Richmond Regional Housing Framework Data Update

HDAdvisors

2022-09-06T00:00:00-04:00

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About

> **Note**
>
> This report is currently in development. It was last updated on **2022-09-06**.

This report is a data update for the Richmond Regional Housing Framework, which was released by the Partnership for Housing Affordability (PHA) in January 2020. It will support PHA's ongoing efforts to educate both decision-makers and the public at large about the region's housing needs and opportunities. Data in the report will also help PHA continue to monitor, change, and implement the policy solutions outlined in the Framework.

There are four parts in this report:

1. Demographic and socioeconomic changes
2. Housing supply and market changes
3. Gap analysis
4. Local summaries

How to read this report

This report is an interactive website with three main columns for navigation:

1. **Table of contents** (*left*): Search bar and links to all chapters in the report.
2. **Current chapter** (*center*): Main chapter content.
3. **On this page** (*right*): Links to subsections within the currently-viewed chapter.

Links to both the previous and next chapter are included at the bottom of each chapter page.

How to provide feedback on this draft

All comments, questions, and suggestions should be emailed to jonathan@hdadvisors.net and eric@hdadvisors.net.

When applicable, please reference:

- The chapter number ("Chapter 3")
- The section/subsection ("3.2.1")
- The figure/title number ("Figure 3.3")

Click here to generate an email in your inbox with the recipients auto-filled.

Changelog

Release 0.2

2022-09-06

Second partial draft. Migrate from Bookdown project to Quarto project.

Release 0.1

2022-08-30

First partial draft. Test site rendering and hosting. PART 1 chapters fully drafted. Remaining chapters in final production.

Next release will include:

- PART 2 chapters:
  - Rental
  - Housing Assistance
  - Naturally-occurring affordable housing
- PART 3 chapters:
  - Affordability of current housing stock
- PART 4 chapters:
  - Remaining local summaries

Still to come:

- Standardize colors across visualizations to match PHA brand palette
- Make selection of plots interactive
- Add in dynamic links for all footnotes and citations
- Improve formatting for call-out boxes
- PDF version of full report and locality summaries

Part I

PART 1: Demographic and socioeconomic changes

1 Population changes

1.1 Total population growth

The Richmond region has continued to grow between 2016 and 2020—adding a net of 41,457 residents across the four major localities. The most populous locality, Chesterfield County, experienced a near eight percent increase in its population during this timeframe.

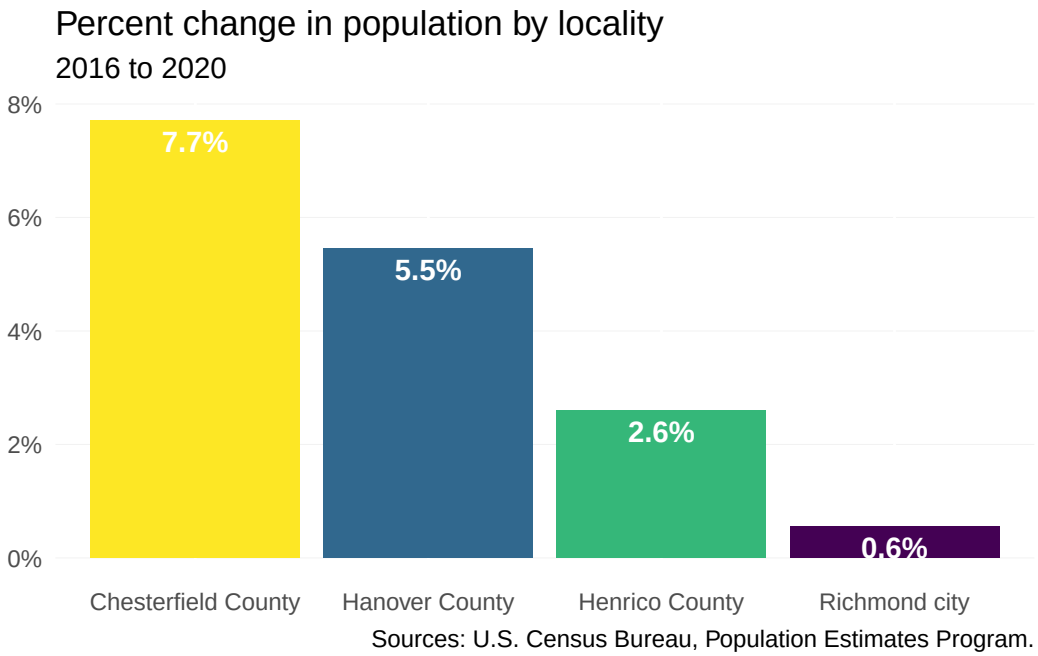


Figure 1.1: Percent change in population by locality

1.2 Components of population change

In recent years, nearly two thirds of growth could be attributed to either domestic or international migration into the region. But between 2020 and 2021, that share increased to over

three quarters—reducing the portion of the population growing due to natural increase to only 13 percent.

The region's growth continues to be driven primarily by new people coming from other parts of the state and nation (64 percent of growth between 2020 and 2021).

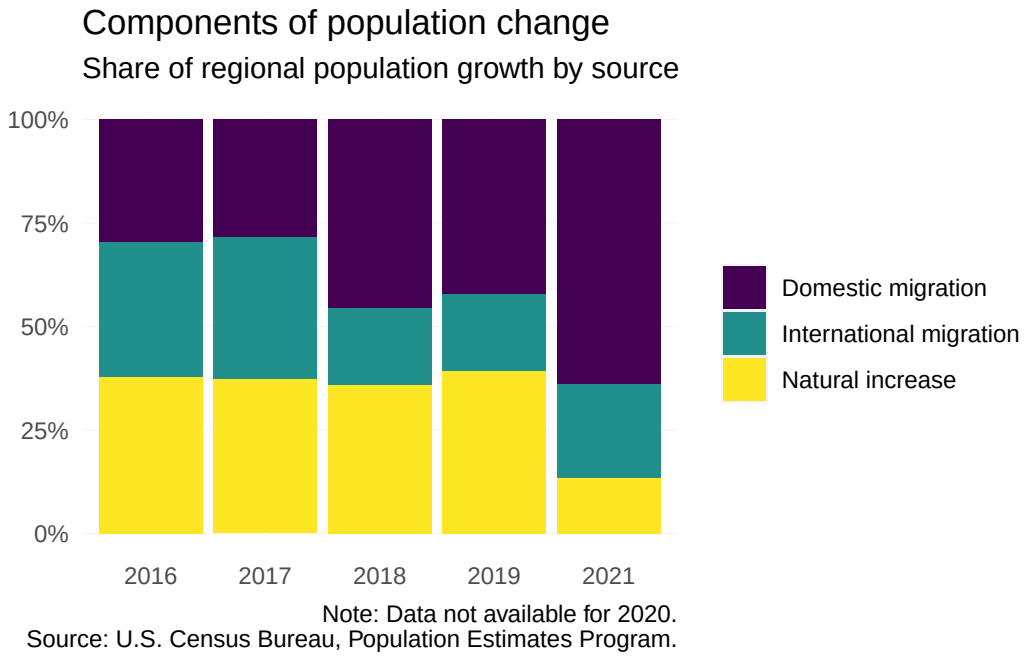


Figure 1.2: Components of population change

1.3 Population projections

Between 2020 and 2050, the region is expected to grow by nearly a third (29 percent)—reaching 1,338,306 residents.

Over the next 30 years, Chesterfield County will continue to lead growth across the region. By 2050, Chesterfield is expected to surpass half a million residents, growing by 38 percent from the 2020 Census estimates.

Population growth trends will largely continue as they have with Hanover County experiencing the second greatest growth from their 2020 estimates (27 percent increase). Henrico County follows with a 26 percent increase (+88,565), while the City of Richmond will only increase by about a fifth (20 percent) over 30 years.

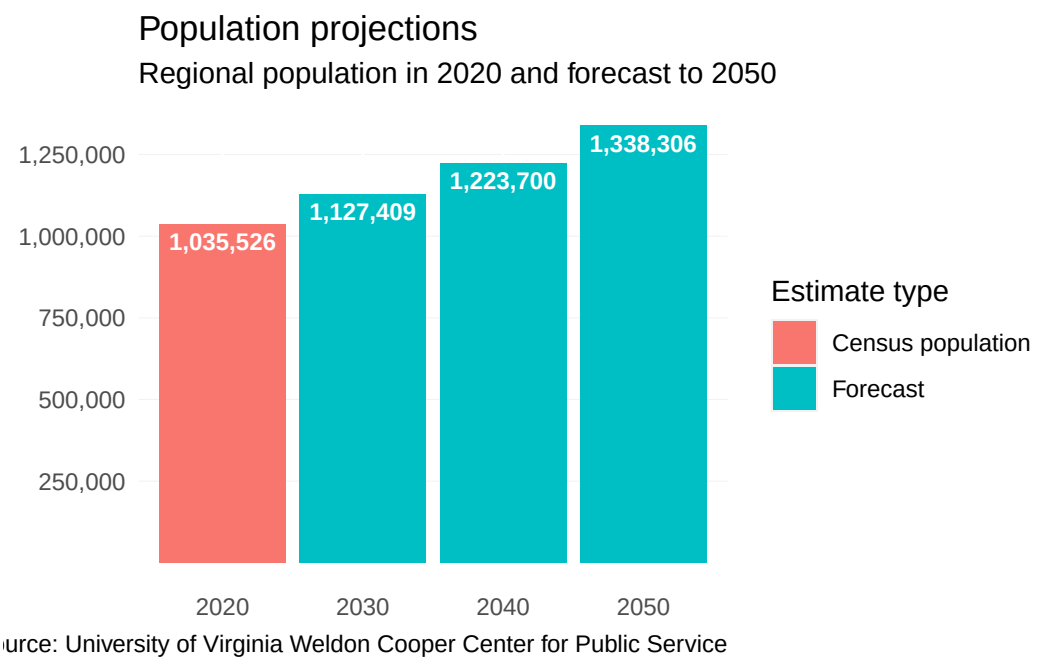


Figure 1.3: Population projections

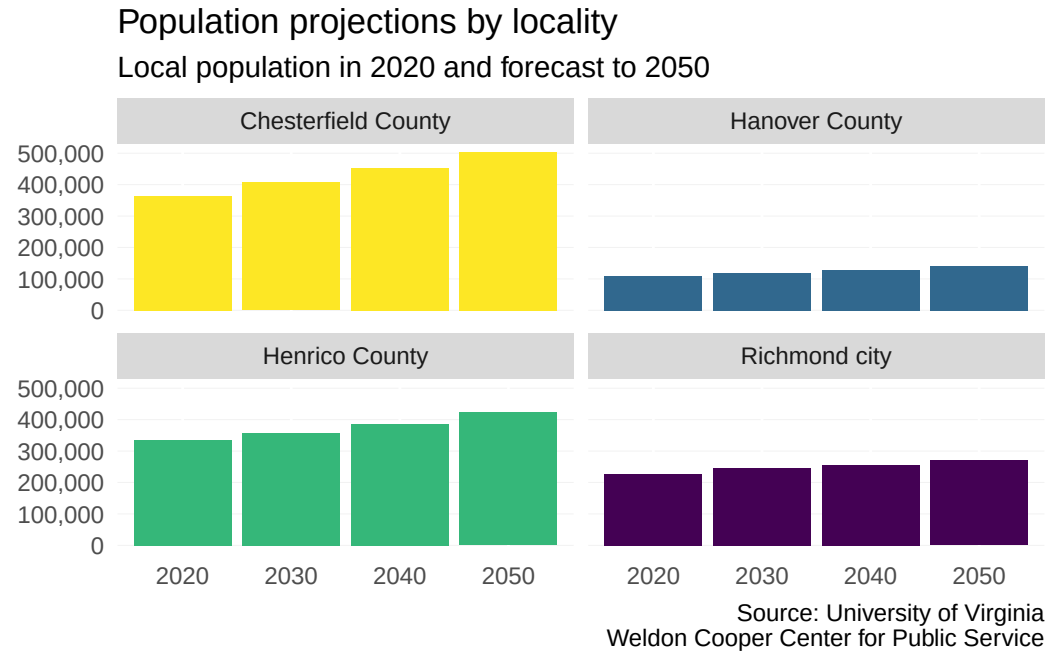


Figure 1.4: Population projections by locality

2 Household characteristics

2.1 Household formation

According to Census estimates, the region gained more than 15,000 households from 2016 to 2020. This growth was driven entirely by new homeowners (17,436). Renter households, instead, saw much slower increases from 2016 to 2019; from 2019 to 2020, the estimated number of renters dropped more than 2,000 for a net loss of 609 over the full period.

> **Warning**
>
> This anomalous data should be treated with caution. Lower American Community Survey response rates during COVID-19 were most common among lower-income and lower-educated households most likely to rent. Across the Richmond region, overall ACS response rates declined nearly 10 percent from the 2015-2019 to 2016-2020 collection period.

2.2 Households by age

The single largest growing cohort of households across the region are homeowners 65 years and over. Thanks in large part to youngest baby boomers aging into retirement, this group increased by more than 13,000. Younger homeowners saw much smaller gains.

Among renters, most growth occurred in senior householders. The significant decrease of renter households under 25 (more than 3,200) should be treated with caution, as this population likely had much lower ACS response rates during COVID-19.

2.3 Households by type

Married-couple families continued to be the dominant household type in the region, growing by 9,625 from 2016 to 2020. Living alone also become more common, likely the result of seniors increasingly living on their own. Households headed by single females were the only type to decline; however, this could potentially be attributed to lower ACS response rates among those households during COVID-19.

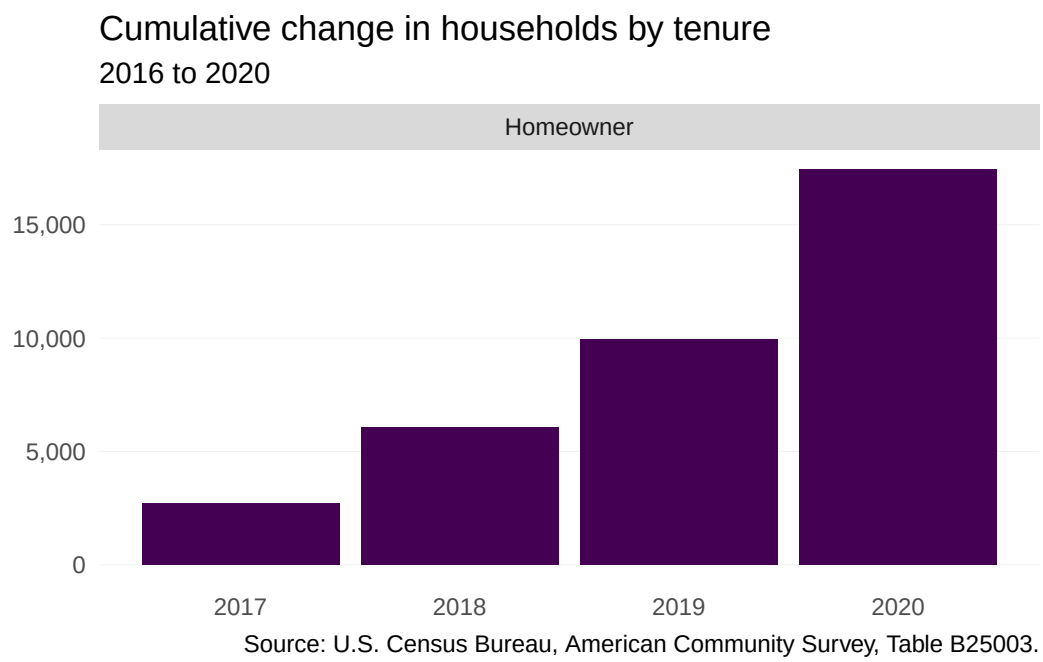
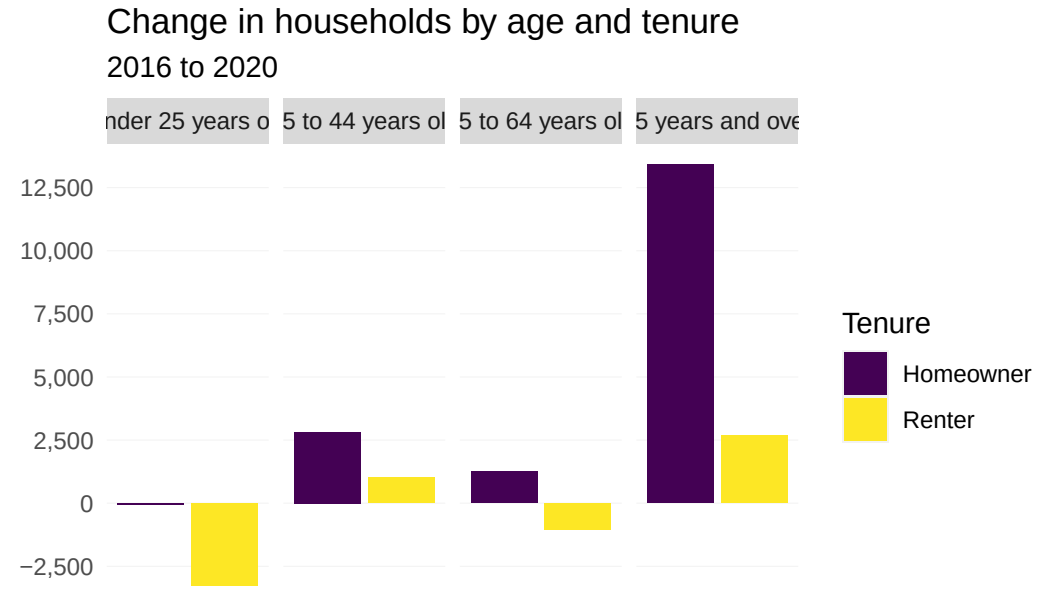


Figure 2.1: Cumulative change in households by tenure



Source: U.S. Census Bureau, American Community Survey, Table B25007.

Figure 2.2: Change in households by age and tenure

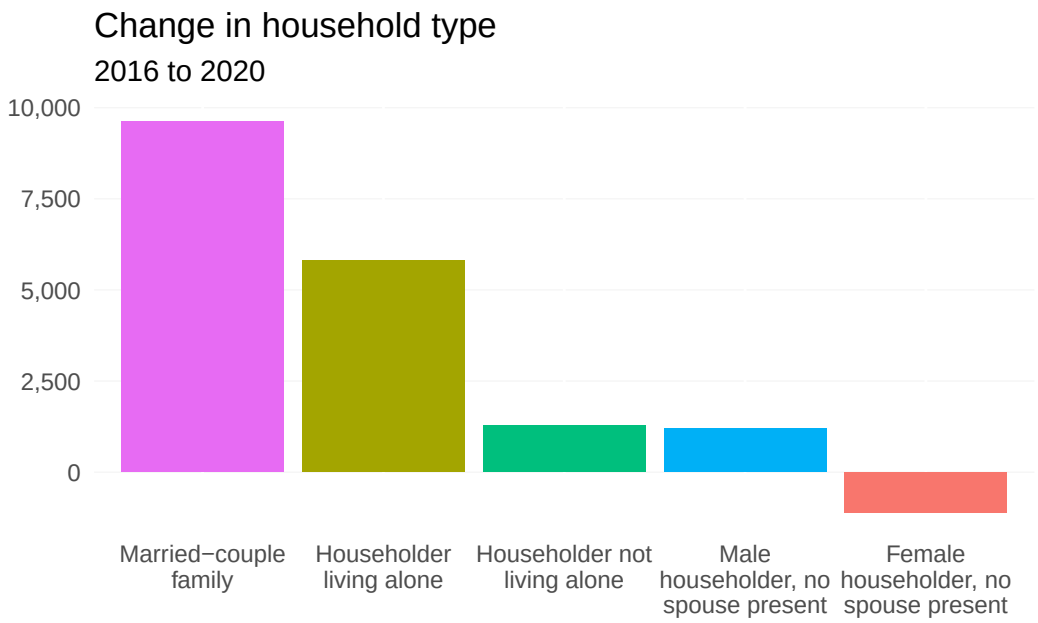


Figure 2.3: Change in household type

2.4 Households by size

Two-person homeowning households were by and large the fastest-growing cohort among different size households from 2016 to 2020. There was also a significant increase in the number of homeowners living alone, as well as homeowners with four-person households.

Persons living alone were the only size of renter households that grew with any significance over this period. One potential explanation for the notable decreases in the number of three- and four-person renter households is lower ACS response rates among younger adults living with roommates during COVID-19. This population, which does not include college students living in dorms ("group quarters" are not households in Census methodology), was likely to move back home with parents during the initial phases of the pandemic.

2.5 Households with children

The number of homeowners without children in the region grew significantly (by almost 9,000) from 2016 to 2020. This is likely due in large part to baby boomer parents now living without their children. The number of homeowners in nonfamily households also increased—driven primarily by those now living alone. Families with children were the least common group of homeowners that grew.

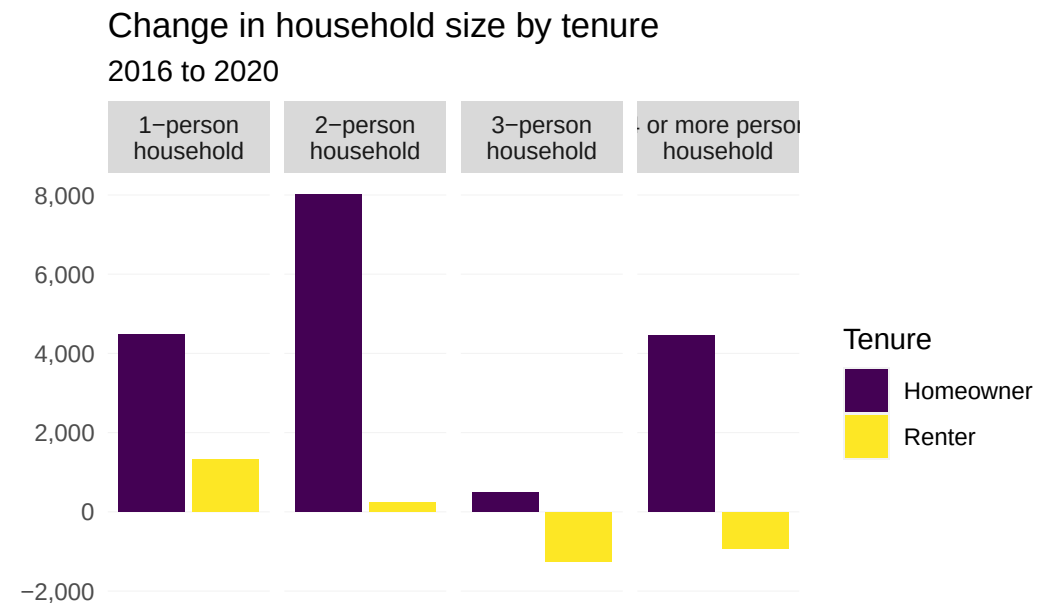


Figure 2.4: Change in household size by tenure

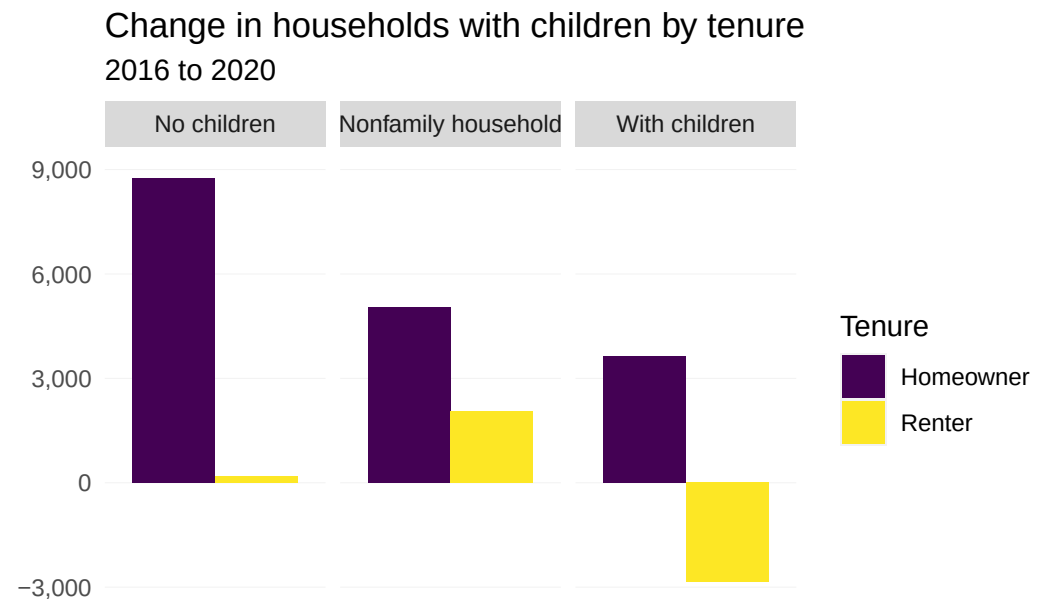
The only group of renters that saw significant growth was nonfamily households. This includes both renters that live alone and those that live with non-related roommates. The estimated number of renters with children declined sharply; this may also be a symptom of lower pandemic ACS responses among lower-income working families.

2.6 Senior living arrangements

Since 2016, the region's senior population increased almost exclusively among three types:

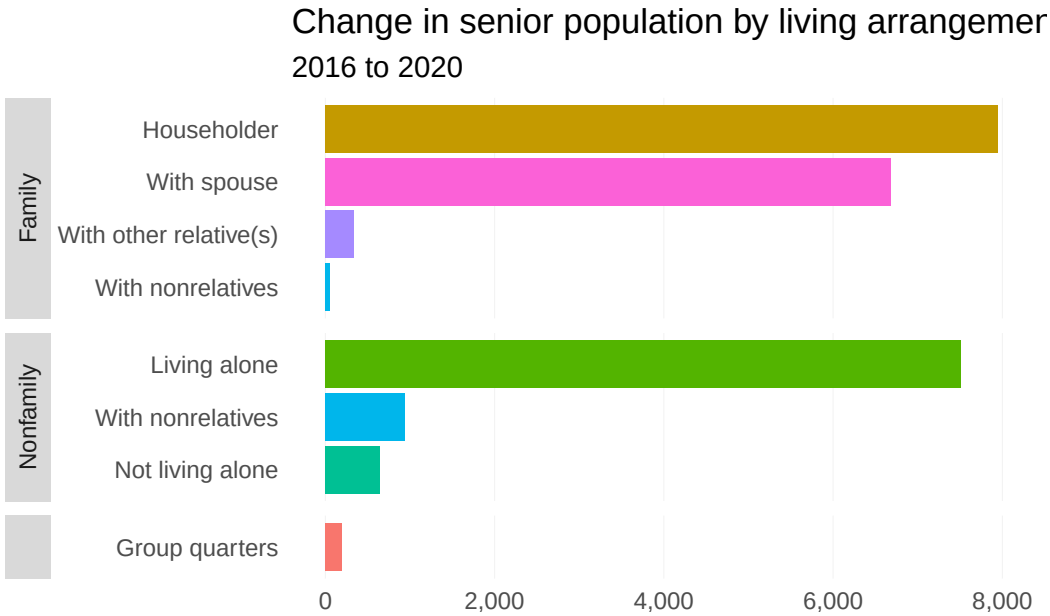
- Seniors who are the head of the household,
- Seniors who are the spouse of the head of the households, and
- Seniors who live alone.

The estimated number of seniors within group quarters (e.g. nursing homes, assisted living facilities) increased by less than 200. This figure should be assessed in context of ACS collection challenges in group quarters settings throughout the COVID-19 pandemic.



Source: U.S. Census Bureau, American Community Survey, Table B25115.

Figure 2.5: Change in households with children by tenure



Source: U.S. Census Bureau, American Community Survey, Table B09020.

Figure 2.6: Change in senior population by living arrangement

2.7 Subfamilies

The Census Bureau defines a *subfamily* as a group of related individuals who live in the household of someone else. As of 2020, there were approximately 9,850 subfamilies across the region. Two-thirds of those are single mothers living with at least one child of their own. These estimates have remained stable since 2016.

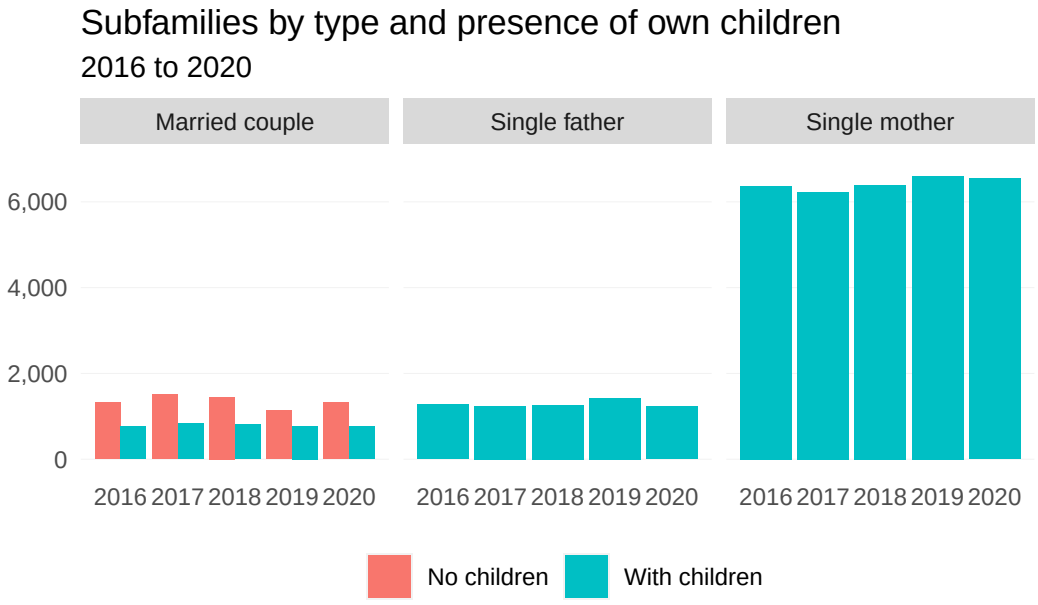


Figure 2.7: Subfamilies by type and presence of own children

2.8 Multigenerational households

The Census Bureau defines *multigenerational* households as those with three or more generations. According to the Pew Research Center, the share of the American population in multigenerational households increased from just 7 percent in 1971 to 18 percent in 2021.

However, multigenerational households in the Richmond region are less common than the national average. As of 2020, the share of persons in multiple generation households across the region has stayed between 7 and 8 percent from 2016 to 2020.

> **Note**
>
> Multigenerational households estimates are not available from the standard ACS tables published by the Census Bureau. The data in this section comes from the Public Use Microdata Sample (PUMS), which are available only by special Public Use Microdata Areas (PUMAs) which contain at least 100,000 people.
> While PUMA boundaries align with Chesterfield County, Henrico County, and Richmond city, the PUMA containing Hanover County also includes Powhatan, Goochland, New Kent, King William, Charles City counties.

Multigenerational households are slightly more common in the core metro area (Chesterfield, Henrico, and Richmond) than the outlying suburbs. The share of multigenerational households in Chesterfield and Richmond appears to be decreasing slightly, while increasing slightly in the outer counties. The share of Henrico's population in multigenerational households continues to sit around 8 percent.

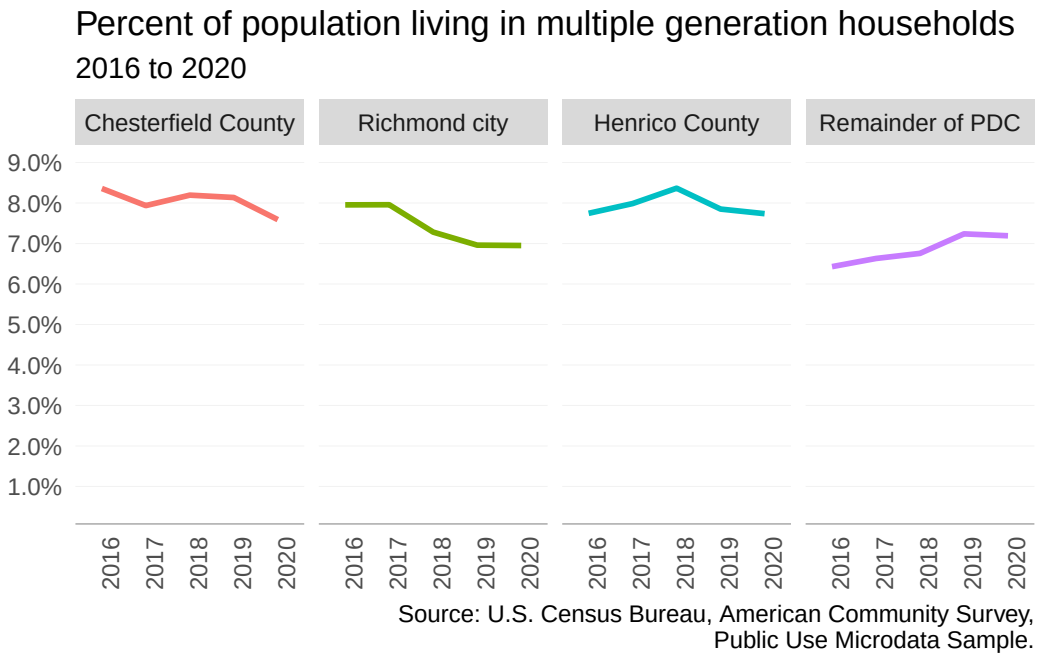


Figure 2.8: Percent of population living in multiple generation households

2.9 Adult children with parents

Over the past decade, a common stereotype has been the adult millennial child continuing to live with their parents. While this trope is based in real economic challenges faced by

young adults, such as increasing housing costs and student debt, its magnitude can often be overstated.

Today, more than 75,800 adults 18 to 34 years old in the region—about one-in-three—live with their parents. This is more than any other arrangement. However, since 2016, the fastest growing living arrangement for young adults has been with an unmarried partner, followed by other nonrelatives (roommates). In fact, the share of young adults now living with a married spouse increased slightly more than the share still living with parents.

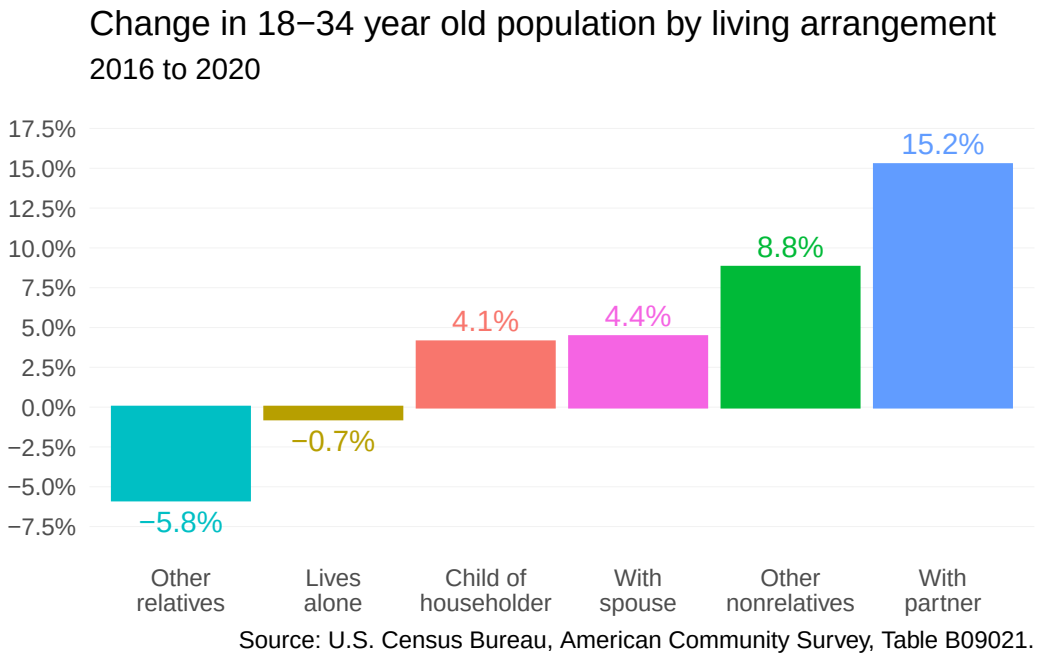


Figure 2.9: Change in 18-34 year old population by living arrangement

3 Incomes and wages

3.1 Household incomes

3.1.1 Incomes by tenure

From 2016 to 2020, the region saw large increases in the number of six-figure income households, particularly among homeowners (well over 25,000), but also renters (almost 6,500). This growth can likely be attributed to both new high-income residents from outside the region, as well as income growth among households already in the region.

There was also a minor increase in the number of middle-income renters earning between $50,000 and $100,000, reflecting continued demand for new market-rate apartments—along with affordable starter homes.

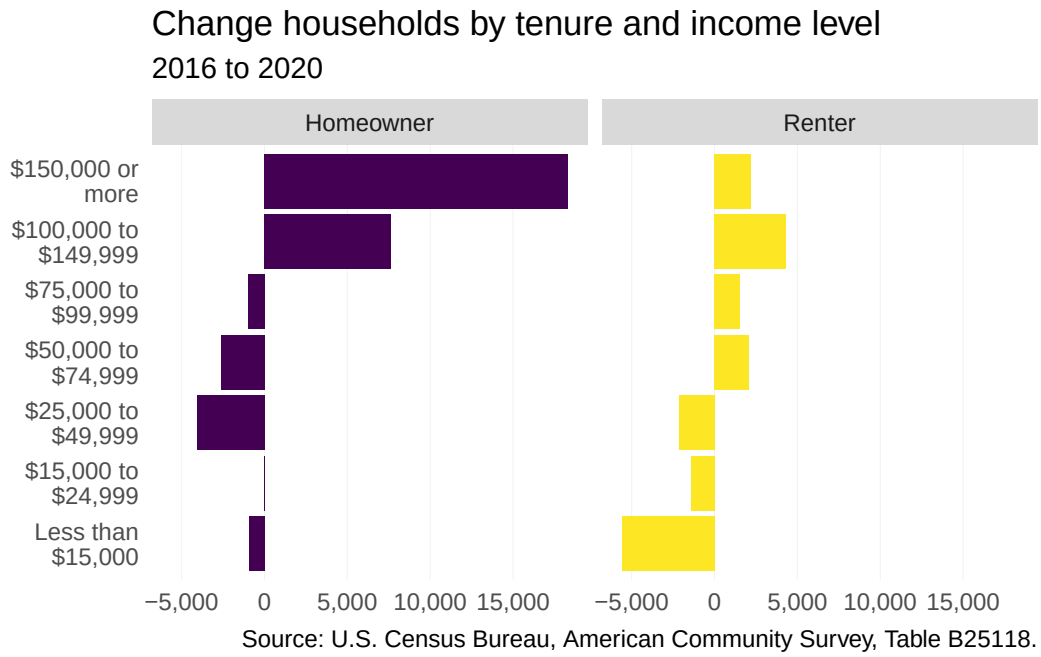


Figure 3.1: Change households by tenure and income level

Average homeowner incomes continue to be well above average renter incomes across the region. When adjusted for inflation, incomes across tenures for each locality show very minor to modest growth. Incomes in the city—for both homeowners and renters—remain significantly below those in the surrounding counties. The average household income for homeowners in the counties is around three times that of renters in Richmond.

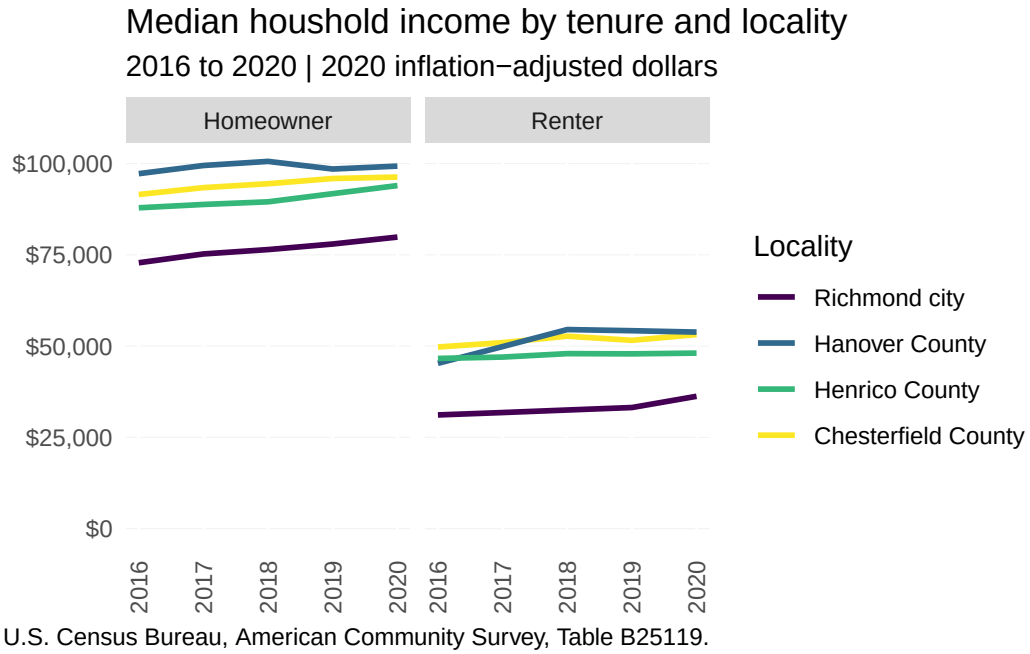


Figure 3.2: Median houshold income by tenure and locality

3.1.2 Incomes by race and ethnicity

Average incomes in the region remain unequal by race and ethnicity. Households with the highest incomes include Asian and white, non-Hispanic residents in the counties—earning well above $75,000. Black and Hispanic households consistently have the lowest average incomes, along with multiracial households in Henrico and Richmond.

3.1.3 Incomes by family type

Household incomes also vary by the presence of children or other related individuals. Throughout the region, non-family households (i.e., persons living alone or with unrelated persons) consistently have average incomes below $50,000. In Henrico and Chesterfield counties, families living with and without children under 18 have very similar income levels. This trend

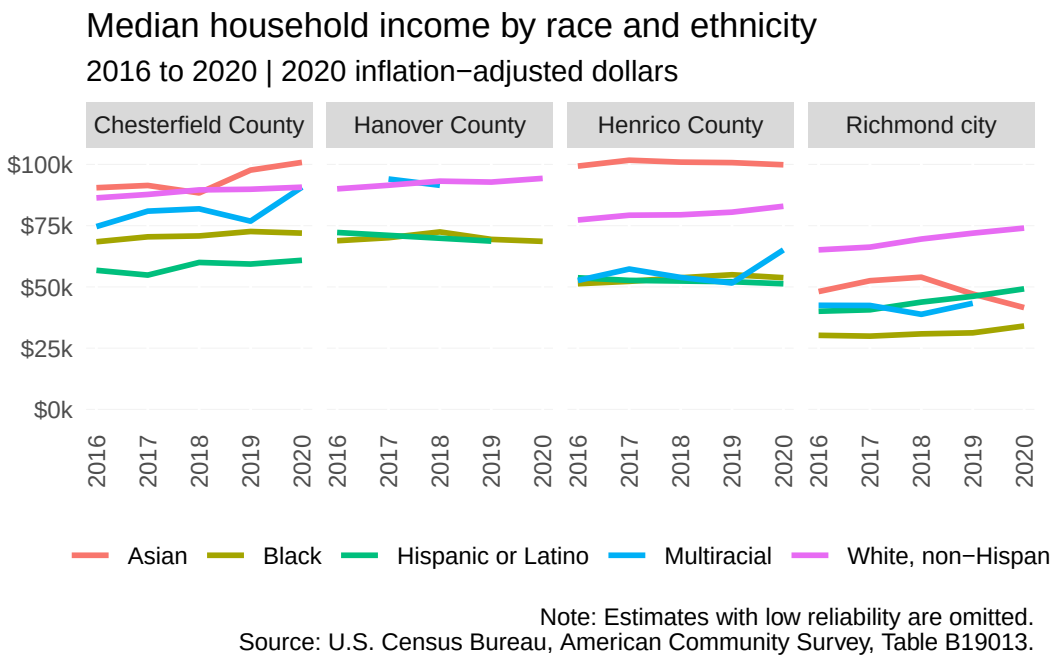
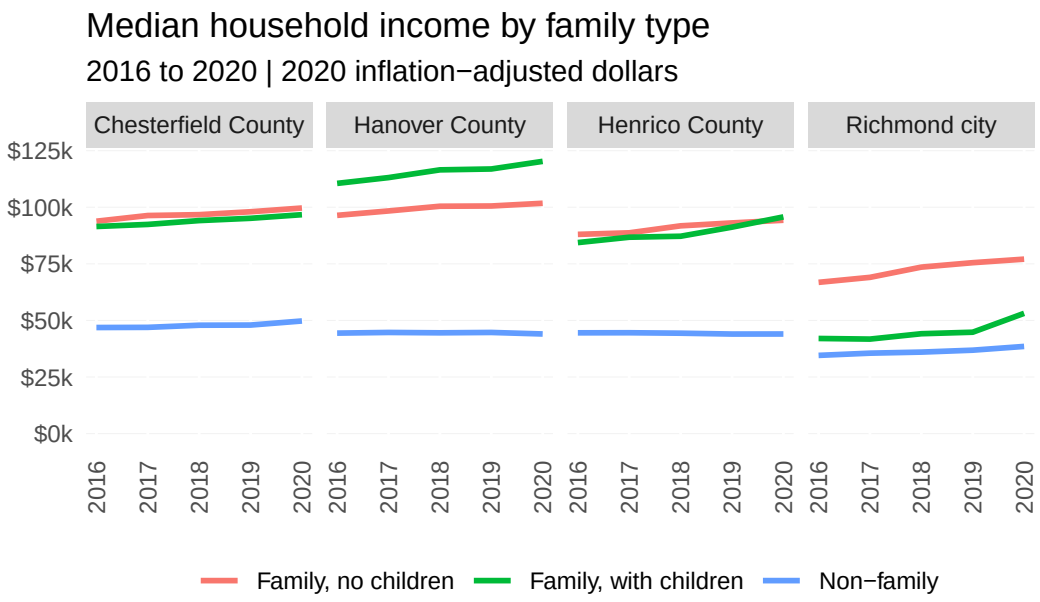


Figure 3.3: Median household income by race and ethnicity

is different in Hanover, where families with children have much higher incomes, as well as Richmond, where they have much lower incomes.

3.2 Wages

> **Note**
>
> Wage data in this section is sourced from the Occupational Employment and Wage Statistics (OEWS) program of the Bureau of Labor Statistics. OEWS is updated annually, most recently for 2021 data. This dataset provides a rich look into wage distribution by industry and occupation.
> However, OEWS is only available at the national, state, and metro levels. Therefore, the data below covers the full Richmond, Virginia Metropolitan Statistical Area (MSA) rather than the (smaller) PHA region.



Source: U.S. Census Bureau, American Community Survey, Tables B19125 and B19202.

Figure 3.4: Median household income by family type

3.2.1 Wage change by percentile

While regional wages increased across the board from May 2019 to May 2021, the largest percent increases in average wages were among jobs that paid at and below the median wage. In fact, the largest growth occurred in the lowest 10th percentile of wages, due in large part to state lawmakers adopting incremental increases to Virginia's minimum wage in 2020. The first increase from $7.25 to $9.50 per hour took effect in 2021.

> **Note**
>
> Today, state minimum wage is $11.00 per hour. Under current law, it will increase again to $12.00 in 2023. Lawmakers must reenact the measure by July 2024 to initiative further increases to $15.00 per hour by 2026.

Another factor in this low-end wage growth is likely the increased pay offered by many businesses, especially in the food, retail, and accommodation sectors, to encourage workers to return during the COVID-19 recovery.

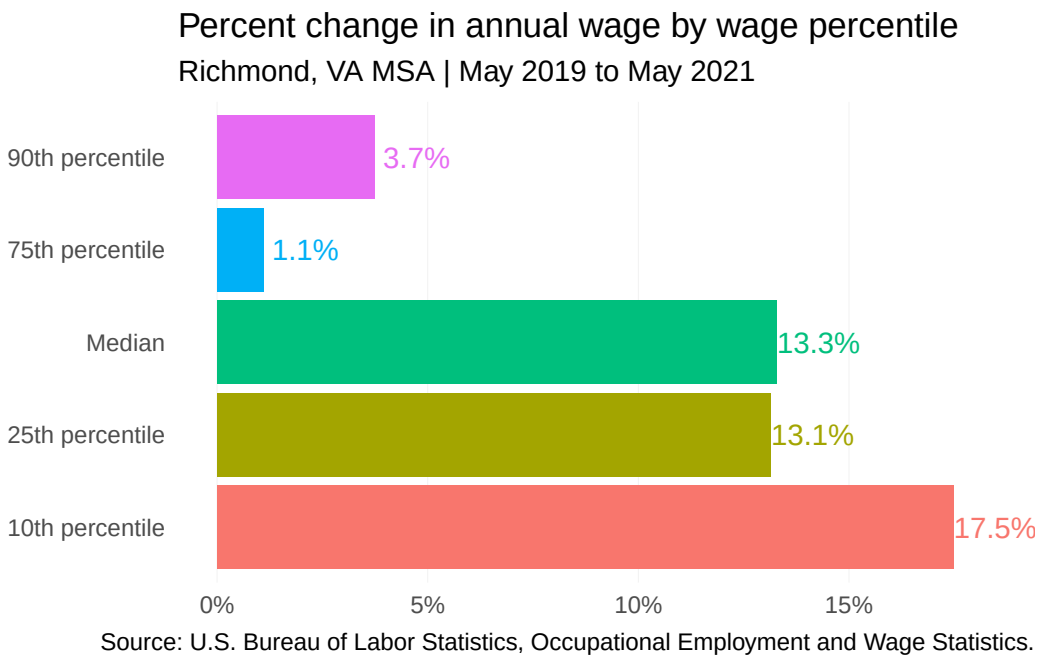


Figure 3.5: Percent change in annual wage in Richmond, VA MSA

3.2.2 Wage change by occupation

Over this same period, wages in the region grew for four of the five most common occupation categories by total employment numbers. Workers in the Transportation and Material Moving sector saw the largest increases—from an average annual salary of $30,250 to $36,370 (over 20 percent).

Jobs in Food Preparation and Serving, Sales, and Business and Financial Operations sectors—totaling more than 162,000 workers in the region as of May 2021—also saw wage growth, but less than the 13.3 percent average increase. Meanwhile, wages among Office and Administrative Support positions remained nearly the same (-0.2 percent) from 2019 to 2021.

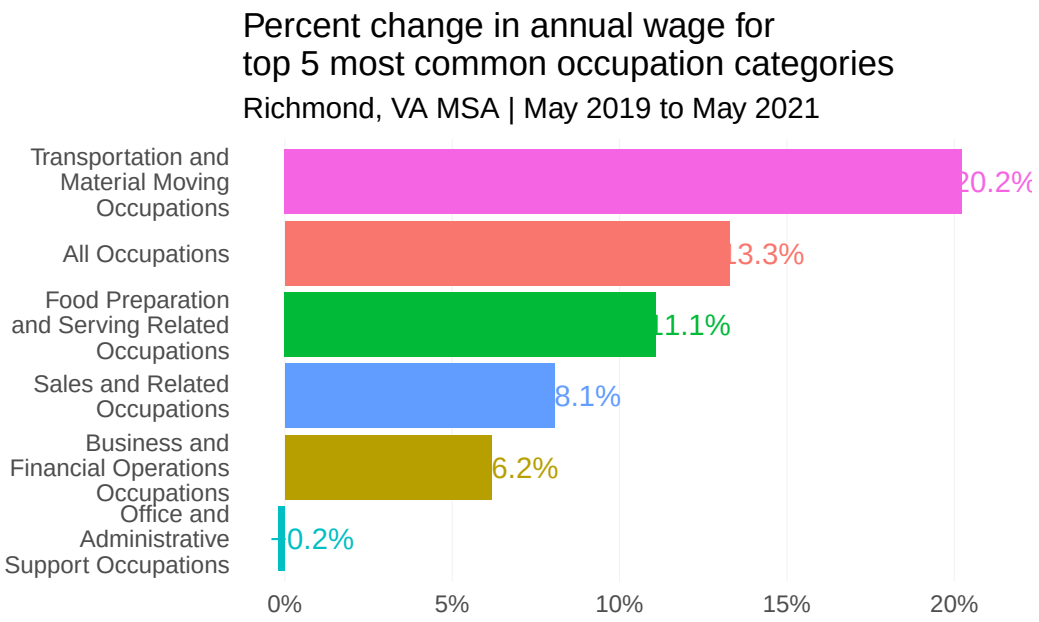


Figure 3.6: Percent change in annual wage for top 5 most common occupation categories

4 Special populations

4.1 Independent living difficulty

In the American Community Survey (ACS), the Census Bureau collects a range of characteristics to capture the range of different disability types found in the population. One important disability type available in ACS data is *independent living difficulty*, which includes persons who:

> *Because of a physical, mental, or emotional problem, [have] difficulty doing errands alone such as visiting a doctor's office or shopping.*

As a result, persons with these difficulties often face significant housing challenges as well.

4.1.1 By age

From 2016 to 2020, the region added almost 2,600 more persons with independent living difficulties. The largest increases occurred among young adults under 35, as well as "young" seniors between 65 and 74. The latter group will see their needs increase acutely in the next decade as they continue to age and potentially become more dependent on others.

4.1.2 By tenure

> **Note**
>
> The detailed estimates for persons with independent living difficulties in this and the next section are not available from the standard ACS tables published by the Census Bureau. The data in these sections come from the Public Use Microdata Sample (PUMS), which are available only by special Public Use Microdata Areas (PUMAs) which contain at least 100,000 people.
> While PUMA boundaries align with Chesterfield County, Henrico County, and Richmond city, the PUMA containing Hanover County also includes Powhatan, Goochland, New Kent, King William, Charles City counties.

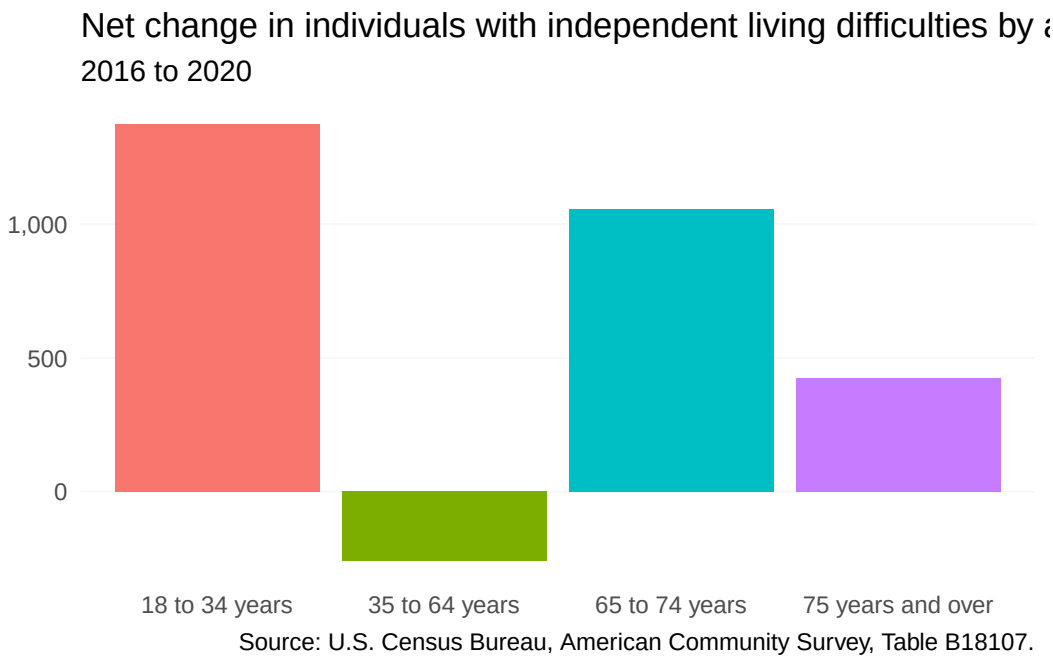


Figure 4.1: Net change in individuals with independent living difficulties by age

Nearly all persons with independent living difficulties throughout the region live in regular homes, and not assisted living facilities or other group quarters. Most are in homes that they own, or in homes owned by another occupant, such as a spouse. This is not the case in Richmond, however, where about half live in rented homes.

4.1.3 By household size

Persons with independent living difficulties are most likely to live with one other person in their home. Slightly larger households (3 to 4 persons total) are also common. Still, more than 15 percent live alone—including nearly one-in-four in Richmond. However, based on ACS data collection methods, "living alone" also includes persons residing in group quarters.

4.2 Veterans with disabilities

Veterans of military service have access to a range of Department of Veterans Administration (VA) benefits, including VA home loans. These benefits also include disability payments for veterans with service-connected disabilities.

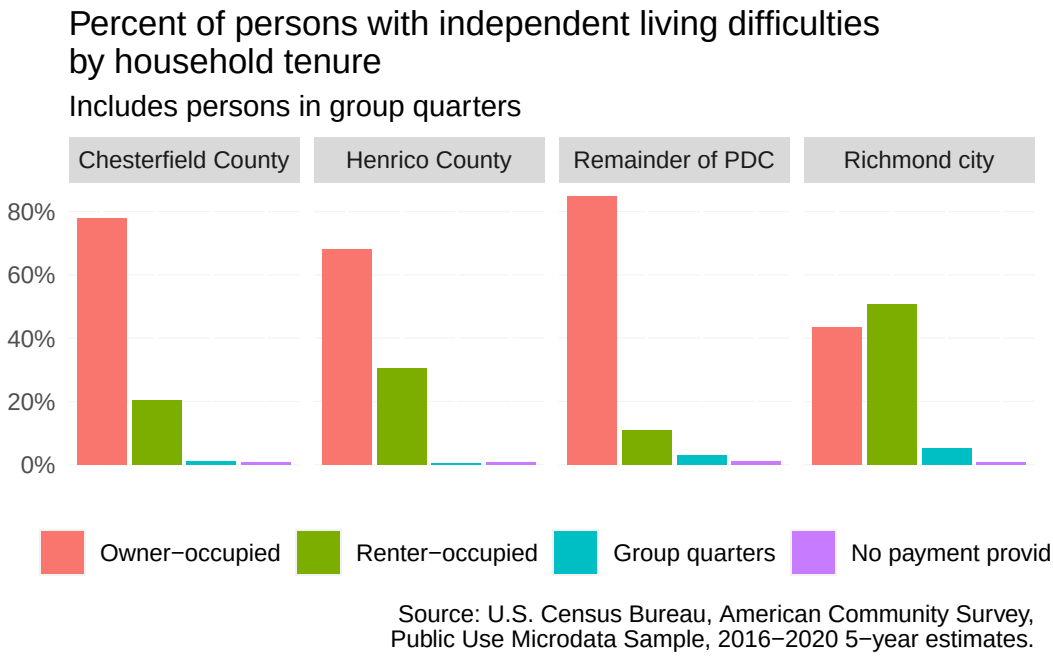


Figure 4.2: Percent of persons with independent living difficulties by household tenure

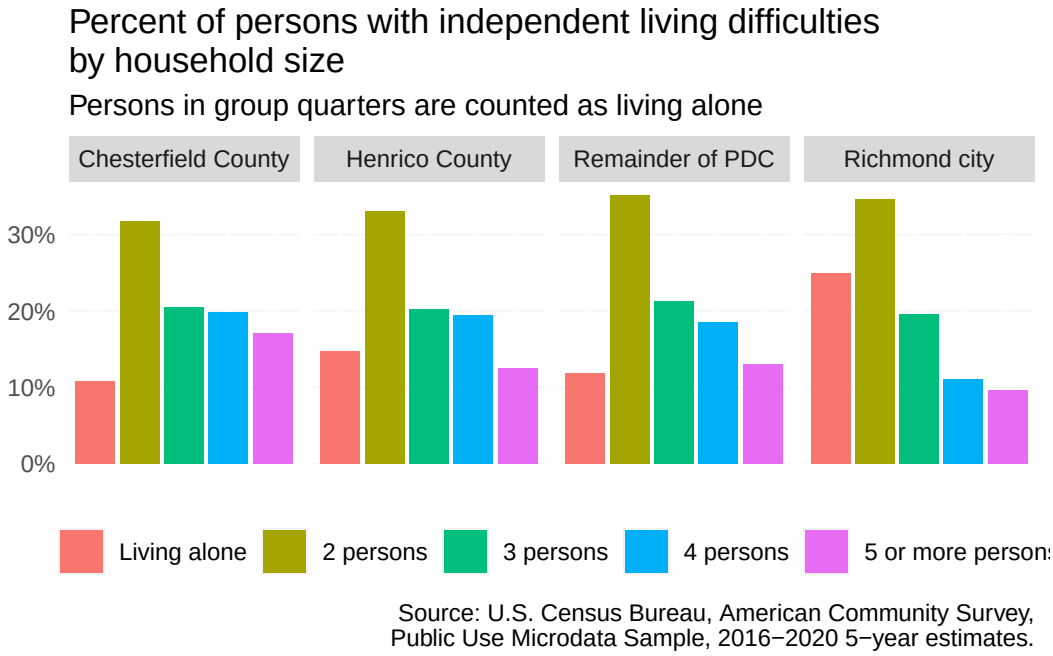


Figure 4.3: Percent of persons with independent living difficulties by household size

To award disability benefits, the VA assigns each disabled veteran a rating from zero to 100 percent based on the severity of their disability or disabilities. A higher rating reflects more significant impairments, and accordingly, additional paid benefits to cover lost wages and extra healthcare services.

From 2016 to 2020, the number of veterans in the region with a service-connected disability increased by more than 2,800. A significant majority of this growth occurred among veterans with disability rating of 70 percent or higher, or those with the most severe physical and/or mental health challenges.

Despite the increased benefits level associated with the higher rating, these disabled veterans may be challenged to find accessible and affordable housing options without additional support.

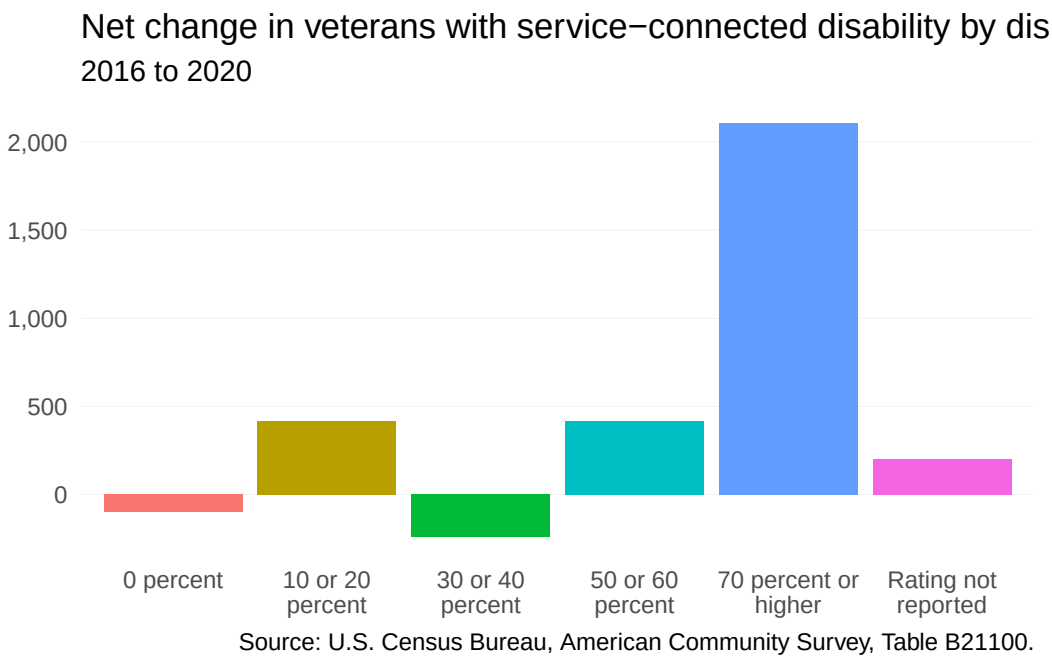


Figure 4.4: Net change in veterans with service-connected disability by disability rating

Part II

PART 2: Housing supply and market changes

5 Homeownership

5.1 Supply

5.1.1 Change in stock

The stock of homeowner housing has been growing across the region. From 2016 to 2020, owner-occupied housing has increased by 17,436—an increase of seven percent. Unsurprisingly, much of that growth (93 percent) has occurred in the single-family home market, including detached and attached homes. The largest share of that single-family home growth has occurred in Chesterfield County, where there was a net gain of 7,184 single-family owner-occupied homes.

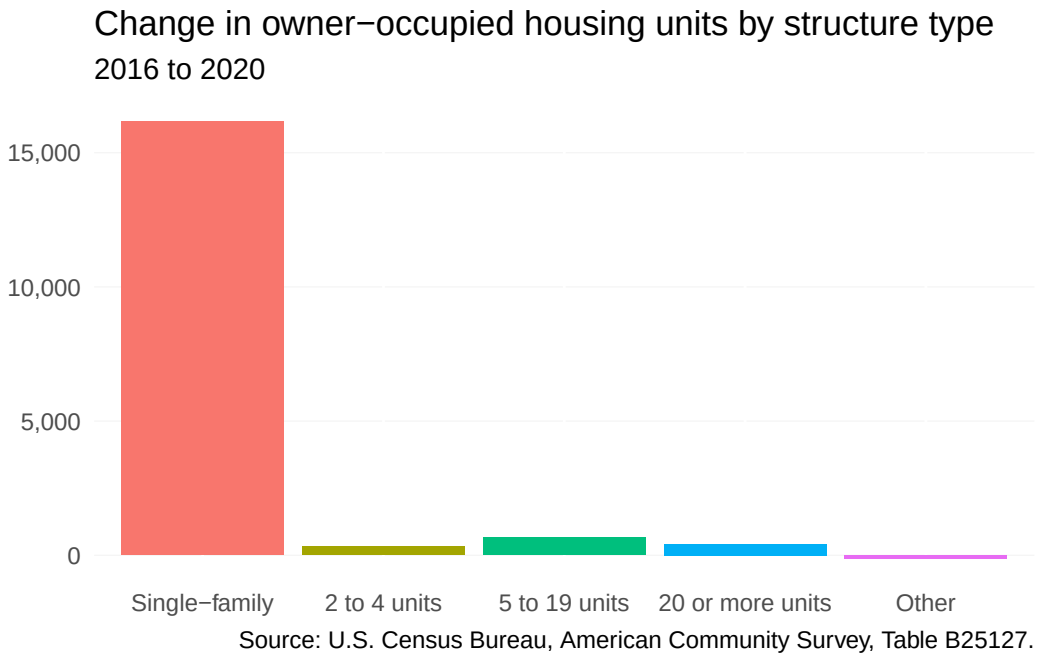


Figure 5.1: Change in owner-occupied housing units by structure type

5.1.2 Age of stock

Between 2016 and 2020, almost all additions to the homeowner-occupied housing stock in the region were, intuitively, homes built in the past decade. However, there have also been thousands of net additions among homes built before 1940 and between 1980 and 2009. These homes were most likely previously occupied by renters and have now been reconverted into homeownership opportunities.

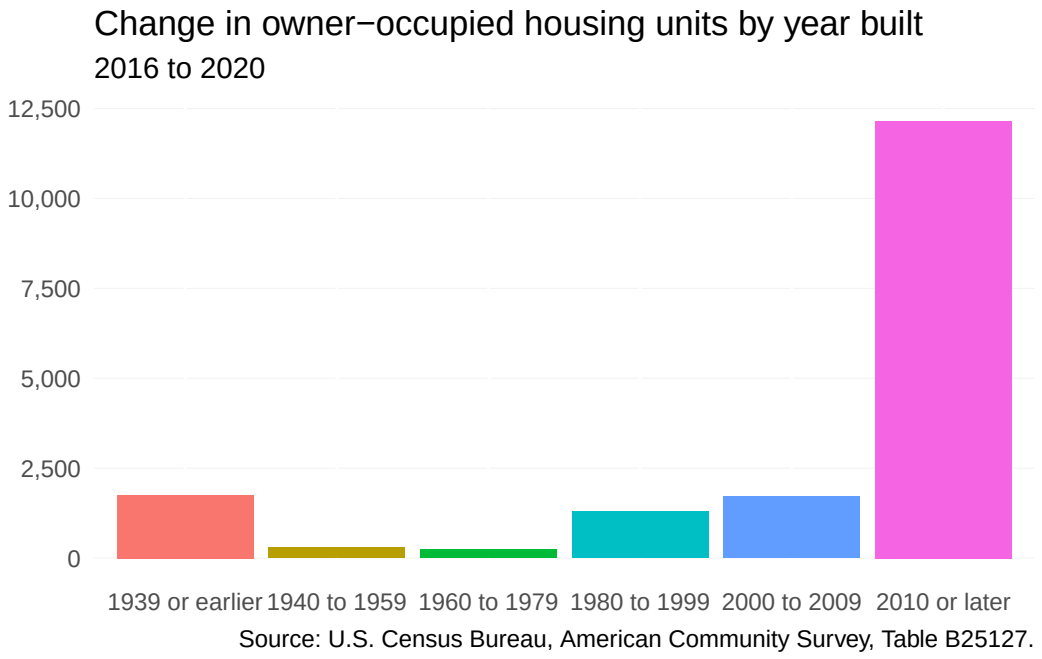


Figure 5.2: Change in owner-occupied housing units by year built

5.1.3 Bedrooms

The majority of new owner-occupied homes in the region have three or more bedrooms, continuing design and size trends prevalent since the mid 20th century. At the same time, homeowner households have become smaller, which creates a surplus of largely unused bedrooms across the market.

Smaller housing options exist largely in the City of Richmond or Henrico County. While single-family homes—or condo units—with one- or two- bedrooms are usually much more affordable, these housing options are often in older, but highly desirable neighborhoods in the City of Richmond (i.e., The Fan and Church Hill).

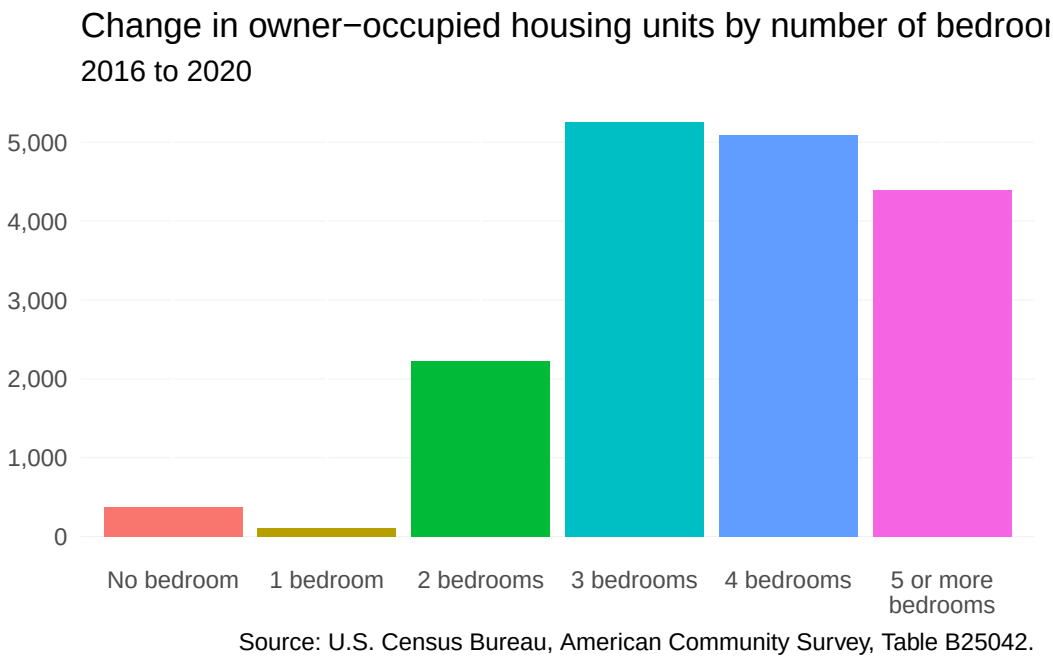


Figure 5.3: Change in owner-occupied housing units by number of bedrooms

5.1.4 Production

All localities in the region experienced single-family construction declines as a result of the Great Recession from late 2007 to early 2012 — especially Chesterfield and Henrico. Recovery has been unevenly distributed, however.

From 2010 onward, every locality has seen increasing single-family home construction, but the steepest increase has been in Chesterfield County. From 2010 to 2020, single-family home construction has gone from 545 units to 2,202 per year in a decade — a 300% increase. Although Chesterfield County was on its way to pre-Recession levels, all other localities are seeing slow growth in the single-family home construction space.

5.2 Homeownership rate

5.2.1 By locality

Since 2016, overall homeownership rates for localities in the region have increased slightly. This accounts for the net increase in homeowners (over 15,000) and relatively steady number of renters over this time period.

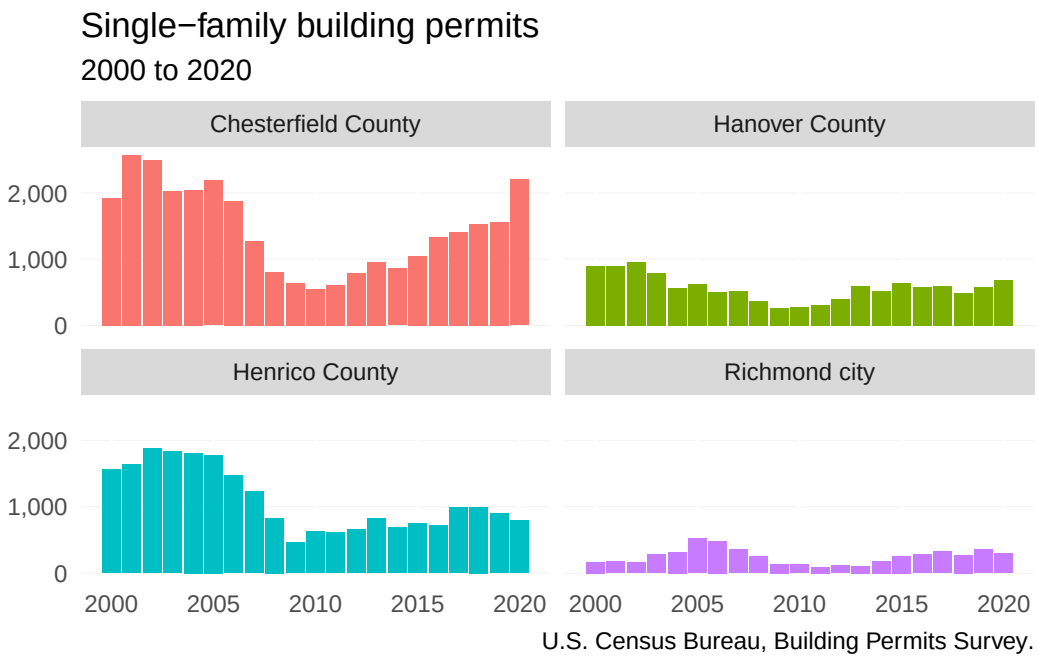


Figure 5.4: Single-family building permits

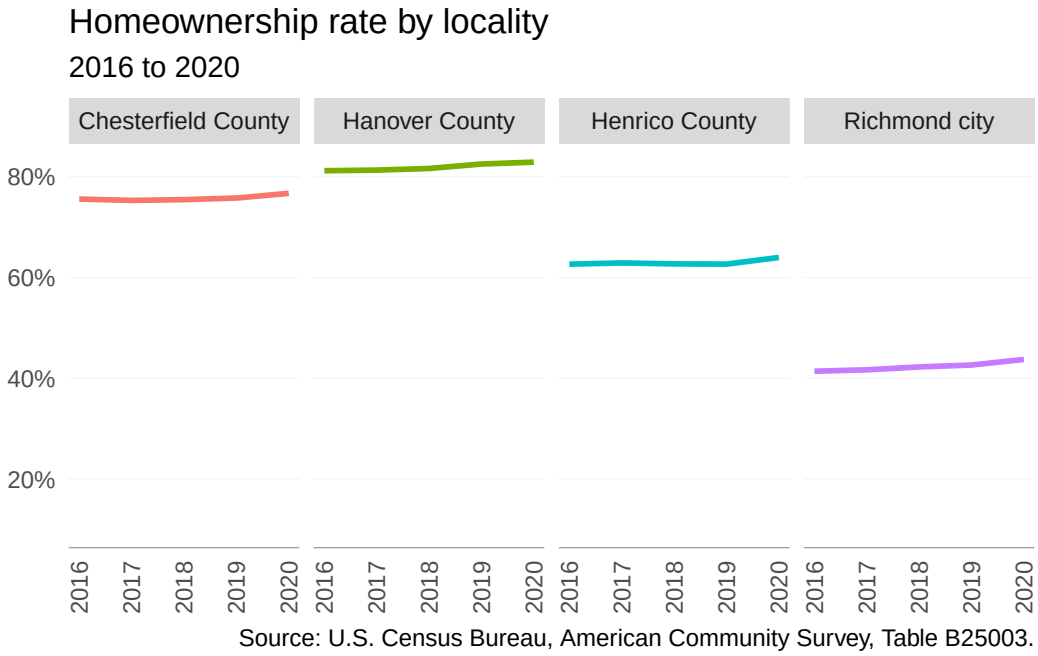


Figure 5.5: Homeownership rate by locality

5.2.2 By age

Despite high rents, high debt, and low inventory, younger households (under 35) have made some progress toward homeownership since 2016. Their homeownership rate across the region increased from 30 to 35 percent. On the other hand, homeownership rates for middle-age and older households remained about the same from 2016 to 2020.

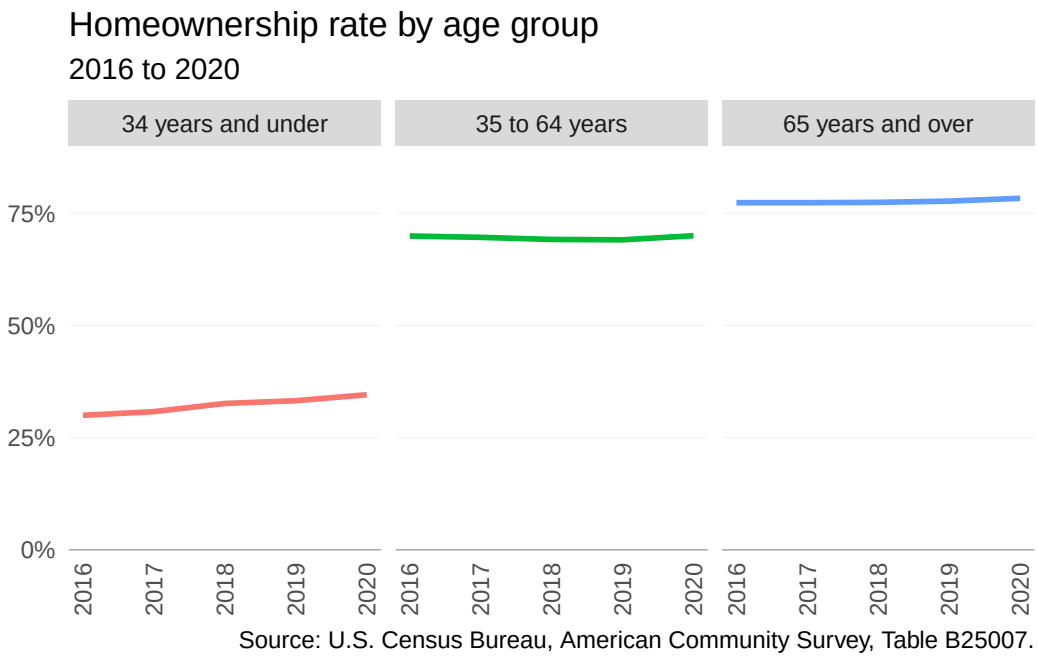


Figure 5.6: Homeownership rate by age group

5.2.3 By race and ethnicity

Across the region, the homeownership gap remains wide between white households and households of color. White households in the Richmond area are the only group with a homeownership rate above 70 percent. However, several other groups—including Asian, multiracial, and Black households—have seen slight increases in their homeownership rates since 2016. At the same time, homeownership rates have fallen slightly for Hispanic or Latino households and those of another race.

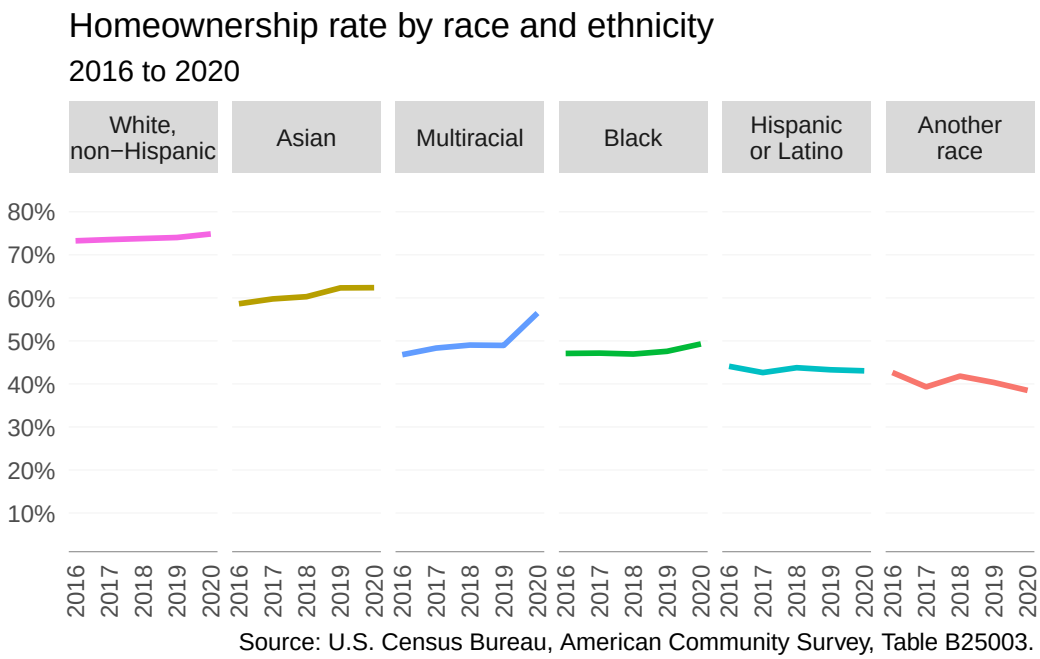


Figure 5.7: Homeownership rate by race and ethnicity

5.3 For-sale market

5.3.1 Closed sales

Home sales in the region continued to follow seasonal patterns during the COVID-19 pandemic. All localities saw reductions in typical sales volumes during early parts of the pandemic (spring to early summer 2020)—no doubt a result of stay-at-home orders. But by 2021, sales volume began to climb back as historically low interest rates incentivized home buying.

Chesterfield County continued to lead the region in home sales—hitting a monthly peak in June 2021, with a total of 809 sales. In nearly all localities except for Chesterfield County, the average monthly home sales has largely remained the same. Only in Chesterfield County was there a more than 10 percent increase in average monthly home sales between 2019 and 2021.

5.3.2 Sales price

Median home prices have continued to climb in the Richmond Region—reaching over $300,000 in all four major localities. The greatest price increases have occurred in the City of Richmond during 2022, where the median home price went from $292,000 in February to $389,950 in June,

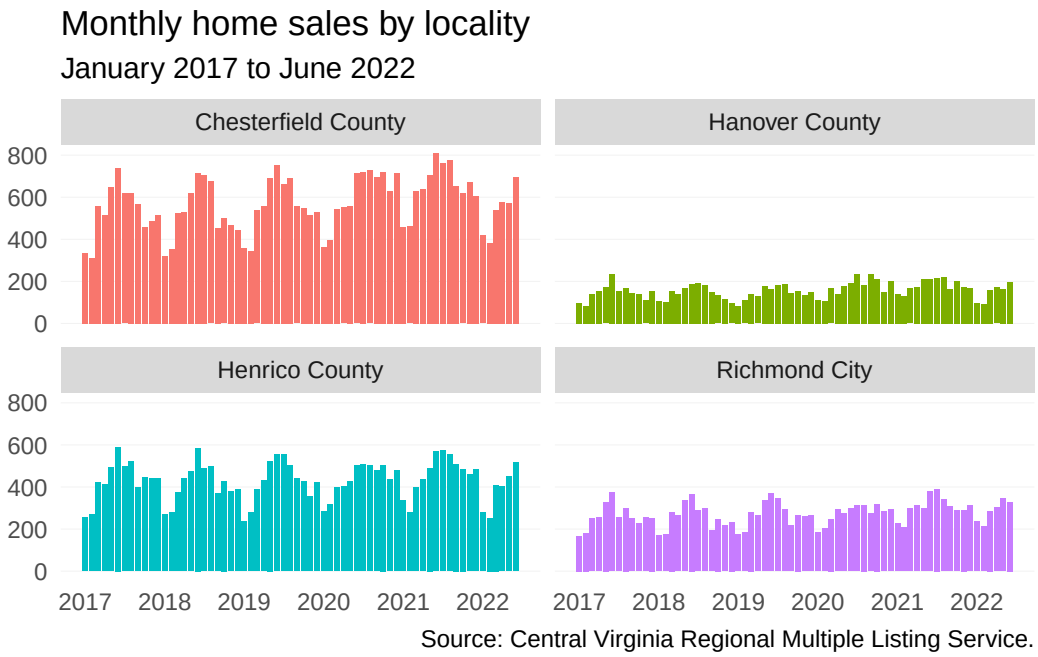


Figure 5.8: Monthly home sales by locality

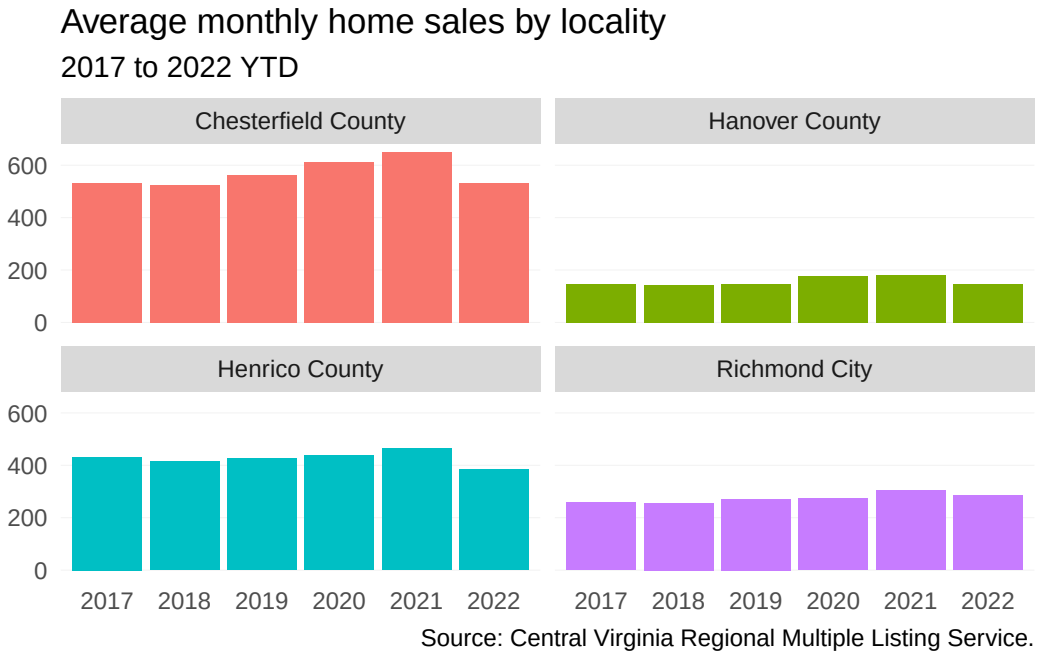


Figure 5.9: Average monthly home sales by locality

a 33 percent increase. Home prices are continuing to trend upward in spite of rising mortgage interest rates.

Hanover County remains the most expensive locality in the region with a median home price of $431,020 in June 2020, followed by the City of Richmond ($389,950), Chesterfield County ($380,000), and Henrico County ($350,000).

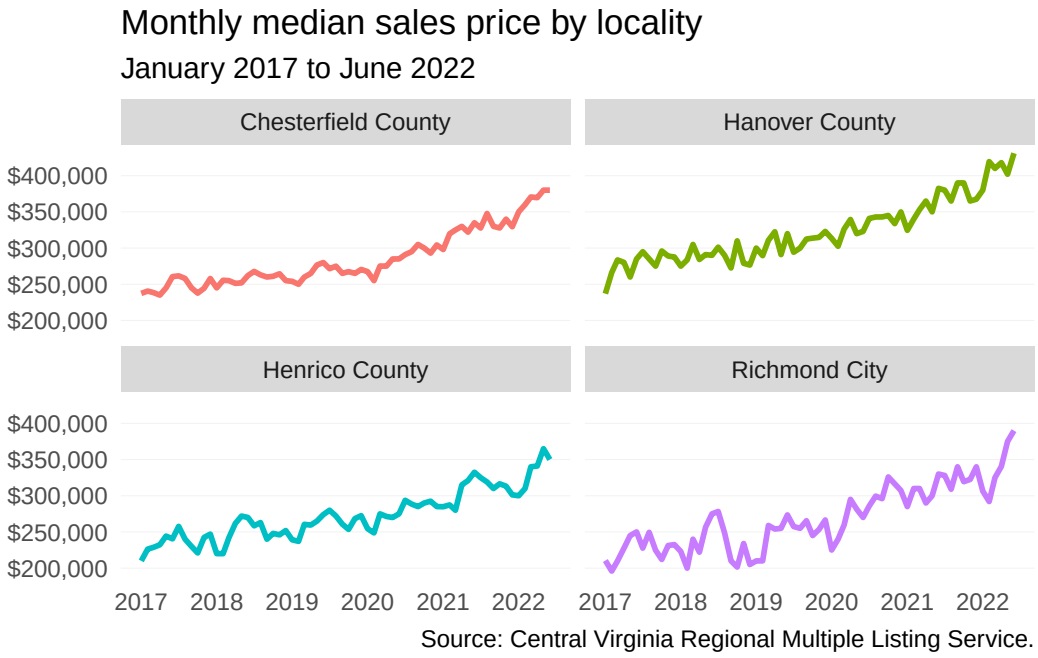


Figure 5.10: Monthly median sales price by locality

5.3.3 Supply

The inventory of for-sale housing before the pandemic typically sat at two months or more—meaning that it would take two or more months to sell at current prices. A healthy level of supply has said to be five or six months worth, but in recent years the region has been below that, which indicates a strong seller's market.

When pandemic began in March 2020, months supply dropped to two months and then by June 2020 hit a low of one month and has sat squarely there ever since. Even amid rising interest rates in 2022 and talks of a housing recession, months supply continues to remain low.

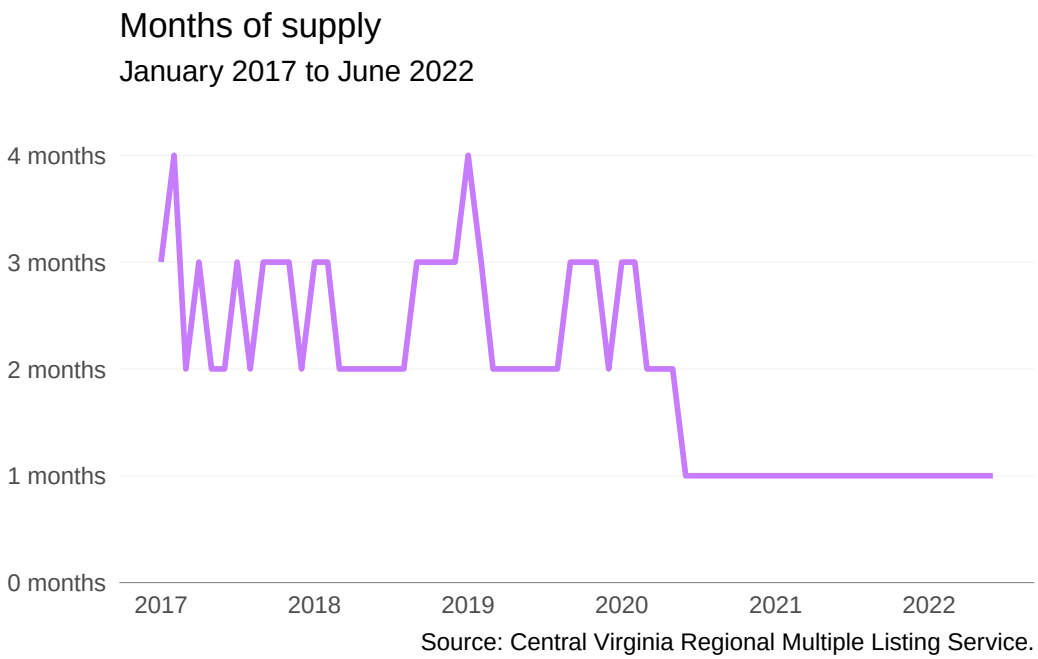


Figure 5.11: Months of supply

5.3.4 Starter homes

Starter homes provide young adults the ability to get on the first rung of the homeownership ladder. This allows many young adults the ability to build equity before their household grows (i.e. marriage and children). But starter homes are becoming more and more scarce. This has largely because those starter home opportunities are not coming to market. In some cases, older homes occupied by seniors are not hitting the market because senior desire to age-in-place remains high or seniors simply cannot find other affordable options themselves. Starter homes are also ripe for investor flipping, which leaves first-time homebuyers competing with all cash offers.

In addition, smaller homes do not make up a significant share of new construction stock. Smaller homes (two-bedroom or less) are often more desirable among seniors and young adults without children. The lack of this stock prevents the movement of households from different rungs along the homeownership ladder — locking homeowners into homes that often no longer work for them.

In 2021, the Virginia REALTORS® (VAR) conducted an analysis of the number and share of starter homes sold in Virginia from 2013 to mid-2021. This analysis was included in the statewide housing study conducted by HousingForward Virginia as part of HB 854. To calculate the number and share of starter homes sold, VAR calculated the number of homes sold that would be affordable to a household making 80 percent of AMI.

For the region, the share of starter homes sold has been in a steady decline. The greatest decrease has occurred in Chesterfield County, where the share of starter homes sold has gone from 63 percent to 46 percent. The smallest decreased occurred in Henrico County, a decrease of only 8 percentage points.

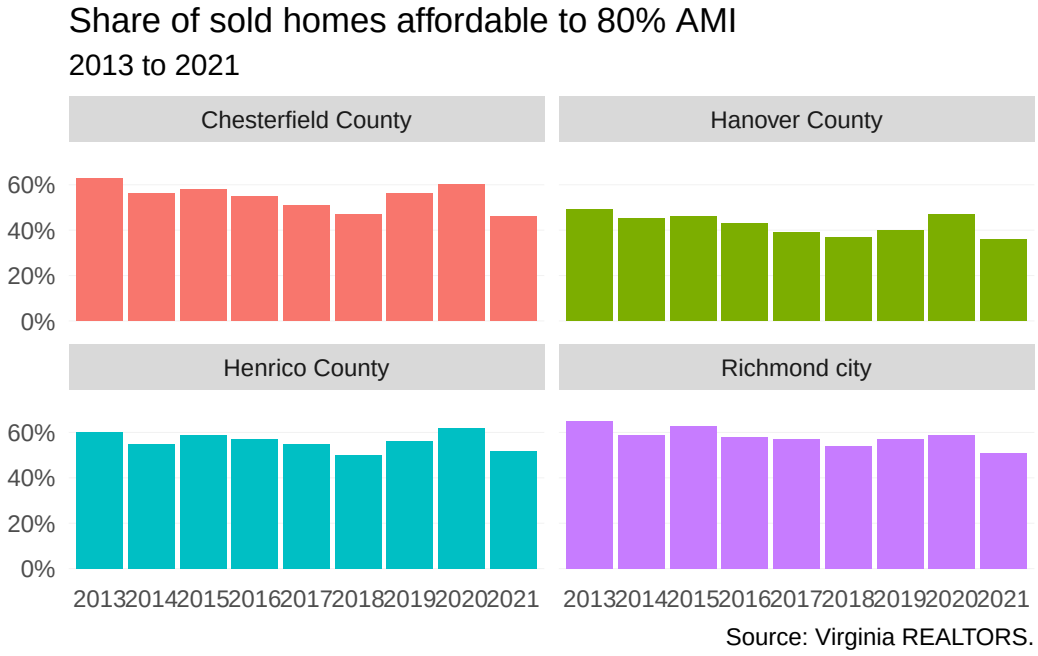


Figure 5.12: Share of sold homes affordable to 80% AMI

5.4 New construction versus resale

5.4.1 Sales price

The affordability of resale homes compared to new construction has often made them the first rung on the homeownership ladder. But since the start of the pandemic, the median resale home price has risen above the $300,000 mark and in June 2022 reached a high of $371,000.

During this timeframe, new construction median home prices have remained above $350,000 and throughout 2022 so far have stayed above $400,000. On average, there is a $89,127 difference between new construction and resale sales price—leaving new construction significantly out of reach for lower income households.

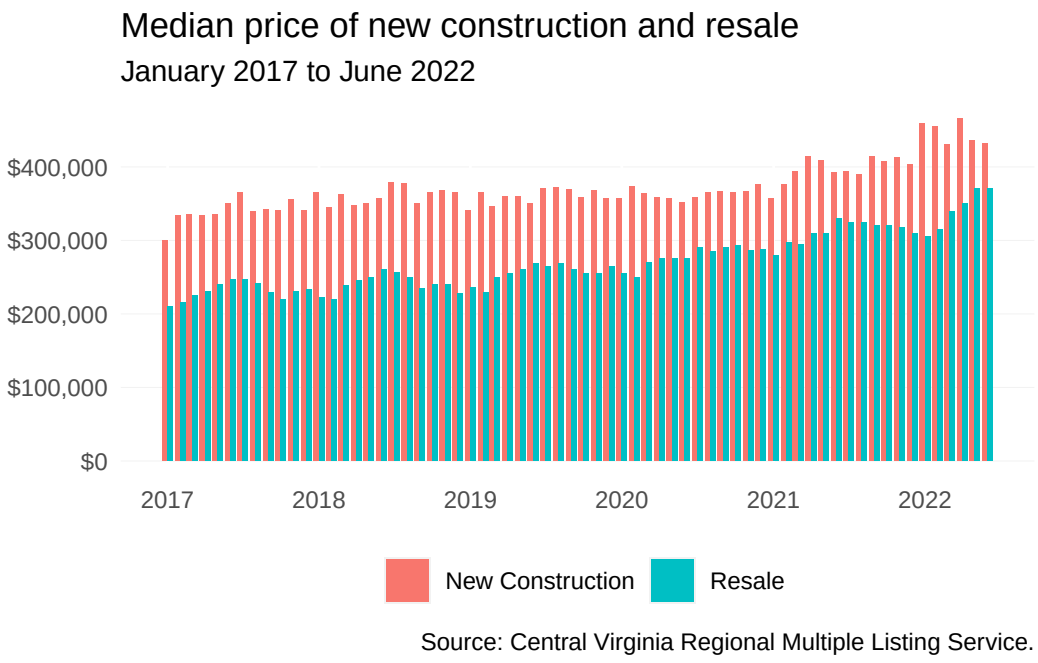


Figure 5.13: Median price of new construction and resale

5.4.2 Bedrooms

The majority of home sales in the region have been for three- and four-bedroom homes — roughly three in four homes sold in the past five years. Nuances exist at either end of the bedroom spectrum.

New construction of homes with one- to two-bedrooms has been increasing — going from six percent of sales in 2017 to nine percent in 2022 YTD. At the other end, new construction of five or more bedroom homes has increased as well with an increase of three percent (15 percent of sales in 2017 to 18 percent in 2022 YTD). For resale homes, the share of homes by bedroom has remained largely unchanged each year.

5.4.3 Size

In the past five years, there have been clear differences in new construction and resale sales by square footage. The majority of resale homes have been under 2,000 square feet, while new construction is overwhelmingly over 2,000 square feet. These differences have clear implications on home prices (i.e. more square footage means higher prices). But across the region, minimum requirements set out by localities in zoning ordinances impact these builder decisions.

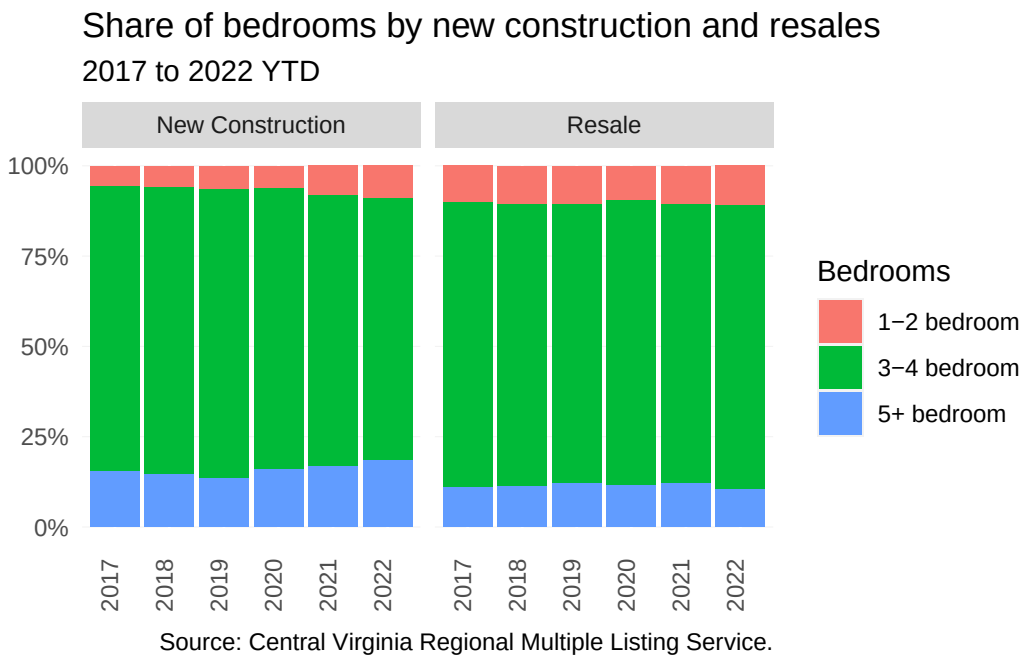


Figure 5.14: Share of bedrooms by new construction and resales

Building smaller homes is less profitable given the rising cost to develop a single detached home (e.g. rising land, infrastructure, and regulatory costs). In order to maximize profit, home builders need to increase square footage to recoup costs and meet development requirements.

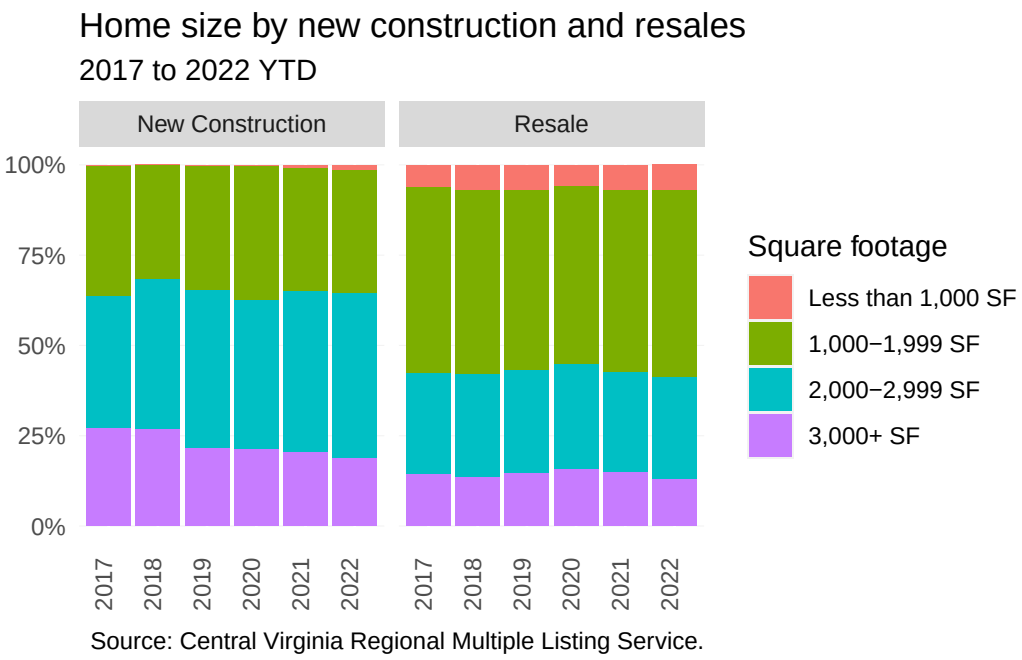


Figure 5.15: Home size by new construction and resales

6 Rental homes

6.1 Supply

6.1.1 Change in stock

While many renters across the region do live in multifamily buildings (with 5 or more units), the second largest share of rental housing is single-family housing (either attached or detached). In 2020, over a third (37 percent) of rental housing in the region consisted of single-family housing, while 49 percent was located in buildings with 5 or more units. There has been little change in these percentages since 2016.

Changes in the shares of rental housing have been small — but those changes have been among rental housing with 20 or more units (17 percent in 2016 to 19 percent in 2020) and 2 to 4 unit buildings (14 percent in 2016 down to 13 percent in 2020).

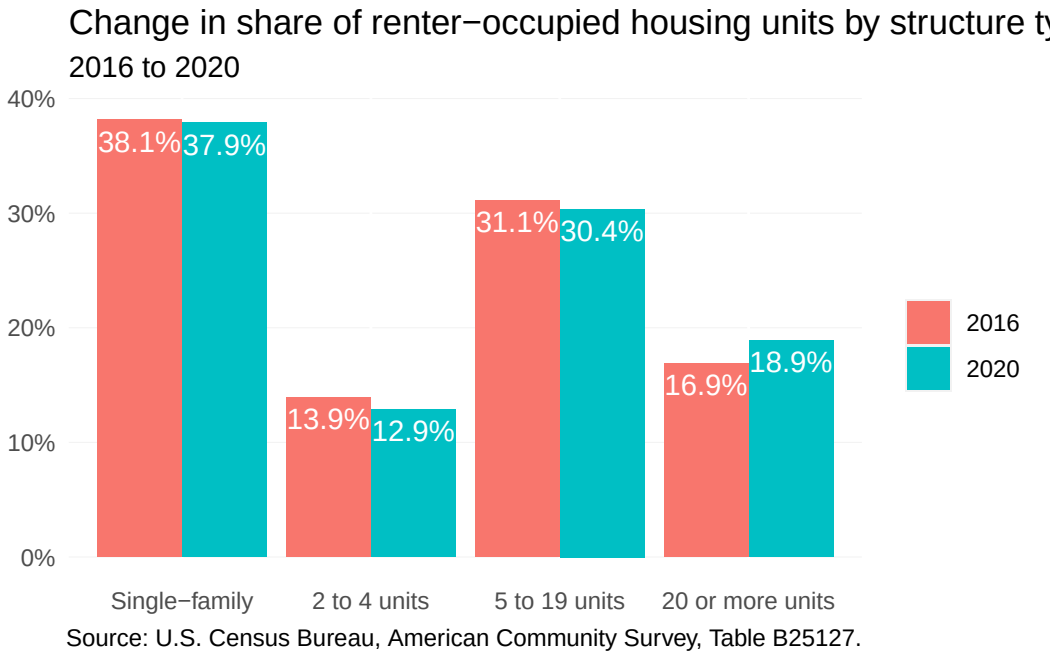


Figure 6.1: Change in share of renter-occupied housing units by structure type

The raw changes in rental housing were most felt in Henrico County and the City of Richmond. In Henrico, there was a 1,930 increase in single-family rental housing and a 1,357 decrease in 2 to 4 unit rental housing (i.e. duplexes, triplexes, and quads).

The City of Richmond saw a contrasting decrease in single-family rentals (-1,921), while also experiencing a 2,134 increase in rental housing located in buildings with 20 or more units. Chesterfield County has seen slight increases in multifamily housing of all types, while Hanover County has not seen much change at all.

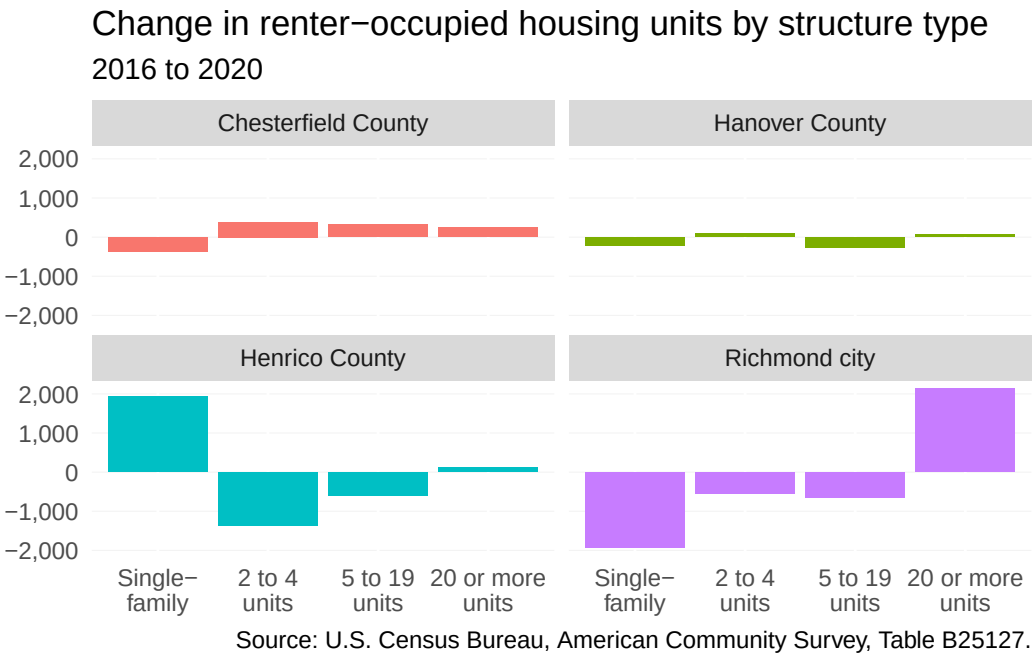


Figure 6.2: Change in renter-occupied housing units by structure type

6.1.2 Age of stock

Since 2016, the region has seen major changes in the age of its rental stock as existing homes transition from being owned to leased out, or vice-versa. Of note, every locality except for Hanover saw significant increases in the number of renter-occupied homes built between 1980 and 1999.

These homes—now over 20 years old—are likely becoming the target of investors purchasing from homeowners, making certain improvements, and renting them out. In Henrico County, this trend was even more prevalent among homes built between 1960 and 1979.

Conversely, Chesterfield and Henrico each had over 1,000 homes built between 2000 and 2009 change from renter- to owner-occupied. The largest losses in rental stock, however, occurred

in Richmond among homes built prior to 1980. Several factors could explain this decline:

- Actual demolition of very old, low-quality homes,
- Duplexes and triplexes converted into single-family homes, and
- Single-family rentals purchased by buyers who now live in the home.

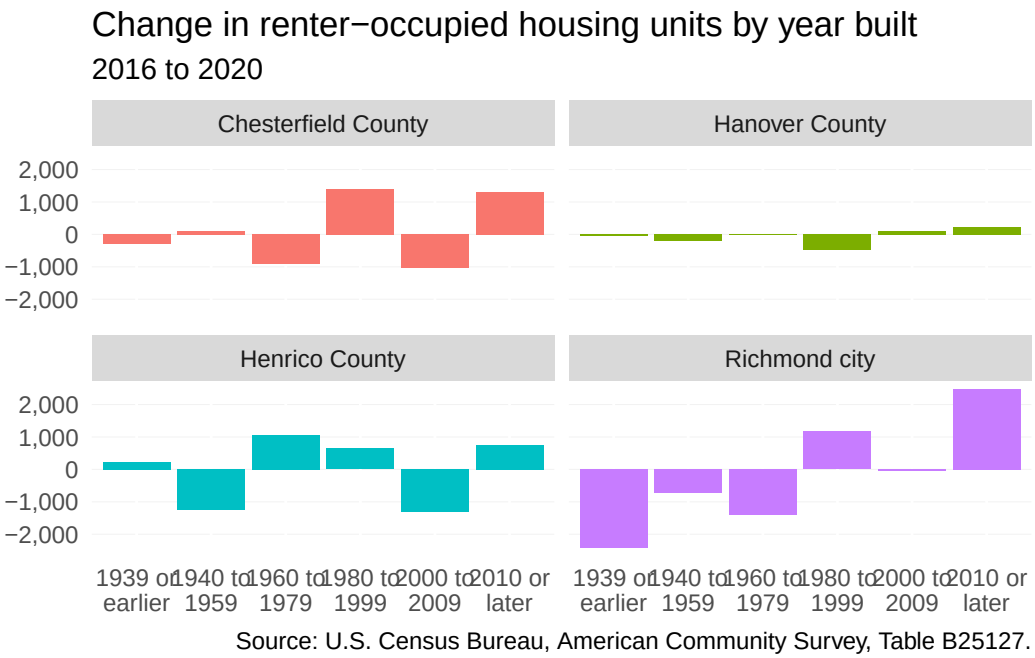


Figure 6.3: Change in renter-occupied housing units by year built

6.1.3 Bedrooms

Rental homes in the Richmond region are most likely to have one or two bedrooms. While the number of one-bedroom apartments has continued to increase (+1,617) from 2016, the number of two-bedroom units has decreased by 2,500.

The increasing supply of one-bedroom apartments coincides with a similar increase in studio apartments—these unit sizes reflect new apartments, largely in Richmond, marketed for college students and other young adults.

The dwindling number of two-bedroom rental homes may reflect small single-family rentals in older neighborhoods transitioning to owner-occupancy, as there is a similar (but much less significant) decline in three-bedroom units.

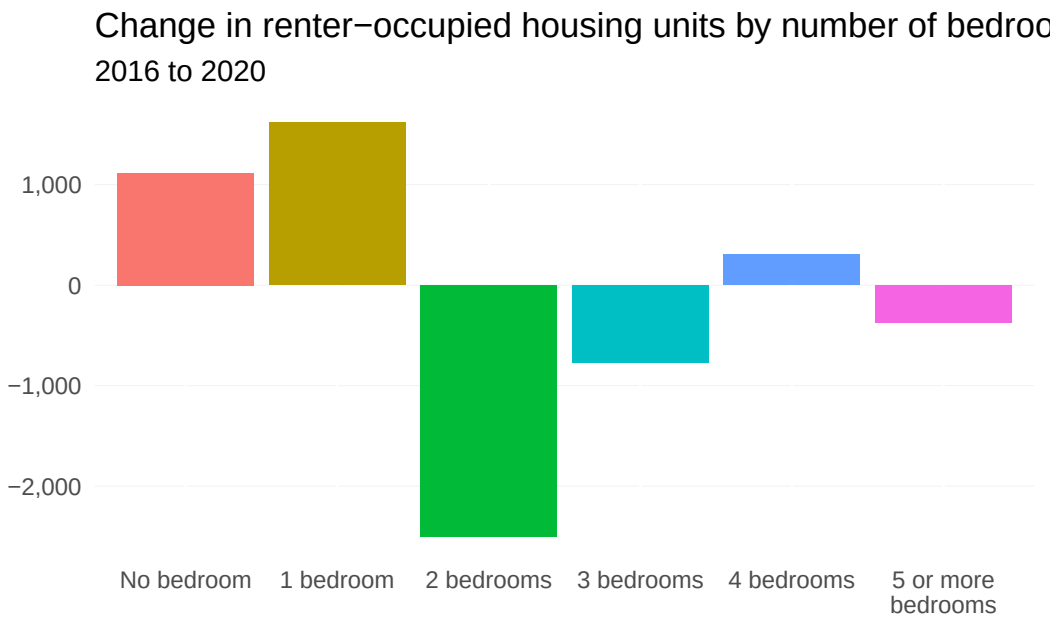


Figure 6.4: Change in renter-occupied housing units by number of bedrooms

6.1.4 Production

Construction of multifamily properties (with 5 units or more) has been sporadic since the end of the Great Recession. In all localities aside from Hanover County, there have been waves and dips in the multifamily building construction. Hanover has seen little to no activity throughout the last two decades, while Chesterfield County and Richmond have seen the bulk of activity.

During the latter half of the last decade, Chesterfield County had a boom in multifamily construction — nearing 1,500 units in 2019. Meanwhile, Richmond's multifamily construction saw dips following the Great Recession and again in 2018, but has largely been up in the last couple years of the 2010s. Although Henrico County had dips in 2016 and 2018, multifamily construction has more often than not been above the 700 unit mark.

6.2 Rental market

6.2.1 Average market asking rent

Rental demand reached a fever pitch amid the ongoing COVID-19 pandemic. With eviction moratoriums and a flow of rental assistance, low supply gave way to historic rent increases.

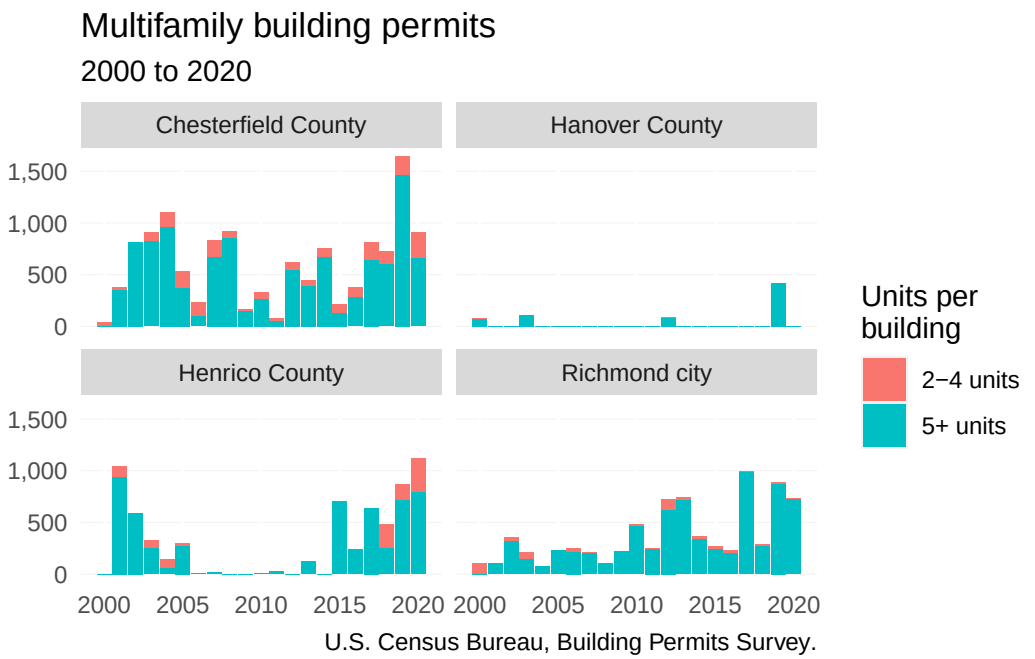


Figure 6.5: Multifamily building permits

The average market asking rent in the region reached a two-decade high of $1,395 in the first quarter of 2022.

Large quarterly increases in average rents began in early 2021 and have continued to the present. From the first to second quarters of this year, rents increased by $31. However, this relative growth was very near the change in inflation over that same period.

6.2.2 Rents by submarket

Although not adjusted for inflation, rents by submarket show that there are distinct average rents across the region. Since 2010, the steepest increases have occurred in the counties. Northside Richmond remains the least expensive submarket with an average rent of $1,037 in the second quarter of this year, while Midlothian is the most expensive at $1,655.

6.2.3 Rents by bedrooms

Rents in the region have risen the most among three-bedroom and two-bedroom apartments, reflecting continued demand for units that have actually *declined* in supply since 2016. In contrast, average rents for studio and one-bedroom apartments—which grew by more than

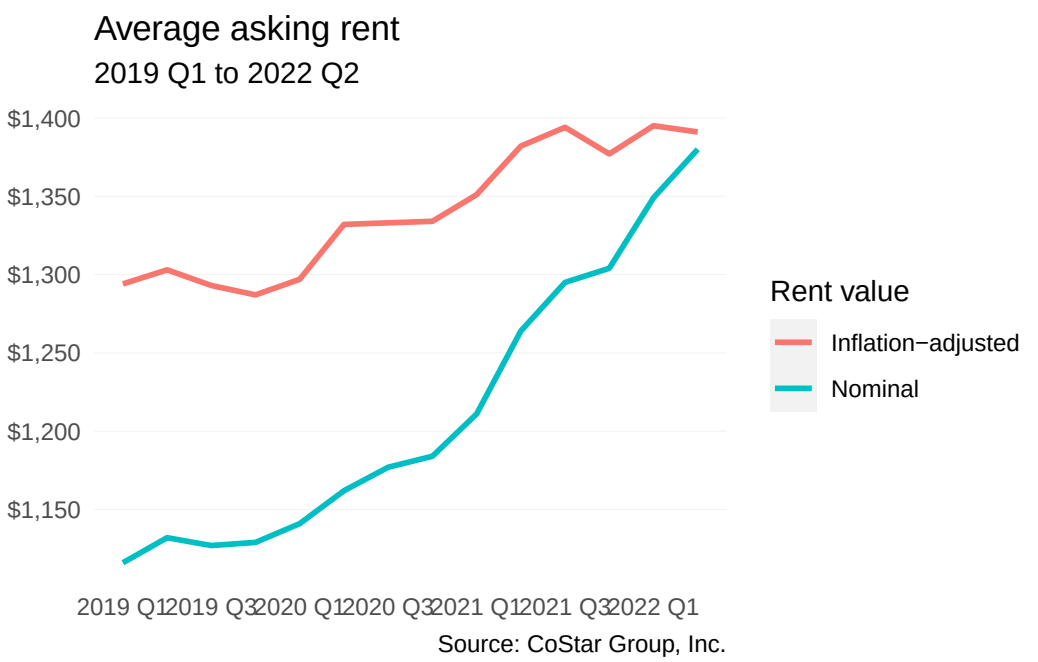


Figure 6.6: Average asking rent

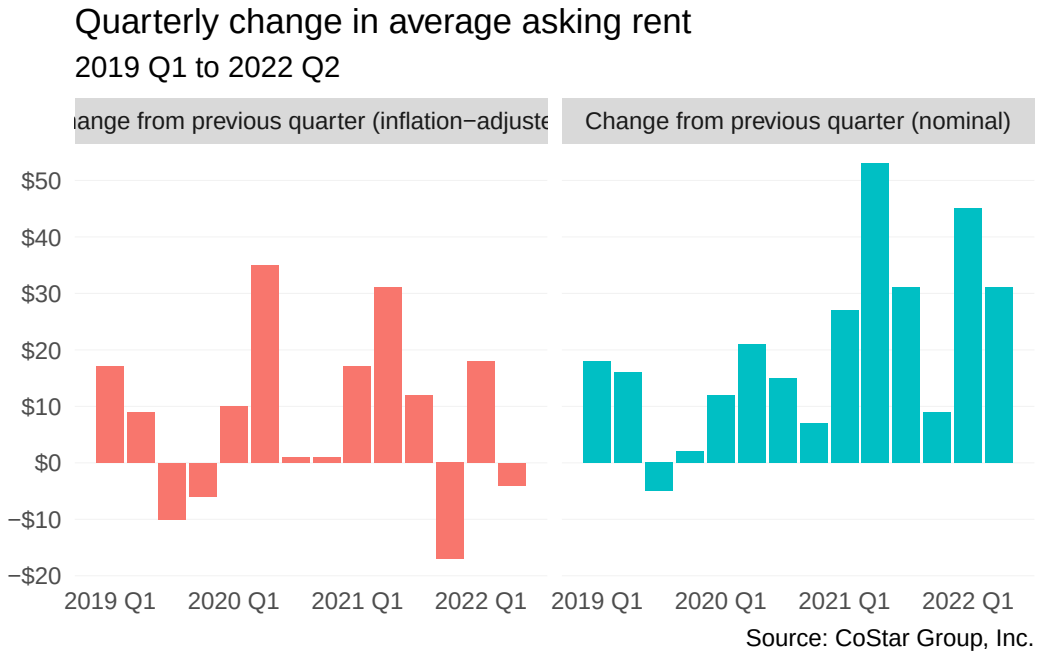


Figure 6.7: Quarterly change in average asking rent

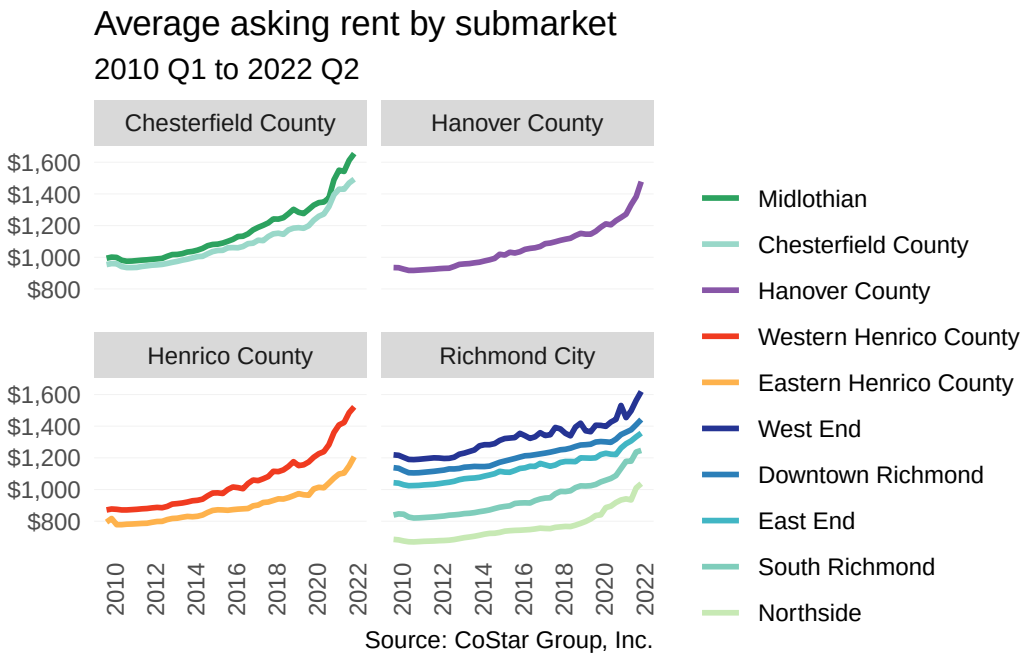


Figure 6.8: Average asking rent by submarket

2,700 units since 2016—have increased less than $100 over the last decade when adjusted for inflation.

6.2.4 Rents by age of units

Recently constructed rental housing (built in 2010 and after) leads average asking rents at $1,614. As expected, rental costs correlate to the period in which they were built — with older rental housing being less expensive. Pre-1980 rental housing is roughly $400 cheaper than more recent rental housing.

In the last decade, more recent rental housing had steady and modest increases; only increasing $80 from Q1 2012 to Q2 2022. But older rental housing had much more dramatic increases; increasing an average of $257 in that same time period.

Rental housing built between 1980 and 2009 had especially steep increases during the height of the pandemic (Q1 2020 to Q3 2021). In this time, the average asking rent increased by over $130, while rent increases for newer rental housing and pre-1980 housing increased by less than $100.

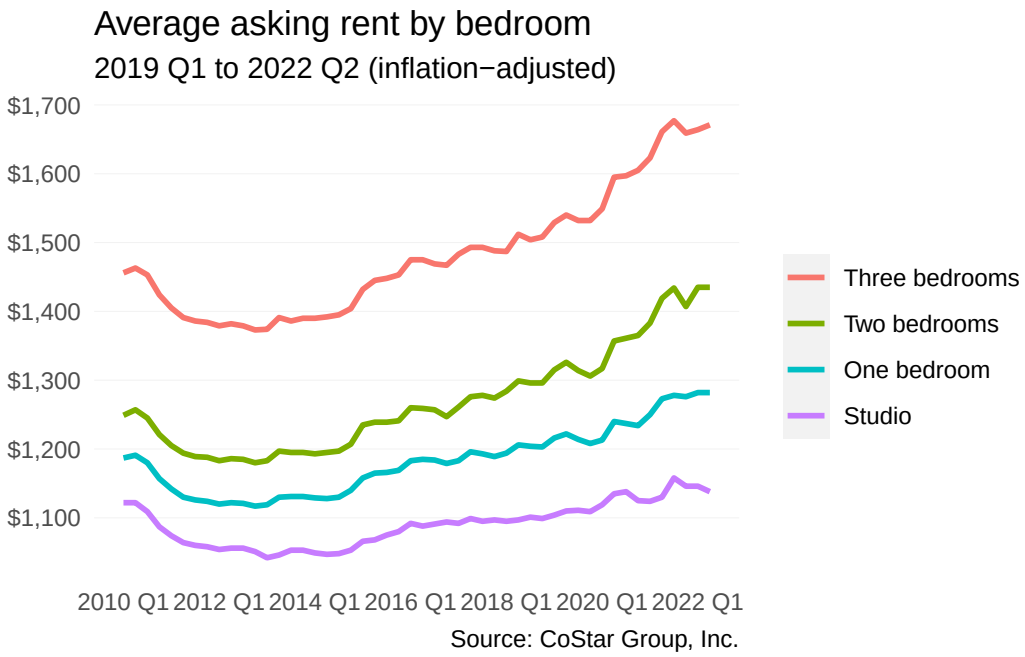


Figure 6.9: Average asking rent by bedroom

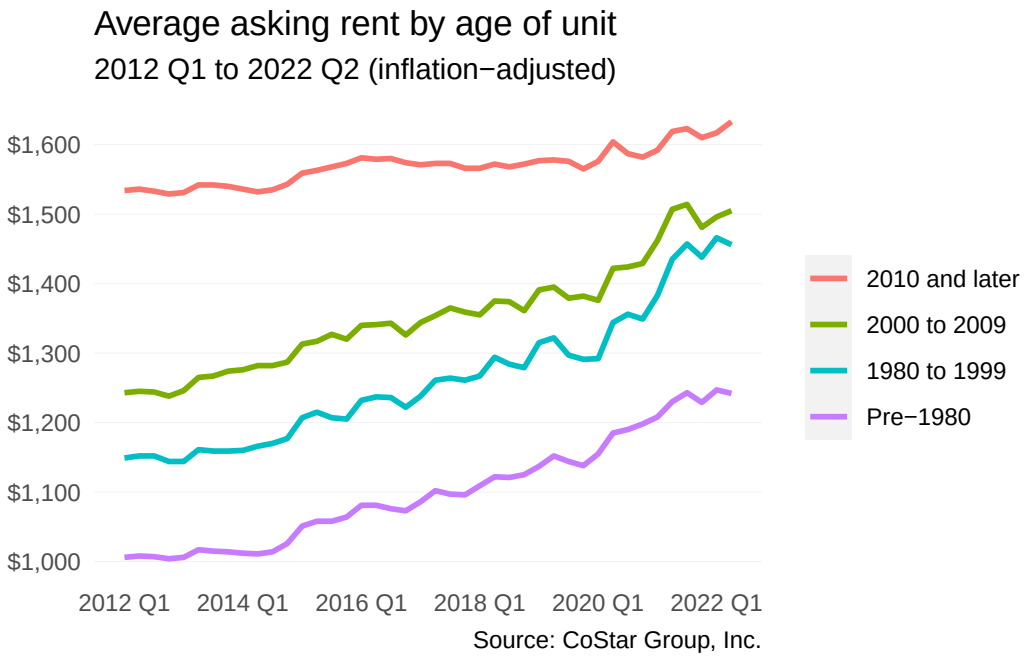


Figure 6.10: Average asking rent by age of unit

6.3 Rental vacancy

For much of the past two decades, vacancy rates have fluctuated seasonally as new people enter and leave the rental housing market. Across the region, submarkets have largely had vacancy rates below ten percent. In 2022, the average vacancy rate was 5 percent.

But some submarkets in the region have lower than average vacancy rates; Hanover County (1 percent), Eastern Henrico (3 percent), Northside (3 percent), and East End (4 percent) have significantly lower vacancy rates.

Vacancy rates dropped across the board at the height of the pandemic in 2020 — except for in the West End, where there was a significant jump in rental vacancies in Q1 2021.

Part III

PART 3: Gap analysis

7 Impact of housing costs on household budgets

7.1 Cost burden

When incomes don't rise along with housing costs, we can expect an increase in the number of cost-burdened households who pay more than 30 percent of their gross income on basic housing expenses. Since 2015, cost burden levels in the region decreased for some groups, while increased for others.

Data in this section come from the Comprehensive Housing Affordability Strategy (CHAS) dataset published by the U.S. Department of Housing and Urban Development. CHAS estimates are a custom tabulation of American Community Survey responses. As of August 2022, the most recent CHAS data is for the 2014-2018 5-year period.

Unless otherwise noted, all plots on this page combine data from Chesterfield County, Hanover County, Henrico County, and Richmond city.

7.1.1 Cost burden by tenure

The number of cost-burdened homeowners across the region has declined significantly since 2015, particularly in Chesterfield and Henrico counties. Hanover County and Richmond city saw smaller decreases, but the total "loss" of cost-burdened homeowners in the region still exceeded 6,300.

Meanwhile, the total number of cost-burdened renter households increased by almost 1,500, with only Hanover County seeing a small decline. Much of this growth was focused in Chesterfield County and Richmond city.

7.1.2 Cost burden by income

Homeowners above 80 percent AMI saw the largest declines in cost burden since 2016. This is likely due to rising incomes among homeowners with relatively fixed housing costs. Renters with cost burdens shifted up the income spectrum, as the number of cost-burdened renters

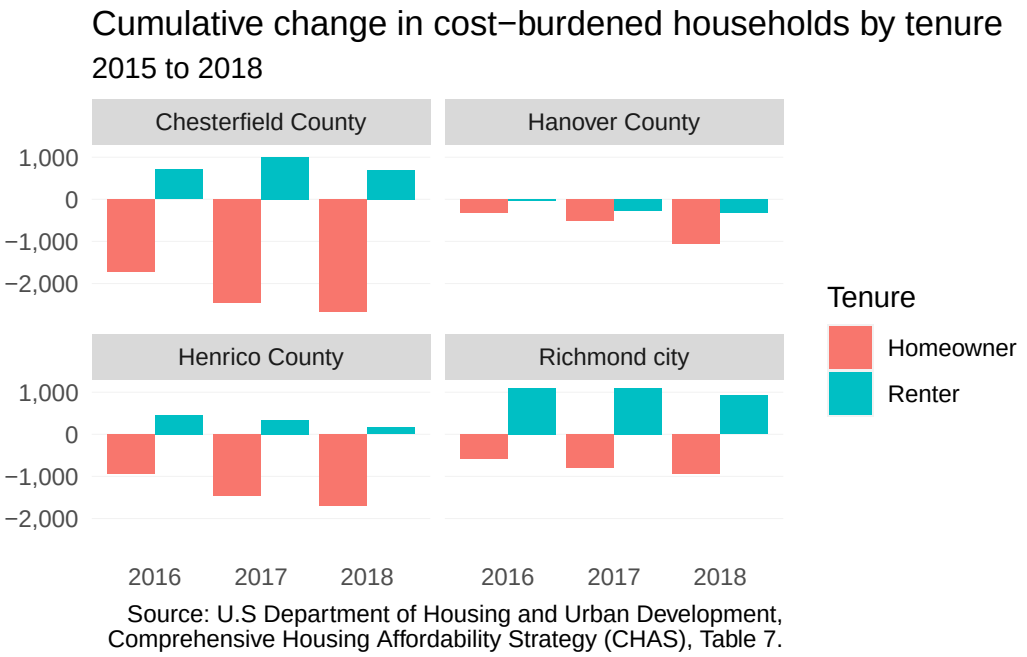


Figure 7.1: Cumulative change in cost-burdened households by tenure

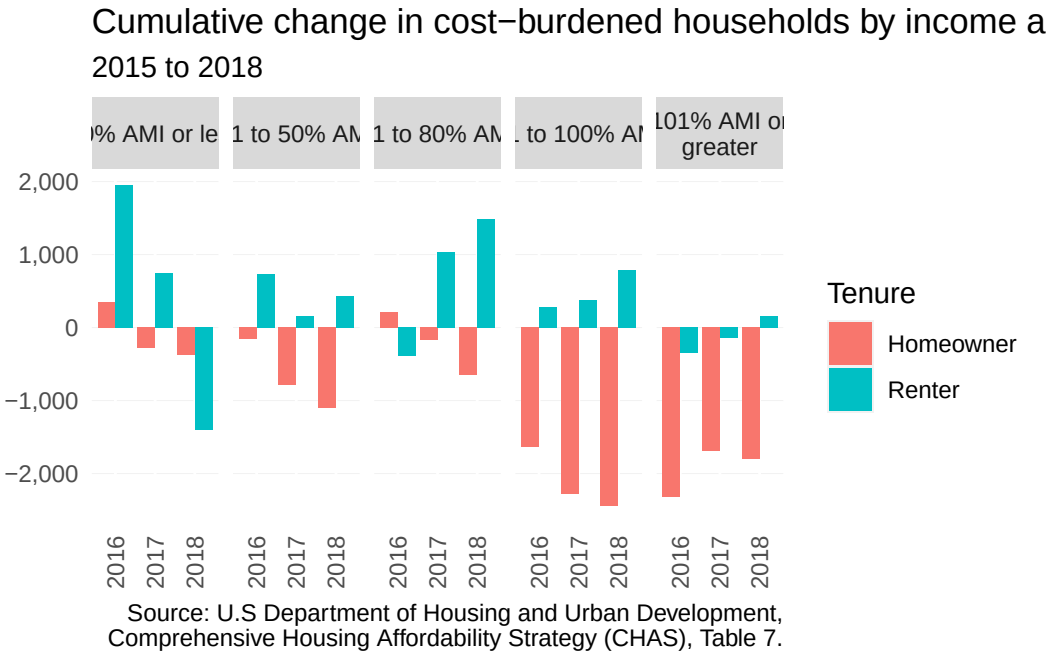


Figure 7.2: Cumulative change in cost-burdened households by income and tenure

below 30 percent AMI decreased by more than 1,400, but increased more than 2,705 among those between 30 and 100 percent AMI.

However, the significant and unexpected drop among cost-burdened renters below 30 percent AMI from 2017 to 2018 deserves further explanation. Because CHAS estimates are only current through 2018, we can use more recent ACS estimates as a comparison. This data is only available by real household income values and not AMI.

The plot below shows the ACS estimates of renter households by cost burden from 2016 to 2020. There is a steady decline in the number of cost-burdened low-income renters (under $35,000); however, this corresponds to an increasing number of cost-burdened renters with incomes between $35,000 and $75,000.

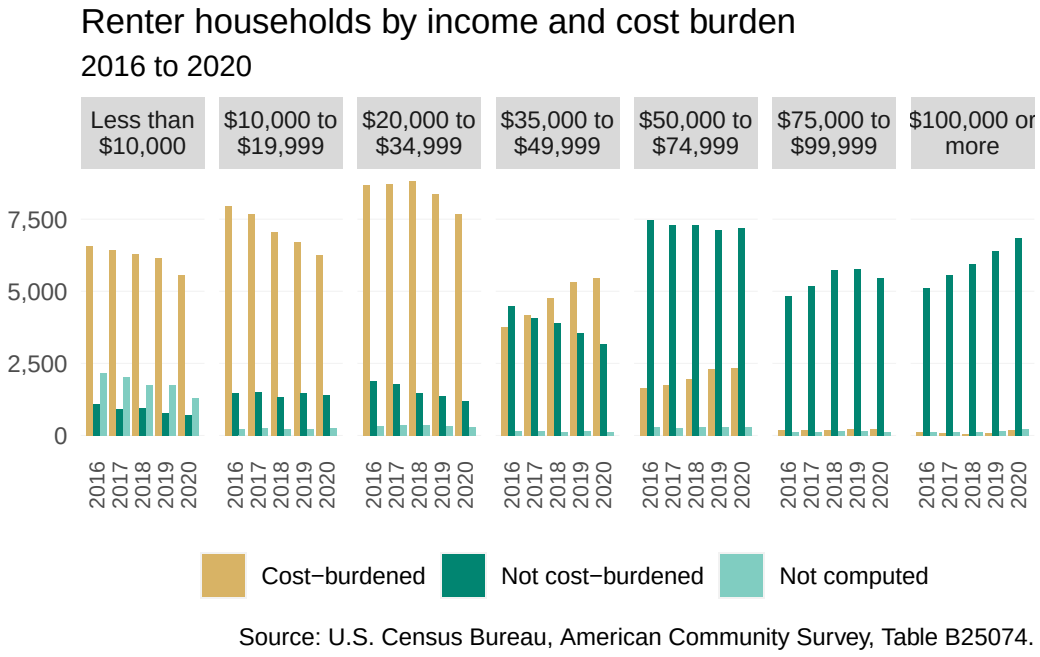


Figure 7.3: Renter households by income and cost burden

Nearly all cost-burdened renter households have incomes below $75,000. Filtering for just those estimates, the plot below shows the net annual change from 2016 to 2020. The significant decrease from 2019 to 2020 (1,057) is well beyond the range from previous changes, and may also be due in part to lower ACS response rates among lower-income households during the COVID-19 pandemic.

In summary, since the *total* number of renter households in the region has not changed significantly from 2016 to 2020, and because the supply of deeply affordable rental housing has not increased, the estimated decline in low-income cost-burdened renters is likely due to a combi-

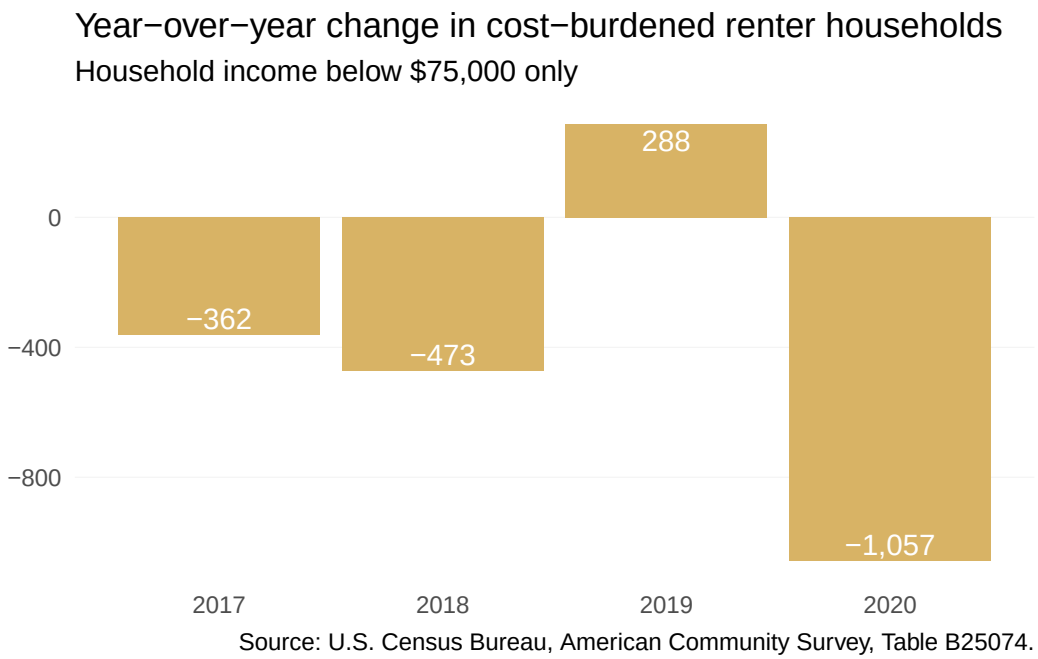


Figure 7.4: Year-over-year change in cost-burdened renter households

nation of increasing average incomes "re-sorting" households into higher income categories, as well as pandemic data collection challenges.

7.1.3 Cost burden by household type

Small families and non-elderly, non-family homeowner households saw the largest decreases in cost burden across all four localities. Among renters, only small family households are now less likely to be cost-burdened, but this change (-685) is an order of magnitude smaller than the decrease for homeowner small families (-5,660).

Net increases in cost-burden were almost entirely contained to elderly non-family and elderly family households. There are now more than 3,000 additional cost-burdened households in these groups, including both homeowners and renters.

7.2 Mortgage delinquency and foreclosure

Since the Great Recession, mortgage delinquency of 90 days or more has been on a steady decline across the region —reaching the decade's lowest rates throughout much of 2020 and 2021. Pandemic mortgage relief measures laid out in the CARES Act led to a significant

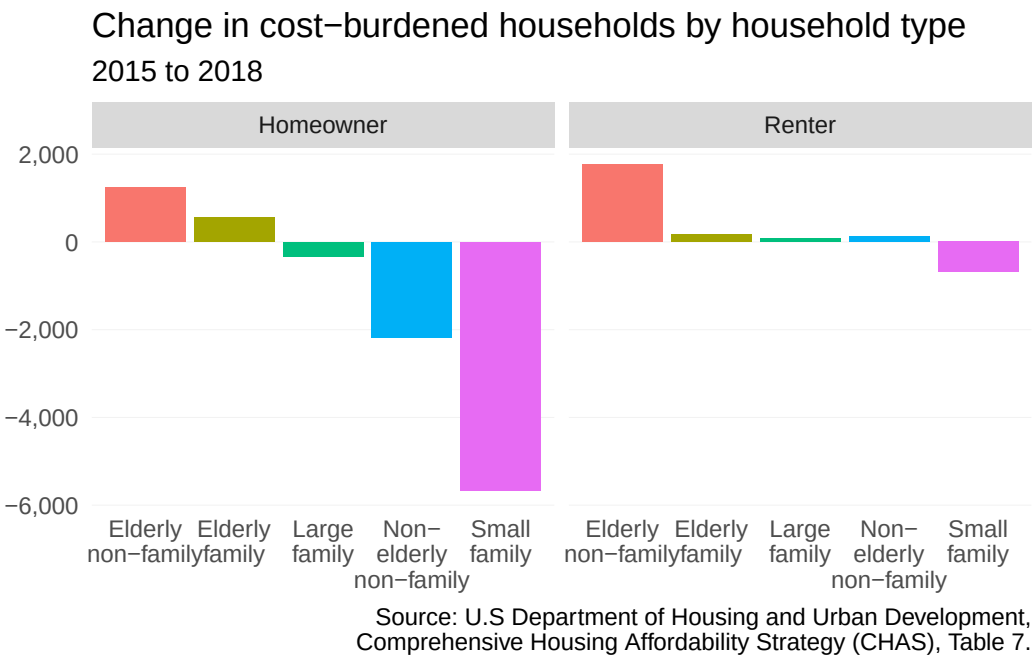


Figure 7.5: Change in cost-burdened households by household type

forbearance program, wherein homeowners with federally-backed mortgages could enter into forbearance for a year. The decrease in delinquency can be greatly attributed to these measures which stipulated that loans in forbearance would not be reported as delinquent.

According to some researchers, this program also led to loans in delinquency prior to the pandemic entering into forbearance as well.[1] Interestingly, Hanover County saw a spike in mortgage delinquency during 2018, but has since declined to the lowest rate (0.2 percent) among all localities as of December 2021.

With the moratorium on residential foreclosures having come to an end on June 30, 2022, the region may see increasing mortgage delinquency rates in the coming years.

7.3 Eviction filings and judgements

Richmond's elevation to national prominence due to its eviction rate spurred state-level responses to address the eviction crisis across the Commonwealth. From 2017 to 2019, the region saw small declines in the number of eviction filings. The City of Richmond saw a 14 percent decrease in average annual filings, while eviction judgements only decreased by 8 percent.

[1] (Haughwout, Lee, Scally, and van der Klaauw, 2020)

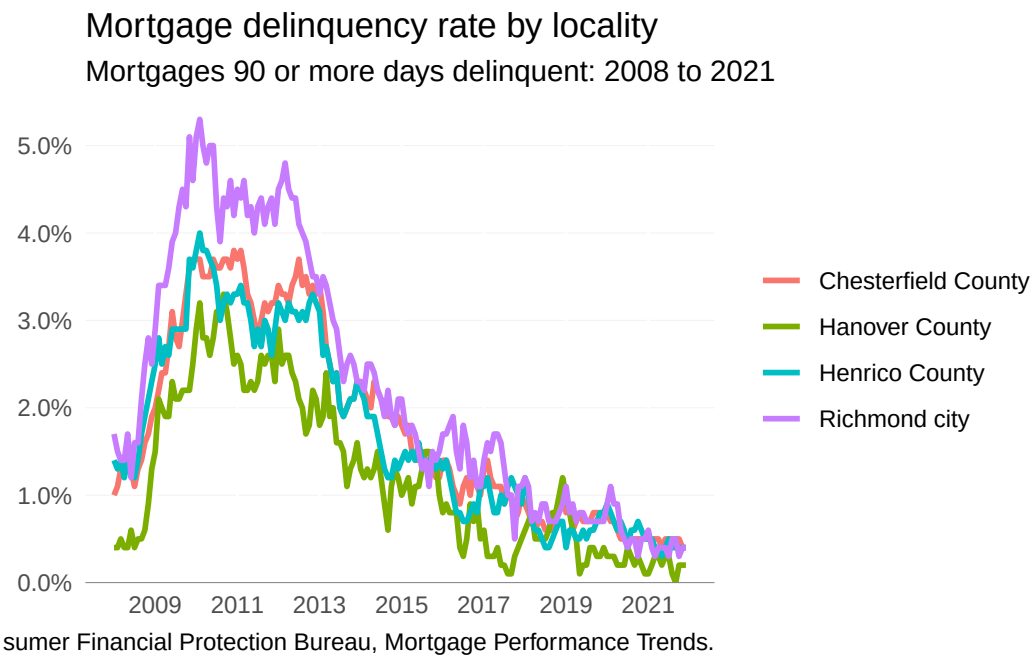


Figure 7.6: Mortgage delinquency rate by locality

For this section, we define eviction *filings* as the number of lawsuits generated by landlords against tenants to begin eviction proceedings. Eviction *judgements* are the subsequent court orders for tenants to vacate their apartment. Not every eviction case results in a judgement, and not every judgement results in a formal eviction carried out by local sheriff's deputies.

The eviction landscape changed dramatically during the COVID-19 pandemic when the Centers for Disease Control imposed a nationwide federal moratorium on residential evictions in September 2020. In Virginia, Governor Northam requested from the state's Supreme Court a stay on evictions preceding the nationwide moratorium several times.

These measures led to dramatic decreases in both the number of filings and eviction judgements across the region. However, the eviction moratorium's official end in Virginia on June 30, 2022, brings about concerns among advocates and service providers over a potential wave of evictions and homelessness in the coming months.

Eviction filings should continue to be monitored over the coming months. The RVA Eviction Lab has been at the forefront of this data collection and analysis, and will continue to be a resource for the region in understanding the increasing risks for renters with renter protections and resources coming to an end.

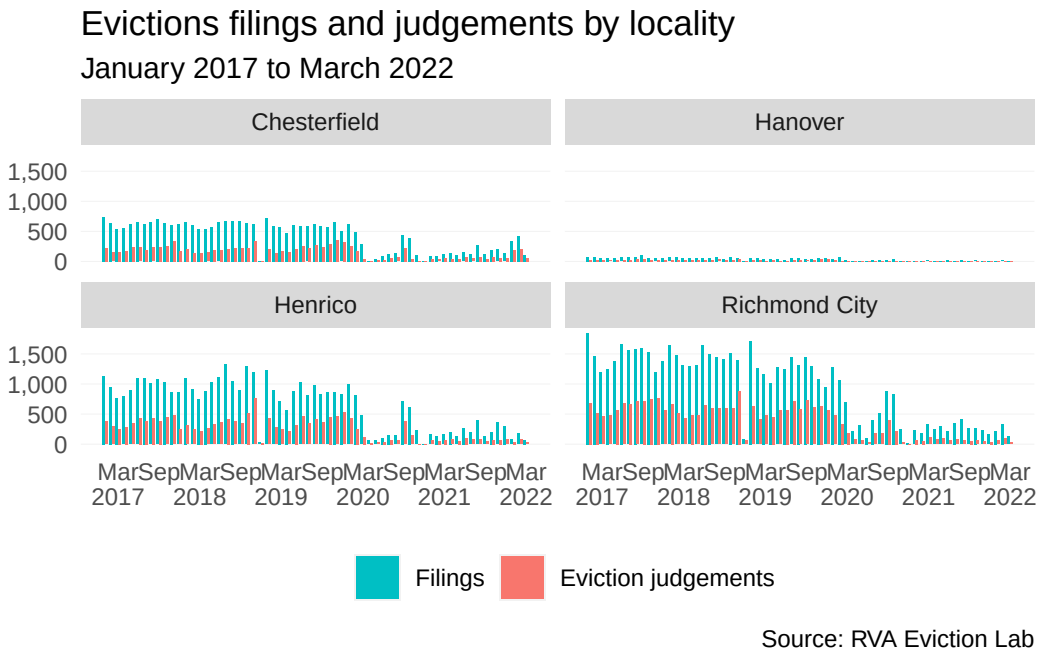


Figure 7.7: Evictions filings and judgements by locality

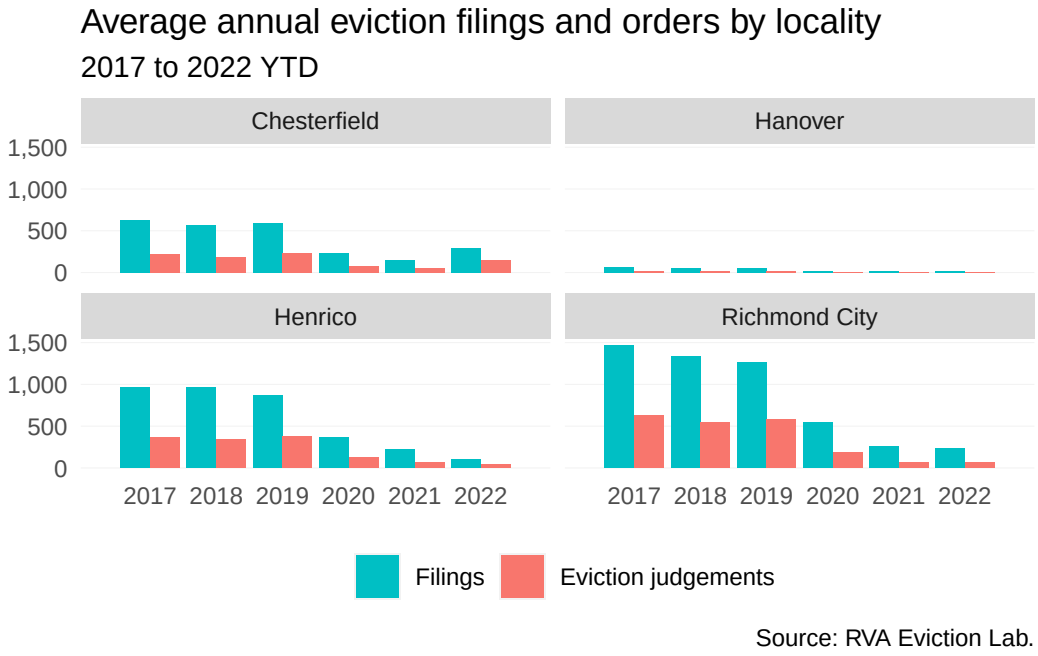


Figure 7.8: Average annual eviction filings and orders by locality

7.4 Housing Resource Line

On September 1, 2020, PHA launched the Housing Resource Line to help residents across Central Virginia in need of housing. As of July 2022, the hotline has fielded nearly 15,000 calls from people across the region—from rural Goochland County to the City of Richmond.

Call volume has remained steady over since the line's launch. Call volume has not dropped below 500 calls per month since March 2021.

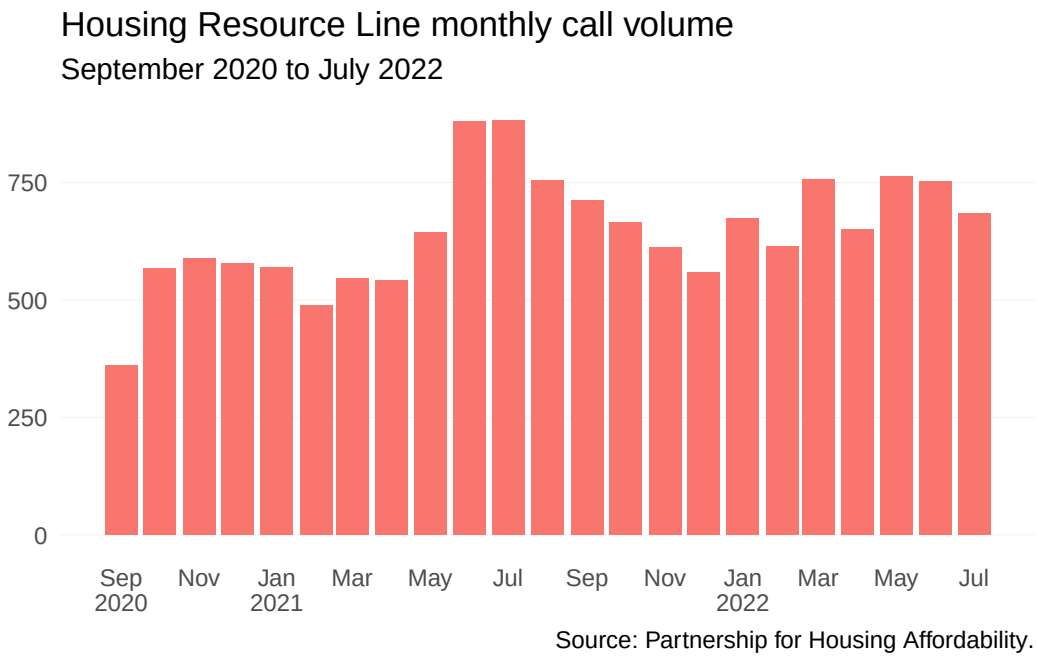


Figure 7.9: Housing Resource Line monthly call volume

The majority of calls (56 percent) were for rental options (36 percent) and financial assistance (20 percent). The two other largest share of calls were for an option not listed (17 percent) and homelessness (13 percent).

Unsurprisingly, there is an increase in homelessness calls during the colder months. PHA staff note that there is an overall increase in calls during the summer months—specifically in regards to people searching for rental options.

This uptick in rental option calls could be directly related to lease non-renewals as landlords sought to increase rents (potentially to recoup losses from the pandemic) and the increasing demand for student rental options ahead of the fall semester.

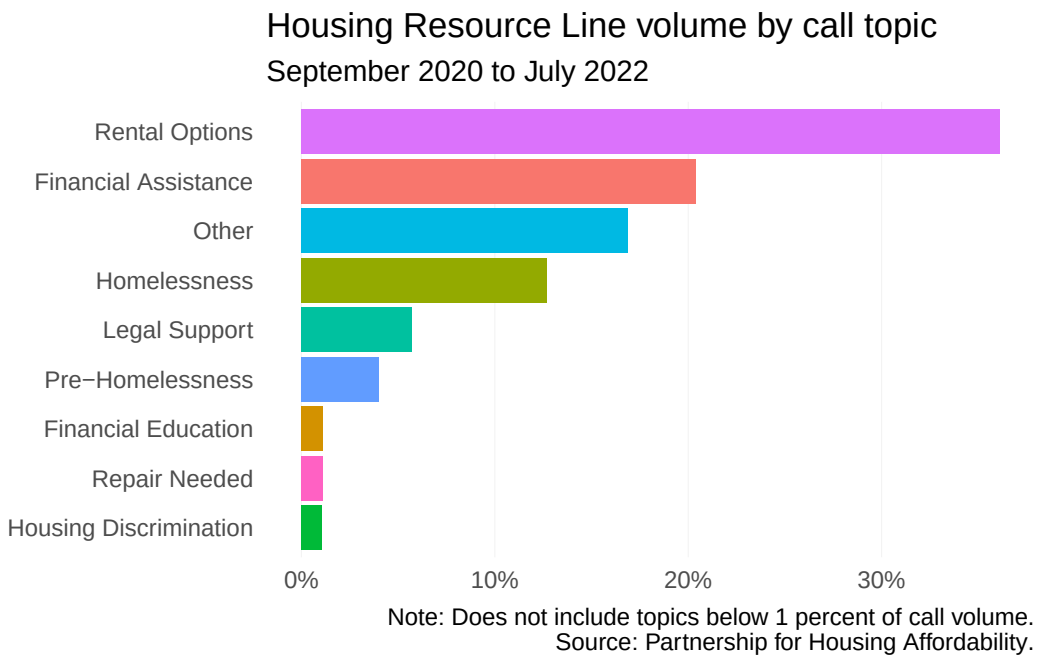


Figure 7.10: Housing Resource Line volume by call topic

7.5 Homelessness

7.5.1 Point-in-Time counts

From 2011 to 2019, the overall count of persons experiencing homelessness across the Greater Richmond Continuum of Care (GRCoC) had been in decline.[2]. But when the COVID-19 pandemic hit, the count jumped—going from 497 in 2019 to 834 in 2021, a 68 percent increase.

The Urban Institute recently highlighted Homeward's (the region's planning and coordinating organization for the GRCoC) efforts to address homelessness during the pandemic. Their response measures served as best practice examples in preventing high transmission rates among people experiencing homelessness as well as direct service staff.

But the challenges of reducing homelessness during the pandemic were laid bare. With an eviction moratorium, rental vacancy rates reached record lows—leaving many seeking rental options with little to none. In addition, providers have also referenced landlords setting high security deposits.

[2]GRCoC covers City of Richmond, and the counties of Charles City, Chesterfield, Goochland, Hanover (including the town of Ashland), Henrico, New Kent, and Powhatan

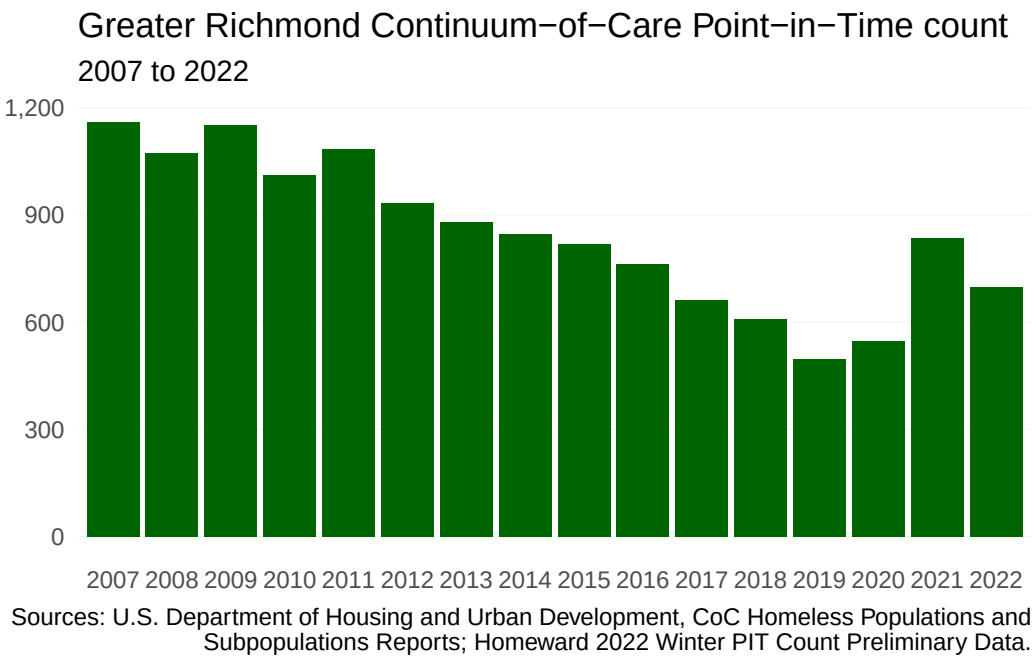


Figure 7.11: Greater Richmond CoC Point-in-Time count

7.5.2 Students experiencing homelessness

The McKinney-Vento Education for Homeless Children and Youth (EHCY) Program collects data on students experiencing homelessness, which often can paint a different picture of homelessness when compared to the Point-in-Time counts. In the region, school divisions have been seeing varying numbers, but between the 2018-2019 and 2019-2020 school years students experiencing homelessness have declined across all school divisions.

Homeless children counted under the McKinney-Vento program are defined as "individuals who lack a fixed, regular, and adequate nighttime residence." This includes children who are doubled-up with another households or living in motels, along with those living in shelters, vehicles, public areas, and other unsuitable places. This is more expansive than the definition used for PIT counts.

The most notable declines in student homelessness have been seen in the Richmond Public School system, where the number of students experiencing homelessness have declined by 40 percent from 2017-2018 to 2019-2020. Given the pandemic and virtual learning environments, upcoming McKinney-Vento data through the 2021-2022 school year may need require extra context.

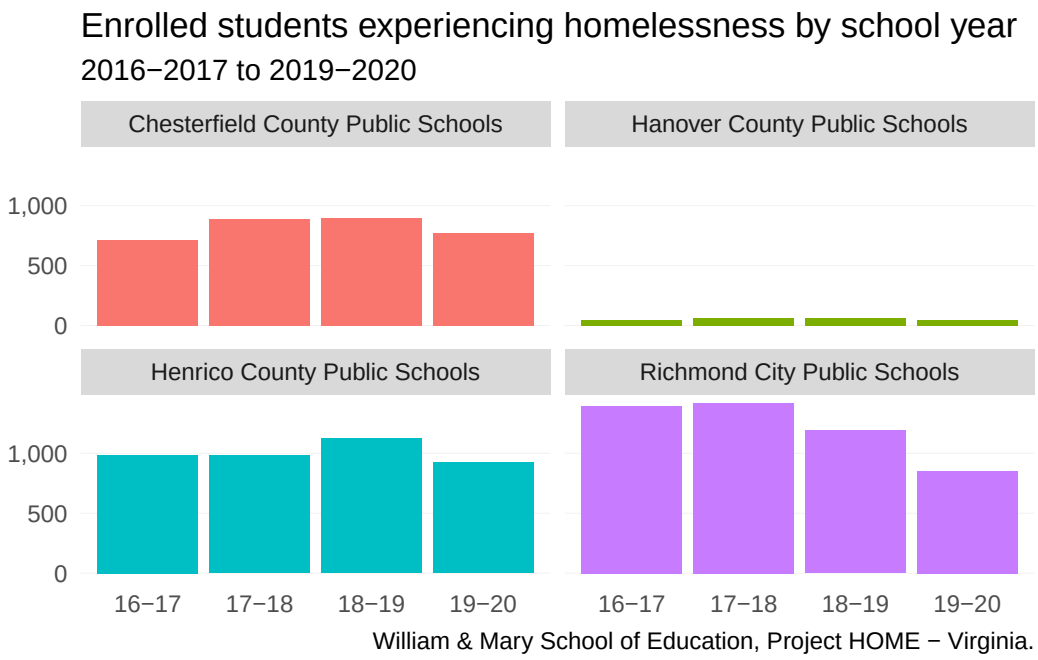


Figure 7.12: Enrolled students experiencing homelessness by school year

Part IV

PART 4: Local summaries

8 Richmond City

This chapter is a summary of the major changes to the City of Richmond's population and housing market in the past five years.

8.1 Takeaways

- The City of Richmond has largely grown as a result of international migration and natural increase (+817 between 2020 and 2021).
- Growth in renter households in the city has been the direct result of nonfamily households — while renters with children have significantly decreased (-2,192).
- Rents across the city have grown substantially, especially the Northside and Southside rental markets (growing by nearly 40 percent, respectively since 2016).
- The typical renter household still has an income unable to afford the average asking rent, as well as the median home price in the city.
- Renter cost burden has increased 1,107 households from 2015 to 2018.
- The greatest need still remains for households making below 30 percent AMI; there was a shortage of nearly 11,000 rental homes for extremely low-income households.

8.2 Demographic and socioeconomic changes

8.2.1 Population changes

Between 2010 and 2020, the U.S. Census Bureau has estimated that the City of Richmond has grown by 11 percent — an increase of 22,396 residents. Throughout much of the decade the city has been on a slow upward trend until 2020. The 2020 Census estimate shows a slight decline from the 2019 estimate — a loss of 3,826 residents. This change could be a result of the difficulties associated with undercounts during the 2020 Census.

Census estimates from 2016 show Richmond gaining more than 2,000 net persons that year who moved from somewhere else in the state or country. However, the city has experienced a net loss in domestic migration since then. The majority of the city's population growth over the past five years has been due to migration from abroad along with natural increases through new births.

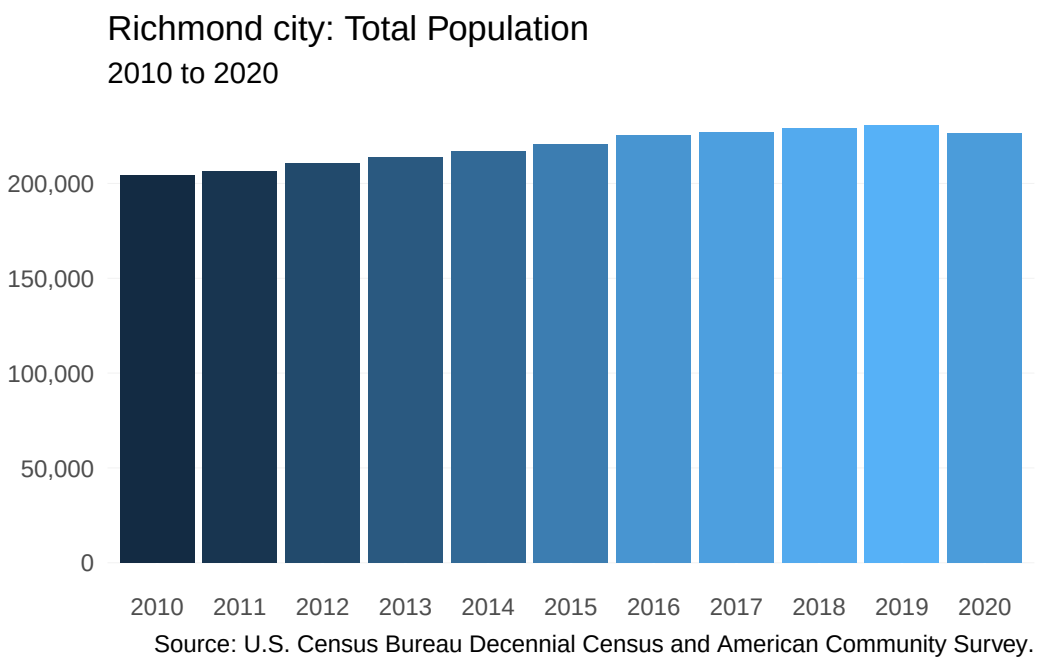


Figure 8.1: Richmond city: Total Population

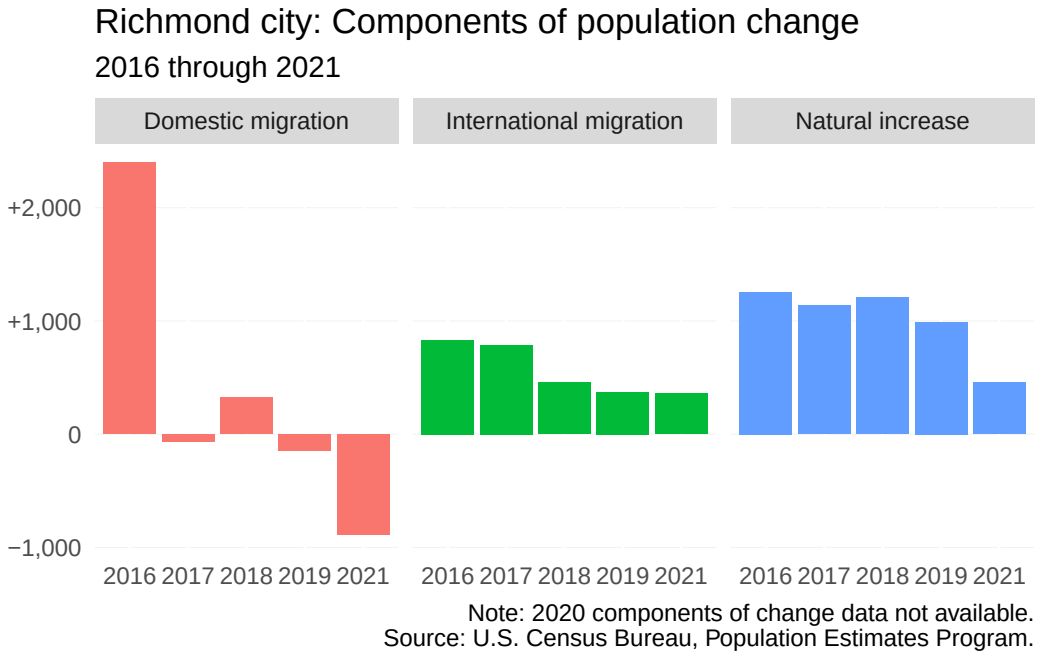


Figure 8.2: Richmond city: Components of population change

8.2.2 Household characteristics

Between 2016 and 2020, there have been distinct changes between homeowner and renter households in the city. The city has seen a 2,555 increase in homeowner households with no children, while the number of renter household with no children has decreased by 607. At the other end of the spectrum, there has been a significant decrease in renter households with children (-2,192), while there are only 162 fewer homeowner households with children in the city. These trends seem to suggest affordability challenges in the homeownership and rental markets of the city.

New homeowners without children (and with fewer financial responsibilities) often find it easier to afford a home, while renters with children are finding it difficulty to afford even a rental — most likely due to lack of larger rental options, as well as increasing costs.

Nonfamily households have seen an increase for both homeowners and renters, but especially for renters (+1,874). This is likely a result of the student population, as well as young professionals, needing additional roommates to afford increasing rents in the city.

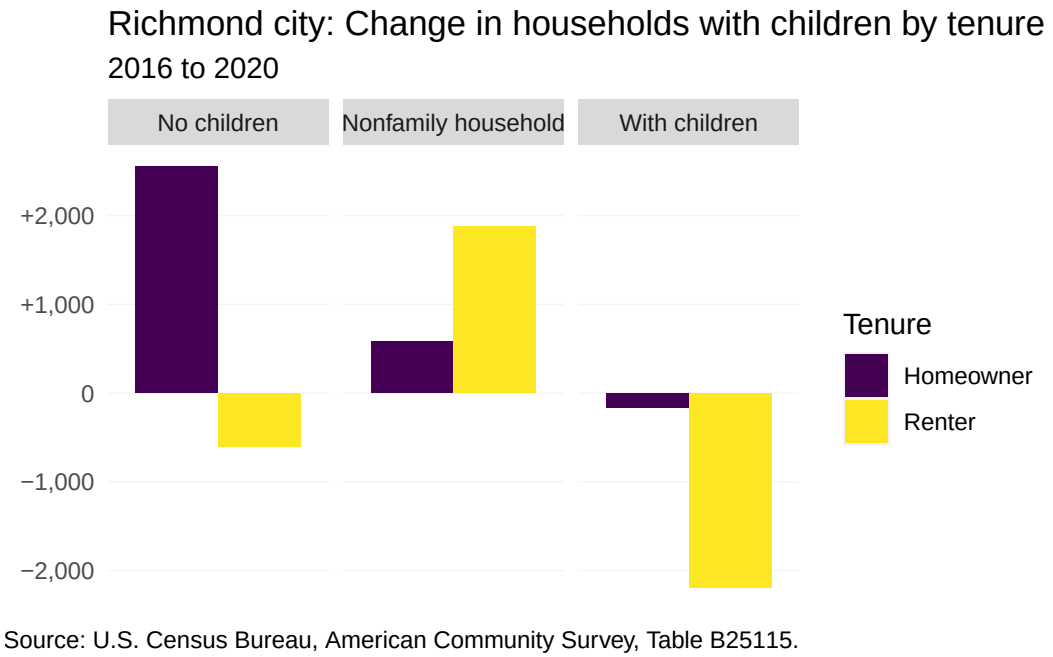


Figure 8.3: Richmond city: Change in households with children by tenure

Since 2016, the number of seniors (65 years and over) has been on the rise in the city — especially among seniors living alone (+1,695). The rise in seniors living alone is a result of the ongoing desire of older adults to age in place. As this trend continues, so do concerns for senior ability to age in place comfortably with ongoing home maintenance needs or rising rent on fixed incomes.

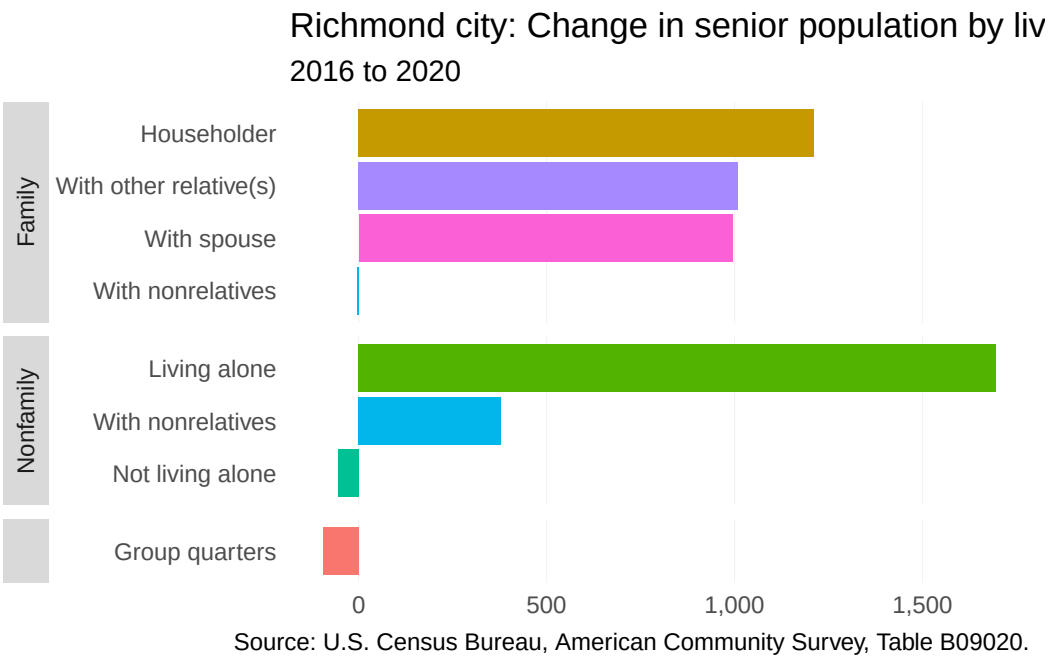


Figure 8.4: Richmond city: Change in senior population by living arrangement

8.2.3 Income and wages

There are wide disparities between homeowner and renter incomes in the City of Richmond. The median homeowner household income ($79,858) is over double that of the median renter household income ($36,249). This gap has been persistent in spite of a 16 percent increase in median household income for renters between 2016 and 2020.

8.2.4 Persons with disabilities

Independent living difficulties make it necessary for many individuals to seek assisted living facilities or significant modifications to their home to continue to live comfortably. However, both options can be costly — increasing the need for funding of home accessibility rehabilitation or new accessible housing construction.

Since 2016, there are now over 500 more persons in the city with independent living difficulties. This growth has been among younger adults (under 35) and "young" seniors (65 to 74). The latter group's growth is likely the result of middle-age adults with these difficulties (which saw a large decline) aging into this category in the last five years.

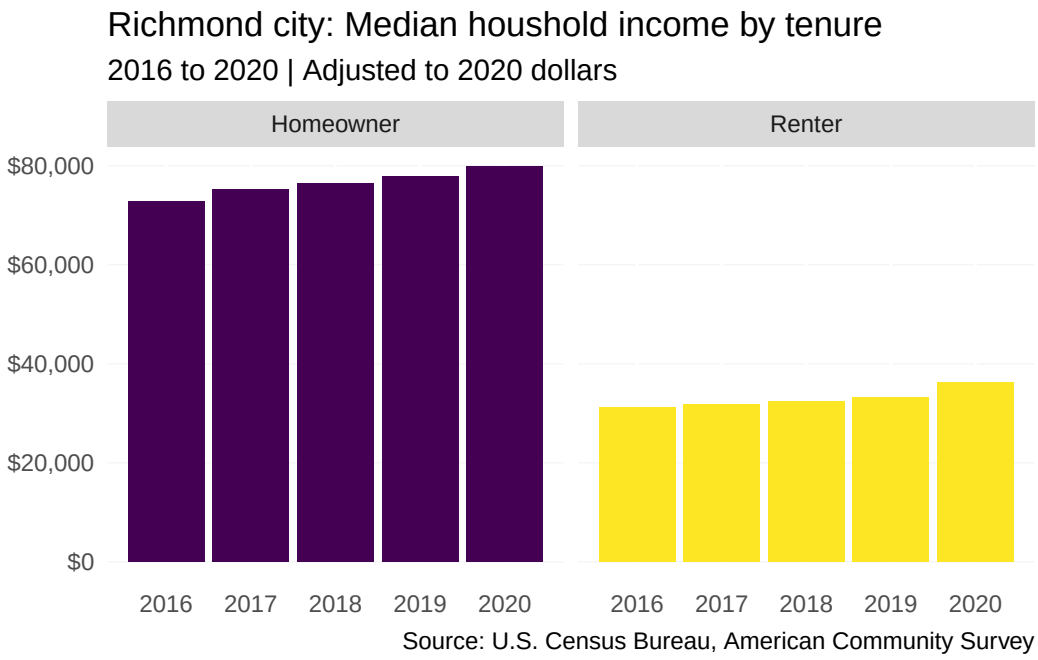


Figure 8.5: Richmond city: Median houshold income by tenure

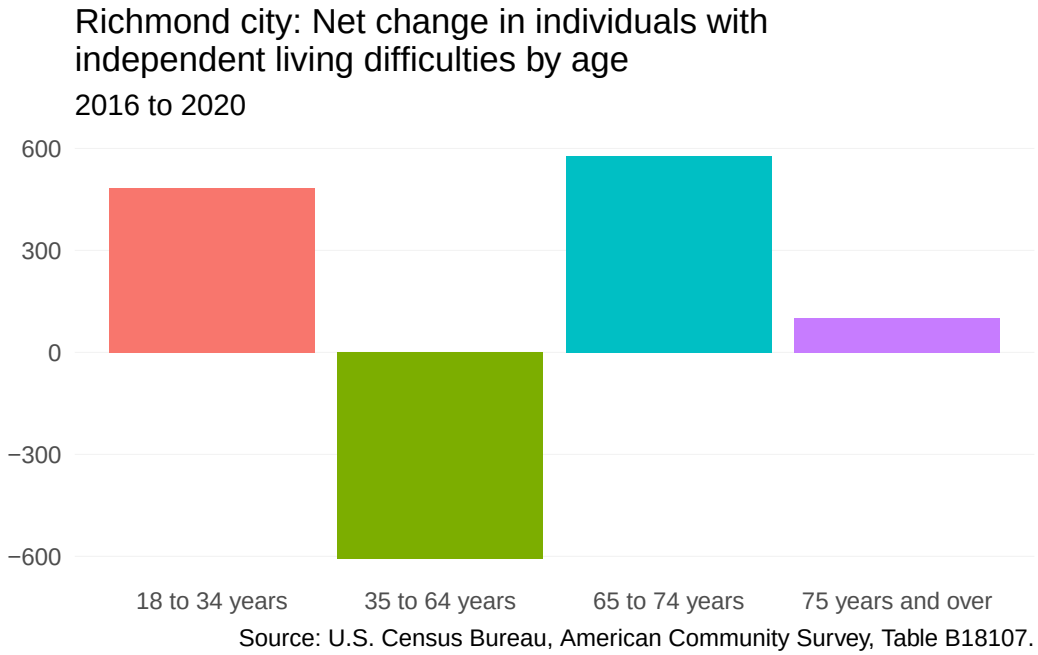


Figure 8.6: Richmond city: Net change in individuals with independent living difficulties by age

8.3 Housing supply and market changes

8.3.1 Homeownership

From the start of 2017 to June 2022, the median home price in the city has increased by 85 percent — going from $210,500 to $389,950.

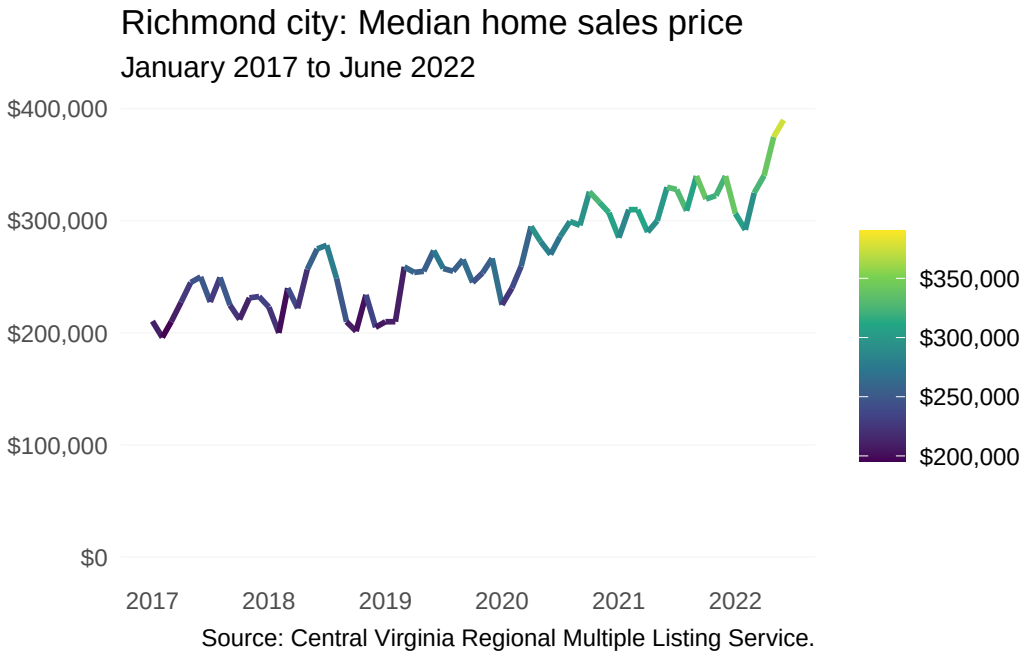


Figure 8.7: Richmond city: Median home sales price

8.3.2 Rental

Rents across the city have steadily risen over the last ten years, accelerating most rapidly in the pandemic's wake since 2020. This trend is present across all of CoStar's five submarkets for the city, especially for Northside and South Richmond. These submarkets have seen some of the largest average rent increases over time, each growing around 40 percent since 2016.

8.3.3 Naturally-occurring affordable housing

As defined in this report, there are 128 rental properties in the City of Richmond that qualify as naturally-occurring affordable housing. There are more than 9,100 apartments across these

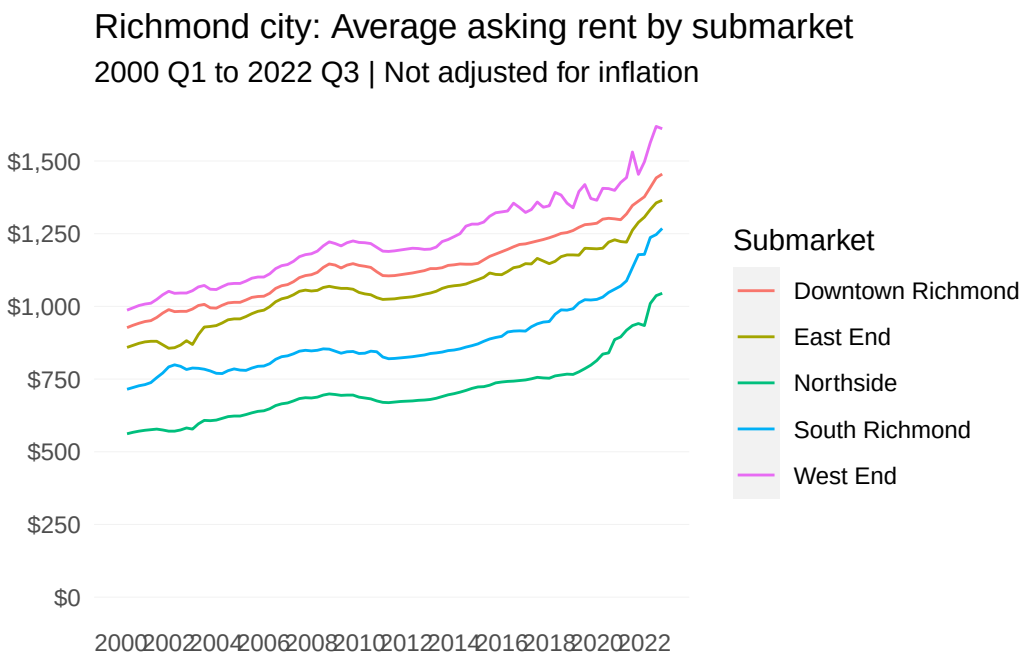


Figure 8.8: Richmond city: Average asking rent by submarket

Table 8.1: Change in average rents by Richmond submarket

Richmond submarket	2016 Q1 Rent	2022 Q3 Rent	Percent change
Northside	$742	$1,045	41%
South Richmond	$912	$1,268	39%
East End	$1,120	$1,365	22%
Downtown Richmond	$1,196	$1,455	22%
West End	$1,328	$1,611	21%

Note:
2016 Q1 Rent has not been adjusted for inflation

properties, which make up approximately 25 percent of all multifamily (two or more units) rental housing in the city.

Older NOAH properties command slightly higher rents than those built in 1960 and beyond. Most of the pre-1960 properties are located in the city's older neighborhoods north of the river, such as Shockoe Bottom and The Fan, and have average rents between $1,000 and $1,400. "Newer" NOAH units built in the 1960s and afterward are generally located in the Northside and Southside areas of the city and have average rents between $750 and $1,000.

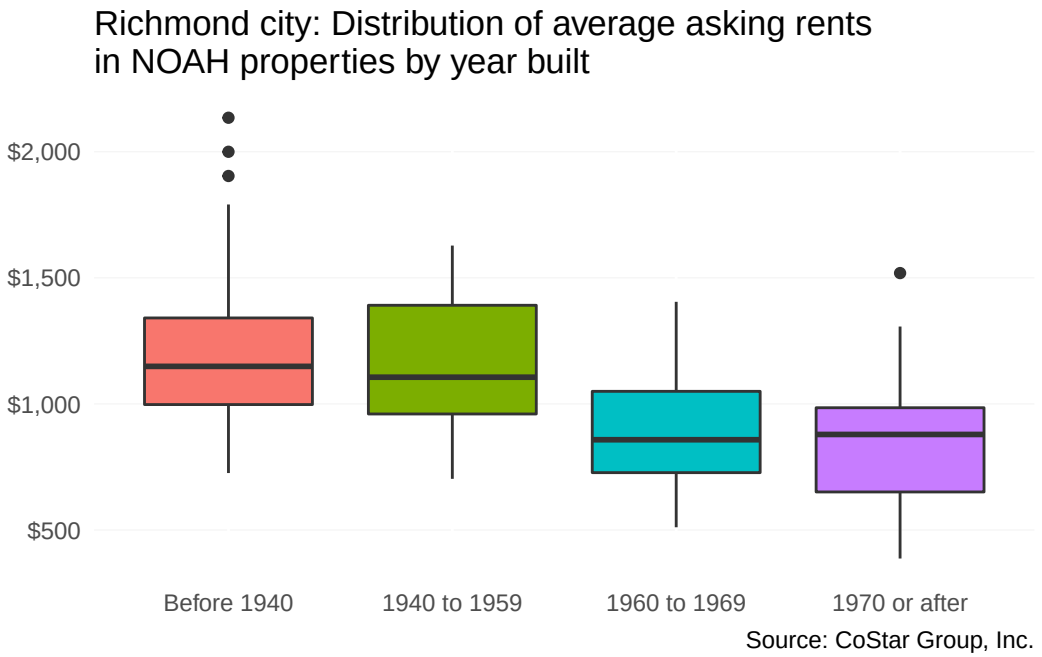


Figure 8.9: Richmond city: Distribution of average asking rents in NOAH properties by year built

8.4 Gap analysis

8.4.1 Affordability of current housing stock

Based on the 2020 median renter income estimate, the affordable rent for an average renting household is around $900. This was several hundred dollars below what the average asking rent for an apartment was in 2020. Although low-end wage growth has increased the purchasing power of working class households, extra take-home pay is likely to be used up for higher costs of goods—and accelerating rents.

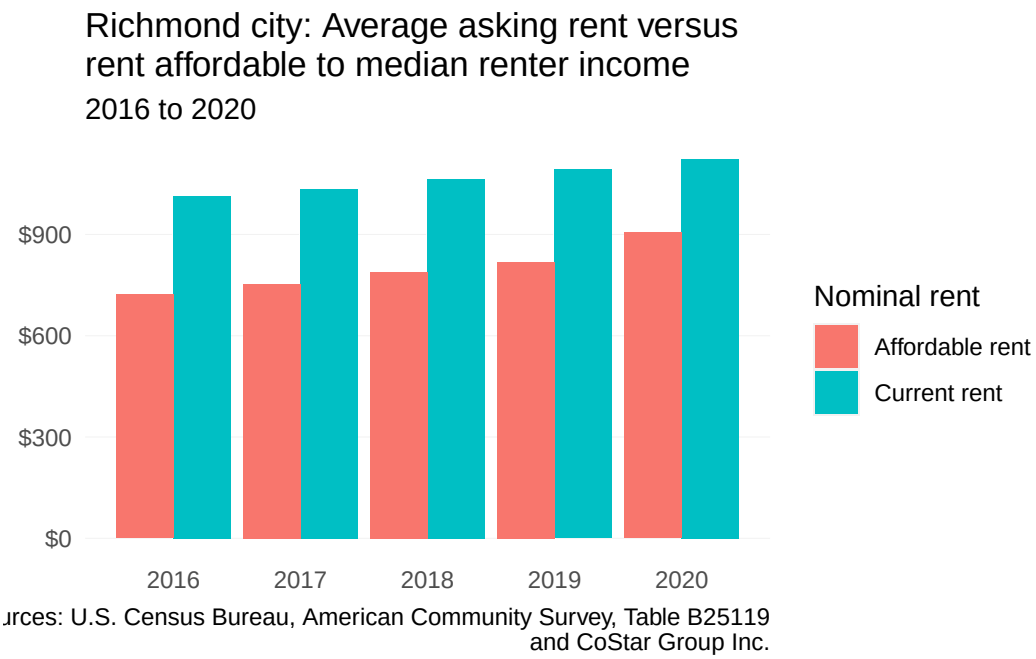


Figure 8.10: Richmond city: Average asking rent versus rent affordable to median renter income

The average renter in the city would also be very challenged to find an affordable home to purchase. This gap does not even factor in downpayment savings, credit worthiness, and other important factors.

Based on HUD Comprehensive Housing Affordability Strategy (CHAS) data, there was a shortage of 17,834 rental homes for households making less than 80 percent AMI. This was a deficit increase of 300 homes from 2015 when the shortage was 17,534. The most severe shortage in the City of Richmond is among deeply affordable rentals for households at 30 percent AMI or less.

But there has been a growing shortage among higher income households between 31 and 80 percent AMI.

8.4.2 Impact of housing costs

Rising rents have continued to increase the number of renters with cost burden in the city, although there are possible signs of decelerating growth. Meanwhile, cost burden among homeowners is become much less common.

Federal and state eviction protections during the pandemic significantly reduced the number of eviction filings and judgements processed by Richmond City District Court. However, these

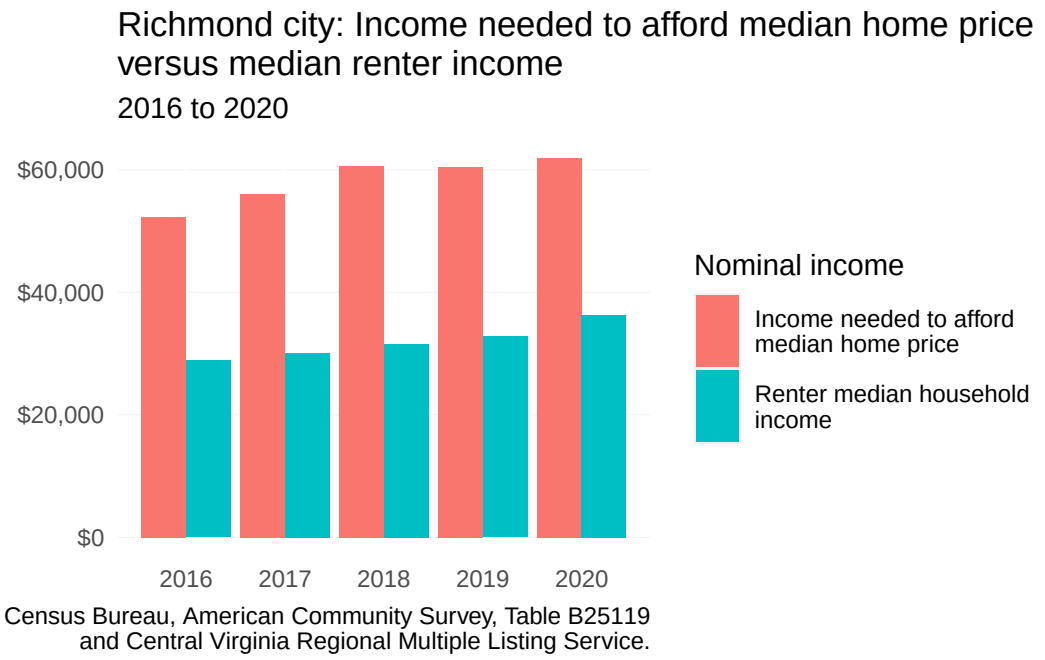


Figure 8.11: Richmond city: Income needed to afford median home price versus median renter income

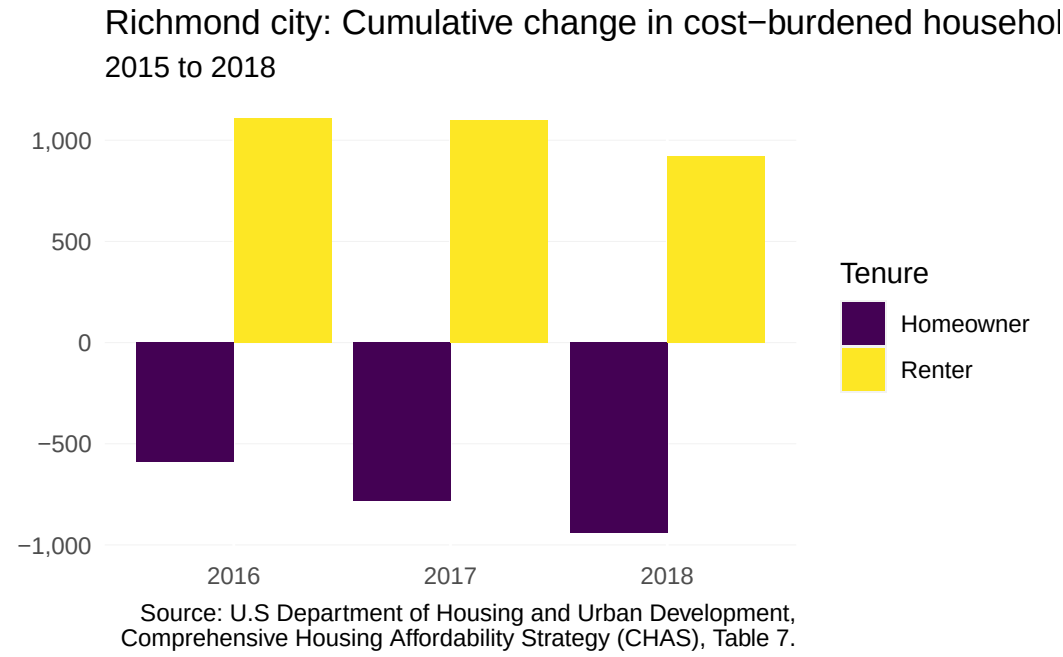


Figure 8.12: Richmond city: Cumulative change in cost-burdened households by tenure

measures have now expired—along with the state's rent relief program. This data does not include the summer months of 2022, when many observers have started to notice an increase in filings.

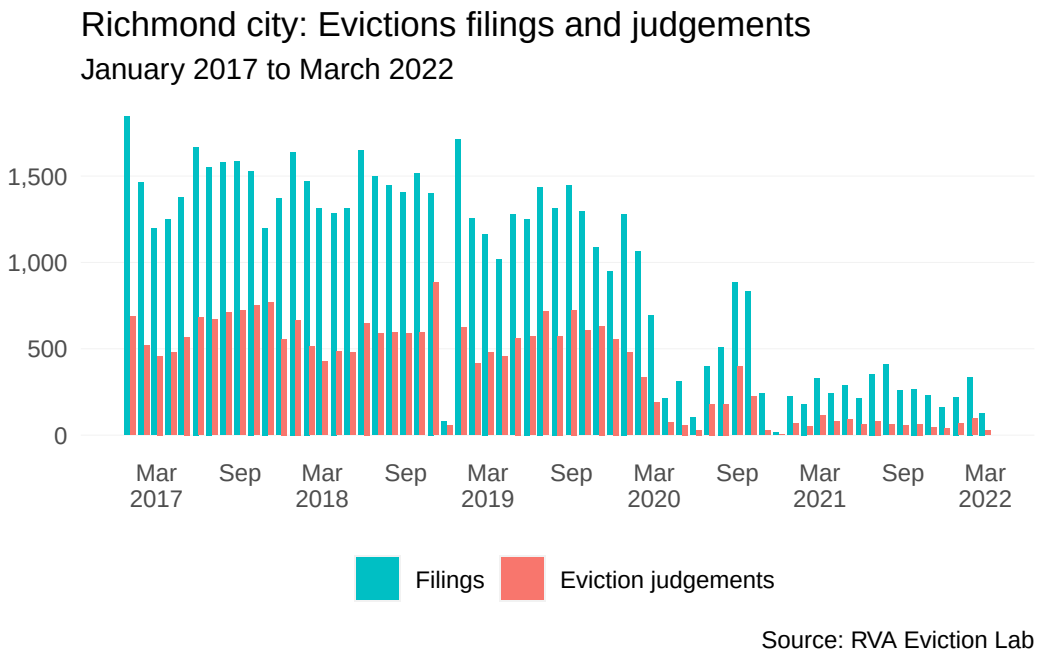


Figure 8.13: Richmond city: Evictions filings and judgements