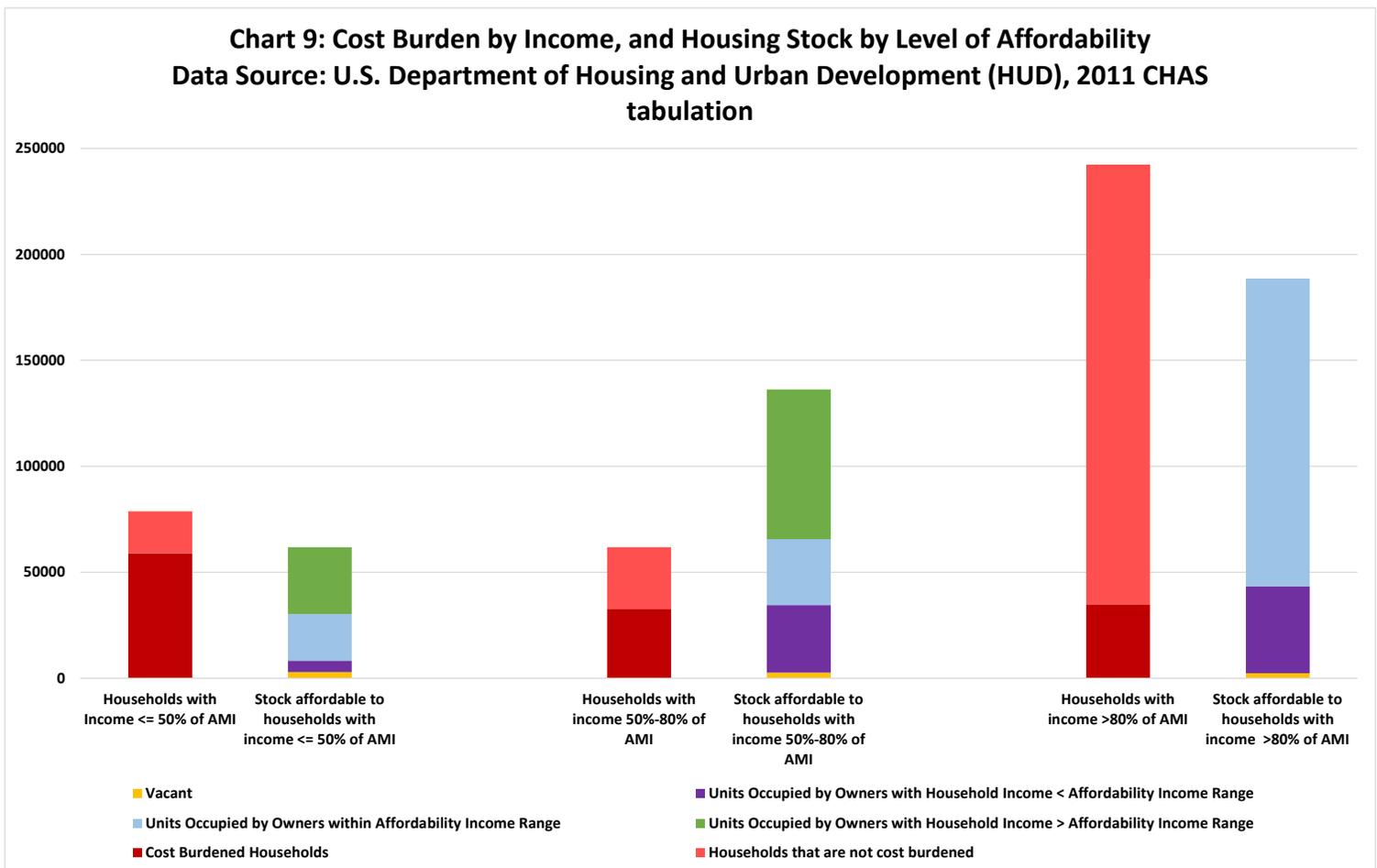
Data Source: U.S. Census, 2013 American Community Survey, PUMS



As the senior population grows rapidly over the next 15 years, providing for cost-burdened seniors will become a much larger challenge for communities in the Richmond Regional Planning District, if this relative proportionality remains constant. Further, there is some overlap between single person households and seniors: 41% (22,073) of single-person, cost-burdened households are seniors.

The Housing Supply

The U.S. Census Bureau classifies the housing stock by its level of affordability, as a part of a special tabulation of the American Community Survey produced for HUD. HUD assigns units as affordable to specific income levels based on the size of the unit, the unit's value or rent, and the level of income required for a household of corresponding size to affordably rent or own the unit (see Table 1 in Appendix 3 for more detail.) This tabulation also provides data on the income levels of occupants of units at each affordability level. Appendix 3 provides a summary of this data for the planning district.



There are a number of important conclusions that can be drawn from this data. First, there is not enough physical stock to accommodate households with incomes less than 50% of AMI. There is a shortage of more than 15,000 units when comparing the number of units that are affordable to households in this income category to the number of households needing those units. Further, at least 37% of the rental stock that is affordable to households with incomes less than 30% of AMI is occupied by households with incomes greater than 30% of AMI. At least 65% of the owned or for sale housing stock that would be affordable to households with incomes less than 50% of AMI is occupied by households with incomes greater than 50% of AMI.

Second, although there is enough affordable housing stock to accommodate households with incomes between 50% and 80% of AMI, 52% of this housing stock is occupied by households making more than 80% of AMI. The housing market obviously does not match the affordable supply to those who most need it, except for subsidized units with occupancy restrictions. Many households prefer to spend much less for housing, i.e., less than 30% of their incomes. These households “crowd out” many lower income households that need more affordable housing.

Households with higher incomes may have better access to lower priced housing, but part of the “crowding out” effect may result from a gap in housing supply for moderate-income households with incomes between 80% and 120% of AMI, commonly referred to as “workforce housing”. Households with incomes higher than necessary to comfortably afford their home (i.e., without being cost burdened) rent over 35% of the rental stock that households with incomes below 80% of AMI could afford.

There is a significant shortfall between the number of moderate and higher rental priced units and the number of households who can afford these units, with this ‘excess’ demand occupying less expensive units. There are an estimated 27,476 more households renting in the 80-120% of AMI category than corresponding units affordable to this income group (exclusive of those units affordable to households with lower incomes). Among households in the 80-120% AMI category, those who do not rent a unit that costs closer to 30% of their incomes rent less expensive units that would also be affordable to households with lower incomes (hence the ‘crowd out’ problem).

This gap is more extreme among homeowners, potentially because many households may have bought their home when their incomes were lower and have not “upgraded” to a higher valued home as their incomes increased. Nonetheless, the number of households with incomes greater than 100% of AMI is nearly 50,000 more than the number of units affordable to households making more than 100% of AMI. Those who do not own a home assigned to this category, own homes affordable to households with lower incomes. Households with incomes higher than necessary to comfortably afford their home (i.e., without being cost burdened) occupy over 65% of the owner occupied housing stock that households with incomes below 100% of AMI could afford. Housing markets are known to be ‘sticky’---for a variety of reasons, households cannot adjust their housing choices quickly and often the housing they might prefer is unavailable at the time and price needed.

The Richmond Regional Planning District would require a carefully crafted building strategy to relieve the “crowding out” effect without over-building and depressing the market. This strategy would need to combine the addition of new market-rate units targeted at moderate-income households, with the addition of subsidized units dedicated to low-income households. For instance, building new units targeted at households making between 80% and 120% of AMI could give many households the opportunity to improve their housing without becoming cost burdened. These “upgrades” could free up lower priced housing for currently cost-burdened households, but only if enough units are built. New units would need to be added at the same pace as overall demand growth to avoid vacancy consequences. For these reasons, targets would have to be achieved in increments; so monitoring the market impact and filtering effect of new affordable units, as they are added, is critical to the success of the strategy.

Setting an appropriate affordable housing production goal is extremely difficult, but the housing stock and occupancy data suggest three reasons why adding additional “workforce” and low-income housing may relieve “crowding out.” First, there are 53,421 fewer housing units that are

affordable to households that earn over 80% of AMI than households in this income group. The market for new homes is less likely to provide for households with incomes closer to 80% of AMI because construction costs, including regulatory requirements for land development, proffers, fees, design requirements, etc., make it exceedingly difficult to develop new housing, especially single family housing for moderate-income households; so the “gap” in housing stock for households making more than 80% of AMI is likely at the lower end of the household incomes. Building “workforce housing” units targeted at households with incomes from 80% to 120% of AMI may help to address this issue, if new units are absorbed quickly enough that they do not drastically affect the long-term vacancy rate.

Second, there are approximately 70,000 more housing units that are affordable to households that earn 50-80% of AMI, than households in this income category. A nearly equivalent number of the units that are affordable to households making 50-80% AMI are occupied by households making more than 50-80% of AMI, who could afford higher cost housing. If these households had access to higher priced, but still affordable, housing they may “upgrade.” New “workforce housing” units would likely have a ripple effect, relieving “crowding out” pressure on low and very low-income households. The region could reasonably expect the housing market to absorb at least 30,000 new “workforce housing” units because at least 50,000 households could afford higher priced affordable housing but cannot currently find it. As these households “upgrade,” lower income households likely could absorb the vacancies, because there are at least 30,000 more households in each lower income category that could afford higher priced housing.

Finally, 15,000 additional low-income housing units would be necessary to accommodate very low and extremely low-income households, even if 30,000 workforce units were built and absorbed, relieving pressure exclusively on extremely low and very low income households as described above. Therefore, 15,000 is a conservative estimate of new low-income housing (with some portion dedicated for extremely low income households) needed within the region.

Housing Demand Projections

Several factors will influence future housing demand in the region, including population growth, employment, income trends, and consumer preferences for housing types and locations within the region. Among these, population growth is possibly the most important factor affecting housing demand. Population growth and especially net migration into or out of an area in turn reflect employment opportunities for people in the labor force. Younger and early-middle age workers are the most likely to move toward job opportunities.

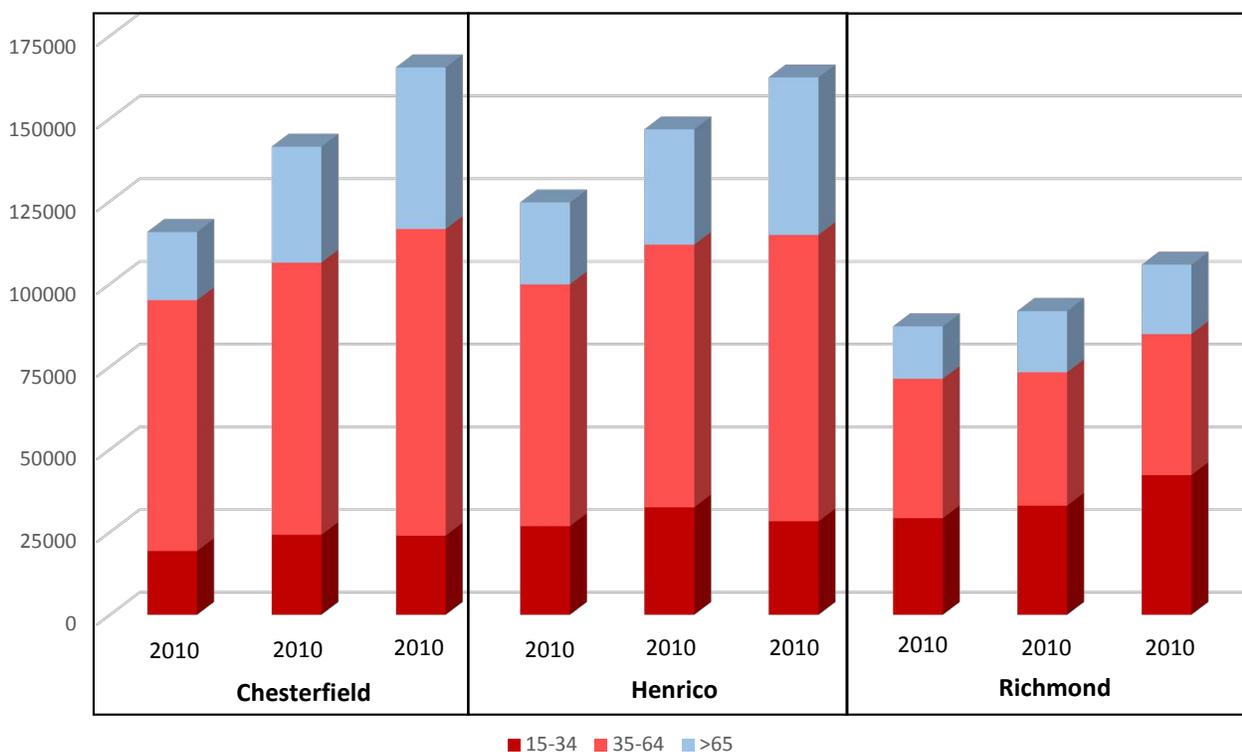
Housing demand is heavily influenced by a person’s age and the likelihood of being a householder (the person identified as being primarily responsible for the housing unit) increases in the middle adult years. Younger adults, including those in their teens, are more likely to be dependents in someone else’s house (mainly their parents) and do not start forming their own households until they are into their early twenties. Older adults are more likely to be in their own households. By definition, a household is an occupied housing unit, so there is a 1-to-1 equivalence between households and housing demand.

VCHR has developed two alternative projection scenarios for future housing demand in the region. The major difference in the two scenarios is in the time period used to establish the trend in changes in ‘birth cohorts’. Scenario A depends entirely on the 2000-2010 growth patterns to be constant at the jurisdiction level, whereas Scenario B relies on trends established over a longer

period and controls to state totals (with the exception of Chesterfield County which uses the County's own projection). Appendix 4 provides more detail regarding the development of VCHR's projections.

Scenario A forecasts significant growth in housing demand across the region, but the primary growth areas are Chesterfield, Henrico, Richmond, and Hanover (in order of growth). In this Scenario, Chesterfield accounts for 38% of the region's housing demand growth over the twenty-year period, with Henrico, Richmond, and Hanover accounting for 29%, 14%, and 8% respectively. Nearly 90% of the growth in housing demand is in these four jurisdictions and with 80% in the first three. Appendix 4 includes a similar graph for the remaining jurisdictions and detailed tables for all jurisdictions.

Chart 10: Housing Demand Projection Scenario A, Chesterfield, Henrico, Richmond: 2010, 2020, 2030



Across the region, the demographic segment with the most growth is senior housing. The 65 and older age group accounts for 58% of increased housing demand in Scenario A and 67% in Scenario B. Most of this growth is due to the aging of the baby-boom cohort already living in the region. The impact on demand for new housing will depend on a variety of factors, including consumer preferences and incomes. In any case, an increase in the number of 65 and older householders in the region between 66,000 (Scenario B) and 77,000 (Scenario A) from 2010 to 2030 will undoubtedly have a substantial impact on the demand for housing and housing related services.

The youngest age group (under 25) accounts for very little growth in both scenarios, but 25-34 year-olds are projected to increase between 15,000 (Scenario B) to 18,000 households (Scenario A). If the more recent trend established for location choice among this age group prevails, this would result in a significant increase in demand in the City of Richmond (as reflected in the Scenario A projection). If longer term growth rates and location preferences prevail, there will be less demand

from this age group overall, but particularly for Richmond.

In many ways, the economic shock of the Great Recession dealt young adults a serious blow, but whether and how much young adult housing demand will bounce back in the future remains to be determined. If incomes, housing costs, and preferences become more favorable for household formation by young adults over the projection period, the growth in demand for this segment should be even higher. For example, at the rate of young adult household formation in the year 2000 (rather than the 2010 rate), there would be an additional 9,000 housing units needed for young adults (under age 35).

The region is also expected to have significant expansion in the 35-44 year householder segment, which is projected to increase by 18,000 to 26,000 households. This is an age group where incomes, family status, and life-styles are expected to boost demand for owner-occupied housing, particularly for first-time buyers.

The slowest growing market segment is for householders aged 45 to 64, which is only projected to increase by 7,700 region-wide in Scenario A and is projected to contract by 1,100 in Scenario B. Additionally, both scenarios project contraction in this segment for the City of Richmond. As this is traditionally an age group where homeownership demand for larger and more expensive housing is very high, the housing market could experience a significant shift toward the preferences of younger and of older age groups.

3. Understanding the Perspectives of Regional Stakeholders

This section presents the responses of regional housing leaders, decision-makers, and other stakeholders to the data describing the housing affordability gap in the Richmond Regional Planning District. VCU asked these study participants to review the VCHR data during in-depth interviews, on-line surveys, and a workshop. Interviewees and survey respondents responded to the following questions:

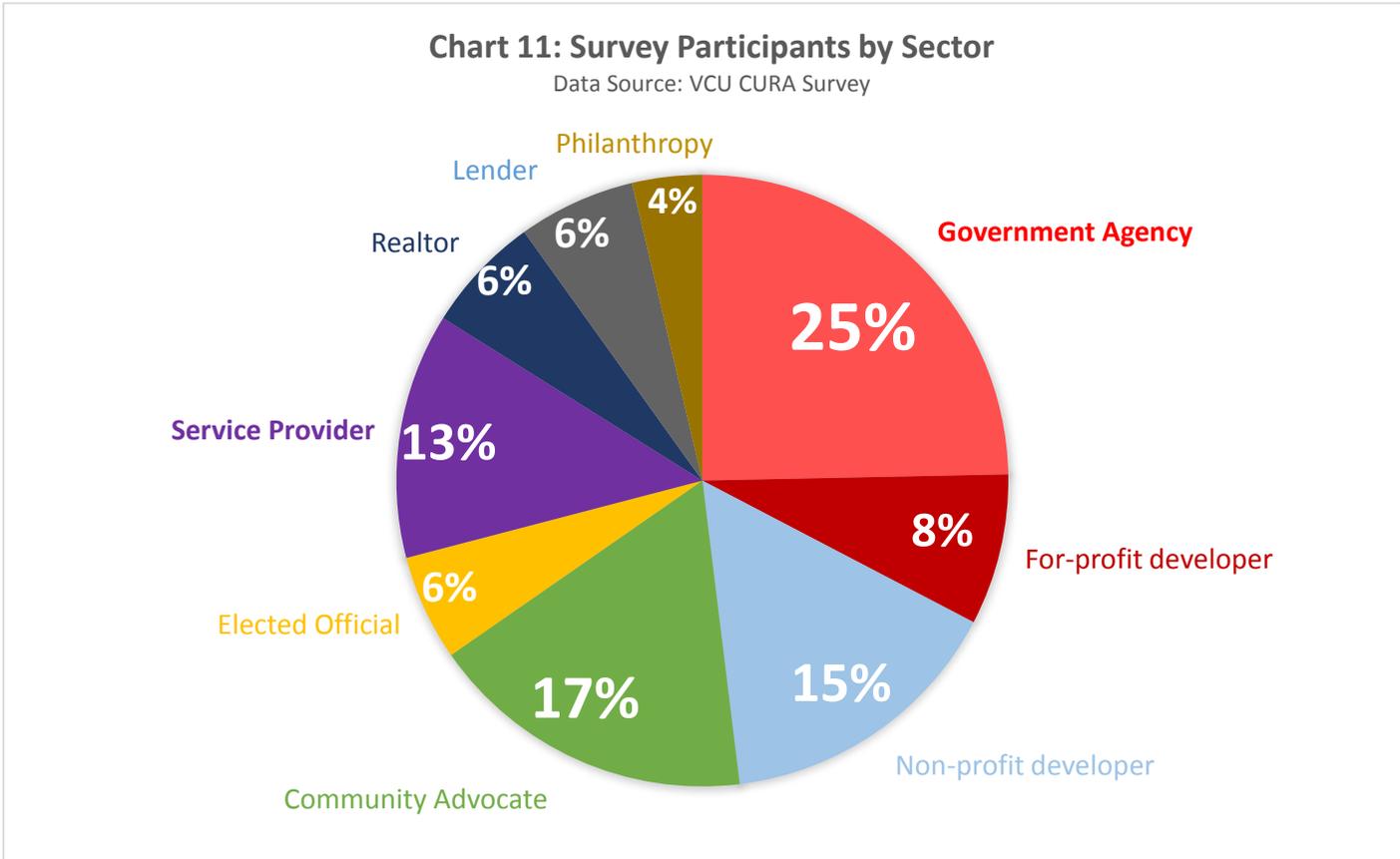
1. Why does an affordability gap exist and what are its underlying causes? Do the causes vary within the Richmond Regional Planning District?
2. Who is responsible for addressing the gap?
3. What solutions would address the underlying causes?
4. What are the barriers to introducing and implementing these solutions?
5. How can we address those barriers?

Participants in the workshop examined the responses to the survey and interviews and discussed potential ways to decrease the affordability gap in the planning district. Facilitators divided the participants into groups based on the type of jurisdiction they represented (rural, suburban, or urban) to better focus the discussions. These teams reported to the larger group and engaged in a discussion about the feasibility of the solutions proposed.

Survey and Interview Results

The VCU CURA team interviewed 12 housing experts, including local government officials, non-profit and for-profit developers, service providers, and philanthropic organizations. The interviews were semi-structured with a standard set of questions to guide the discussion. VCU CURA used the responses collected from these interviews to develop an online survey instrument and sent

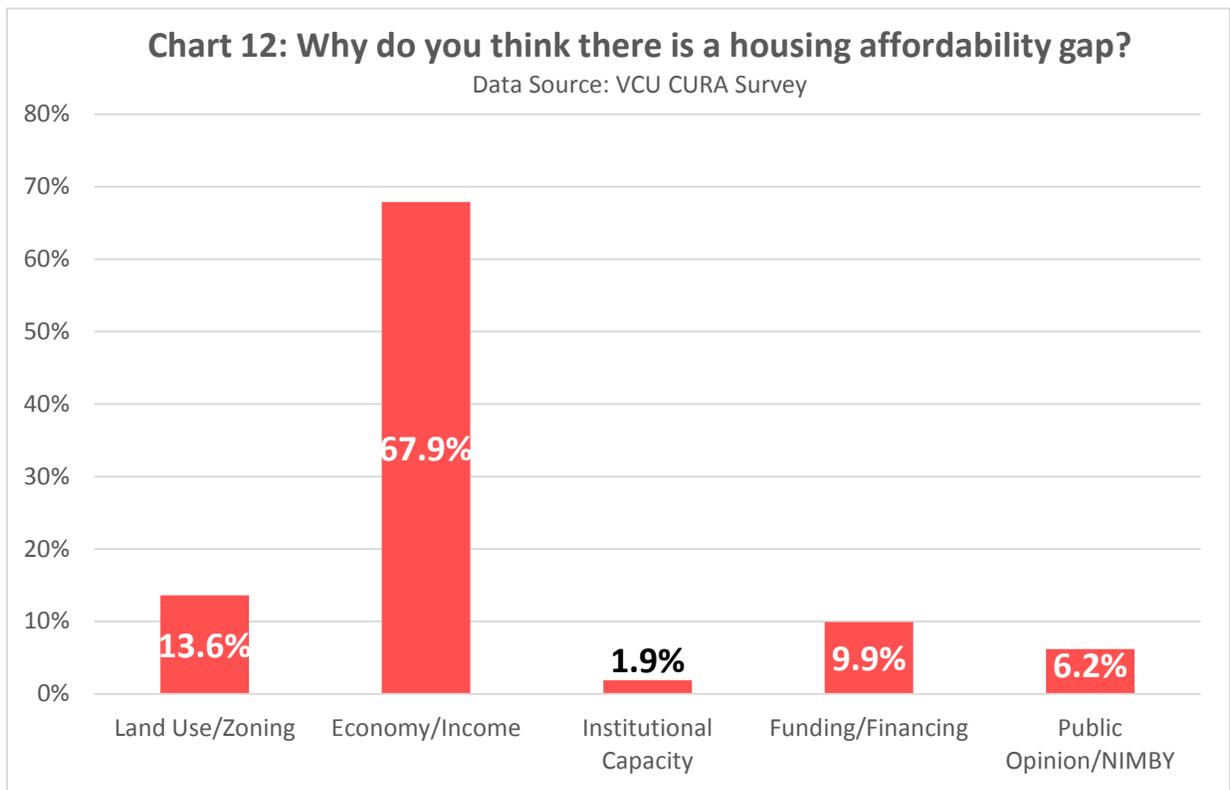
it to more than 700 practitioners and stakeholders in the region. One hundred sixty-two people completed the survey. Chart 11 illustrates the survey respondents by sector. The participants represent public, non-profit and for-profit organizations. Almost a quarter of the participants work in government agencies within the Richmond Regional Planning District, such as housing, planning, education, and social services. Community advocates, non-profit developers, and service providers are the next largest groups, representing 17%, 15%, and 13% of the participants, respectively.



Why Does an Affordability Gap Exist?

The interview instrument included some of the charts depicting the affordability gap prepared by VCHR. Question one asked survey respondents to rank reasons for the affordability gap: Land Use/Zoning, Funding/Financing, Public Opinion/NIMBY (Not in My Back Yard), Economy/Income, and Institutional Capacity.

Chart 12 illustrates the top two responses by respondent group. Although there is some variation among the groups, 67.9% of all respondents chose the economy/income as the most important factor creating the housing affordability gap. Land Use/Zoning was ranked second overall (13.6%), with 41.7% of for-profit developers ranking it the most important cause of the housing affordability problem. Funding/Financing is the third highest-ranked category with 9.9% of all respondents. Although no group overwhelmingly ranked this reason as the most important factor.



The following are typical quotes from interviewees:

At one point ... the annual income of wages and housing costs marched at a reasonable pace together. Then we hit the period where housing prices began to appreciate so fast and the cost of financing went up. Not only can we not individually afford the same housing as we could before, we can't produce it. It costs so much more per square foot now that even if we could finance it, we can't produce it. It's a wage lag.

It's an issue of employment and income. If you are making less than 30% of area median family income, it's difficult to build anything [affordable].

We're dealing with a crisis of intergenerational poverty. I think a big part of it is job training and placement.

My fundamental belief on the root cause is the jobs-transportation-housing balance. It's that simple. I don't really think it's something we need to argue. If we located jobs with a diverse housing choice, [we wouldn't have such a severe problem].

I think another thing is transportation. You can't have people [living] away from transportation and keep a job.

The supply question is interesting. I think there's a lot of supply of affordable housing – or that could be affordable. ... [It's] tax delinquent. There are a lot of places that aren't on the market – inherited. ... I don't think we're attacking it in a way that's addressing those issues.

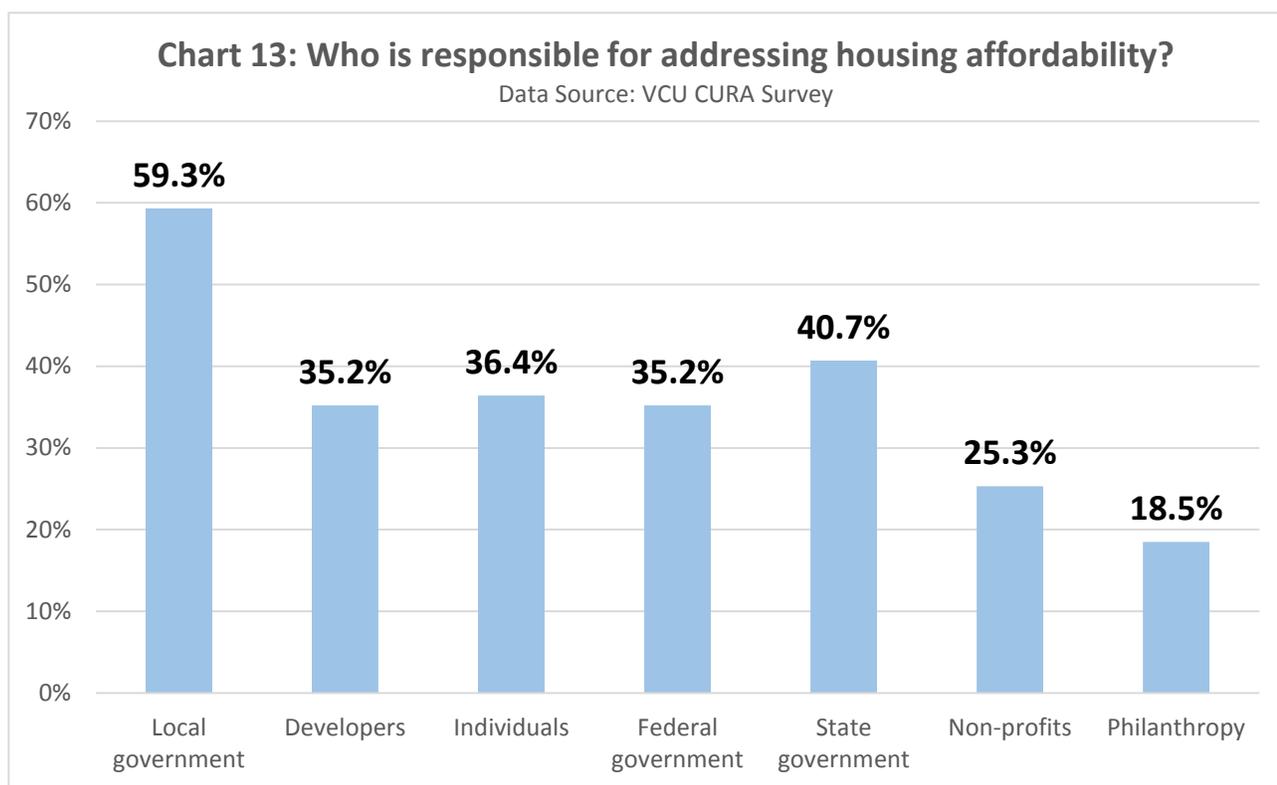
Interviewees were also asked to state if they think that the factors contributing to the affordable housing gap vary by type of jurisdiction – urban, suburban, and rural – or population group

(especially age group). Some perceive there to be such differences, as indicated in the following comments:

The city has a critical need for affordable rental housing. They also need to provide some support for older homeowners. ... The problem in the cities is really a problem of neighborhoods – bad schools, unsafe – people won't live there. In the inner-ring suburban areas, there's a need for rental housing. We're seeing a deterioration in the first-ring suburbs. ... This is going to affect our competitive advantage.

Who is Responsible for Addressing the Gap?

Chart 13 shows this question's responses for all survey respondents. Almost 60% of respondents see housing affordability as a local government responsibility. State government was identified as the directly responsible party by 40.7% of survey-takers, followed by individuals (36.4%), developers (35.2%), and the federal government (35.2%).



Government agency staff show great variation in their responses compared to other groups. While 38% of staff stated that local government is directly responsible, 40% maintained that individuals themselves are directly responsible, 25% stated that developers are responsible, and another 25% stated that state government is responsible.

Interviewee comments include the following:

It really rests with mayors. When I've seen this [providing affordable housing] work, it's them going out on a limb and doing it. They know how to give people cover. They stand up at a public hearing and stick their necks out. It's their responsibility to do that and make it work.

Corporations are the first line of responsibility, but they've not taken that responsibility.

This problem is very expensive and very complex. [It's wrong to think] that it should be completely solved by local government. ... Banks, lenders, financial institutions, investment, private and non-profit real-estate development needs to be at the table, service providers, ... they all have a role in it, but some of those folks don't recognize that they have a role in this.

This is a community-wide challenge. ... It requires a collaborative approach. ... People who need some kind of assistance; government has to address [that].

It is very difficult for local government to take on issues like this in a meaningful way with the scarce resources we have. People want local governments to do more, but they don't want to pay for it.

What Solutions Would Address the Underlying Causes?

The survey and interview responses regarding possible solutions to address the underlying causes of the housing affordability gap fall broadly into two categories: those that address the supply of housing and those that address demand for housing. Strategies to increase the production of housing units for people at various income levels address housing supply. These strategies include dedicated funding for affordable housing and lowering the costs of building by reducing the size of housing units, or by increasing the number of units per development. Strategies to increase the income of residents or otherwise enhance their ability to purchase or rent housing affect demand for housing. Many interviewees and survey respondents argued that a combination of solutions would be required to address the affordability gap. Overall, the top five solutions that were ranked “very effective” in order of respondent support are:

- Site affordable housing near job centers and transit (67.9%);
- Improve the regional transportation system (67.9%);
- Increase job training resources (56.8%);
- Dedicate a local funding source for affordable housing (54.9%); and
- Improve housing focus within local government, and improve coordination between government and private housing providers (54.9%).

Table 3: Demand-Side Solutions

Data Source: VCU CURA Survey

| | Improved regional transportation | Increase job training | Minimum wage increase | Down payment assistance | Deposit assistance/guarantees |
|------------------------------|----------------------------------|-----------------------|-----------------------|-------------------------|-------------------------------|
| Community Advocate | 89.3% | 42.9% | 50.0% | 39.3% | 21.4% |
| Elected Officials | 55.6% | 55.6% | 44.4% | 33.3% | 44.4% |
| For-Profit Developers | 50.0% | 66.7% | 25.0% | 50.0% | 50.0% |
| Government | 55.0% | 57.5% | 35.0% | 35.0% | 12.5% |
| Lender | 40.0% | 60.0% | 40.0% | 20.0% | 10.0% |
| Non-profit Developers | 80.0% | 52.0% | 48.0% | 40.0% | 36.0% |
| Philanthropy | 100.0% | 66.7% | 66.7% | 33.3% | 50.0% |
| Realtor | 70.0% | 80.0% | 10.0% | 50.0% | 30.0% |
| Service Provider | 71.4% | 61.9% | 28.6% | 47.6% | 28.6% |

Responses regarding which solutions would be “very effective” varied significantly among respondent groups. Table 3 breaks down demand-side solutions identified as “very effective” by sector of survey respondent. For example, while nearly all community advocate, non-profit developer, and philanthropic organization respondents stated that an improved regional transportation system would be a very effective solution, this solution is regarded as very effective by only half of the lenders, for-profit developers, elected officials, and government staff persons who completed the survey. Transportation is seen largely as a means of connecting people to better jobs – particularly those in suburban locations where there has been significant retail redevelopment. Also, lowering transportation costs may make it possible for workers to pay more for housing.

Wages and Housing Affordability: In open-ended comments, survey respondents highlighted schools (K-12) as another key component in addressing poverty and, by extension, housing affordability. Respondents also emphasized the intersection of wages and buying power. While only 38% of all respondents stated that the minimum wage should be increased, many survey respondents, as well as interviewees, suggested that companies should pay “living wages” and assist in providing or funding housing for new workers. Several interviewees and survey respondents argued that wages have not kept pace with housing prices, suggesting that connecting residents with jobs may not solve the problem because the wages paid for full-time employment are often insufficient to house the region’s workforce.

Connecting Affordable Housing, Transit, and Jobs is a central theme throughout the interviews and survey. Table 4 breaks down supply-side, development oriented solutions identified as “very effective” by sector of survey respondent. Siting affordable housing near jobs and transit was mentioned by many respondents. One interviewee argued that in recent developments, housing for office workers has been supported, but affordable housing for low-wage employees has been ignored:

Table 4: Supply-Side Solutions (Development)

Data Source: VCU CURA Survey

| | Site Affordable Housing near jobs and transit | Dedicated local funding source for housing | Link affordable housing and commercial development | Increase density | Reduce or Eliminate Proffers | Loan guarantees for housing development |
|-----------------------------|---|--|--|------------------|------------------------------|---|
| Community Advocate | 82.1% | 50.0% | 50.0% | 35.7% | 14.3% | 35.7% |
| Elected Officials | 55.6% | 33.3% | 55.6% | 44.4% | 22.2% | 55.6% |
| For-Profit Developer | 41.7% | 50.0% | 33.3% | 66.7% | 83.3% | 25.0% |
| Government | 62.5% | 42.5% | 42.5% | 45.0% | 17.5% | 25.0% |
| Lender | 70.0% | 70.0% | 50.0% | 40.0% | 40.0% | 20.0% |
| Non-profit Developer | 76.0% | 72.0% | 64.0% | 52.0% | 28.0% | 44.0% |
| Philanthropy | 83.3% | 100.0% | 66.7% | 33.3% | 16.7% | 83.3% |
| Realtor | 70.0% | 50.0% | 50.0% | 50.0% | 60.0% | 50.0% |
| Service Provider | 66.7% | 61.9% | 42.9% | 14.3% | 19.0% | 57.1% |
| Total | 67.9% | 54.9% | 48.8% | 41.4% | 27.8% | 38.9% |

I say workforce housing should be a part of it [the policy discussion] when they [policy makers and advocates] make the connection that people who are working [in one location] should be living [housing] there. When you have the conversation about office space, stores...wouldn't this work best if people working there could walk to work, ride their bike to work?

We ought not approve any new development that is not mixed income.

This sentiment was echoed through the written comments in the survey. Many respondents specifically suggested that set-asides or inclusionary zoning should be used to encourage the development of housing for low-wage workers. Mixed-income development for low-wage workers was seen as an integral element in both the survey and the interviews.

Interviews and written survey comments indicated that the region needs greater density and smaller housing units and that greater density and smaller units are central to reducing the costs of development. While level of density would have to fit with the surrounding development pattern, increased density would translate to increased affordability:

I think density is the answer. That and smaller-scale [smaller individual units] development. ... The idea of density is an idea that never should have gone out of fashion. I think in the counties we ought to be doing planned communities. We ought to be thinking about that seriously. I think naturally the market is going to move to that. Our bigger issue will be how do we come back to the communities [in the counties] that were mis-designed and fix them?

Other respondents stated:

When [such a community] gets redone as an urban center, is [the local government] going to have a policy that when new commercial development happens [there], there will be a fund for

[worker] housing? The [business] owners don't mind that; they see the connection. ... 'I don't want to pay people more than I'm paying them right now, so let's see if there's a way to make it easier for people to live here.'

[D]ensity is one thing, and I think creating policies within [such developments] to make sure that there's adequate workforce housing within them. ... I think we do need to figure out how to make housing smaller.

A Dedicated Local Funding Source emerged as a very important solution, particularly among non-profit developers, philanthropic organizations, lenders, and service providers. Nearly all interviewees argued that the market is unable to address affordable housing at the lowest income levels – particularly for those earning less than 30% of Area Median Income. Those who develop affordable housing also stated that there are insufficient public funds at the local level to address affordable housing challenges. Government officials, non-profit developers, and philanthropic organizations stated that the current level of public funding is unable to meet the needs of the local community.

One interviewee explained:

We're tying the hands [of government] because we don't have the funding. They've cut the syphon off at the federal level – but they don't want to fund it at the local level. You can't deny that if you have no money, you can't do much.

The housing trust fund would certainly be a nice way of moving forward.

There are probably things we could do in the arena of financing. One good thing is that we're in this era of historically low interest rates. We haven't really taken advantage of that, but we ought to. Some communities do a much better job of leveraging this ability to borrow at low rates. Some states and localities issue bonds for housing.

Developers specifically stated that proffers (cash and in-kind) and zoning (specifically, lot size requirements) greatly increase the cost of housing. Interviewees argued that the most problematic proffers involve the types of materials, siting, and, in the case of a recently completed multifamily development, the interior finishes required to complete the units.

Administrative Solutions also emerged from the interviews. Table 5 presents administrative, supply-side solutions ranked by survey respondents as "very effective" strategies to address the affordability gap. More than half of non-governmental respondents identified interagency coordination as an area for improvement.

While respondents from all jurisdictions identified this issue, one interviewee articulated the problem as the absence of a strategy within any of the jurisdictions to address affordable housing:

[I]f the city alone had a housing policy, that would [constitute] a leadership move. They're the ones housing people... the city can be a leader by saying it's about us as a city and we're not going to be successful if we don't talk about this...they're not unified on their own policies. They aren't aligned on a direction.

Table 5: Supply-side Solutions (Administrative)

Data Source: VCU CURA Survey

| | Philanthropic/ Corporate Giving | Additional Funds for Capacity Building | Regional advocacy and policy coalition | Improved local Inter- agency coordination | Streamline permitting process for affordable housing |
|-----------------------------|------------------------------------|---|---|--|---|
| Community Advocate | 17.9% | 35.7% | 50.0% | 67.9% | 42.9% |
| Elected Officials | 11.1% | 33.3% | 33.3% | 66.7% | 44.4% |
| For-Profit Developer | 16.7% | 33.3% | 16.7% | 58.3% | 33.3% |
| Government | 20.0% | 30.0% | 30.0% | 37.5% | 37.5% |
| Lender | 20.0% | 30.0% | 40.0% | 60.0% | 50.0% |
| Non-profit Developer | 28.0% | 76.0% | 72.0% | 60.0% | 28.0% |
| Philanthropy | 33.3% | 50.0% | 50.0% | 66.7% | 83.3% |
| Realtor | 0.0% | 40.0% | 50.0% | 60.0% | 60.0% |
| Service Provider | 9.5% | 28.6% | 52.4% | 52.4% | 52.4% |
| Total | 17.9% | 39.5% | 44.4% | 54.9% | 42.6% |

Others identified the issue of interagency coordination as a “friction” that leads to challenges in siting, funding, and zoning for housing affordability. Respondents frequently cited the connection between zoning and housing development--specifically related to intensity of use, parking requirements, and lot sizes. Developers argued that the timing of the local government review and approval processes results in delays to the start of construction. Additionally, agencies disagree about how to use surplus property and affordable housing funds.

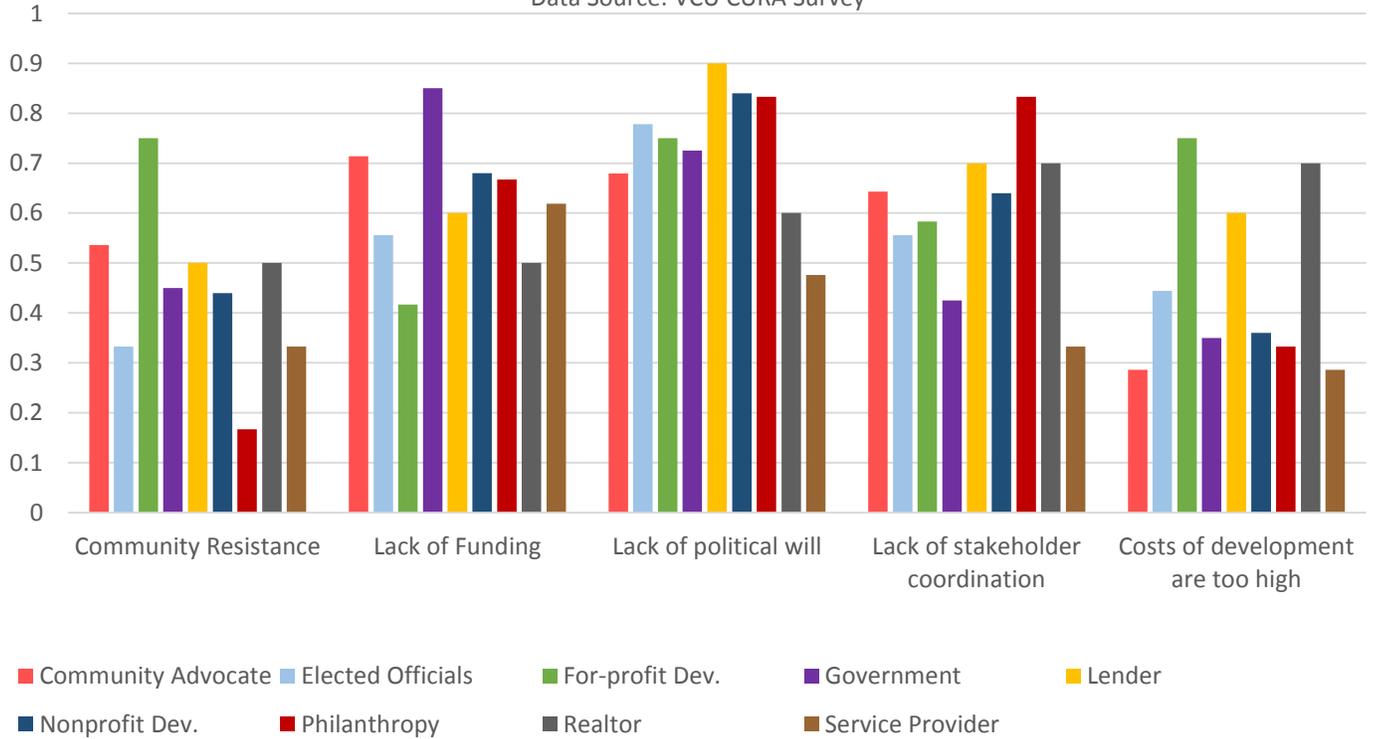
Regional Advocacy for affordable housing emerged in interviews as an important element, but many interviewees allowed that this strategy is unlikely to be effective. Likewise, beyond non-profit developers (72.0% of whom support this strategy), a regional advocacy and policy coalition did not emerge as an effective solution to the region’s housing affordability challenges.

Barriers to Implementation

Notwithstanding the solutions that they offered to address the housing affordability challenge, many interviewees and survey respondents cited significant barriers to implementing solutions. Chart 14 shows responses regarding barriers to implementation by sector of survey respondent. The two issues cited most often were lack of political will and lack of funding. Some groups--notably philanthropic organizations, elected officials, lenders, and non-profit developers--stated that lack of coordination among various public and private entities is also a significant barrier. This perspective is important because those groups are often the groups most involved with respect to affordable housing development.

Chart 14: What are the barriers to introducing and implementing these solutions?

Data Source: VCU CURA Survey



While lack of political will was frequently emphasized by survey respondents, community resistance was cited in all interviews as the root of the lack of political will. Community resistance is particularly salient in respect to the placement of attached homes and apartments, as well as affordable housing construction in residential neighborhoods.

For-profit developers pointed to the cost of development and community resistance as barriers to solutions. One developer, after explaining the architectural and cash proffers that have been demanded of him, explained:

All of those things affect our costs. The complications of the zoning costs affect the developer's costs. Just the cost of acquiring the lot. Before we're ever to the point where we can build the house, the amounts we're paying that are non-negotiable to be able to get the home built – they're generally all flat rate. It doesn't matter if you're building a \$200K house or a \$1 million house – you have to amortize those costs.

When pressed to estimate the magnitude of extra costs related to rezoning, he suggested that these costs increase the per-unit cost of housing by approximately \$50,000.

Others argued that inter-jurisdictional rivalries are so strong that they discourage localities from crafting their own policies to confront affordable housing challenges:

I think one barrier is that we have such fragmented and dysfunctional regional governance. That it almost becomes hard for one jurisdiction to move progressively and creatively in this arena.

They [fear that the] others will not and suddenly [they're] going to become the recipient of all of the affordable housing. There has to be at least regional agreement around strategies. ... I'm heartened by what happened in Hampton Roads with their regional agreement to produce SROs [single-room occupancy apartments]. ... They saw a problem and that individual jurisdictions couldn't do it alone, but if they're all in, no one jurisdiction is going to get stuck with the population.

Overcoming the Barriers

VCU CURA also asked interviewees to think of creative ways by which the region could overcome some of these barriers to providing more affordable housing. Their responses fall into three categories: organization, education, and demonstrations.

Organization related suggestions focus on better alignment of existing organizations:

[T]he philanthropic section of our community. ... In order to have a healthy community, they need to work together. ... They can lead by being better aligned. ... And alignment there can align your corporations. And they have influence and can influence local government. ... And what if local government and private funding were aligned? Then you'd have this unity of private, corporate and local government. Then I would plug in our academics.

Education related suggestions focus on addressing the negative perceptions of affordable housing and density:

I think the first thing is the attitude within the community, both from the public and the public officials, that housing is a burden that creates burdens on the community. Many of these policies are reactions to that attitude – that housing is bad, but commercial is good. ... We have to reshape that perception.

Having the people who are doing affordable housing finance get really serious about being flexible as well as being creative. I do think that's a problem locally and regionally. It's long-time advocacy. ... Having the corporate community sit with us in those conversations [would] certainly change the dynamics.

We need translators. Most of us who talk in housing talk jargon. [We need] people who can effectively take our message ... to the corporate community and to the politicians.

Demonstrations. Several interviewees mentioned that the best way to address deep-seated aversions to density and to providing affordable housing – even for retail workers at shopping centers near the centers themselves – is to create demonstrations, model cases that are well done and which show that denser, more affordable housing does not inherently present negative impacts for the community:

Elevating best-practice models. ... There are people who are doing really fine work, so instead of non-profits getting funded to not produce much, [we need to] really focus on best-practice models and take projects to scale.

I think finding the model project – building from the ground up as opposed to from the top down. That's what happened in Hampton Roads. [It was a] very narrow issue – people were living

on the street. – It's SRO housing, so how do we build up from there? So they were able to build a coalition around that very narrow problem. Finding some models and getting buy-in around those models as opposed to finding a solution to the whole affordable housing gap.

The best way to move forward is to get a sexy project and work together and create momentum. One really shining example of success. The other projects [that come afterward] don't have to be exactly like that, but then [people] get together and they say: "We want to be part of that."

Key Points

The survey and interview results presented above show agreement on many aspects of the affordable housing issue, but no single message emerged from the responses. Nonetheless, a few key points warrant emphasis:

1. Each jurisdiction must decide which segment(s) of the population to serve and how to do so. The Richmond Regional Planning District contains three broad types of community: urban, suburban, and exurban (rural). Each jurisdiction has somewhat different housing affordability challenges and perhaps different political values. Each community may take a different approach to housing affordability for the population segment most in need within its jurisdiction, but it is essential that each jurisdiction take the problem seriously. One interviewee said: "I want to take this chart [showing the housing affordability problem in each jurisdiction] to each [local legislative body] in the region. They all think it's a problem in the city."

2. The community needs education. The affordable housing gap is a serious problem, but the perception of interviewees and survey respondents is that the community is not yet ready to acknowledge it, much less tackle it in earnest. "They're living in a state of denial," one interviewee said of certain jurisdictions. Possible solutions to at least some instances of the lack of affordable housing, such as building smaller units and building more multi-family structures, i.e., increasing density, frighten some residents and feed negative stereotypes. A successful communitywide education process seems necessary to address these concerns effectively.

3. The region has leaders. At least 165 survey takers and 12 interviewees take the affordable housing gap seriously and most appear to be either working to resolve it or ready to do so. The efforts of respondents indicate a promising moment to organize the leadership and develop realistic, effective strategies to improve housing affordability in the region.

November 21, 2014 Housing Stakeholder Workshop

PHA invited 260 regional housing experts, including 50 local elected officials, to attend a workshop to review the results of the research conducted by VCHR and VCU CURA; 65 participated in the intensive workshop. Following presentations by VCHR and VCU CURA, VCU CURA meeting facilitators asked participants to select the most feasible and impactful solutions to address the affordable housing gap from the solutions that were identified in the interviews and surveys. Participants discussed solutions in jurisdiction type (urban, suburban, and rural) groups. Urban, suburban, and rural groups reported their discussions for the entire workshop, while facilitators tallied results in "real time". The following solutions emerged from the discussions.

- **Improve connections between transportation and housing:**

Participants cited improved transportation connections as one of the most impactful ways to address the need for affordable housing. They reasoned that as more residents gain better access to jobs--particularly those outside of the City of Richmond--resident income and stability will improve.

- **Increase job training and education opportunities:**

- Participants identified that a lack of job readiness in skilled trades such as construction, HVAC, and electrical trades prevents some people from gaining well-paid employment and paying for market-rate housing.
- Although employers and community colleges are collaborating to better meet employer needs for skilled workers, these efforts can be expanded. More housing stakeholders need to work to connect residents to job training and readiness programs already underway.

- **Link affordable housing and new development:**

- Participants stated that linking housing to jobs will help reduce the pipeline of demand for affordable housing. A better-housed workforce is more stable and able to remain in jobs longer. Henrico County's redevelopment plan for Innsbrook provides for such linkages. Owners are using unused parking lots for residential construction with increased density.

- **Increase density:**

- Workshop participants identified a need for increased housing unit density to reduce the costs of building, and thereby, the cost to the consumer. Participants suggested both the development of accessory dwelling units in single-family communities and mixed-use, mixed-income areas as possible methods by which to increase density.
- Participants raised concerns about the public's possible reluctance to accept more density, especially for affordable housing. Strong leadership and education, with the help of "best-practice" models, may address this concern.

- **Greater engagement by public officials:**

- Workshop attendees stated that public officials should provide leadership on specific issues, in spite of the political challenges inherent in trying to address affordable housing. Participants suggested housing veterans who are at risk of homelessness or are experiencing homelessness as an example.

- **Community land trust:**

- Workshop attendees suggested that the development of a community land trust, using vacant or surplus properties could spur development and increase tax revenues in declining areas, while ensuring long-term affordability of housing. Participants suggested that a community land trust could be managed through a nonprofit organization in partnership with local jurisdictions.

4. Approaches to Addressing the Challenge

This section synthesizes the recommendations discussed in Section 3 and combines them with research conducted by VCHR and VCU CURA on best practices in the provision of affordable housing in communities throughout the United States. Each of the strategies discussed here covers one or more points on the “continuum of housing need,” from homelessness, to low-income households earning minimum wage in retail and service employment, to moderate-income renters who are still cost burdened, to persons ready to buy a house on the private market. The following discussion presents eight recommendations. Each recommendation is accompanied by illustrative examples of initiatives that other US communities have implemented and which can serve as guides for similar initiatives in the Richmond Regional Planning District.

The recommendations are:

1. Develop a flexible dedicated funding source for affordable housing.
2. Improve access to the regional transit system, including dedicated funding, expansion, or new service.
3. Create incentives to site affordable housing near job centers.
4. Expand by-right development to include:
 - Mixed-use retail-residential centers;
 - Accessory Dwelling Units such as granny flat or alley flats; and
 - Infill multifamily development within the urban core and commercial corridors.
5. Prioritize the preservation of existing federally-assisted housing and market-affordable units.
6. Support access to affordable housing through employer-assisted housing programs.
7. Develop a community land trust to support long term affordable housing.
8. Strengthen local and regional coalitions to provide advocacy at the project and policy levels. These practical advocacy efforts should include the coordination and execution of regional demonstration projects that are based upon the joint contributions of the public, private, and non-profit sectors and that reflect best practices in mixed use and mixed income development.

1. Develop a flexible, dedicated funding source for affordable housing

Local government staff cited a lack of funding as a hurdle to addressing the affordability gap, particularly for housing that serves residents earning 50% of the Area Median Income or less. The region will continue to face funding shortages for housing with the decline in federal resources for housing development. The unique challenges facing rural, suburban, and urban jurisdictions in the region require significant and flexible local funding to address housing needs--which may be a combination of new construction, individual subsidy, preservation and rehabilitation of the aging stock, or down payment assistance for homeownership. The goal of a dedicated funding source is to remove the allocation from annual budget processes that have often stymied long term planning and progress on affordable housing goals.

Housing Trust Funds – Lexington, KY; Washington, DC; Atlanta, GA; and Seattle, WA

Lexington, KY and Washington, DC, have developed housing trust funds supported through transfer taxes on all real estate transactions. In Washington, DC, 15% of the transfer taxes on real estate are, by statute, allocated to the trust fund annually, making it a true dedicated funding source.

In Lexington, the fund is supported through a modest increase in real estate taxes and general fund allocations, which are determined in the budget process. Atlanta uses 15% of Bond proceeds from the Beltline development to support down payment assistance and incentives for developers who build affordable housing. Seattle, WA's trust funding comes from a multi-year levy. Voters passed the levy, and the funds are based on property taxes.

The connection between affordable housing and real estate provides an opportunity for the jurisdiction to use the community's growth to support workers at all levels in the jurisdiction. It also means that rising real estate prices can be mitigated.

2. Improve access to the regional transit system, including dedicated funding, expansion, or new service

Survey, interview, and workshop participants consistently cited the lack of connectivity for workers without cars as one of the largest barriers to job access and income generation. According to the Southern Poverty Law Center, there is a mismatch in the region between the location of jobs that are available for low-skilled workers, housing to meet the needs of those workers, and transportation to connect the two. Currently, the primary jurisdiction within the Richmond Regional Planning District served by public transportation is the City of Richmond with lines reaching into parts of Chesterfield and Henrico counties. Meanwhile, the jobs available to low-skilled workers, such as big box retail and other service employment are heavily concentrated outside the city limits in new developments.

The proposed Bus Rapid Transit (BRT) line from Rocket's Landing to the Willow Lawn Shopping Center will be a positive step toward connecting the eastern and western ends of Richmond and Henrico, if it is implemented. But a more widespread expansion of the public or para-transit system will be necessary for the Richmond region to become accessible to persons of limited means. A primary challenge to this expansion is the lack of a dedicated, local funding source for public transportation.

Transportation Trust Funds – Multiple Jurisdictions

Many jurisdictions, including the State of Virginia, statutorily dedicate a portion of existing fuel taxes, tolls, or other transportation-related fees for transportation projects such as public transportation, bike lanes, and road and bridge improvements. The state created a local dedicated funding source for the Hampton Roads area, but the funds are limited by state law to be used for road and highway projects in the area. Conversely, in Northern Virginia, 30% of the funding derived from fees, taxes, and tolls is given to local jurisdictions for transportation projects and 70% is directed by the regional transportation board, allowing additional freedom to address the needs of the local jurisdictions.

3. Create incentives or requirements to site affordable housing near job centers.

Participants suggested that incentives to link commercial and affordable residential development would also connect workers to housing opportunities. This strategy would be particularly useful in places like the Broad Street corridor in western Henrico County, where significant retail development has created a demand for workers in restaurants and retail establishments. Affordable Dwelling Unit or Inclusionary Zoning programs and incentives such as credit enhancements, tax abatements, or density bonuses are all implementing strategies that could connect commercial and affordable residential development.

Affordable Dwelling Unit/Inclusionary Zoning - Fairfax County, VA

The Fairfax County Affordable Dwelling Unit Program requires developers to designate between 5% and 6.25% of their multifamily units and 12.5% of units in single-family detached and townhouse developments of 50 units or greater as affordable housing. Under this ordinance, one-third of the affordable units serve households earning 50% of the Area Median Income or less, and the remaining two-thirds of the units serve households earning 65% of the Area Median Income or less. For-sale units in either category are targeted to households earning less than 70% of the Area Median Income. In addition, the county's housing authority can acquire one third of for-sale units (at market value) and place them in the county rental program.

Affordable Housing Incentives – King County, WA

King County, WA has a package of incentives for private developers to build new affordable housing. The Credit Enhancement Program provides credit enhancements for an entire project if it meets King County priorities, such as proximity to transit or new commercial development. Developers agree to set aside affordable units within projects, in exchange for project savings. King County also offers density bonuses for affordable housing. Developers can build a calculated number of market-rate units greater than would be allowed otherwise, in exchange for each affordable unit they provide.

4. Expand by-right development

In surveys and interviews conducted for this project, producers of affordable and market-rate housing cited challenges in the process of creating mixed-use and single-use multifamily housing in many jurisdictions due to the need to request zoning changes. Rezoning requests often elicit neighborhood resistance to increased density. Proactive zoning, allowing uses such as accessory dwelling units (granny flats, basement apartments, or alley flats within existing single-family developments), smaller single family starter homes on small lots, townhomes, and multifamily housing would reduce the costs of development for market-rate and subsidized housing by shortening the development time, as well as by increasing the number of units that can be added to a lot.

Suburban Mixed-Use Development – West Broad Village, Reston Town Center, One Loudon

Across the country, suburban jurisdictions have focused on applying a mixed use, new urbanist design for new retail centers. Examples of this application include developments such as West Broad Village in Henrico, County; Reston Town Center in Fairfax County; or One Loudon in Ashburn, VA. These developments have attracted significant interest by both retailers and residents who still want to live in the suburbs, but prefer walkable communities. This development strategy may be particularly useful in creating density for seniors, workers in the retail establishments serving these communities, and young single residents working in nearby office parks.

Retrofitting Retail Redevelopment – Rockville, MD

In 2001, Rockville, Maryland adopted a Master Plan to create a new, vibrant town center. Rockville chose a failing strip mall and parking lot with access to an arterial road and public transportation for the Rockville Town Square which opened in 2004. The Town Square is a

pedestrian square surrounded by mixed-use development. At street level there are 175,000 square feet of shops and restaurants, and 644 residential units—both owner-occupied and rental, 15% of which are affordable under Montgomery County’s Affordable Dwelling Unit ordinance. The Town Square also contains a new public library, the Rockville Innovation Center, a new Visual Arts Center, and three public parking garages.

Infill Redevelopment – Austin, TX

Austin, Texas faced redevelopment challenges when its airport was relocated, vacating a 39-acre parcel less than two miles from downtown. The surrounding neighborhoods organized a planning and advocacy process to ensure that the old airport site would be developed to fit the character of the surrounding neighborhoods, while providing mixed-use and mixed-income single-family and multifamily housing. The city used the neighborhood plan to zone the site to feature houses of varying sizes on small lots. The site’s redevelopment included small attached townhomes, 2,000 square foot single-family homes, market-rate and subsidized rental housing and homeownership housing, and a mix of big-box retail, office space, a children’s hospital, and park space that has helped to create a sense of place for the new infill community.

Accessory Dwelling and Family/Caregiver Suites Ordinance – Arlington County, VA

Arlington County, Virginia created an ordinance to allow one accessory dwelling unit or family/caregiver suite (or granny flat) per lot in single-family neighborhoods in order to help elders age in place, increase the stock of affordable housing with little government investment, and provide an income stream for homeowners to reduce housing costs. While this ordinance limits the total number of affordable units added each year in the county, that number does not include bringing existing units up to code (in order to be legally rented). Accessory units may be no more than 750 square feet and may only house up to two unrelated people.

5. Prioritize the Preservation and Renovation of Existing Affordable Housing

Currently, the two largest types of affordable housing in the Richmond Regional Planning District are unsubsidized, aging garden apartments and housing subsidized through federal programs such as Section 8 and the Low Income Housing Tax Credit. In addition to housing otherwise unsubsidized households, these garden apartments support Housing Choice Voucher households who cannot afford or are denied rental housing in other neighborhoods. While it is difficult to obtain rezoning approval and acquire property for low-income housing, the existing stock of affordable housing provides an important supply for low-income workers in the region. This stock has the potential to be acquired and rehabilitated within the existing zoning requirements, thus providing much needed affordable housing and eliminating the lengthy rezoning approval process.

The garden apartments located in the City of Richmond and the first ring of suburban development in Henrico and Chesterfield counties were built 40 years ago or more to support the baby boomers as they began to form households. Now these buildings house low-income households but are in need of capital repairs to ensure that the units are both affordable and safe. Subsidized units represent a small and declining percentage of overall affordable housing stock. As a result, older apartments remain one of the largest supplies of affordable housing. Often though, the rents will not support costly repairs such as new heating systems or modernization. The loss of these

buildings would result in a significant loss of affordable stock. At the same time, federally subsidized housing such as place-based Section 8 or the Low Income Housing Tax Credit are some of the most effective privately-owned sources of affordable housing for very low-income households. These buildings also house those using Housing Choice Vouchers to access housing. As the affordability terms on these buildings end, the owners of these properties have the choice to leave the program and offer the units at higher rents, further reducing the supply of affordable housing. Preservation of these buildings has been an effective way to prevent displacement and provide stable long-term housing for low-income workers, particularly seniors.

The Rehabilitation Loan Program for Small Rental Properties – Montgomery County, MD

This program offers low-interest loans to owners of small market-affordable (where rents are at least \$200 below the countywide average) properties to make improvements. In exchange, owners must agree to limit the rent increases on a portion of the units. Agency staff work with the owners to expand (if needed) the scope of improvements.

Portland 11x13 Preservation Campaign – Portland, OR

In 2008, the Portland Housing Bureau targeted 11 buildings (approximately 700 units) at risk of opt-out-of-other-subsidy loss. The buildings were in desirable locations. To address this risk, the city created a coalition of stakeholders, including HUD, local nonprofits, lenders, and city agencies. They used a variety of funding sources, including \$22 million in Community Development Block Grant (CDBG) funds, Section 108 loans, and local urban renewal dollars. The coalition leveraged \$110 million in private investments and more than \$120 million in federal assistance over the next 20 years to preserve the buildings as affordable to extremely low-income households.

The DC Preservation Network – Washington, DC

The DC Preservation Network (DCPN) is an organization of nonprofit tenant organizers, nonprofit and for-profit developers, intermediary lenders, city government staff, and HUD staff who meet monthly to discuss properties that are at risk of being lost from the affordable housing stock. The network is primarily used as a data-sharing venue for stakeholders to coordinate preservation resources at all points in the preservation process. The group was originally developed by the National Low Income Housing Coalition, which created a database of federally-supported housing. The network has grown in scope and membership since its inception in 2006 and is now coordinated through the Urban Institute and a local umbrella organization of housing organizations and includes locally funded properties, as well as federal expiring uses. The network developed recommendations for the prioritization of preservation at the city level to include all expiring Section-8 eligible buildings near city-backed redevelopment and those serving households earning less than 30% of the Area Median Income.

6. Support access to affordable housing through employee-assistance programs

Employer-assisted housing has been used to provide housing for workers in challenging markets, support homeownership, and ultimately, increase the company's competitiveness in hiring and worker retention. Local governments cannot provide all the resources needed to address the affordability gap, due to funds, political opposition, and the sheer volume of the need.

House Keys for Employees and Live Near Your Work – Baltimore, MD

Maryland partners with more than 100 large and small employers across the state, including nonprofits, local jurisdictions, for-profit developers, and universities to provide matching funds for down-payment assistance. The state will match up to \$2,500 of a zero-percent, deferred loan for employees of participating businesses. Johns Hopkins University has taken this initiative a step further and offers additional funding for employees who purchase homes within the neighborhood where the hospital is located. Employees can receive up to \$36,000 in forgivable loans, including foundation donations and funds from the City of Baltimore, the State of Maryland, and Johns Hopkins.

Housing Trust of Silicon Valley - CA

Over the past two decades, businesses in Silicon Valley have complained of problems recruiting and retaining top talent because their employees could not afford to rent or buy homes. In response, community leaders partnered with locally headquartered companies to create the Housing Trust of Silicon Valley (HTSV), a nonprofit organization dedicated to making housing in the area affordable. Originally, the nonprofit's programs focused on creating rental housing for large families, the elderly, and special-needs individuals, as well as offering housing loans of up to \$6,500 for any resident living in Santa Clara County with an income level below 120% of the county median who wants to buy his or her first house. The loan is later paid back when the house is either sold or refinanced. Since then, HTSV has grown rapidly in funding as well as scope; the Trust has invested over \$75 million in housing construction and assistance, started a homelessness prevention program, and has leveraged almost \$2 billion in capital to create thousands of new and affordable houses in the county.

American Family Life Assurance Company (AFLAC) – Columbus, GA

AFLAC partnered with NeighborWorks to launch an employer-assisted housing program that offers a \$1,000 grant to assist first-time home buyers with the purchase of a home. AFLAC also offers an additional \$4,000 to employees who buy houses in targeted neighborhoods, similar to Baltimore. Recipients are required to complete homeownership counseling and a financial assessment implemented by NeighborWorks.

7. Develop a community land trust or land-banking program to support long-term affordable housing

Community land trusts or land banks acquire vacant properties through the local jurisdiction via purchase, or eminent domain for redevelopment consistent with the neighborhood's or jurisdiction's policy or planning goals. Community land trusts may be developed to encourage local economic opportunity, affordable housing creation, and preservation, or to preserve open space. The owning entity retains control over affordability and reduces the cost of the construction on the land by retaining ownership of the land.

Dudley Street Neighborhood Initiative – Boston, MA

The Dudley Street Neighborhood in the Roxbury Section of Boston is one of the poorest and

most ethnically diverse neighborhoods in Boston. Neighborhood residents organized to create a comprehensive development strategy for the neighborhood--particularly the large number of vacant parcels--and acquire city-owned and vacant land that has been set aside for affordable housing, economic development, and open spaces. The group has created 225 affordable units and two community centers on the land with a 99-year lease.

Westmoreland County Land Bank – Westmoreland County, PA

The Westmoreland County Land Bank acquires, holds, and transfers interest in real property throughout Westmoreland County for the following purposes: to deter the spread of blight; to promote redevelopment and reuse of vacant, abandoned, and tax-delinquent properties; to support targeted efforts to stabilize neighborhoods; and to stimulate residential, commercial and industrial development--all in ways that are consistent with goals and priorities established by the local government and community stakeholders.

Surplus Land Program – King County, WA

The Metropolitan King County Council passed an ordinance that requires that if a parcel of property is surplus to the needs of King County and is suitable for housing, then it should be sold or leased for the purpose of affordable housing. While not a land bank or community land trust, the program uses existing jurisdictional resources for affordable housing redevelopment.

8. Strengthen local and regional coalitions to provide advocacy at the project and policy levels. These practical advocacy efforts should include the coordination and execution of regional demonstration projects that are based upon the joint contributions of the public, private, and non-profit sectors and that reflect best practices in mixed use and mixed income development.

One of the frequently cited challenges discussed by all groups that participated in the process of developing this report is that local government cannot be tasked with tackling the affordability gap alone. Funding is a challenge for local governments and there are significant gaps in support for affordable housing from local constituencies. Nevertheless, coalitions of local and state government agencies, nonprofits, for-profit developers, employers, philanthropic foundations, and investors can effectively address the affordable-housing issue.

South Richmond Single Room Occupancy Project – Henrico and Chesterfield counties and the City of Richmond

In the Richmond region, Henrico, Chesterfield, and the City of Richmond each provided \$250,000 in funding to support a 21-room addition to Virginia Supportive Housing's South Richmond Single Room Occupancy (SRO) complex. Local funds combined with \$550,000 from the Virginia Department of Housing and Community Development, \$50,000 from local foundations, and \$2 million in tax credit equity from the Low Income Housing Tax Credit (LIHTC) program expanded the options for the homeless residents of the region. The pre-existing 39 units will be renovated using LIHTCs in the near future.

South Hampton Roads Regional Task Force to End Homelessness - Hampton Roads Area

developed by mayors and county commissioners in 2005 to address a broad policy agenda. The task force includes the jurisdictions of Chesapeake, Franklin, Isle of Wight County, Norfolk, Portsmouth, Southampton County, Suffolk, Virginia Beach, and 12 nonprofit organizations. The task force works to increase resources to address homelessness and promote regional coordination to provide services more efficiently. To date, the organization has facilitated the construction of 240 Single Room Occupancy (SRO) units for formerly homeless residents, coordinated multi-county applications for US Housing and Urban Development funding, and hired a coordinator to manage the process.

The Ohio Preservation Compact

The Ohio Preservation Compact is a group consisting of government and nonprofit organizations focused on the preservation of affordable housing statewide. Since its creation in 2009, the organization has created an online database of all federally assisted housing, created a revolving loan fund of \$18 million targeted for preservation projects, and has expanded to 85 member organizations that meet regionally to discuss and create strategies to preserve affordable housing at the regional level.

Coalition for Nonprofit Housing and Economic Development (CNHED) – Washington, DC

Founded in 2000 as a way of coordinating policy responses through a staffed umbrella organization, CNHED represents 140 organizations, including service providers, nonprofit and for-profit housing developers, technical assistance providers, and intermediary lenders in housing and economic development in the region. The board members lead subcommittees that create proactive policy priorities that CNHED staff use in advocacy to the city council. Most recently, CNHED has implemented its Housing for All campaign as a way to rally tenants, members, city councilmembers, and private citizens. CNHED has successfully advocated for a dedicated funding source for affordable housing, regulatory changes to protect tenants in changing neighborhoods, and a database of affordable housing. CNHED is active during the annual budget and oversight processes to advocate on behalf of the City's housing agency.

5. Recommendations to Actions

Although the magnitude of the affordable-housing challenge facing the Richmond Regional Planning District is great and likely to continue growing, the discussion and recommendations above, as well as the action and measures below show that there are many ways to address affordable housing challenges one step at a time. No one entity needs to tackle the challenge alone; indeed, VCHR and VCU CURA have found no examples where a single entity or a single sector, such as nonprofit, for-profit or government, has achieved sustained success by going it alone. If the region is to move forward on this issue, the public, private and non-profit sectors will have to create partnerships, at various geographic and organizational levels, to address specific aspects of the issue as it is manifested in particular localities.

The most effective partnerships are generally voluntary in nature. But new partnerships to address this issue are unlikely to form without a continuous public awareness campaign that convinces the community to take action, shows how affordable housing issues can be addressed, and commends those who take initiative and create solutions to meet the region's housing needs. VCU CURA and VCHR recommend that PHA launch this campaign, expanding on the work the

organization has performed for several years. VCU CURA and VCHR suggest the following components of the campaign:

1. Educate (and frequently reeducate) the entire community about the nature and magnitude of the lack of affordable housing, as presented in this report.
2. Educate the community about the options that similar communities have used to address affordable housing issues, and the roles that public, private and nonprofit entities can play, as the examples in this report illustrate.
3. Monitor the region's progress in addressing the affordable housing challenge. We recommend three levels of progress monitoring: inputs, outputs, and outcomes:

Inputs: Inputs include the private and public funds expended, partnerships formed, or policies changed which may effectively address the affordable housing challenge. VCU CURA and VCHR recommend the following steps. First, PHA should create a list of the public entities, private for-profit developers and nonprofit developers, as well as large employers, whose actions or policies may have an impact on affordable housing. Second, PHA should create an "activity baseline" by cataloging current policies and initiatives that affect affordable housing. Third, PHA should coordinate with local governments to conduct an annual audit of housing affordability inputs (policies, programs, funding, etc.). PHA should document new policies and identify opportunities that would create access to affordable housing.

Outputs: Outputs are the results of efforts to supply more affordable housing or to increase the ability of persons to pay for housing. Examples include the number of housing units brought to market at specific, below-market price levels, or the number of Section-8 housing vouchers disbursed. To monitor outputs, VCHR and VCU CURA recommend that PHA develop a database of the providers of affordable housing and similar types of services (updated annually) and maintain a running 'output account', charting progress on an annual basis.

Outcomes: Section 2 presents an analysis of outcomes, the nature and magnitude of the housing affordability gap in the Richmond Regional Planning District. An analysis of this sort is the only way to know the extent to which the region has effectively addressed its housing affordability challenge. Even massive efforts are unlikely to be able to move the needle appreciably in the course of one or two years, therefore VCU CURA and VCHR recommend that PHA undertake an outcomes assessment once every five years to determine the state of the affordable housing gap in the Richmond Regional Planning District.

4. Celebrate every genuine effort and success. At various points during this research process, study participants stated that the chief barrier to progress on this issue is negative community attitudes, which translate into a lack of political will to address the issue. PHA may need to employ various tools to change community attitudes, perhaps including frank discussion on occasion. One of PHA's most valuable tools to change community attitudes may be positive reinforcement--continuously searching for and finding examples of positive contributions in the region, and then describing and rewarding them with positive media attention.

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