RICHMOND REGIONAL HOUSING FRAMEWORK

2020–2022 DATA UPDATE

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Prepared by HDAdvisors

Partnership for Housing Affordability

KEY TAKEAWAYS

Steady migration into the region continues to drive demand for housing.

- New residents from elsewhere in the state or country accounted for 64 percent of population growth in 2021, compared to just 42 percent in 2019.
- The region is projected to grow by nearly a third between now and 2050, mostly in Chesterfield and Henrico counties.

The fastest-growing household type are married-couple seniors who own their home.

- This trend is *both* the result of existing homeowners aging past 65 and newcomers who are already empty-nester seniors.
- Overall, the region's household growth is almost exclusively among homeowners. The total number of renters has not changed significantly.
- The only renter households that are more common now are those living alone or with roommates.

Younger adults are more frequently moving out of their parents' homes.

- The number of adults under 35 living with a partner or with roommates increased by 28 percent, compared with just 4 percent for those still living with their parents.
- Still, about one-in-three young adults in the region still live with their parents.

Household incomes are increasing, but little progress is being made to close disparities by race.

- When adjusted for inflation, median household incomes for both homeowners and renters increased around 5 to 10 percent from 2016 to 2020.
- Recently, the fastest wage growth has been among jobs with below-average pay. The lowest-paying 10 percent of jobs in the region increased their wages by over 17 percent from 2019 to 2021.
- Black and Hispanic households continue to have average incomes 20 to 30 percent below white households. This gap has not started to close in any locality.

Renters' wages may be rising, but that extra cash is eaten up by higher rents.

- Despite steady income growth, the number of cost-burdened renters *increased* by almost 1,900, primarily among renters with incomes between $35,000 and $75,000.
- The average apartment in the region went for nearly $1,400 at the beginning of 2022—up $300 from two years prior.
- The steepest rent increases were in the counties, especially among apartments with 2 or 3 bedrooms.
- Many of the most common workers in the region—including office administrators, stockers, and retail and restaurant workers—cannot afford average rents on their own.

Low interest rates and limited supply helped home sales reach historic highs.

- Extremely low inventory—1 month or less since mid-2020—led to fierce competition among buyers, quickly driving up prices.
- The average home price in each locality has remained well above $300,000 since early 2020.
- From 2020 to 2021, the share of homes affordable for a couple earning 80 percent AMI or less declined around 10 percent across the region.

The hot housing market helped create many new homeowners.

- Single-family home production continued at the same pace across the region, except in Chesterfield, where permits have recently accelerated.
- Overall, there are now 15,000 more homeowners in the region.
- The homeownership rate increased slightly in each locality, primarily driven by young buyers under 35.

The homeownership rate for Black households remains more than 25 points below that of white households.

- The Black homeownership rate increased slightly to 49 percent. However, this did not exceed similar increases among white households.
- The Hispanic population was the only group where homeownership declined, albeit just a point to 43 percent.

Homebuyer demand also led many property owners to sell their single-family rentals.

- Almost 2,000 previously-rented single-family homes in Richmond are now owner-occupied, especially in neighborhoods with homes built prior to 1980.
- This trend has contributed to a net regional loss of more than 3,000 2 and 3-bedroom rental homes. This makes it harder for renters with children to find an adequate home.

Older, lower-cost apartments are quickly becoming less of a deal for renters.

- Around 25,000 renters live in market-affordable apartments throughout the region. These communities are traditionally less expensive due to their age, location, and condition.
- These apartments are about $200 less than average—but increased by 10 percent from the start of the pandemic to 2022 Q3.

The region’s supply of dedicated affordable rentals is up, but remains far below our current and projected needs.

- Affordable housing providers have created more than 4,300 new below-market apartments since January 2020. However, over 1,600 non-market apartments also saw their subsidies expire over that same time.
- Preservation needs will increase in the coming years: about a quarter of all current LIHTC units are due to expire by 2035.
- The total affordable rental deficit remains significant. To fully eliminate rent burden for low-income renters, almost 39,000 affordable homes are needed.