

AFFORDABLE HOUSING

Affordable Housing in Virginia, 2021

Statewide housing needs assessment ► The General Assembly may wish to consider amending §36-139 of the Code of Virginia to direct the Virginia Department of Housing and Community Development to conduct a comprehensive statewide housing needs assessment at least every five years using either its own staff or a third-party expert. The statewide housing needs assessment should contain a review of housing cost burden and instability, supply and demand for affordable rental housing, and supply and demand for affordable for-sale housing. The needs assessment should contain regional or local profiles that focus on the specific housing needs of particular regions or localities. (Recommendation 1)

Statewide housing plan ► The General Assembly may wish to consider amending §36-139 of the Code of Virginia to direct the Virginia Department of Housing and Community Development to i) develop a statewide housing plan with measurable goals to address the state's housing needs, ii) provide annual updates to the General Assembly on progress toward meeting the goals identified in the plan, and iii) update the plan at least every five years based on changes in the state's affordable housing needs. (Recommendation 2)

Determining resources needed to develop housing assessment and plan ► The General Assembly may wish to consider including language in the Appropriation Act directing the Virginia Department of Housing and Community Development (DHCD) to identify and report on the resources it may need to develop a statewide housing needs assessment, housing plan, and annual progress updates. DHCD should include a description of any new or amended third-party contracts, additional funding, and new positions that would be needed to undertake these new tasks. The report should be submitted to the chairs of the House Appropriations and Senate Finance and Appropriations committees no later than November 1, 2022. (Recommendation 3)

Annual report on Virginia Housing's affordable housing spending ► The General Assembly may wish to consider amending §36-55.51 of the Code of Virginia to require the Virginia Housing Development Authority to submit an annual report to the chairs of the Senate Finance and Appropriations Committee, House Appropriations Committee, and Virginia Housing Commission describing: i) Virginia Housing's annual contributions to the Resources Enabling Affordable Community Housing (REACH) program and the annual fund balance (or any future program that reinvests Virginia Housing's net earnings into affordable housing initiatives); ii) amount of REACH funds spent in the fiscal year by broad purpose; and iii) the outputs and outcomes associated with those and prior REACH expenditures, as measured through its REACH performance measures. This report should be submitted at the end of each fiscal year. (Recommendation 5)

Reserving housing units for low income households in Virginia Housing's economically mixed projects ► The General Assembly may wish to consider modifying §36-55.30:2 of the Code of Virginia to specify that, in economically mixed projects financed by the Virginia Housing Development Authority, at least 20 percent of units shall be reserved for low income households, and reserved units must be affordable to households earning 80 percent and below area median income. (Recommendation 9)

Supporting community land trusts ► The General Assembly may wish to consider including language in the Appropriation Act directing the Virginia Department of Housing and Community Development to study options for providing additional support to community land trusts to establish additional affordable housing and develop a plan that does so. The plan should be submitted to the chairs of House Committee on General Laws, Senate Committee on General Laws and Technology, and Virginia Housing Commission. (Recommendation 12)

Virginia Housing's interest rates on mortgage loans ► The General Assembly may wish to consider including language in an Uncodified Act of the General Assembly (Section I Bill) directing the Virginia Housing Development Authority to conduct a financial analysis to determine whether it could offer lower interest rates than the commercial market to its single-family home loan borrowers, and report the results of the analysis to the Virginia Housing Commission, the Virginia Housing Board of Commissioners, and the Joint Legislative Audit and Review Commission by November 1, 2022. The analysis should, at a minimum, include an analysis of how much interest rates could be lowered, the monthly and annual cost savings lower interest rates could provide to Virginia Housing's borrowers, and a projection of how lower interest rates would affect the authority's future net income, net assets, and net asset parity ratio. (Recommendation 15)

Determining how to collect locality zoning data ► The General Assembly may wish to consider including language in the Appropriation Act directing the Virginia Department of Housing and Community Development to contract for a study on how to collect zoning information and data from Virginia localities with population growth rates, median home sales prices, and median gross rents in the top quartile of the state. The study should include a description of the type of zoning and data information that could be collected, how such information would be used, and the resources that would be necessary to collect this data. DHCD should submit this study to the House Committee on Counties, Cities, and Towns; the Senate Local Government Committee; and the Virginia Housing Commission no later than November 1, 2022. (Recommendation 17)

Encouraging zoning policies that encourage affordable housing ► The General Assembly may wish to consider including language in the Appropriation Act directing the Virginia Department of Housing and Community Development to evaluate different approaches to structuring, administering, and funding an incentive program to provide additional state funding for infrastructure improvements to localities that adopt zoning policies designed to facilitate the development of affordable housing. The report should include recommendations for implementing an incentive program and should be submitted to the House Committee on Counties, Cities, and Towns; the Senate Local Government Committee; and the Virginia Housing Commission no later than November 1, 2024. (Recommendation 18)

POLICY OPTIONS TO CONSIDER

Staff typically propose policy options rather than make recommendations when (i) the action is a policy judgment best made by elected officials—especially the General Assembly, (ii) evidence suggests action could potentially be beneficial, or (iii) a report finding could be addressed in multiple ways.

Preventing local restrictions on 3-D printed or modular constructed homes ► The General Assembly could amend the Code of Virginia to prevent localities from 1) restricting 3-D printed or modular constructed homes from being built on residential land or 2) restricting the construction of 3-D printed or modular constructed homes in certain residential zones. (Option 1)

Expansion of mandatory affordable dwelling unit ordinances ► The General Assembly could amend §15.2-2304 of the Code of Virginia to expand the localities that have the authority to adopt mandatory affordable dwelling unit ordinances to include all localities that have population growth rates, median home sales prices, and median gross rents in the top quartile of the state, and require that the Department of Housing and Community Development update the list of qualifying localities with the release of each new decennial census. The amended statute could also provide that any locality that receives authority would not have that authority revoked if the locality is no longer in the top quartile of the state for the characteristics listed above. (Option 2)