Richmond Regional Housing Framework Data Update

Prepared by HDAdvisors

2022-09-27

NOTE:

This document is a working draft. Some charts and graphics may not appear correctly. These issues will be fixed in the final document when standard visualization settings are applied.

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About

> **Note**
>
> This report is currently in development. It was last updated on **2022-09-27**.

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

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.

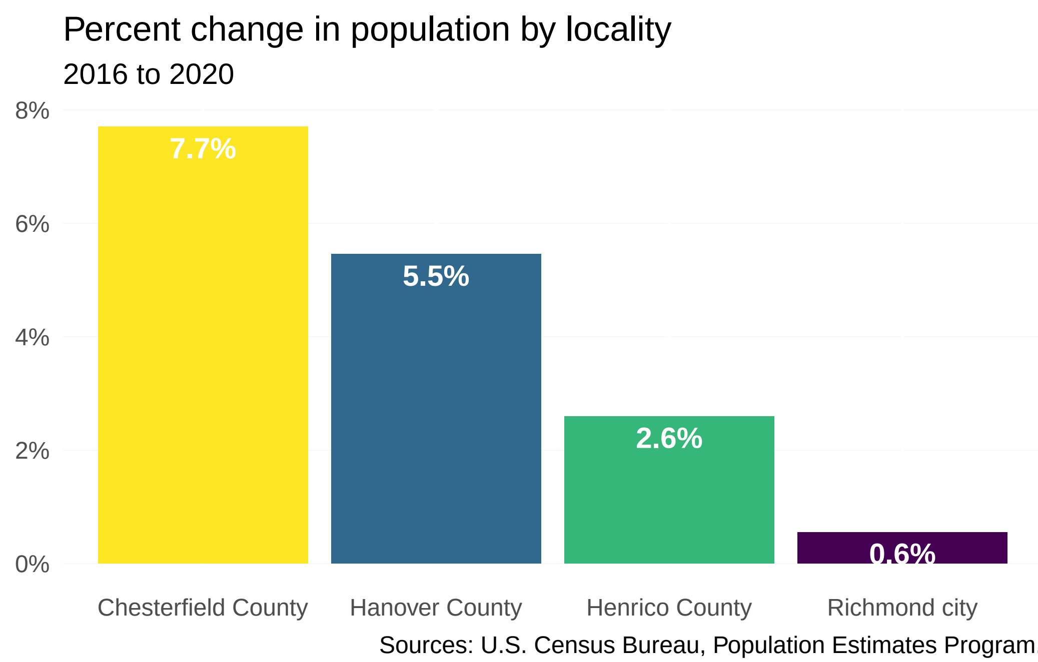


Figure 1.1: Percent change in population by locality

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).

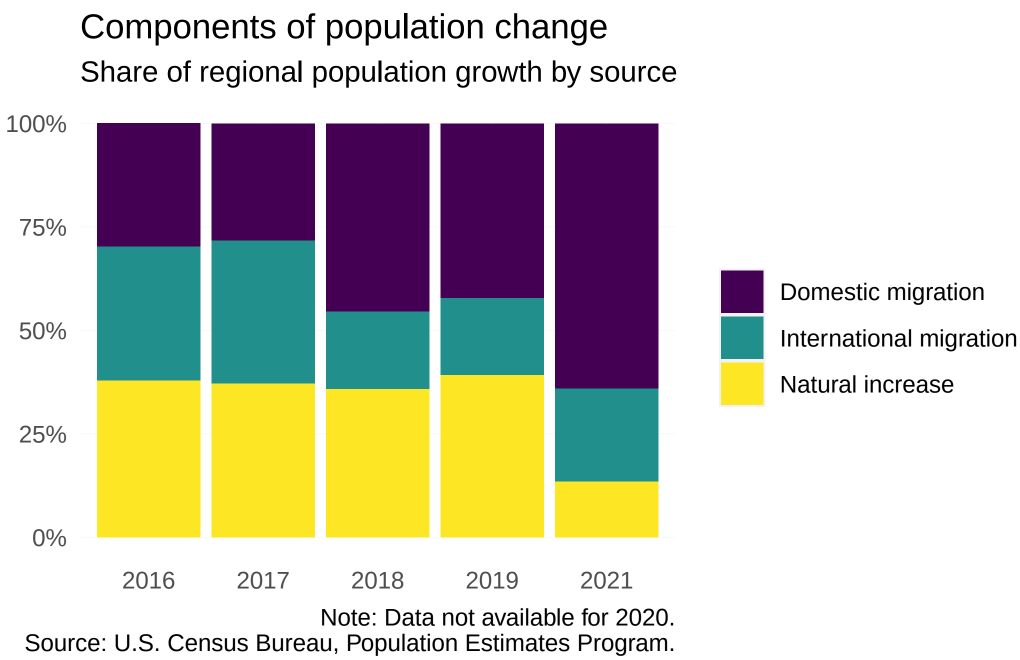


Figure 1.2: Components of population change

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.

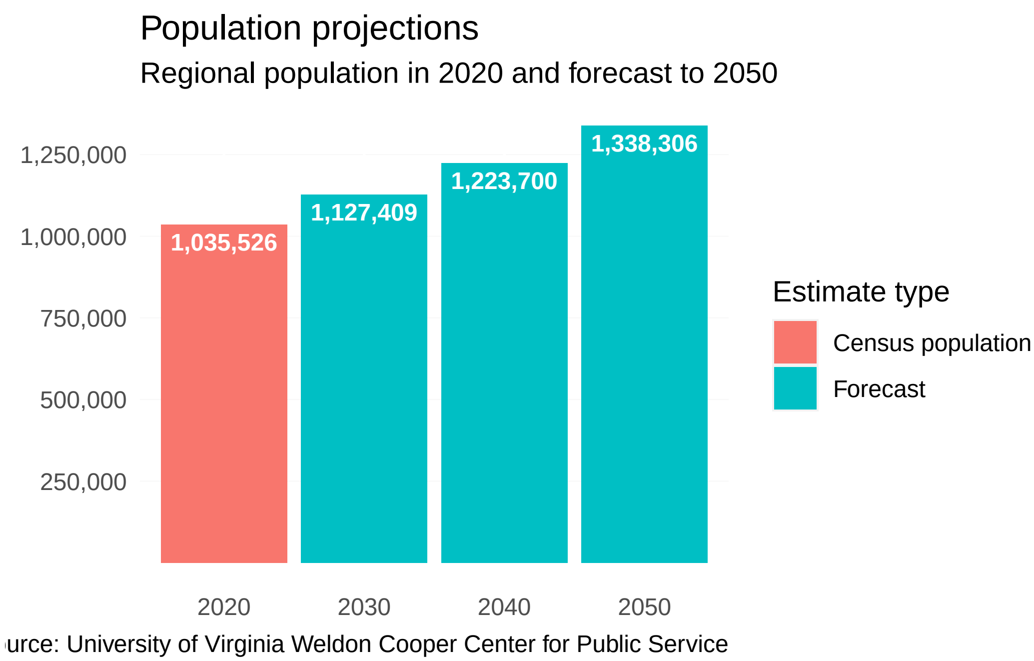


Figure 1.3: Population projections

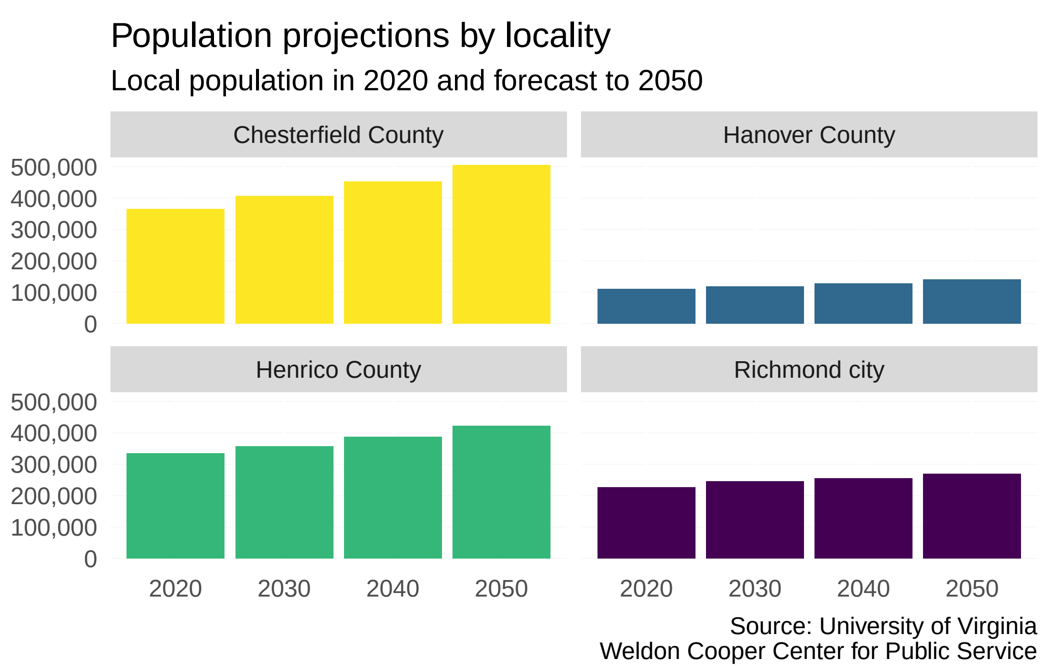


Figure 1.4: Population projections by locality

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.

> ⚠ Pandemic impacts on data reliability
>
> 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.

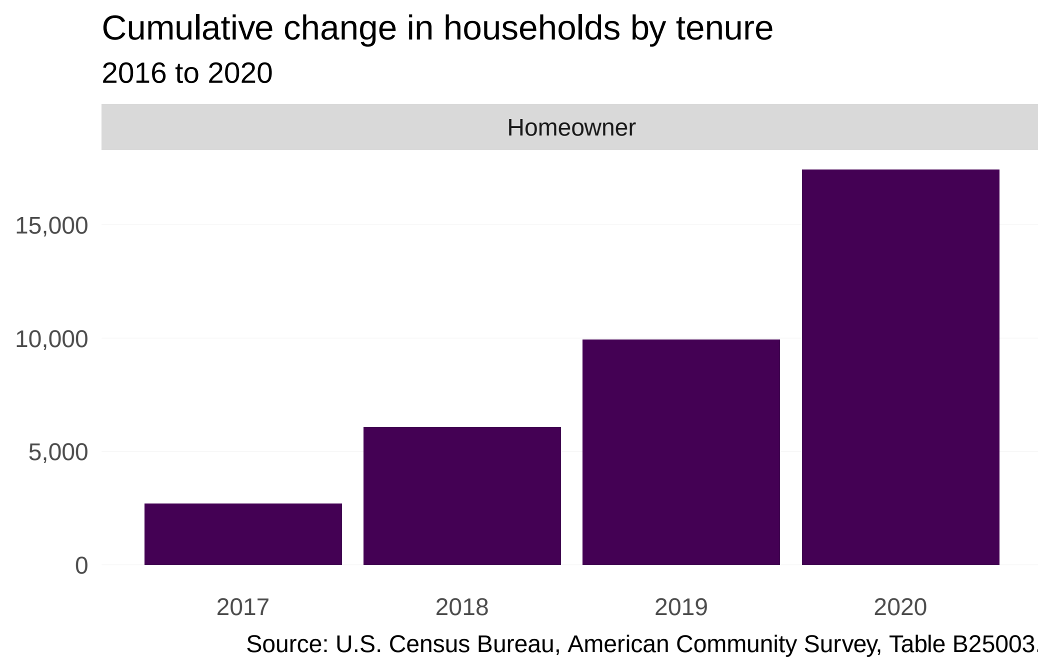


Figure 2.1: Cumulative change in households by tenure

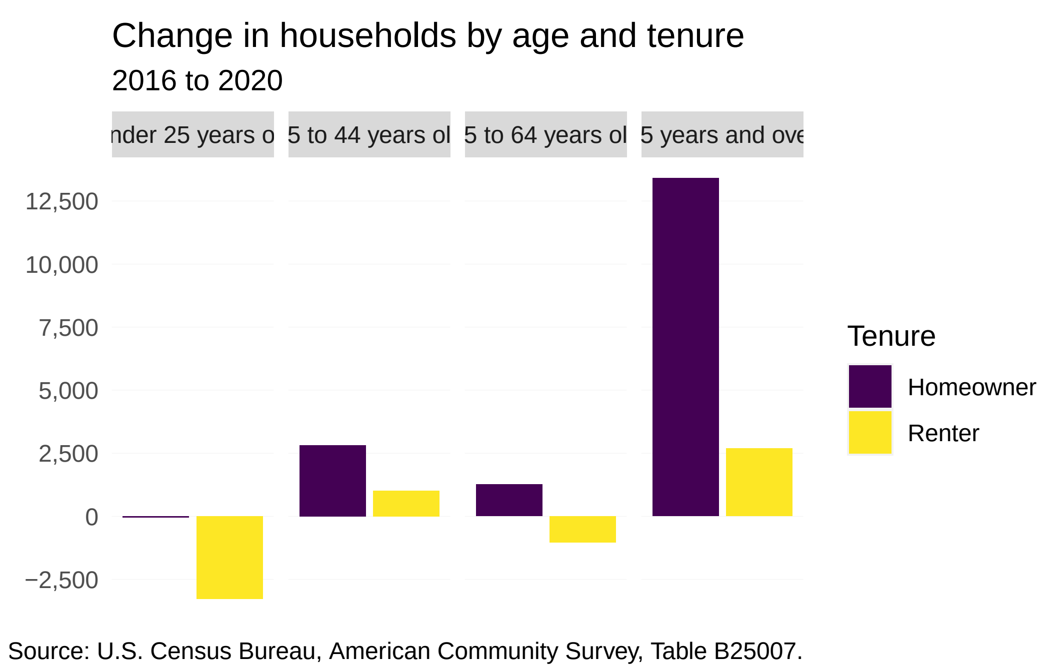


Figure 2.2: Change in households by age and tenure

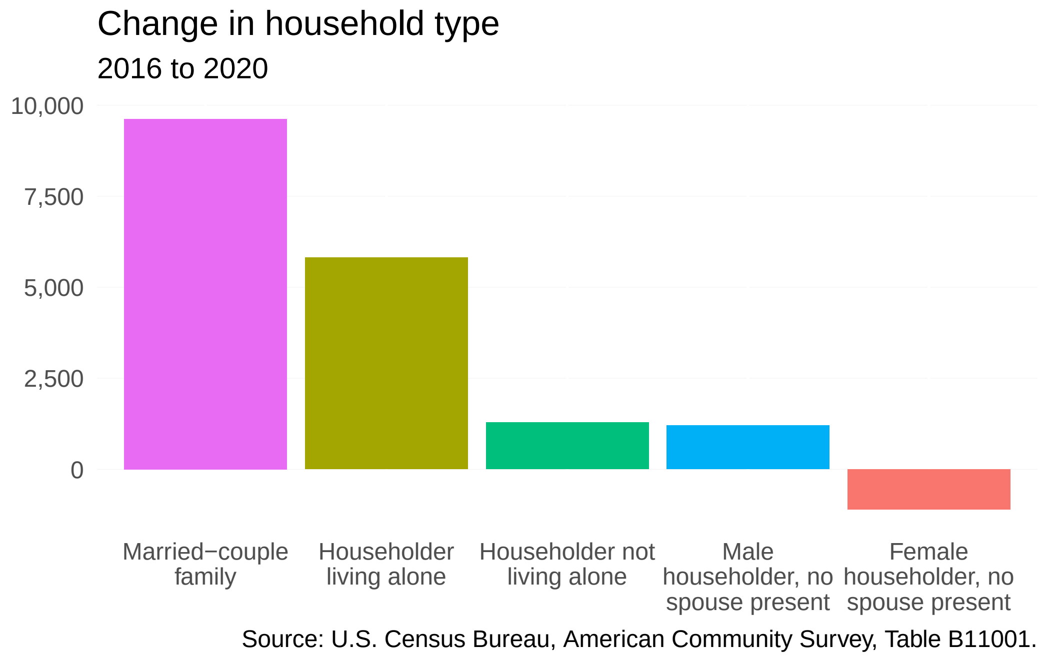


Figure 2.3: Change in household type

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.

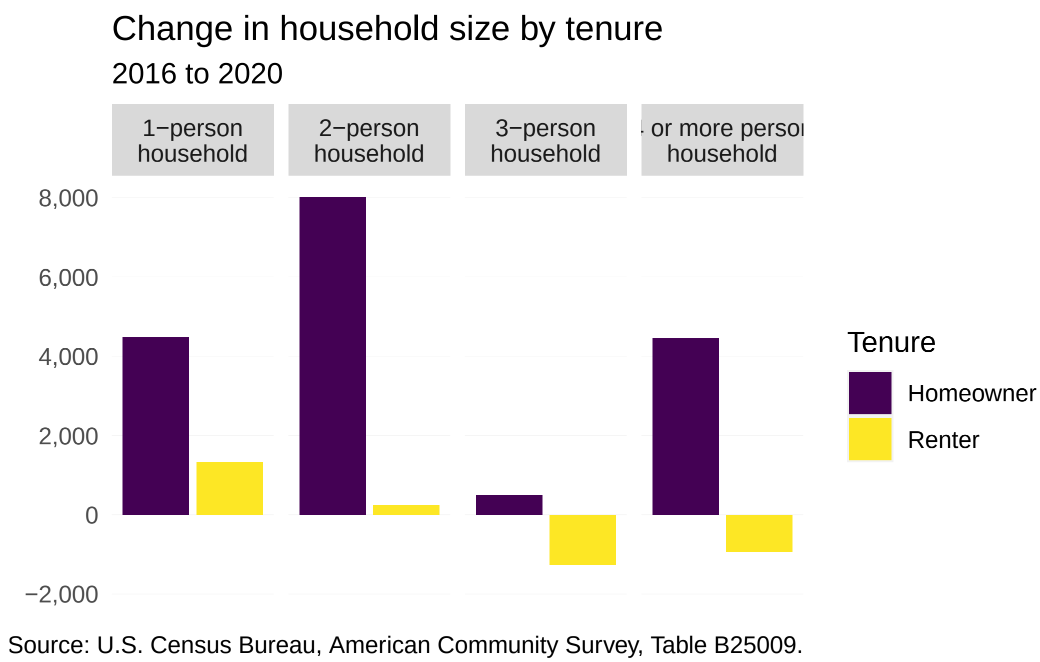


Figure 2.4: Change in household size by tenure

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.

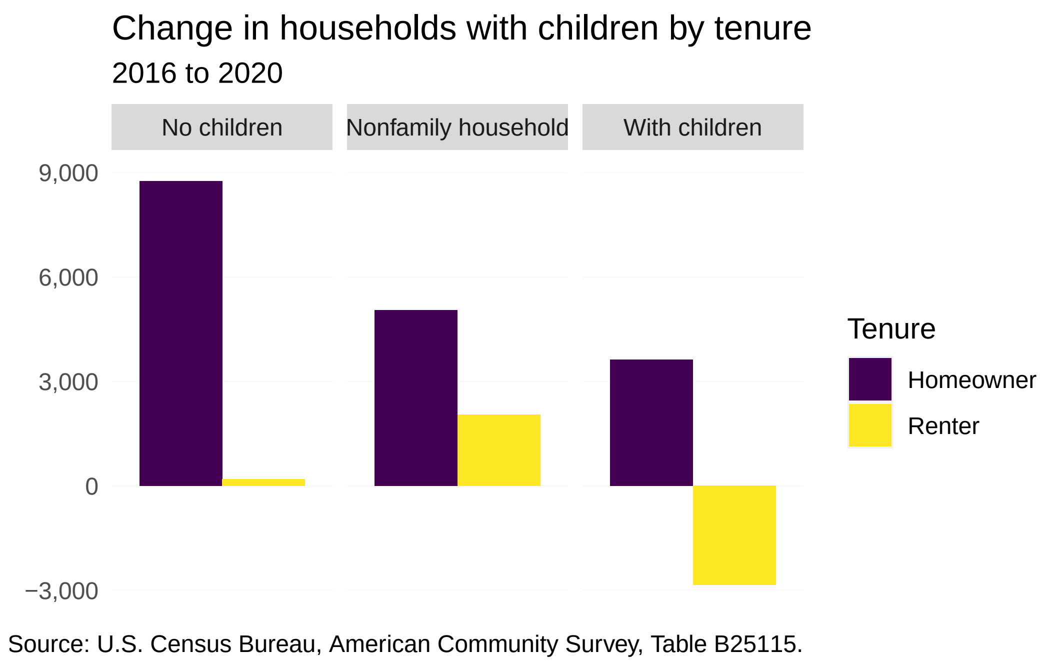


Figure 2.5: Change in households with children by tenure

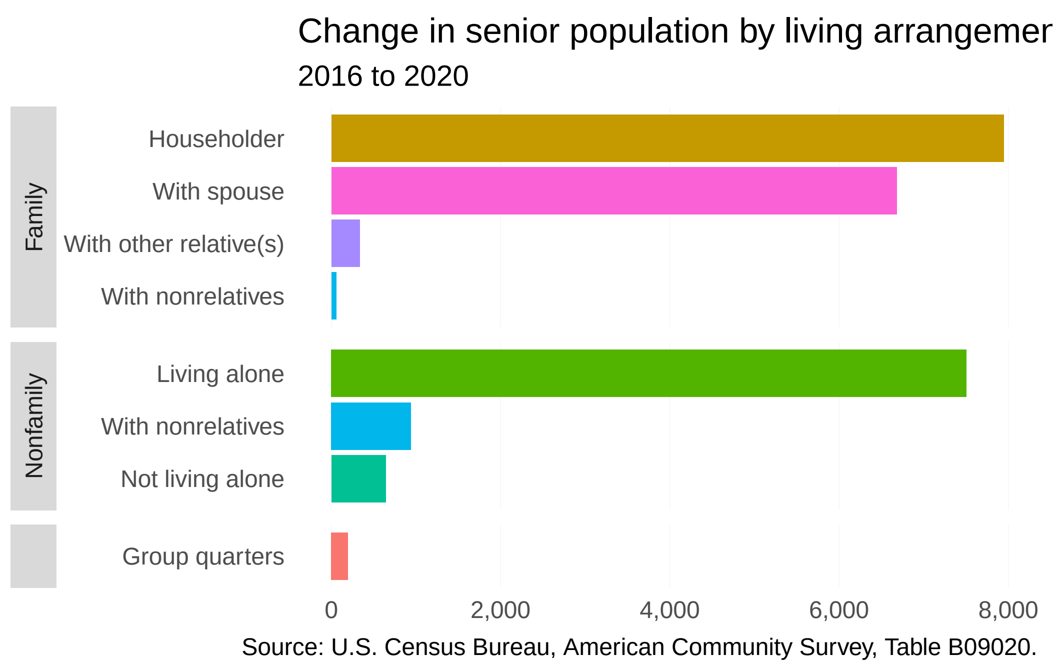


Figure 2.6: Change in senior population by living arrangement

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.

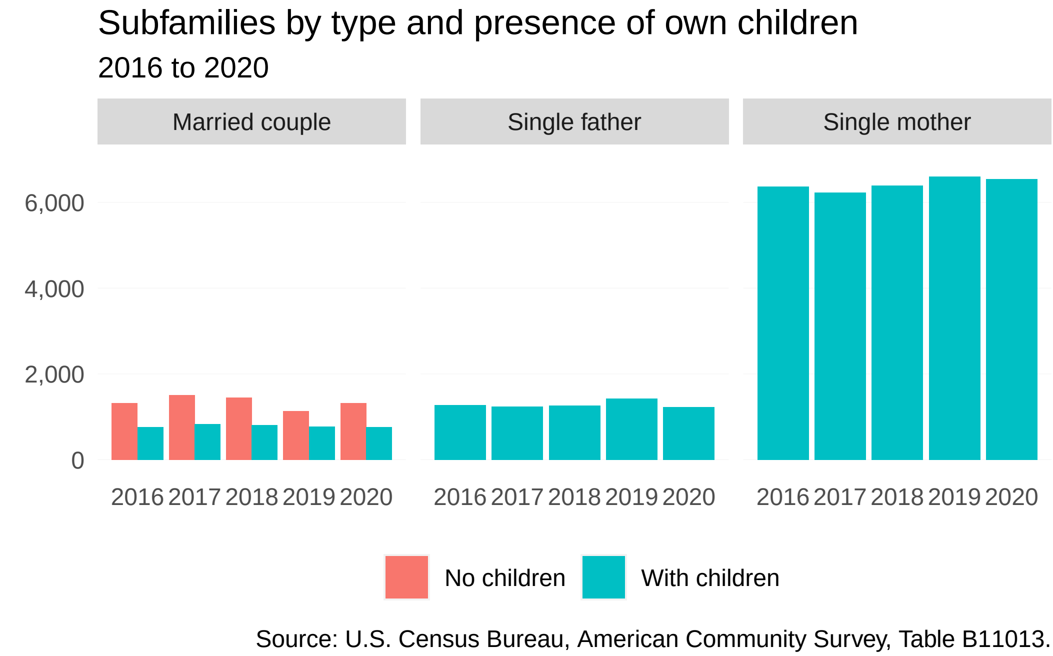


Figure 2.7: Subfamilies by type and presence of own children

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.

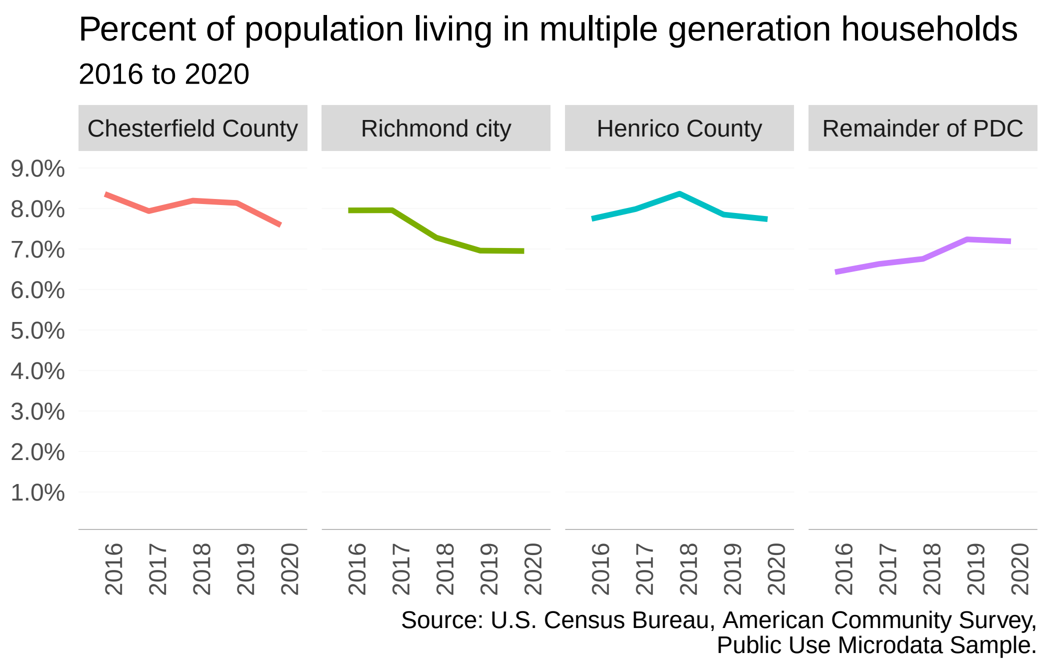


Figure 2.8: Percent of population living in multiple generation households

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.

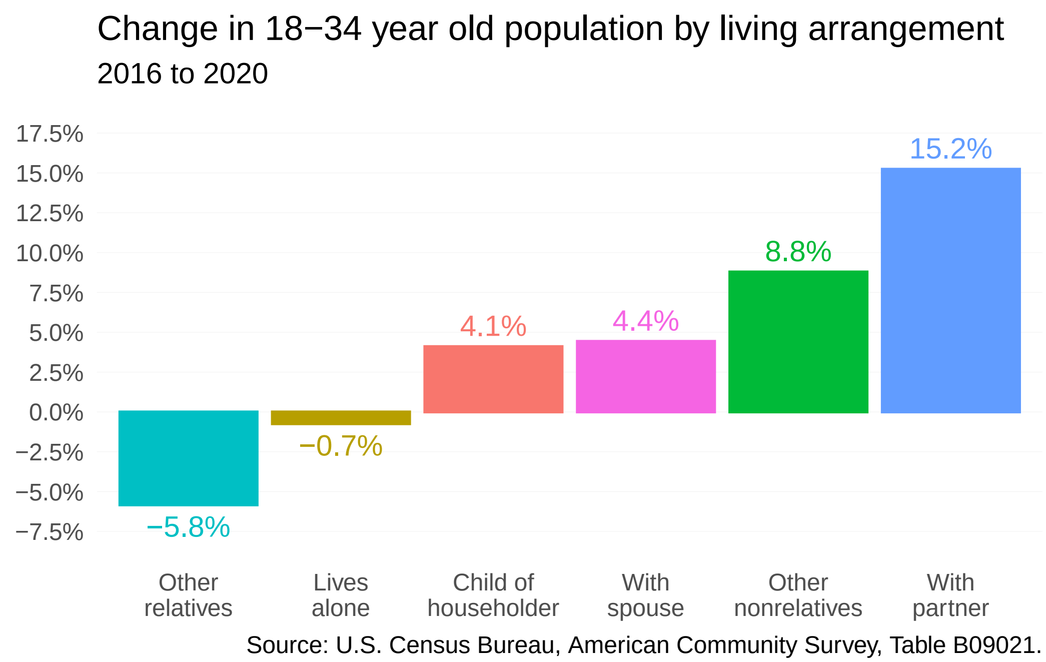


Figure 2.9: Change in 18-34 year old population by living arrangement

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.

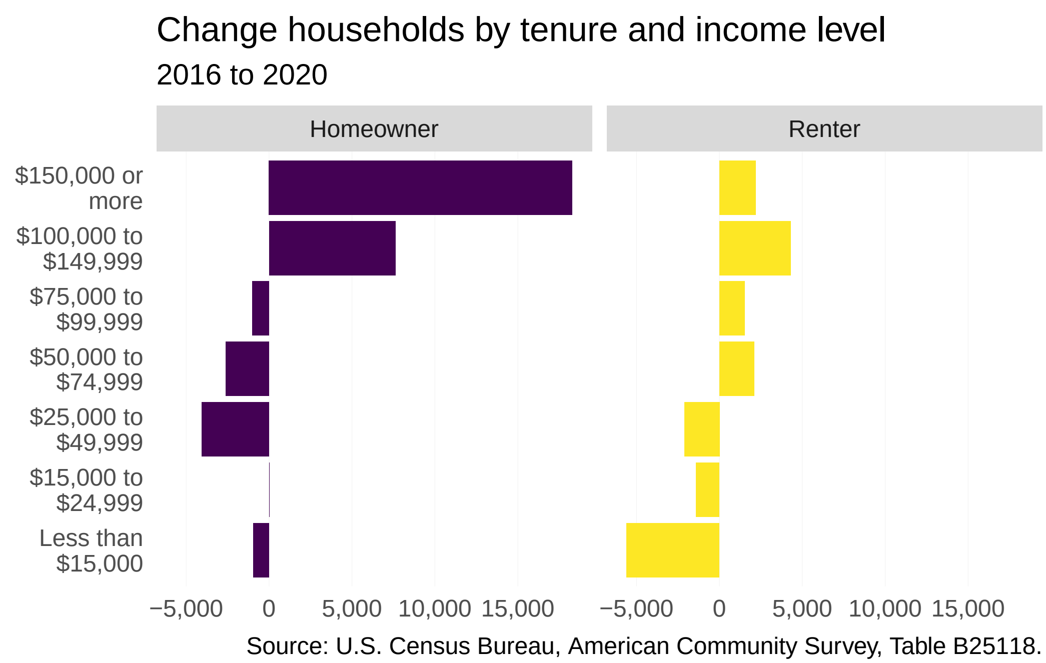


Figure 3.1: Change households by tenure and income level

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.

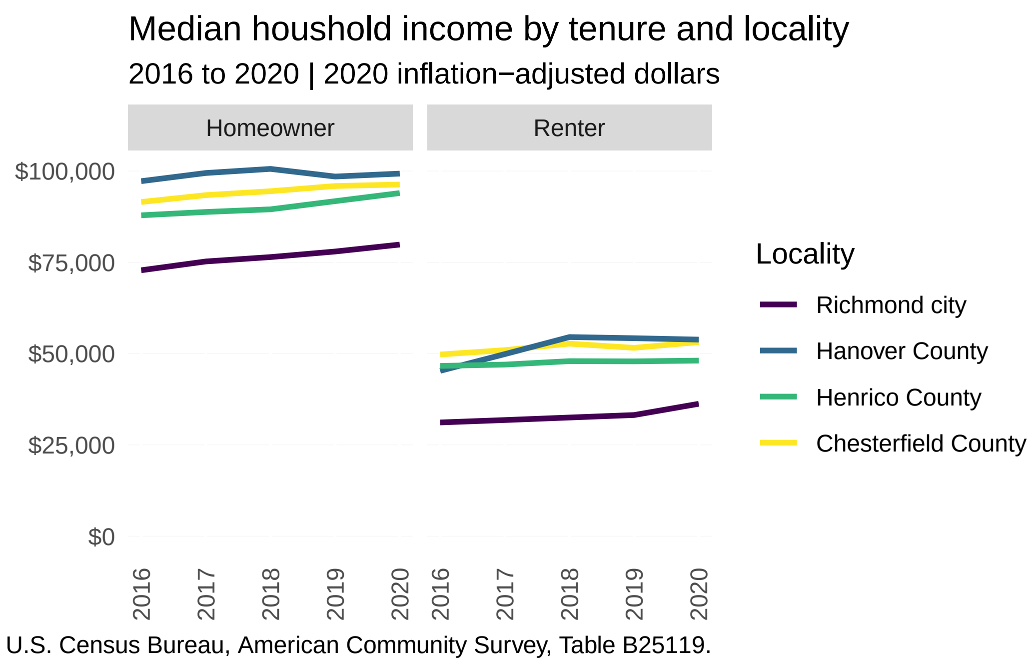


Figure 3.2: Median houshold income by tenure and locality

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

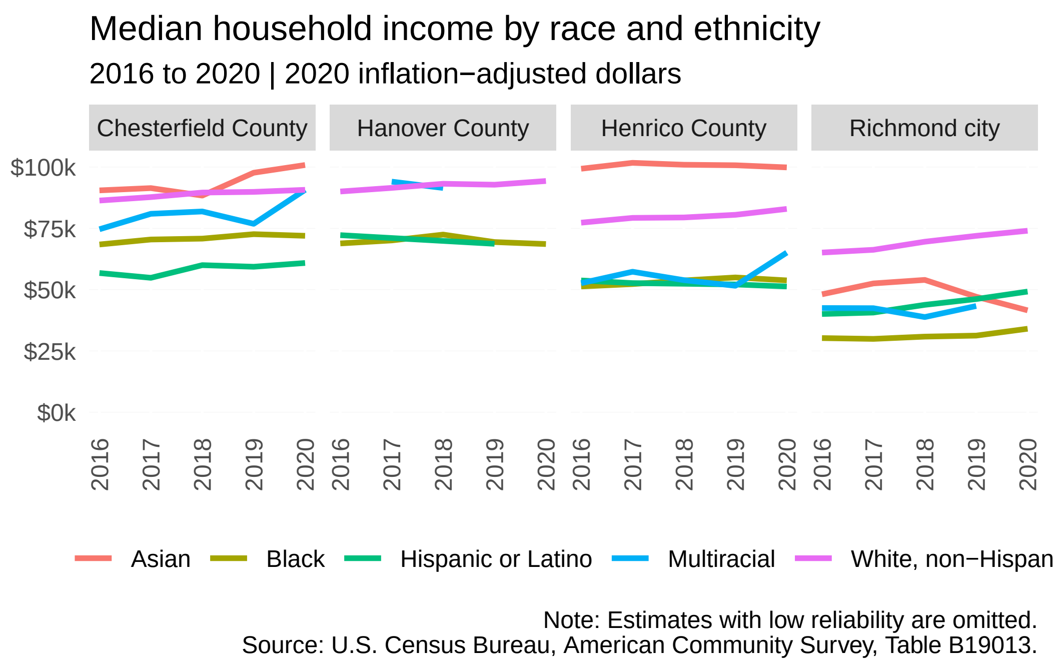


Figure 3.3: Median household income by race and ethnicity

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.

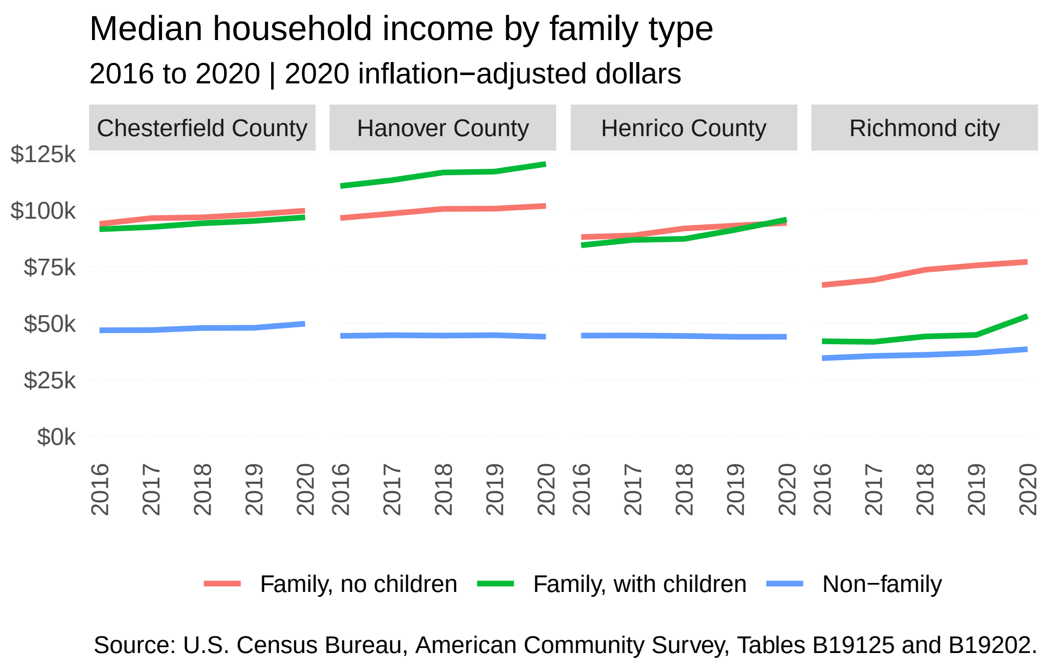


Figure 3.4: Median household income by family type

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.

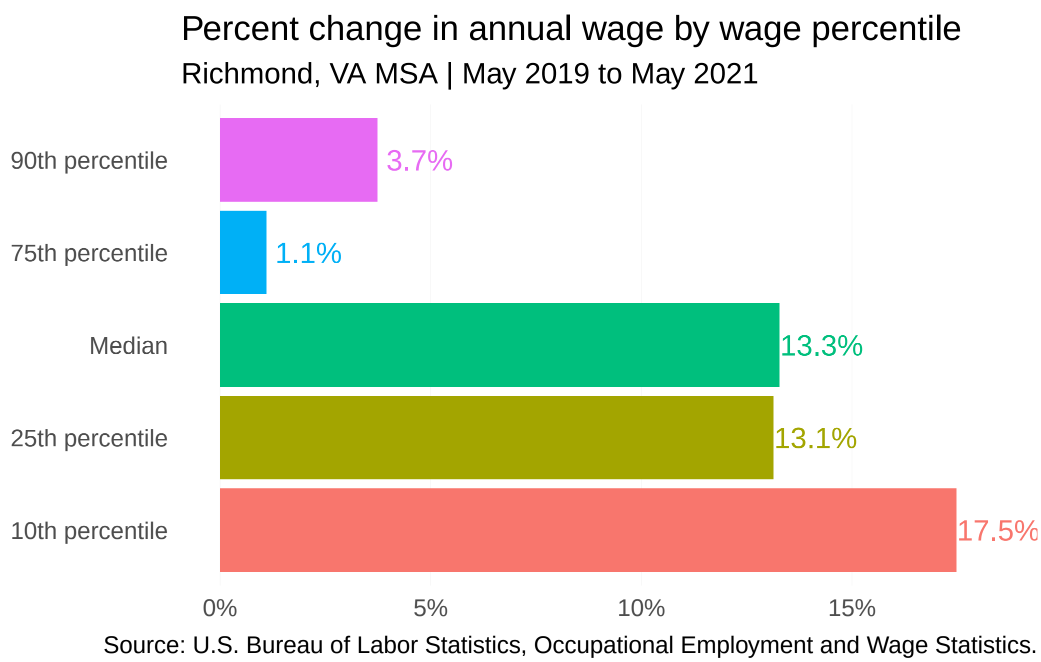


Figure 3.5: Percent change in annual wage in Richmond, VA MSA

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.

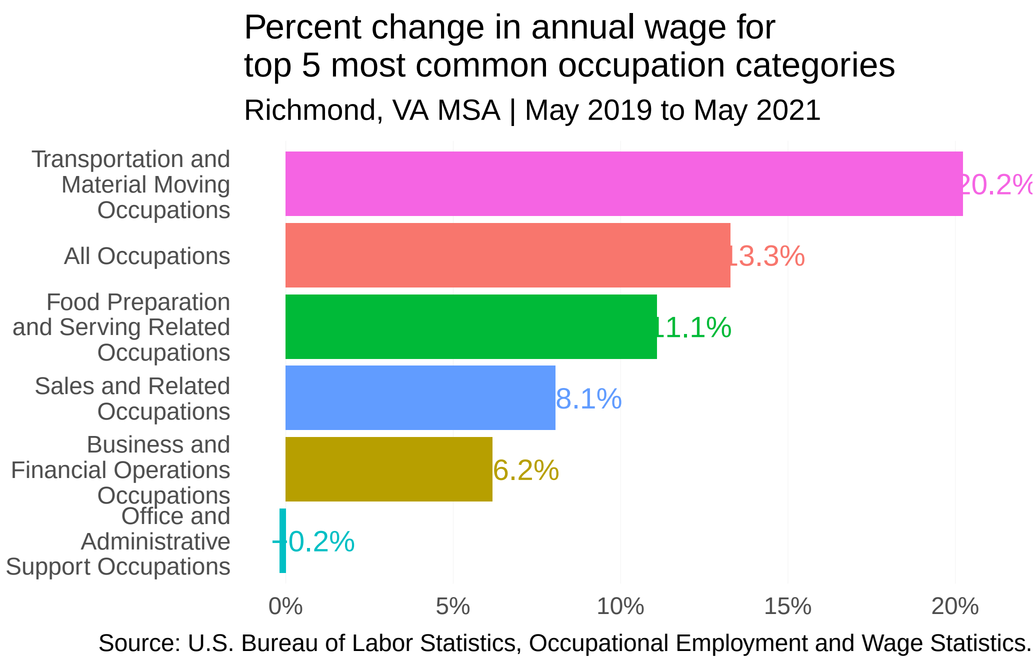


Figure 3.6: Percent change in annual wage for top 5 most common occupation categories

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.

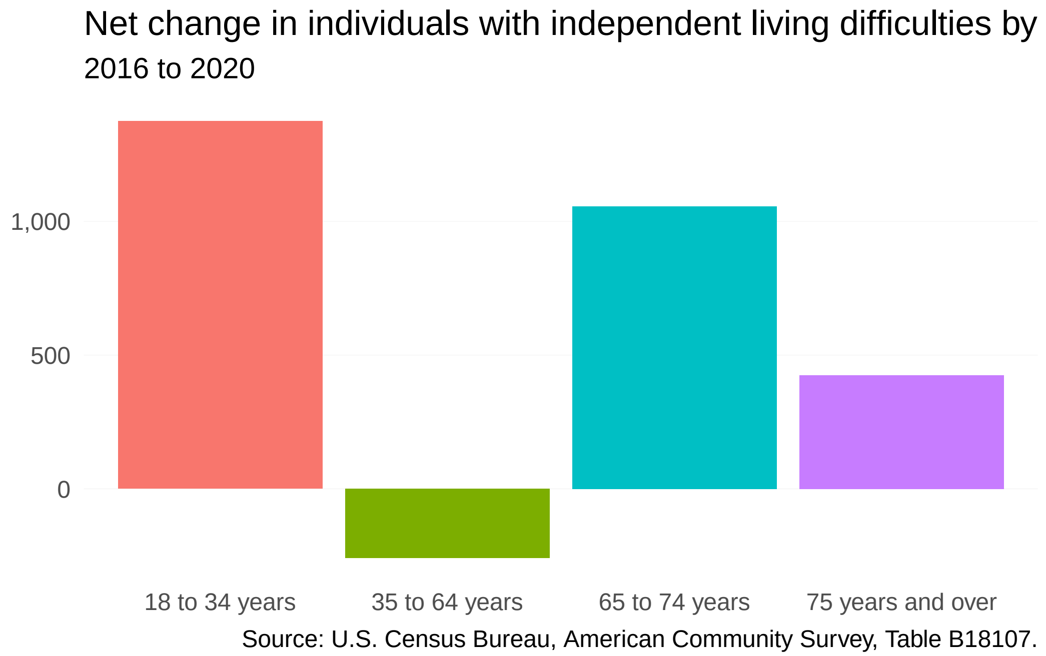


Figure 4.1: Net change in individuals with independent living difficulties by age

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.

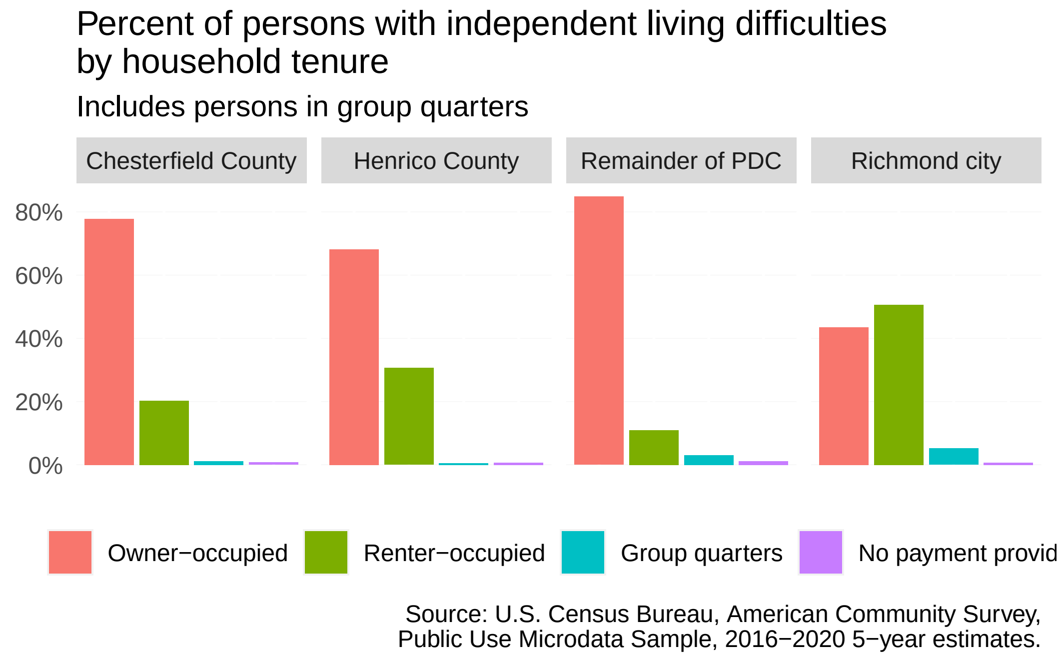


Figure 4.2: Percent of persons with independent living difficulties by household tenure

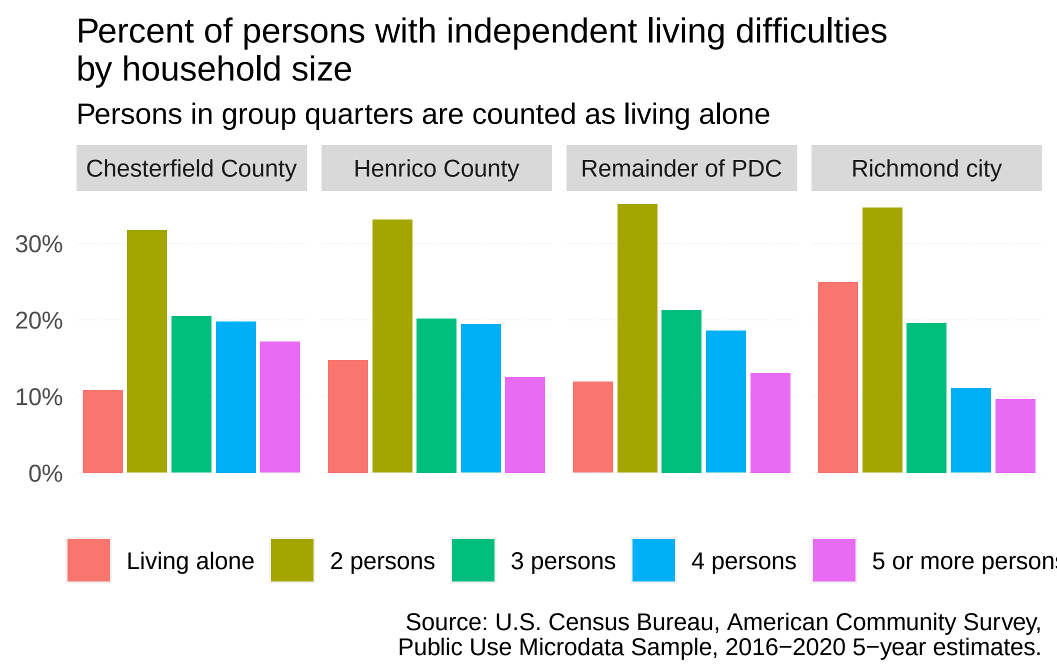


Figure 4.3: Percent of persons with independent living difficulties by household size

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.

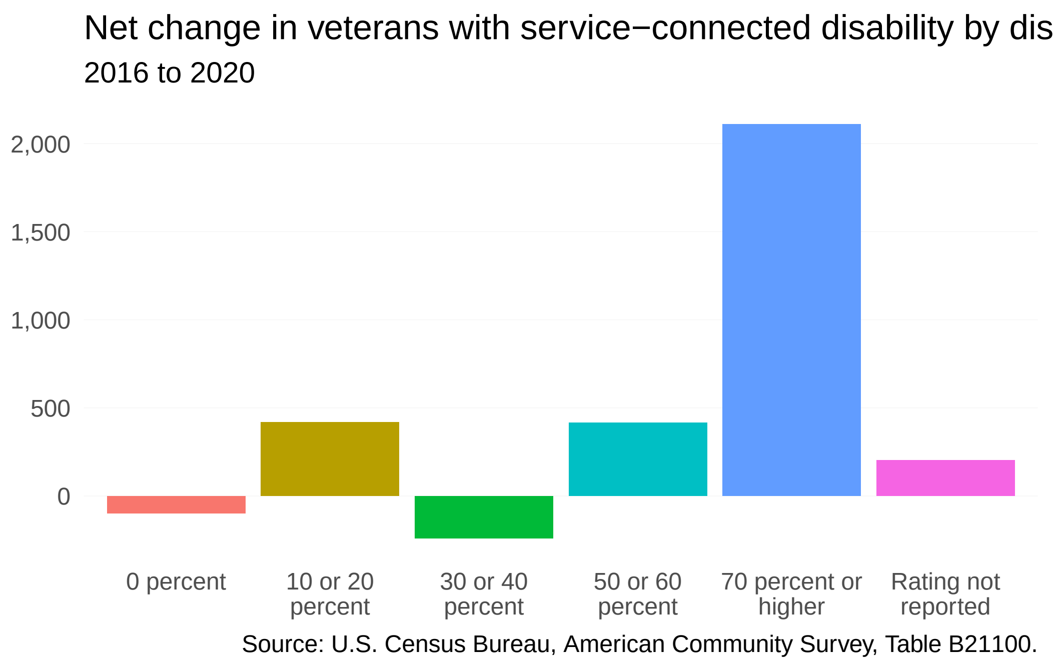


Figure 4.4: Net change in veterans with service-connected disability by disability rating

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.

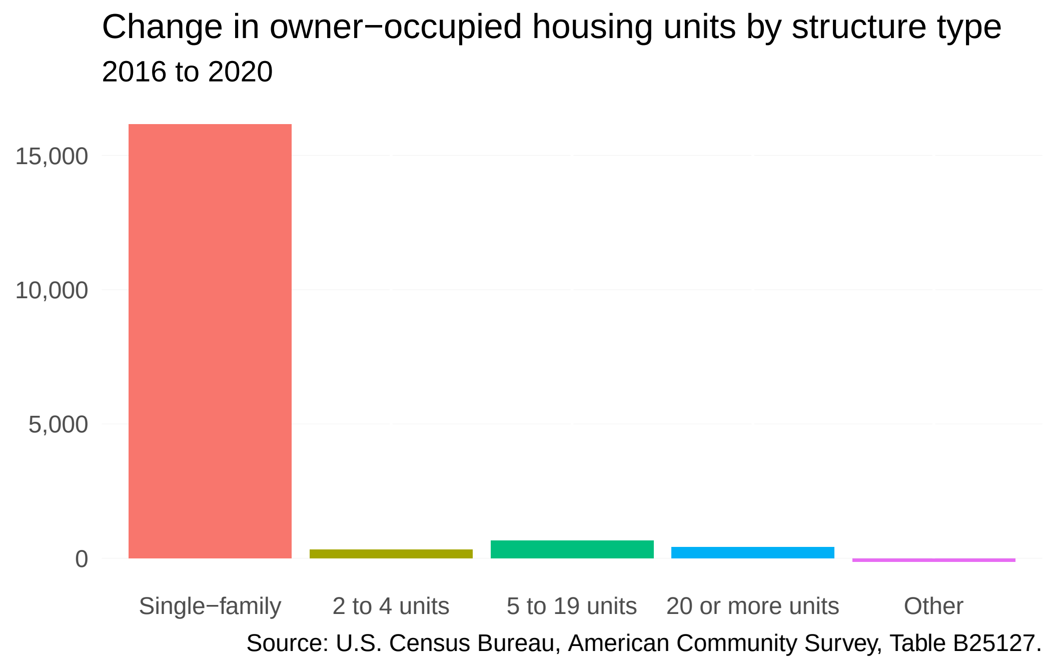


Figure 5.1: Change in owner-occupied housing units by structure type

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.

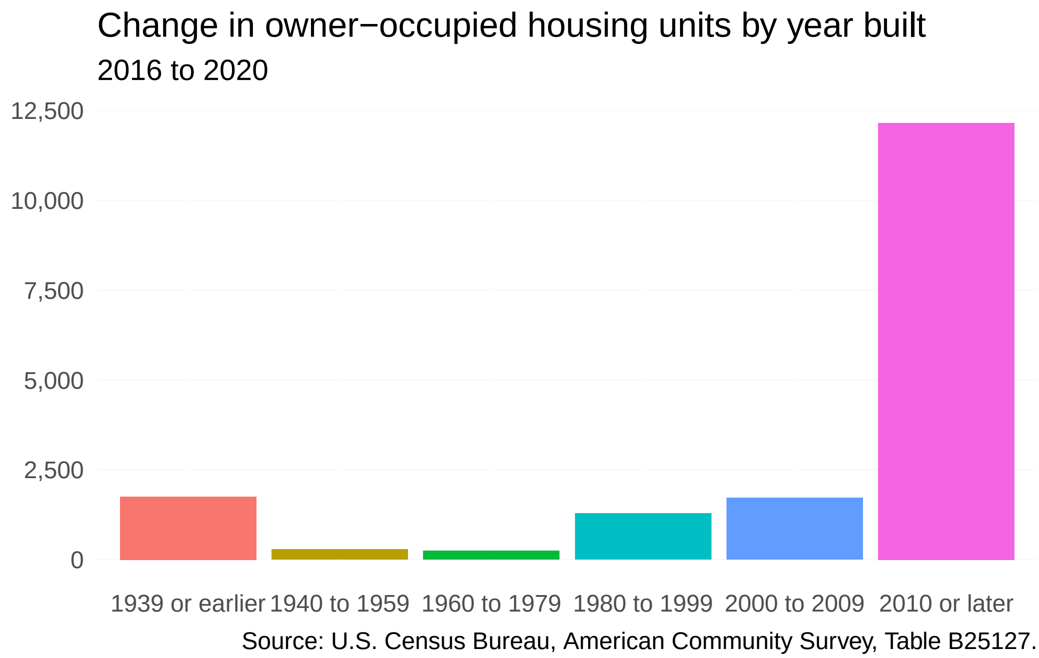


Figure 5.2: Change in owner-occupied housing units by year built

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).

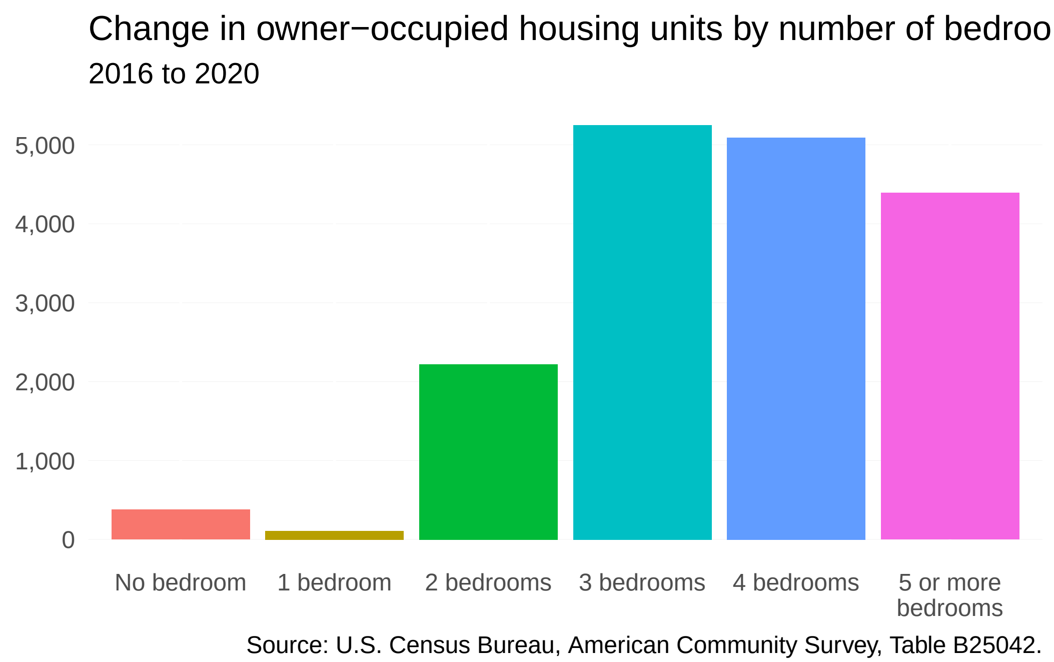


Figure 5.3: Change in owner-occupied housing units by number of bedrooms

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.

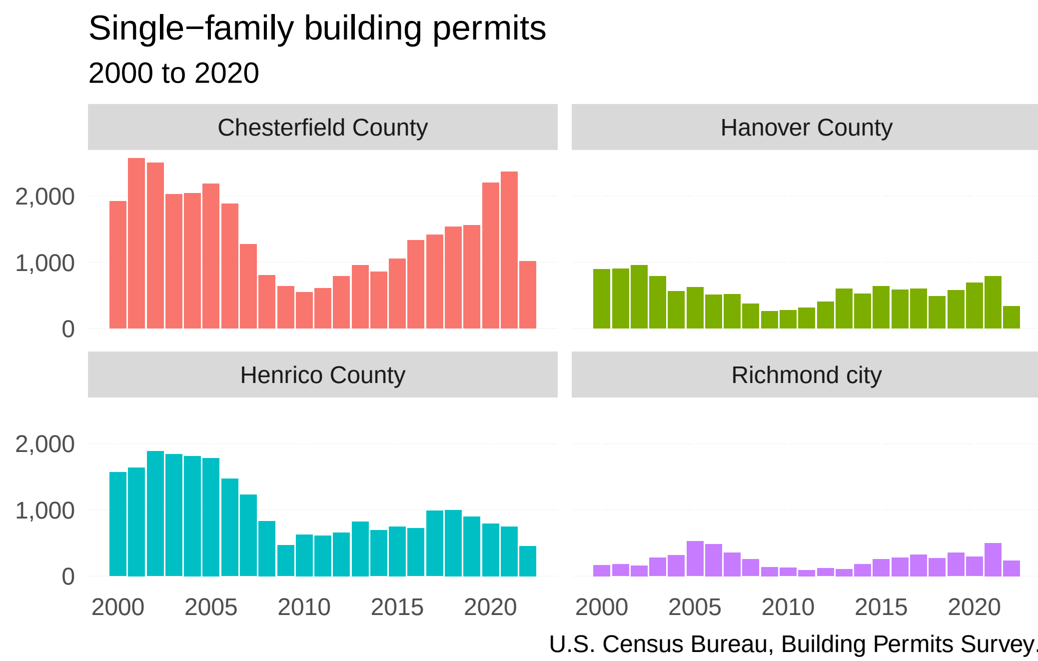


Figure 5.4: Single-family building permits

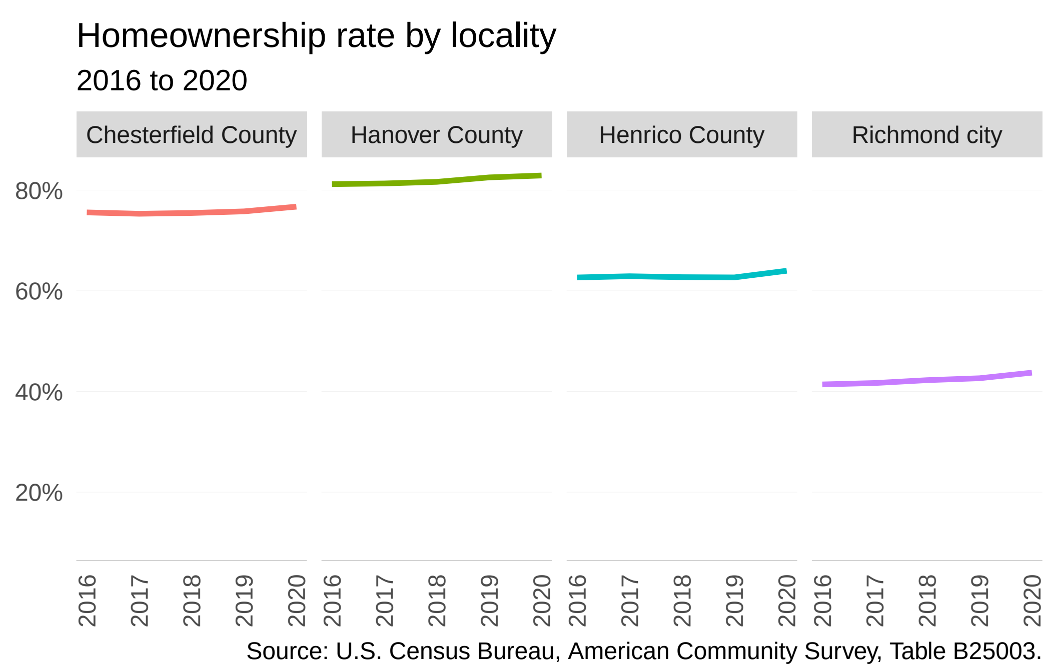


Figure 5.5: Homeownership rate by locality

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.

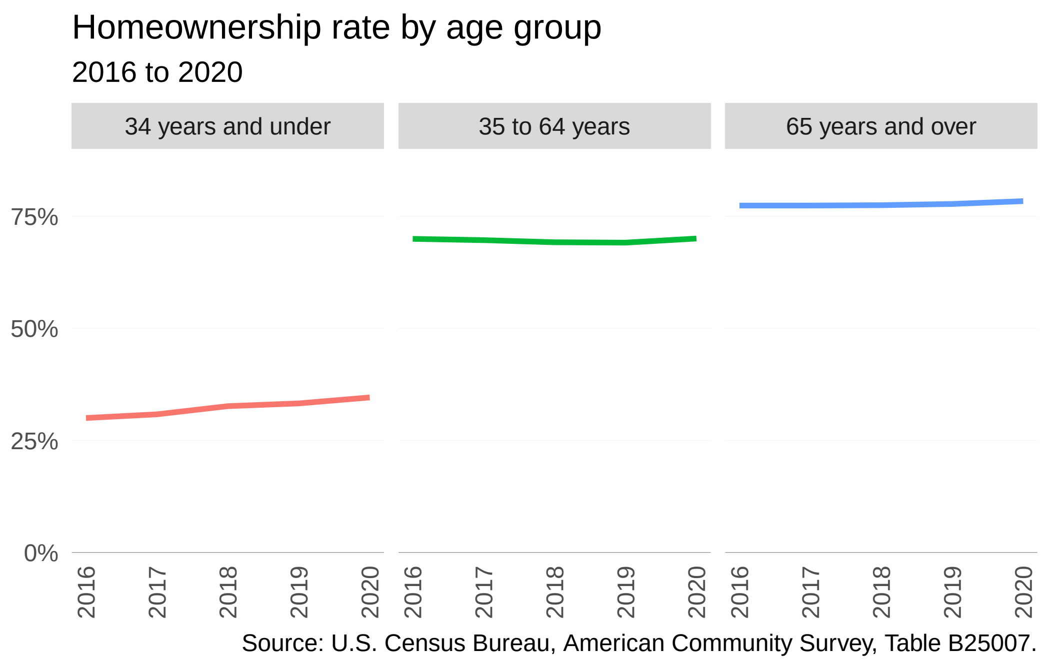


Figure 5.6: Homeownership rate by age group

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.

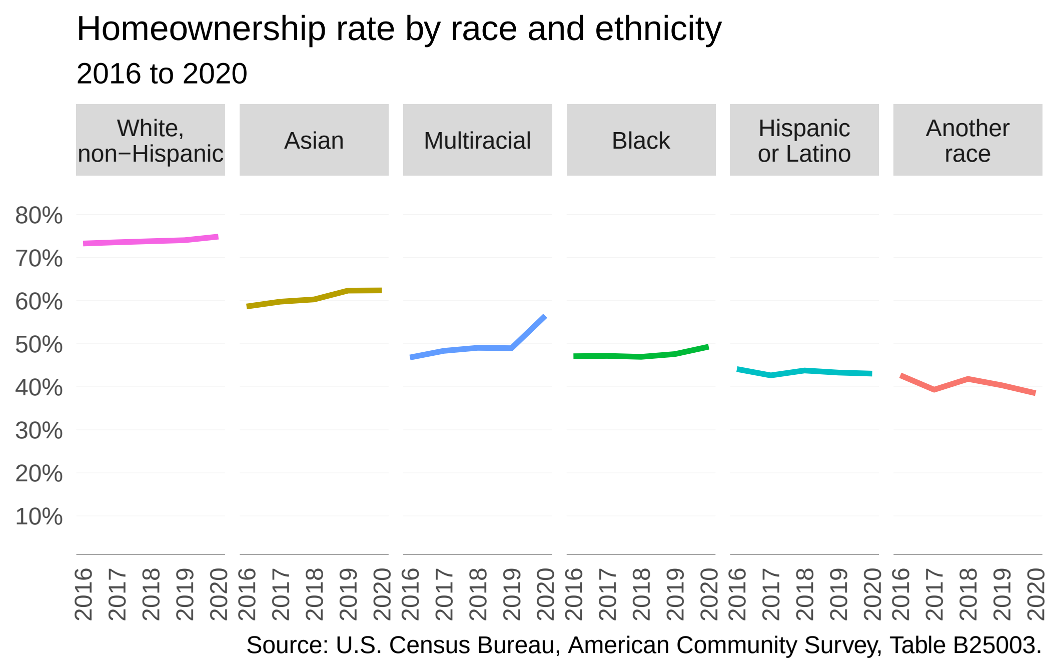


Figure 5.7: Homeownership rate by race and ethnicity

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 $303,941 in February to $389,950 in June,

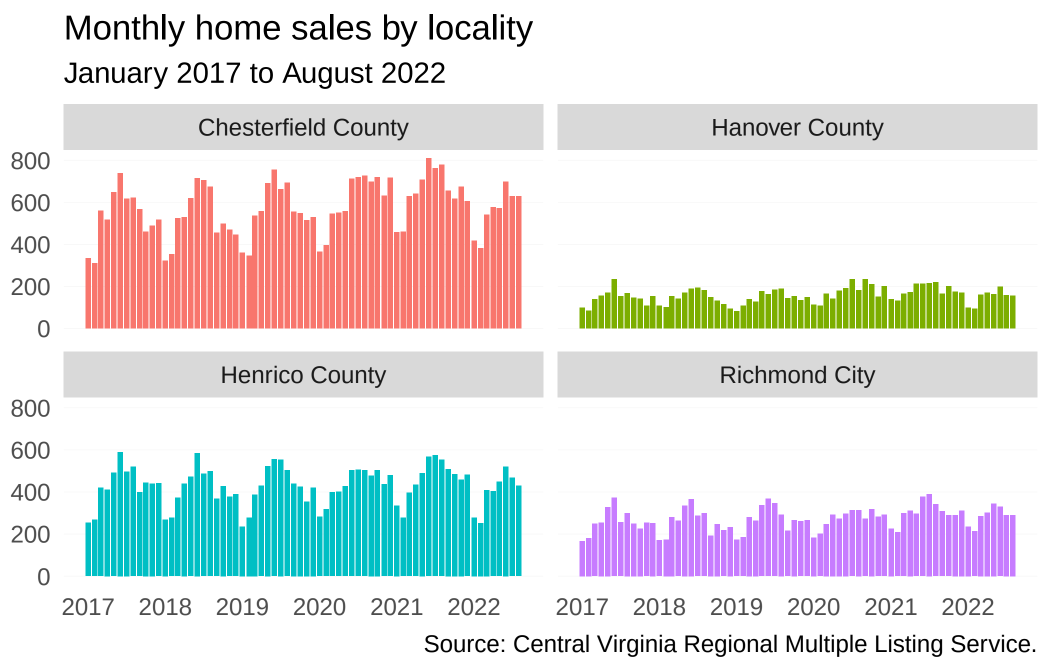


Figure 5.8: Monthly home sales by locality

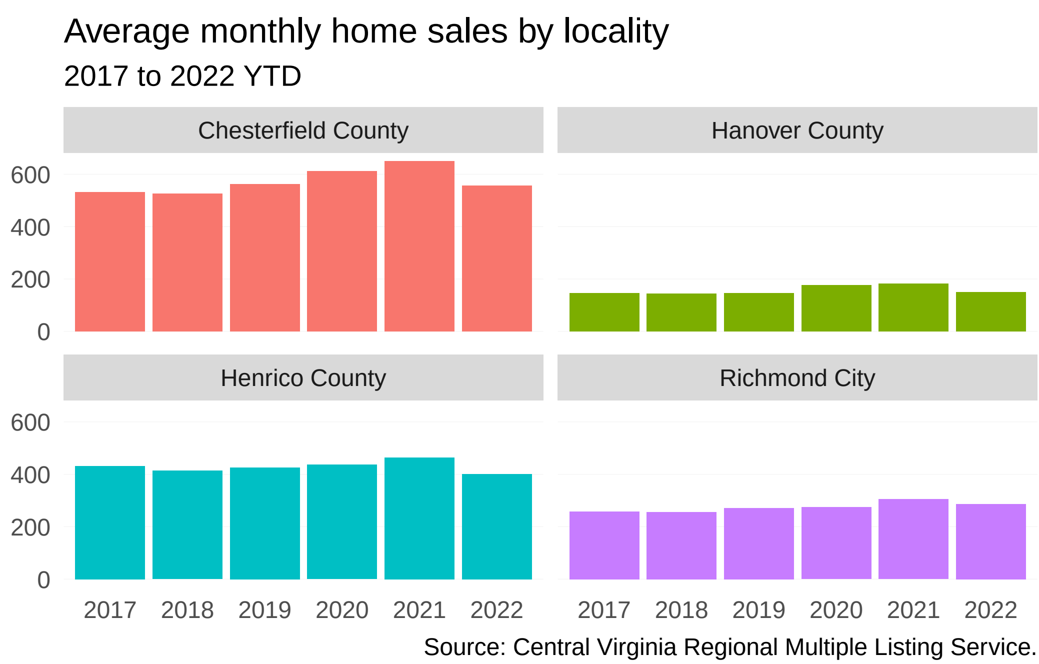


Figure 5.9: Average monthly home sales by locality

a 28 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 $464,000 in July 2022, followed by the Chesterfield County ($378,671), Henrico County ($370,000), and the City of Richmond ($352,500).

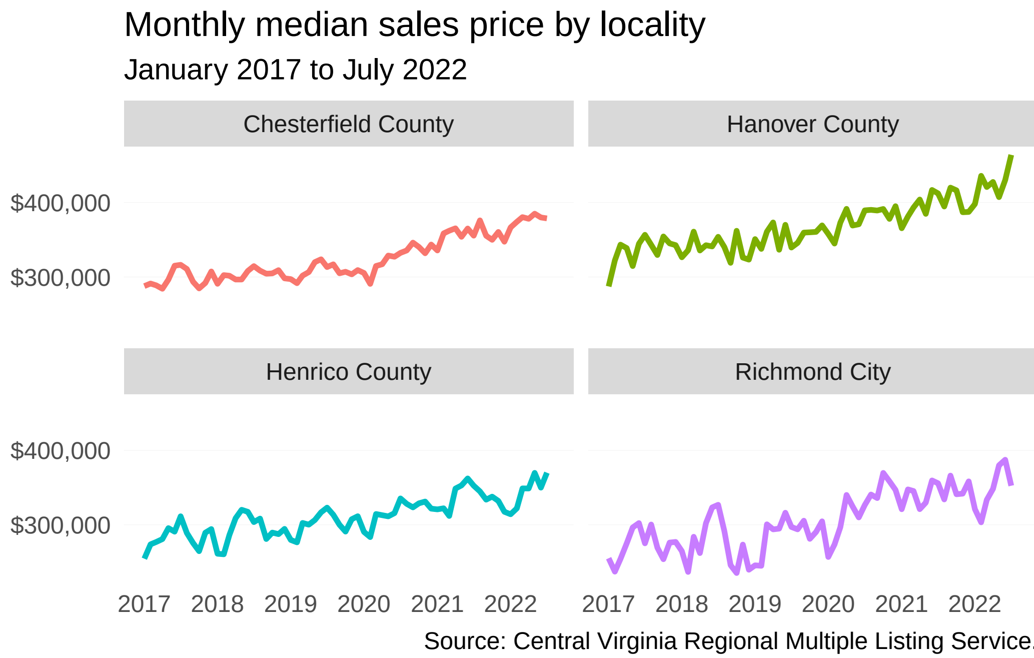


Figure 5.10: Monthly median sales price by locality

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 slump, months supply continues to remain low.

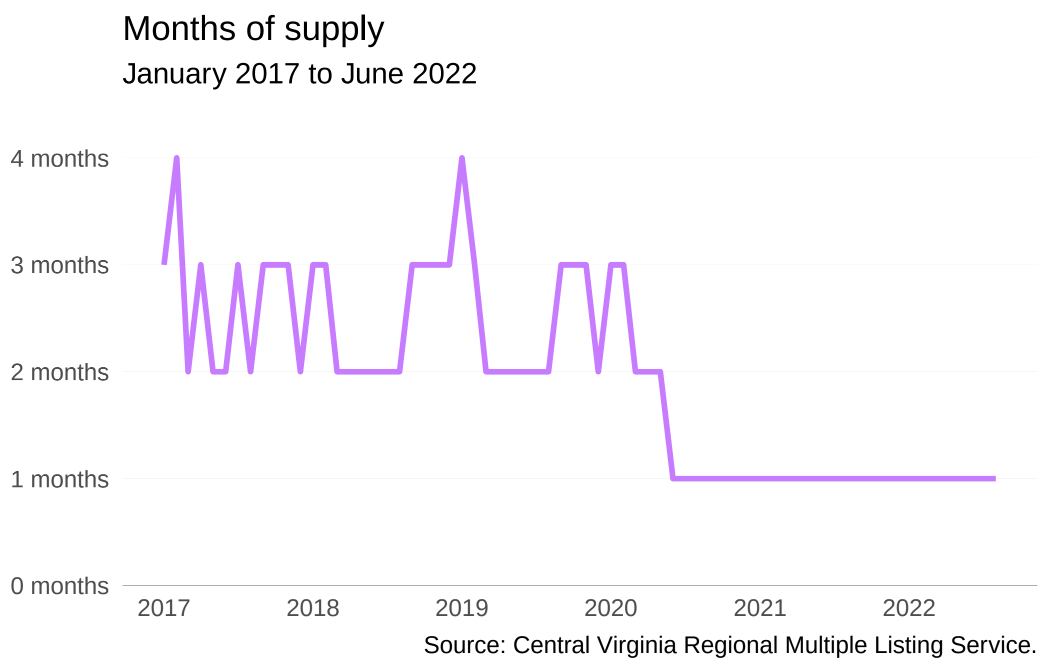


Figure 5.11: Months of supply

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.

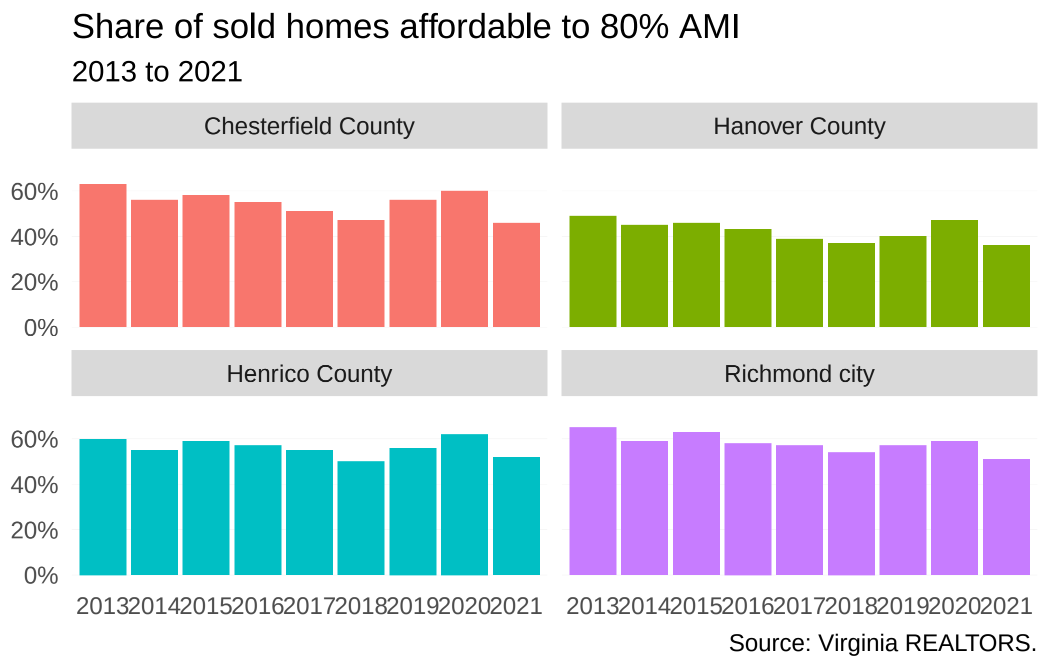


Figure 5.12: Share of sold homes affordable to 80% AMI

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 $371,250.

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.

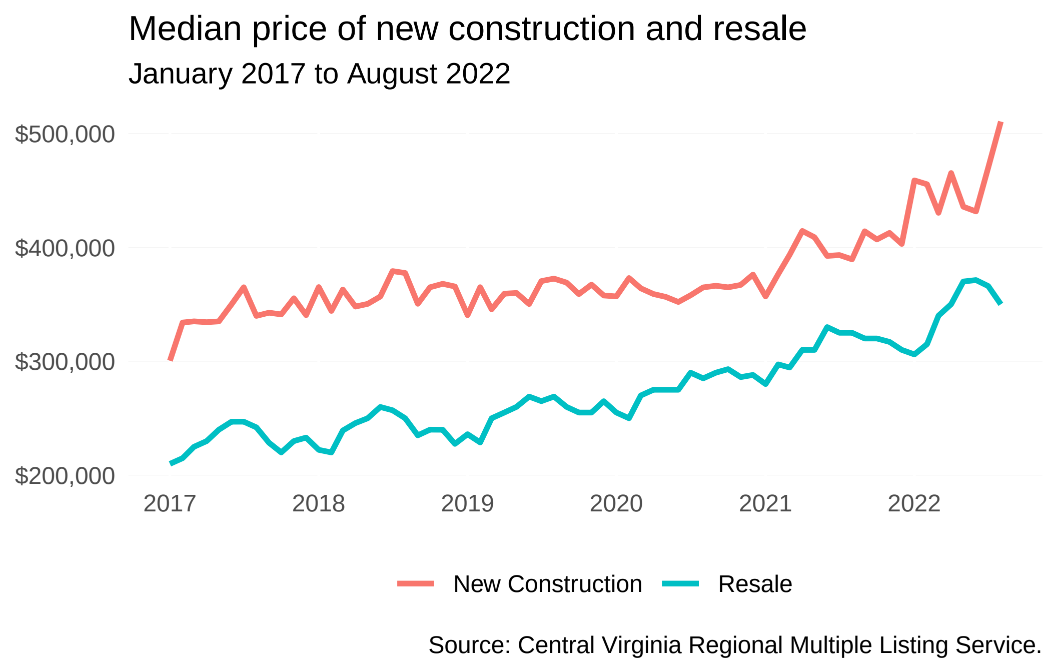


Figure 5.13: Median price of new construction and resale

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.

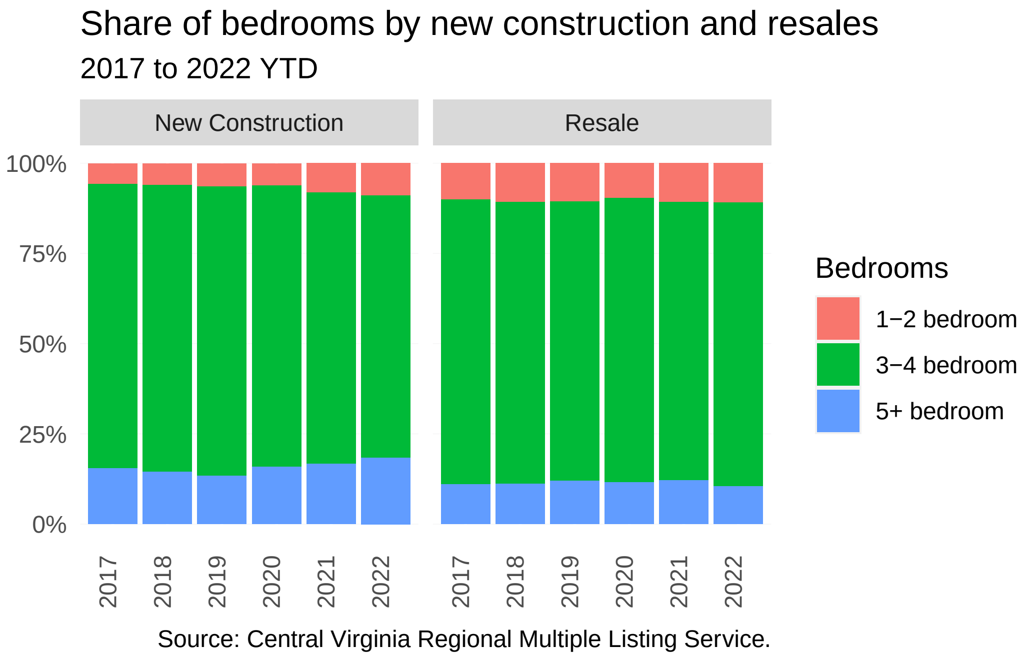


Figure 5.14: Share of bedrooms by new construction and resales

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.

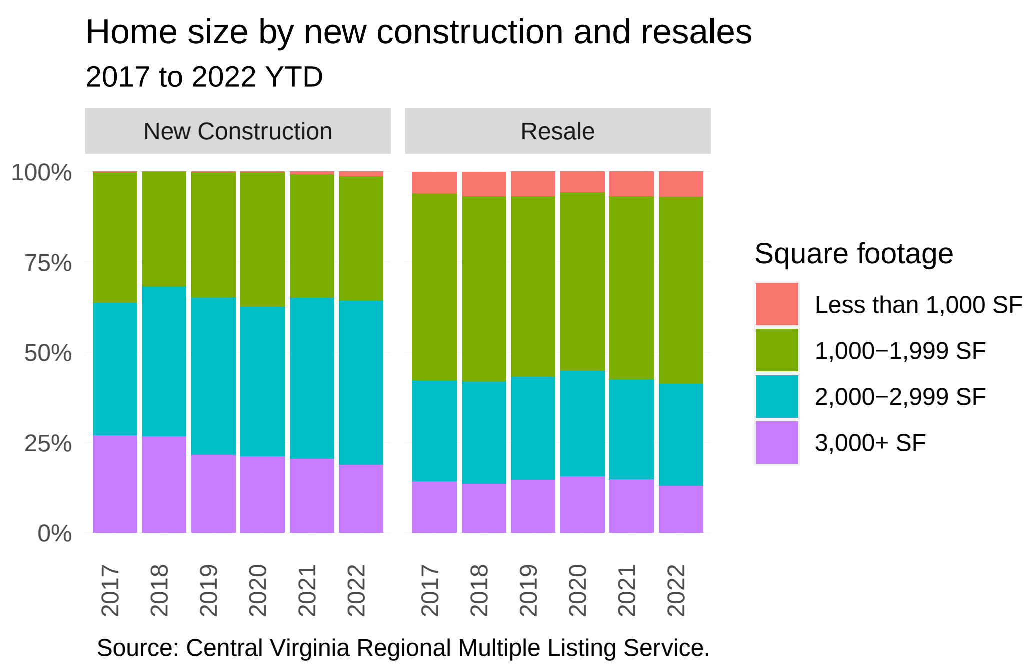


Figure 5.15: Home size by new construction and resales

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).

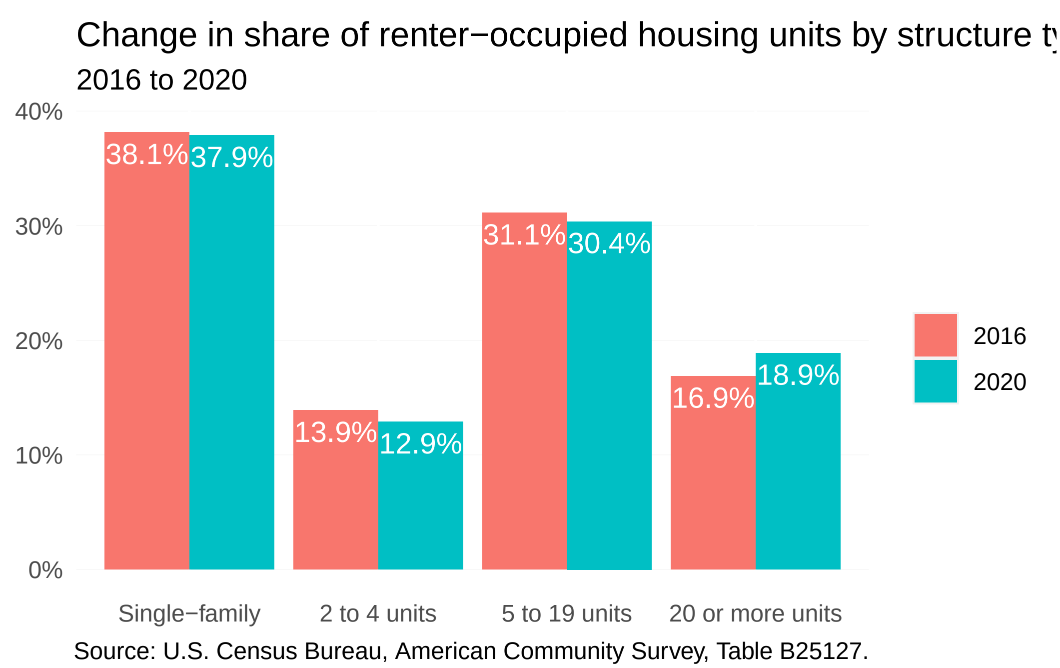


Figure 6.1: Change in share of renter-occupied housing units by structure type

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.

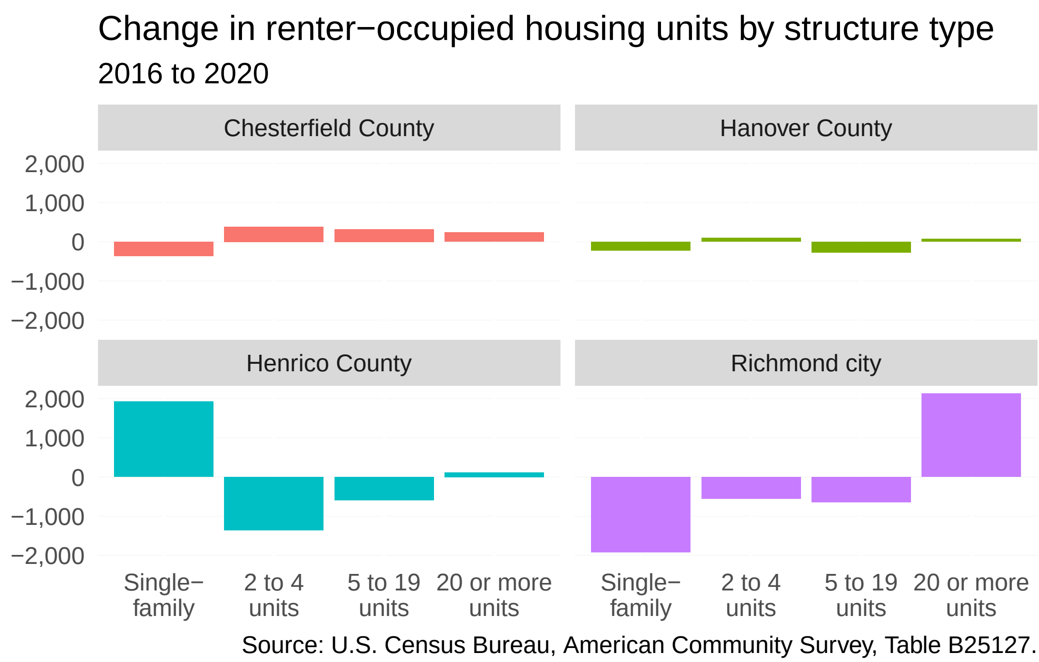


Figure 6.2: Change in renter-occupied housing units by structure type

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.

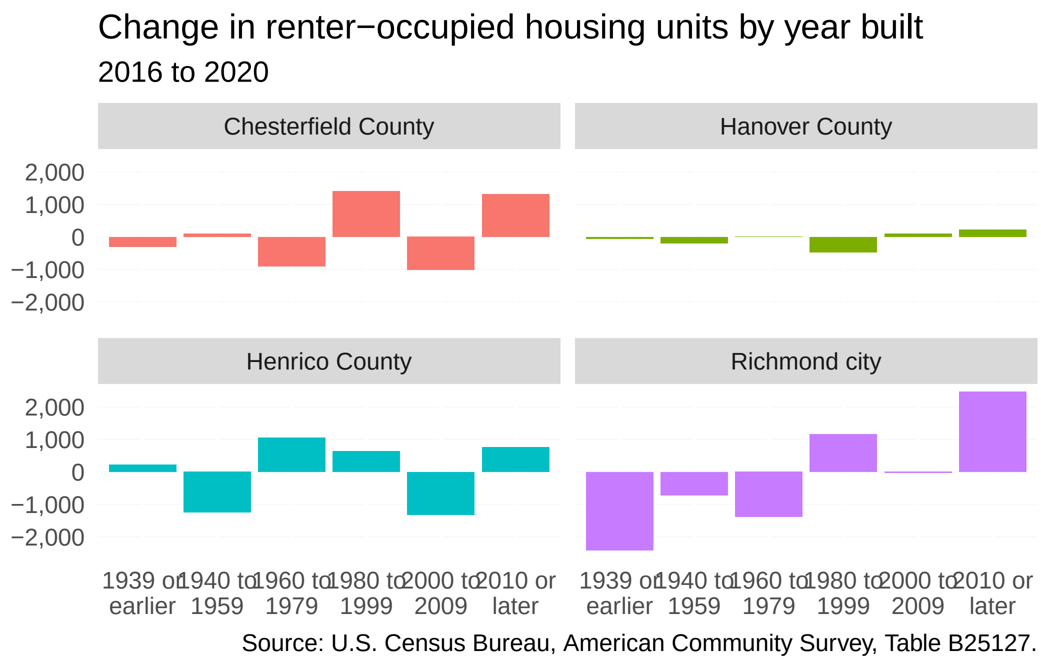


Figure 6.3: Change in renter-occupied housing units by year built

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.

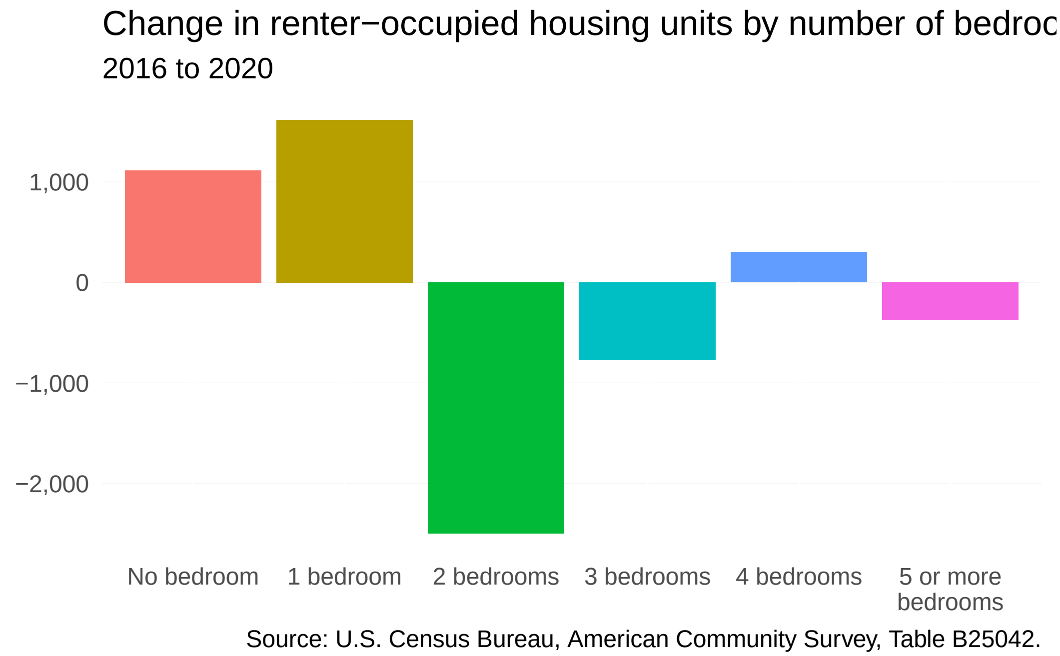


Figure 6.4: Change in renter-occupied housing units by number of bedrooms

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.

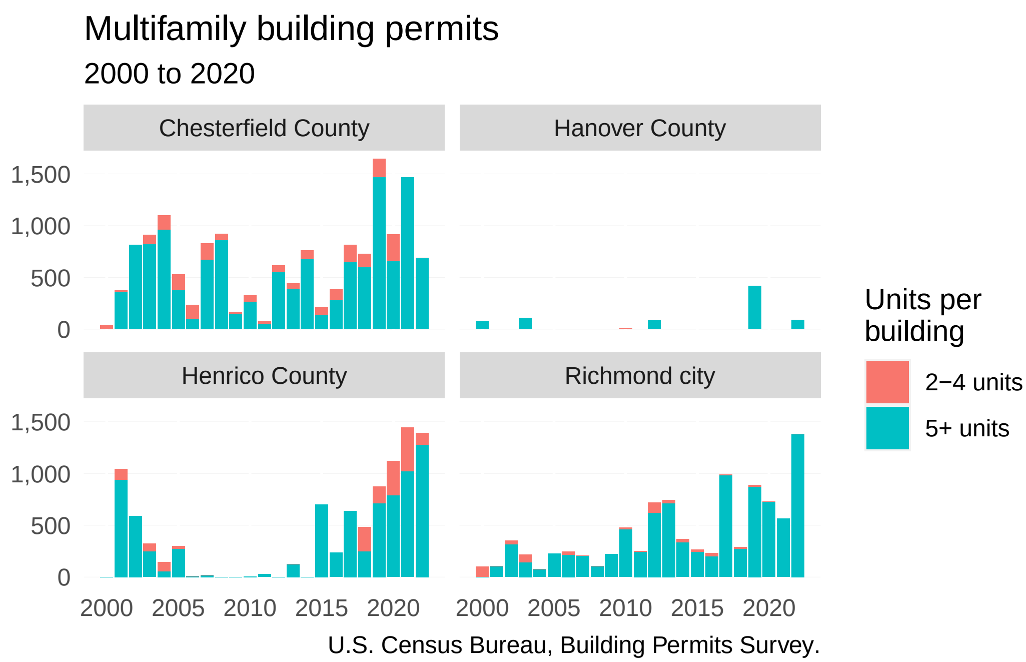


Figure 6.5: Multifamily building permits

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

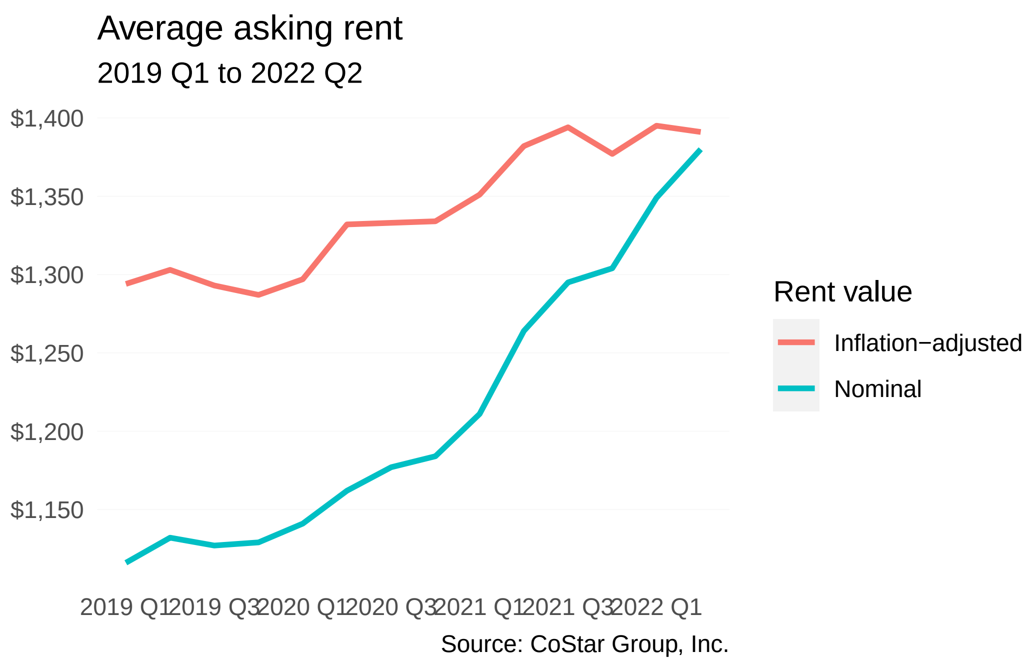


Figure 6.6: Average asking rent

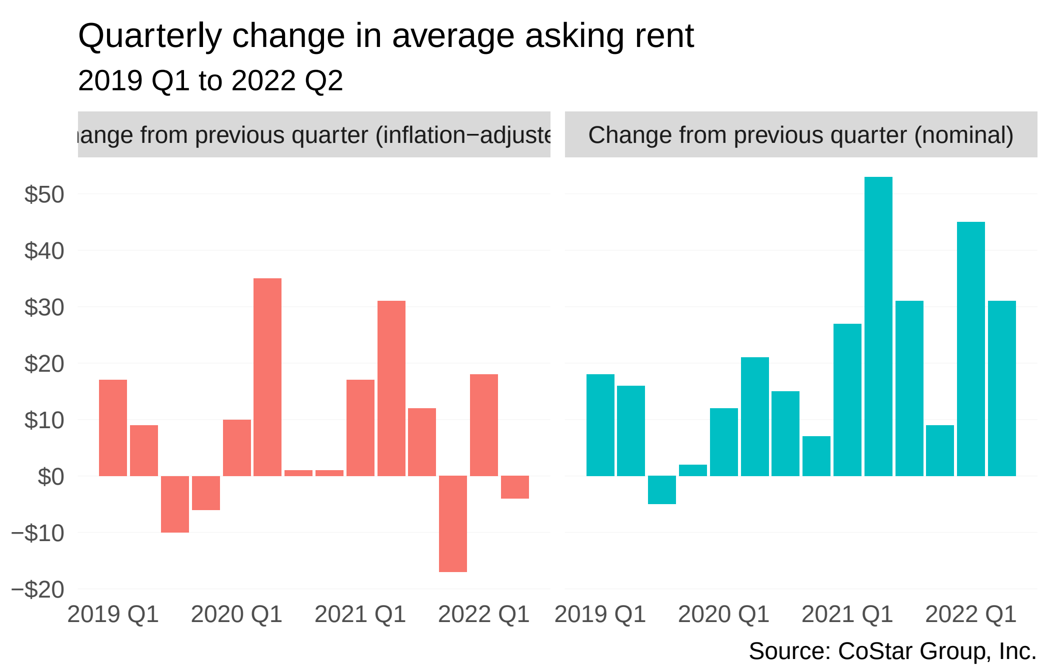


Figure 6.7: Quarterly change in average asking rent

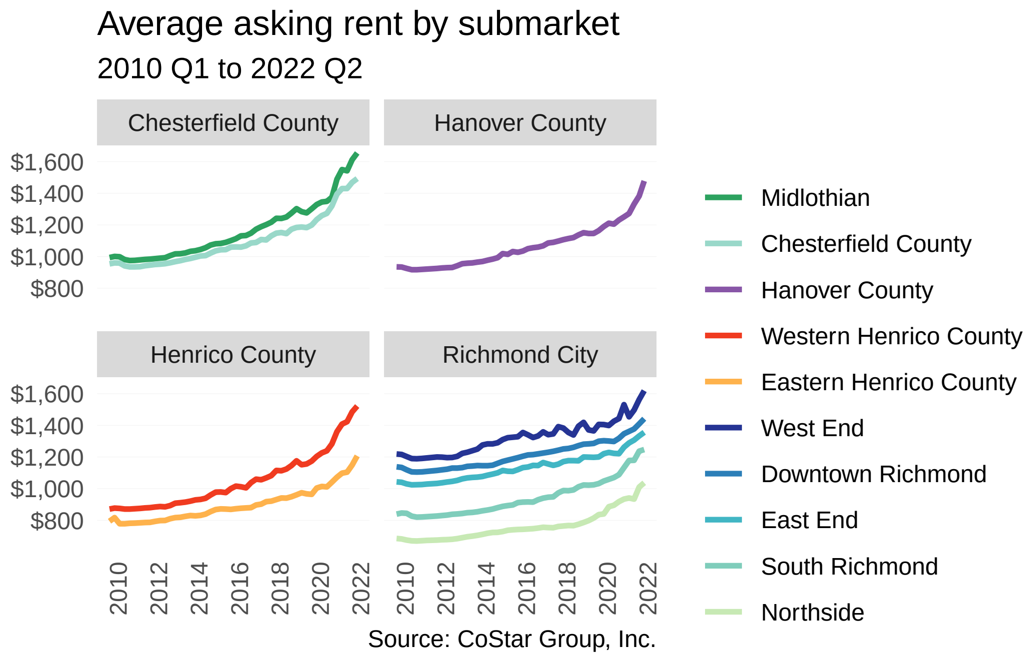


Figure 6.8: Average asking rent by submarket

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.

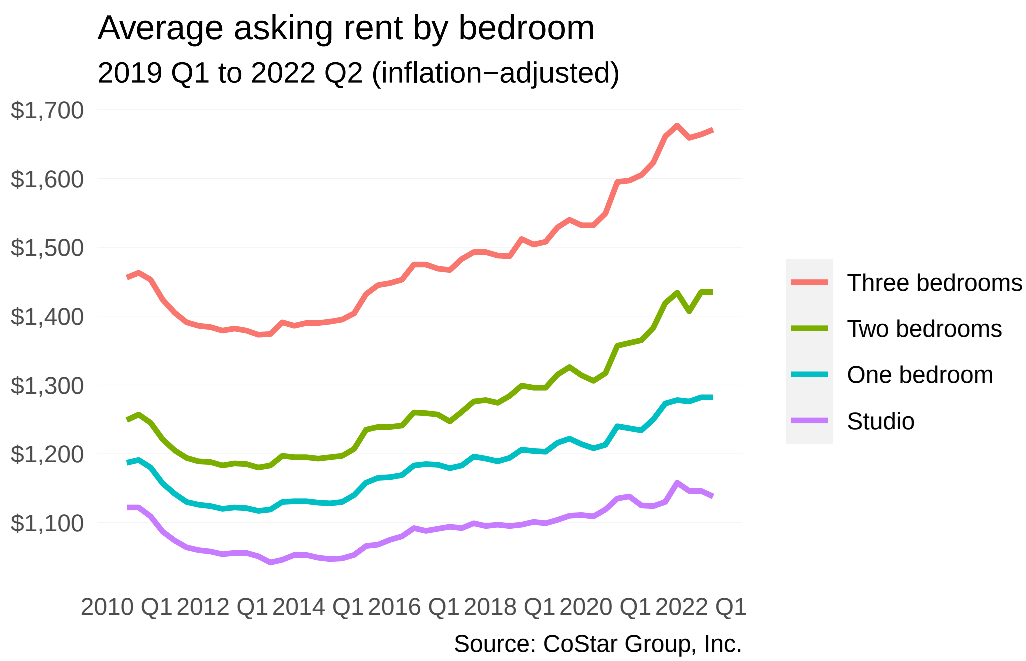


Figure 6.9: Average asking rent by bedroom

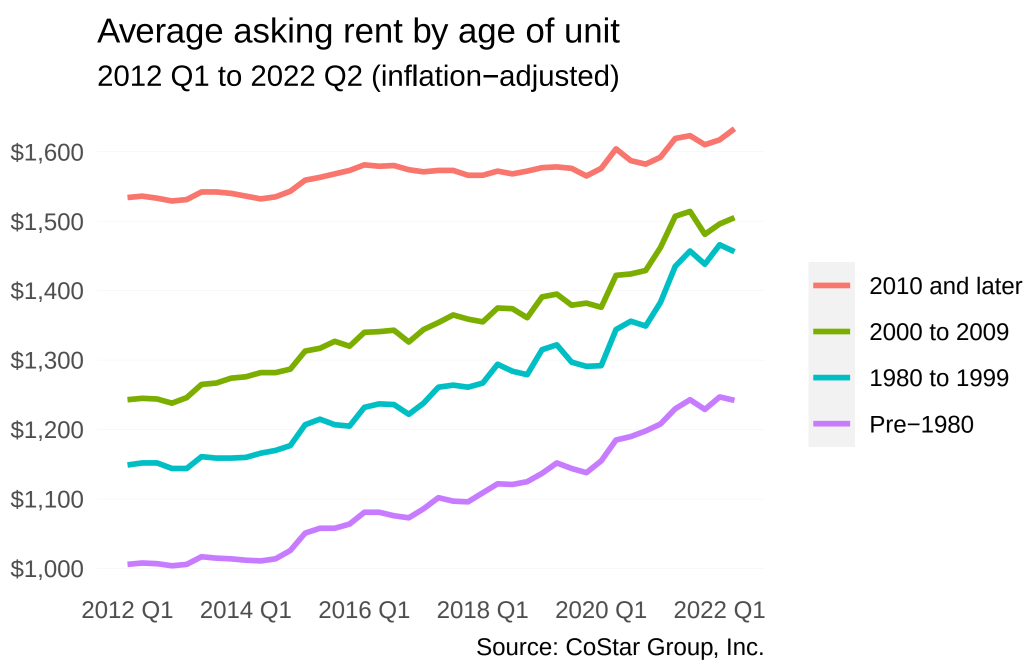


Figure 6.10: Average asking rent by age of unit

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 regional average vacancy rate to-date was five percent.

However, 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.

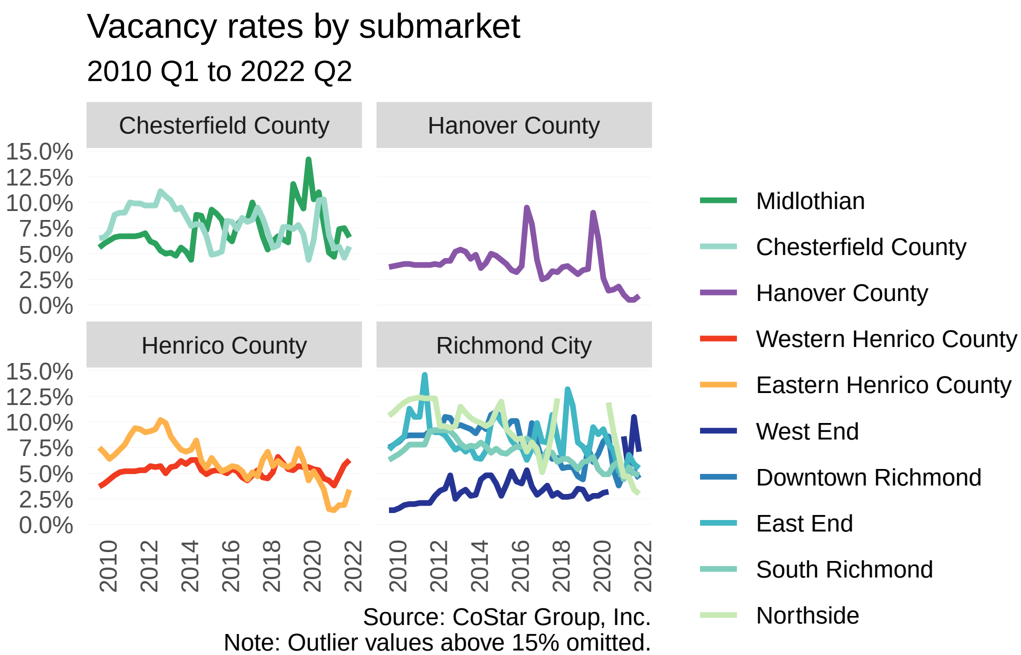


Figure 6.11: Vacancy rates by submarket

7 Housing assistance

This chapter covers the range of housing assistance in the region supported by federal, state, and local programs.

7.1 Affordable rental housing

An array of federal housing assistance programs help low-income residents across the region with rental housing opportunities. Today, there are approximately 25,969 dedicated affordable rental homes found across 240 properties in the Richmond area. These include units both currently occupied and in development.

Funding sources

In the Richmond region, many affordable rental properties also receive assistance from the Virginia Housing Trust Fund, as well as local sources such as CDBG and HOME grants. The City of Richmond also awards funding to affordable rental projects with its own trust fund. These awards often fill a financing "gap" and do not provide a majority of the total assistance for a development; as a result, they are not specifically reflected in the data.

7.1.1 Subsidy types

Over half (51 percent) of all affordable rental homes in the region rely *solely* on the LIHTC program. Another 31 percent have layered multiple subsidies together, reflecting the capital and funding requirements needed to develop new affordable housing.

The other significant source of dedicated affordable housing continues to be more than 3,600 Public Housing units managed by Richmond Redevelopment and Housing Authority.

Note

Descriptions of each rental assistance program are available on the NHPD website.

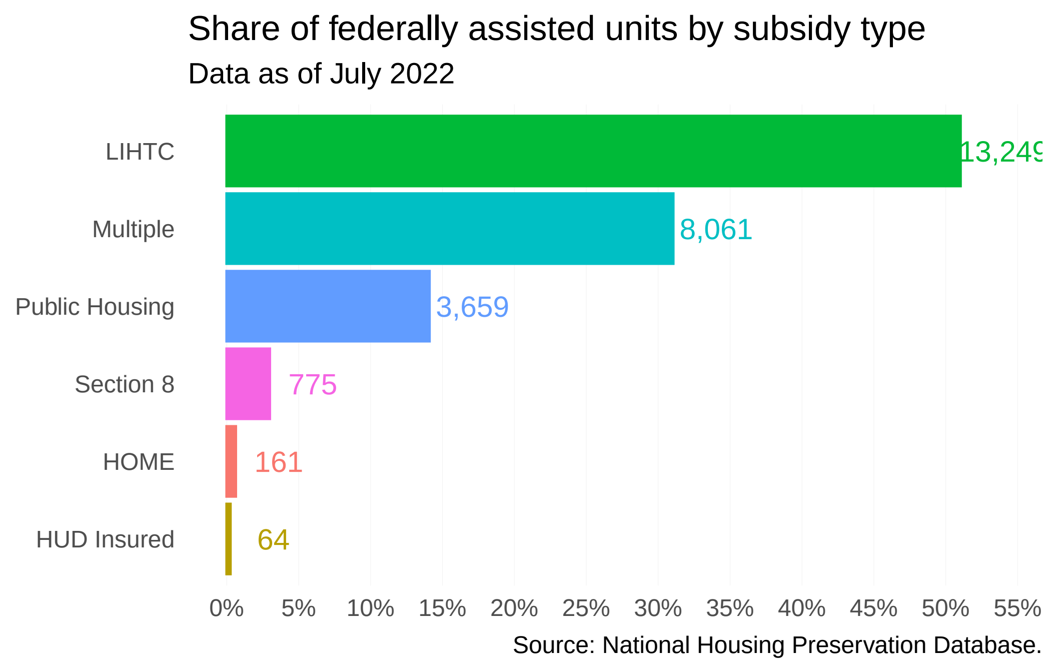


Figure 7.1: Share of federally assisted units by subsidy

7.1.2 Layered subsidies

In an effort to maximize assistance, rental subsidy programs are often layered together into single projects. Among the 8,061 units with multiple subsidies, over half have either a 4% or 9% LIHTC tax credit—or both "twinned" together. Section 8 Housing Finance and Development Agency (HFDA) New Construction and Loan Management Set-Aside (LMSA) programs are also common types.

"Other" subsidies generally include HUD insurance programs and other, less common, Section 8 programs. Still, these minor assistance packages nevertheless provide helping subsidy to almost three-in-four units with multiple affordability contracts.

> **Note**
>
> Table totals do not add to 100 percent because units are percent of all 8,061 *units* with multiple subsidies, not the total of all subsidies.

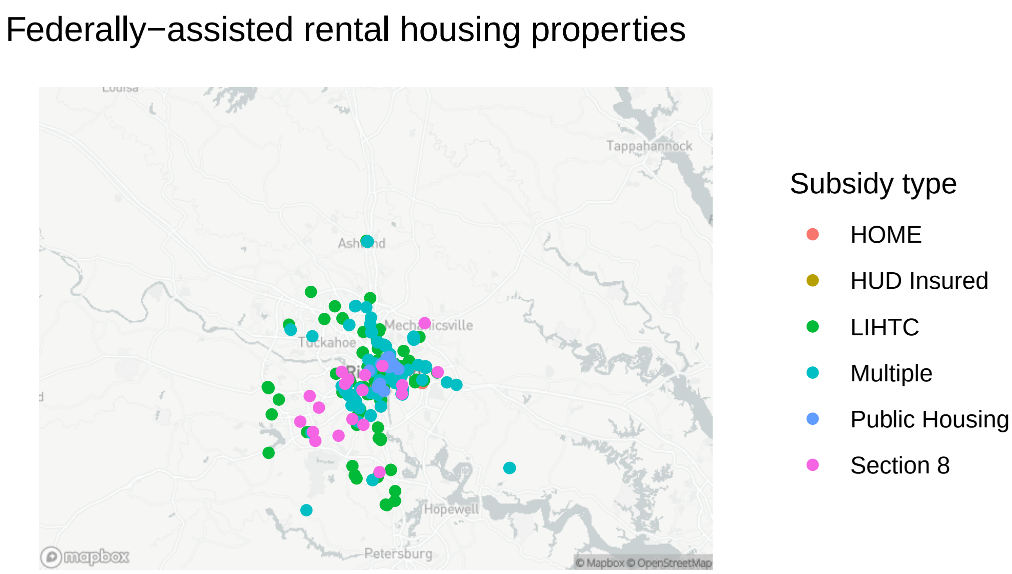
Table 7.1: Active subsidies in units with mutiple subsidies

Detailed subsidy type	Units with subsidy	Percent of total
LIHTC 4% Tax Credit	4,747	58.9%
LIHTC 9% Tax Credit	4,371	54.2%
Section 8 HFDA/8 NC	1,584	19.7%
Section 8 LMSA	1,173	14.6%
Other	5,880	72.9%

Sources: National Housing Preservation Database and Virginia Housing.

7.1.3 Locations

The map below shows the locations of affordable rental properties in the Richmond region. Each color corresponds to the property's subsidy as recorded in the National Housing Preservation Database, or if multiple subsidies are currently active.



Sources: National Housing Preservation Database and Virginia Housing.

Figure 7.2: Federally-assisted rental housing properties

Richmond continues to support the majority of affordable rentals in the region (about 60 percent—more than 15,200). While Chesterfield and Henrico counties both have similar amounts of LIHTC-only units, Henrico has nearly 2,900 additional units supported by multiple subsidies—generally combinations of LIHTC and a Section 8 program.

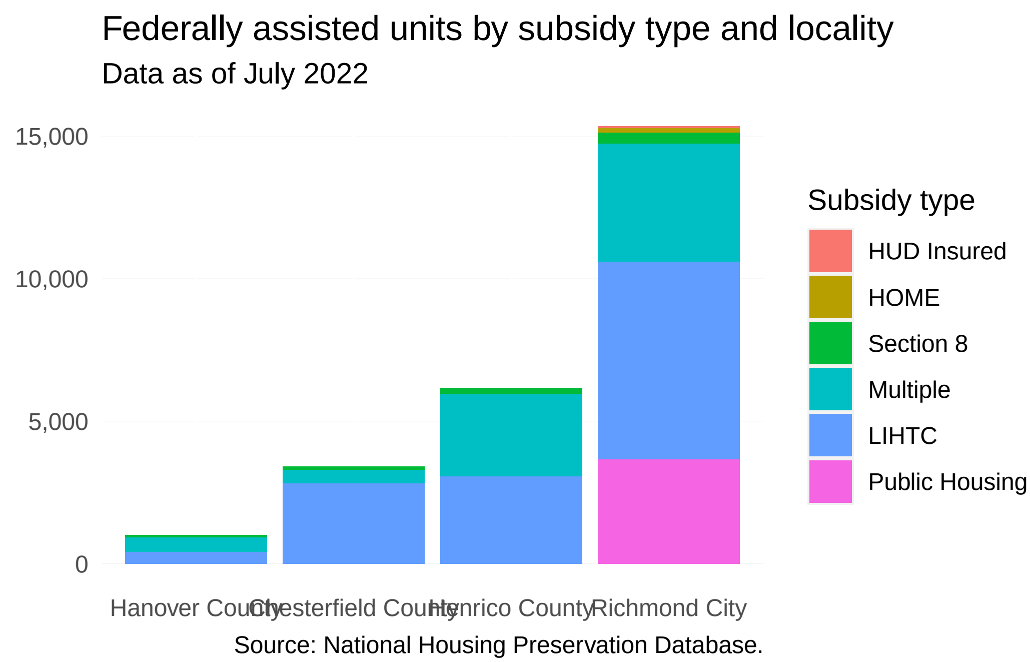


Figure 7.3: Federally assisted units by subsidy and locality

Table 7.2: Added and removed affordable rental contracts since 2020

	Subsidies	Properties affected	Units included
Added	57	53	4,393
Removed	-17	-16	-1,633
Net change	**40**	**37**	**2,760**

Sources: National Housing Preservation Database and Virginia Housing.

7.1.4 Changes since 2020

Since January 2020, the region has seen 57 new rental subsidies added, which increased the number of active affordability contracts on units by 4,393. Over that same period, 17 subsidies ended, affecting 1,633 units. Some properties had multiple subsidies either added or expired. In all, there was a net addition of 2,760 rental affordability contracts.

New LIHTC units (net 2,129) comprised the majority of added affordable rentals, followed by Section 8 contracts (net 1,132). Net losses of affordable rental contracts occurred in projects supported by HOME funding and HUD insurance.

While LIHTC additions drove new affordable supply in Richmond and Chesterfield, new (or renewed) Section 8 contracts covered more than 400 units in Henrico. Over 500 units in

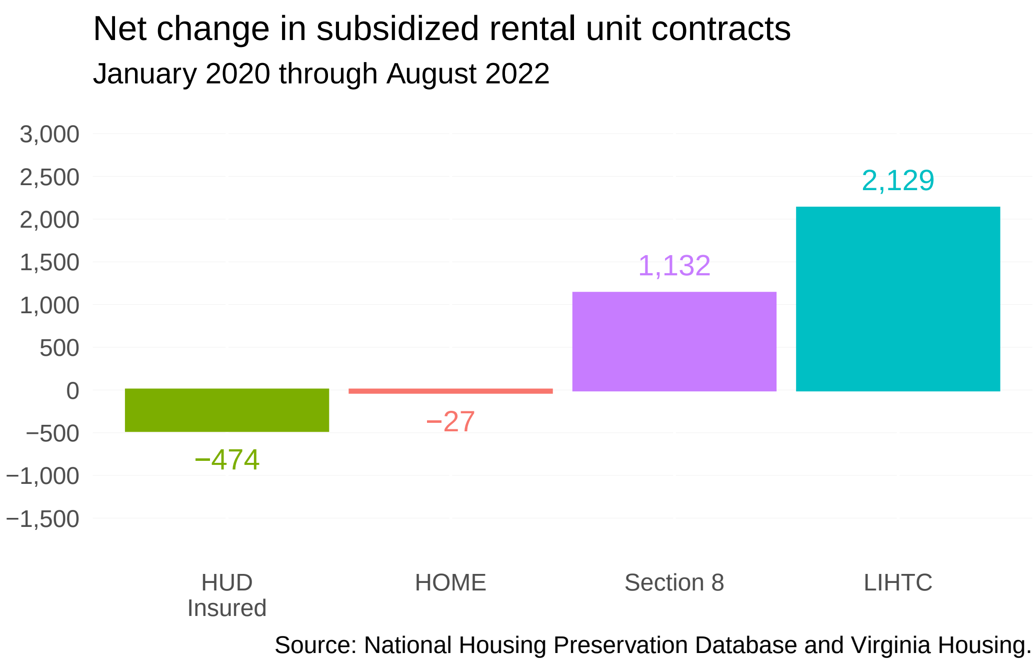


Figure 7.4: Additions and removals of subsidized rental units

Richmond and Henrico saw HUD insurance contracts expire; however, many of these are in projects with another form of rental assistance that has not expired.

7.1.5 LIHTC preservation

LIHTC properties have a 30 year commitment to affordability, but only a 15 year compliance period, wherein property owners can increase rents. Nonprofit developers will often seek new allocation of tax credits before their commitment period ends, but there is often little incentive for for-profit developers to maintain affordability restrictions past the compliance period.

By 2040, a large portion of active LIHTC units will be outside the 30 year commitment period — even far more will be outside the 15 year compliance period. Just over 13,000 LIHTC units will be beyond the 30 year commitment period by 2040, which accounts for well over half of all active LIHTC units as of early 2022.

7.1.6 Public Housing

The redevelopment of public housing in the City of Richmond has begun to take shape at the first of the "Big Six" public housing courts — **Creighton Court**. This public housing property located in Richmond's far East End consisted of 504 public housing units.

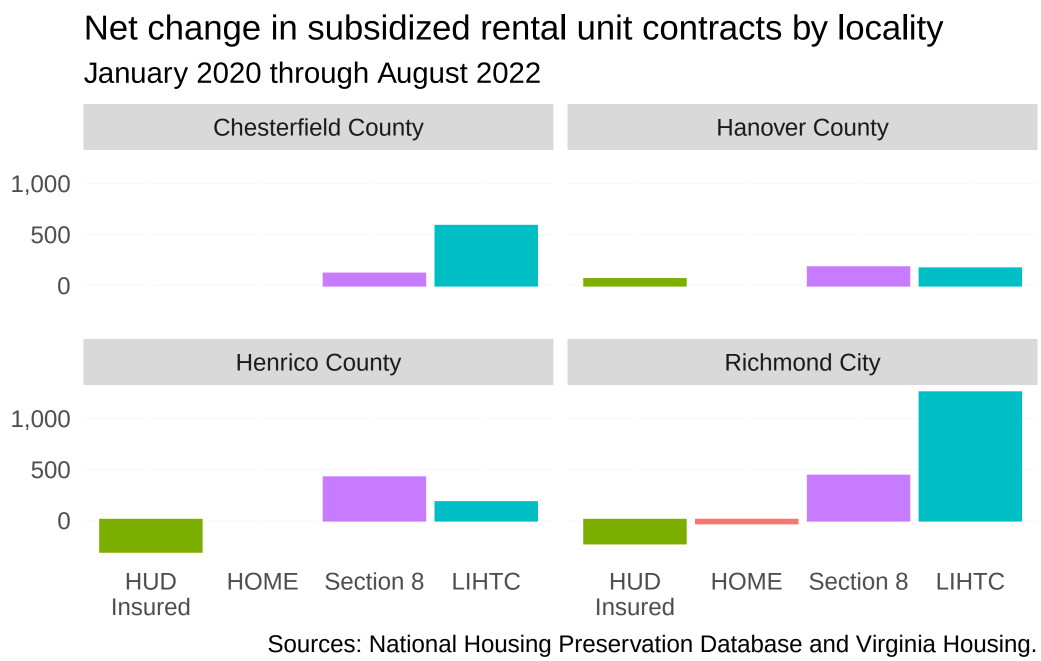


Figure 7.5: Net change in subsidized rental unit contracts by locality

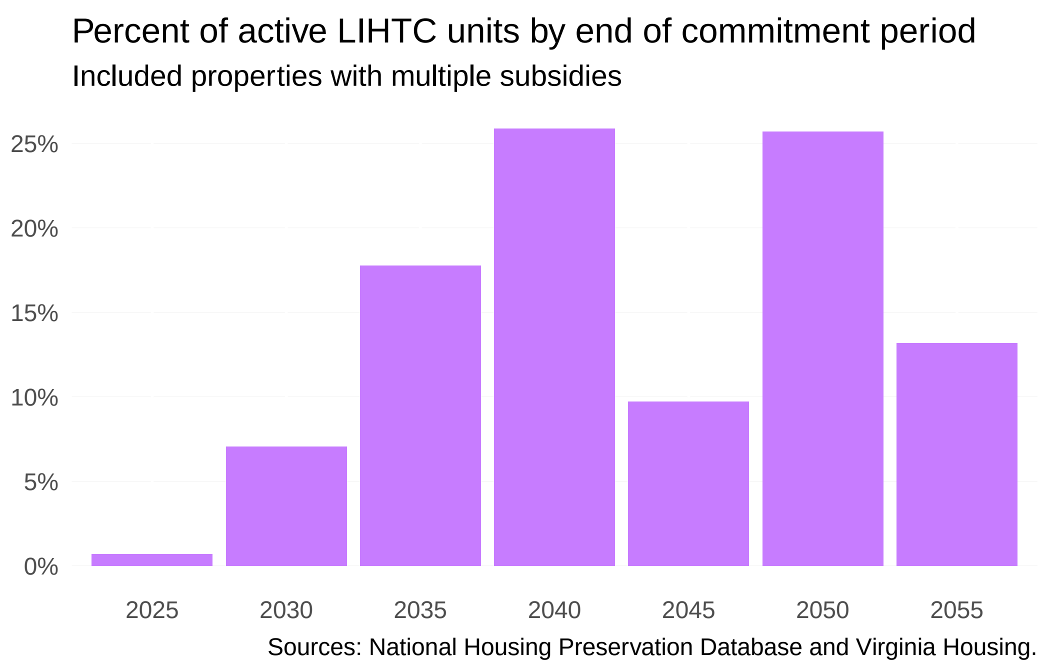


Figure 7.6: Percent of active LIHTC units by end of commitment period

As part of their first phase of redevelopment, RRHA has begun demolition of Creighton Court, with plans to develop roughly 700 units of mixed-income housing. Construction on Phase 1 is expected to begin in Winter 2022 with the entire redevelopment process expected to last ten years.

RRHA's next focus area will be **Gilpin Court**, north of Jackson Ward, where about 780 public housing units reside. In November 2021, RRHA and the City of Richmond were awarded a Choice Neighborhoods Planning Grant by the U.S. Department of Housing and Urban Development for $450,000.

This planning grant is being utilized to facilitate the community planning process around not only Gilpin Court, but the Jackson Ward community — including strategies to undo the negative impacts of interstate development on the historically Black communities of Jackson Ward and North Jackson Ward.

Table 7.3: Net change in units for public housing redevelopment

Public housing community	Original units	Replacement units	Net change
Creighton Court	504	700	+196
Gilpin Court	780	TBD	TBD

Funding for Public Housing redevelopment

Federal housing policy has guided public housing authorities to use newer funding streams to redevelop older public housing communities. For these efforts, RRHA and its partners will use LIHTC, Tenant Protection Vouchers, Project-Based Vouchers, and other federal, state, and local sources.

7.2 Rental assistance

7.2.1 Housing Choice Vouchers

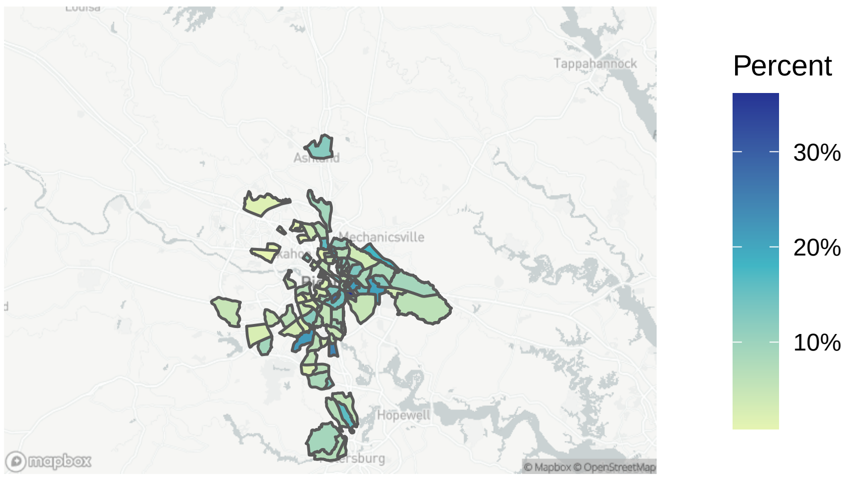
Section 8 Housing Choice Vouchers (HCV) are tenant-based rental assistance that allows recipients to find housing on the open market. This provides household with greater choice in where they want to live, but historically many HCV recipients have faced discrimination from landlords unwilling to accept HCV.

This changed significantly in early 2020, when the Virginia General Assembly passed new fair housing legislation that made it illegal to discriminate based on source of income — defined as:

> *"any source that lawfully provides funds to or on behalf of a renter or buyer of housing, including any assistance, benefit, or subsidy program, whether such program is administered by a governmental or nongovernmental entity."*

HCV utilization across the region is concentrated in the East End and Southside of Richmond, but can also be found throughout the counties, as well as the Town of Ashland. Higher HCV utilization (above 20 percent) is seen in areas near Fulton Hill, Oakwood, Manchester, and Bellwood in Chesterfield County.

Percent of renters
with Housing Choice Vouchers by tract



Source: U.S. Department of Housing and Urban Development.

Figure 7.7: Percent of renters with Housing Choice Vouchers by tract

7.2.2 Rent relief and mortgage relief

In response to the COVID-19 pandemic's impact on renters across the nation, Congress created a $25 billion Emergency Rental Assistance (ERA) program that was funded through the CARES Act in 2021. The program was implemented through the U.S. Treasury Department and resulted in a total of $1 billion being allocated to the Commonwealth of Virginia and eligible local governments.

With this funding, the Virginia Department of Housing and Community Development (DHCD) established the Virginia Rent Relief Program (RRP), while Chesterfield County elected to administer their own rental assistance program through local nonprofit, Area Congregations Together in Service (ACTS).

Through DHCD, a total of 32,029 payments were made to households across Richmond, Henrico, and Hanover. Both Richmond and Henrico saw increasing households receiving rental assistance with slight dips during the early part of 2022. Few households in Hanover County sought rental relief from DHCD.

⚠ All data not available

Chesterfield County rent relief data has not been received yet.

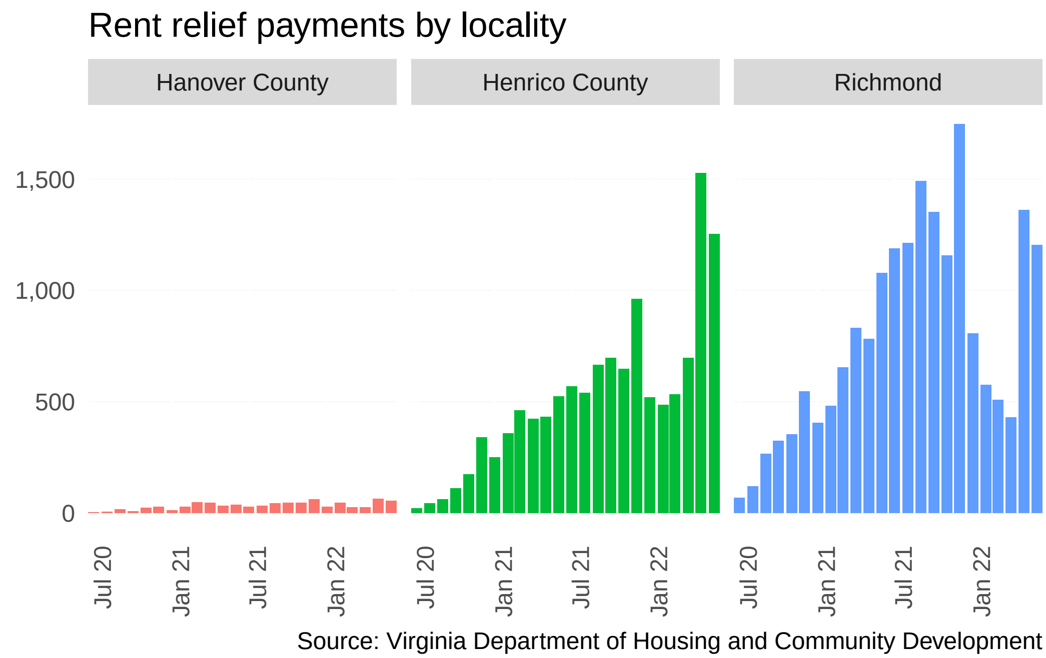


Figure 7.8: Rent relief payments by locality

Average payments per household across the three localities was well into the above $4,000 for most of the program's duration, with the highest payments being made in Hanover County.

7.3 Affordable homeownership

Since 2010, nonprofit developers in the region have averaged about 50 affordable homes sold to low-income buyers. Most of this production in attributable to Southside Community Development, project:HOMES, and the Maggie Walker Community Land Trust.

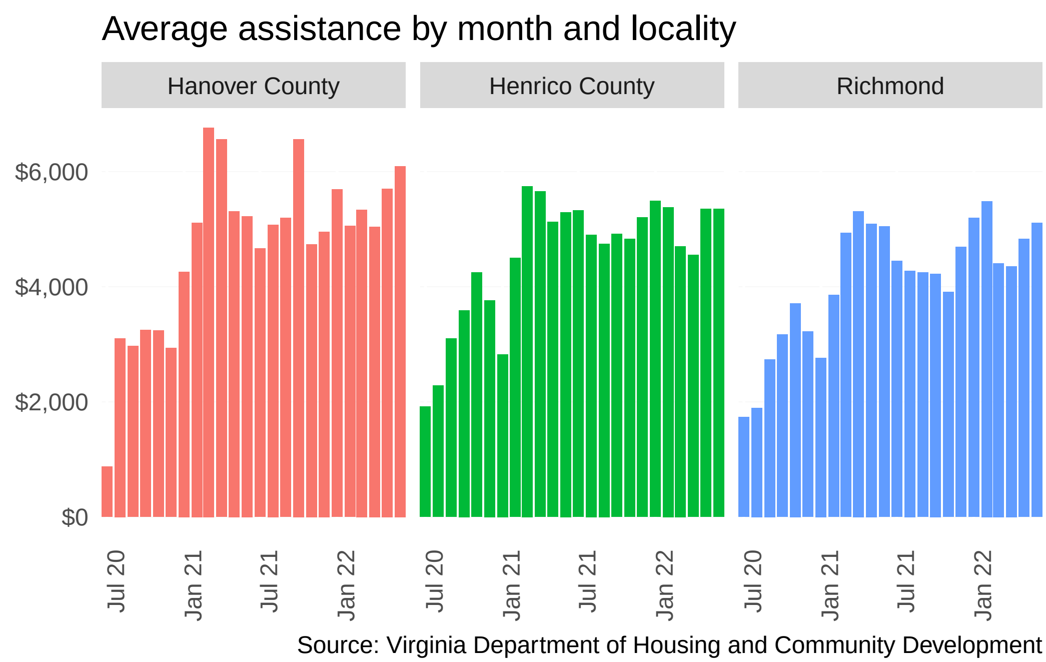


Figure 7.9: Average assistance by month and locality

> ⚠ All data not available
>
> Production numbers for Habitat for Humanity not yet received.

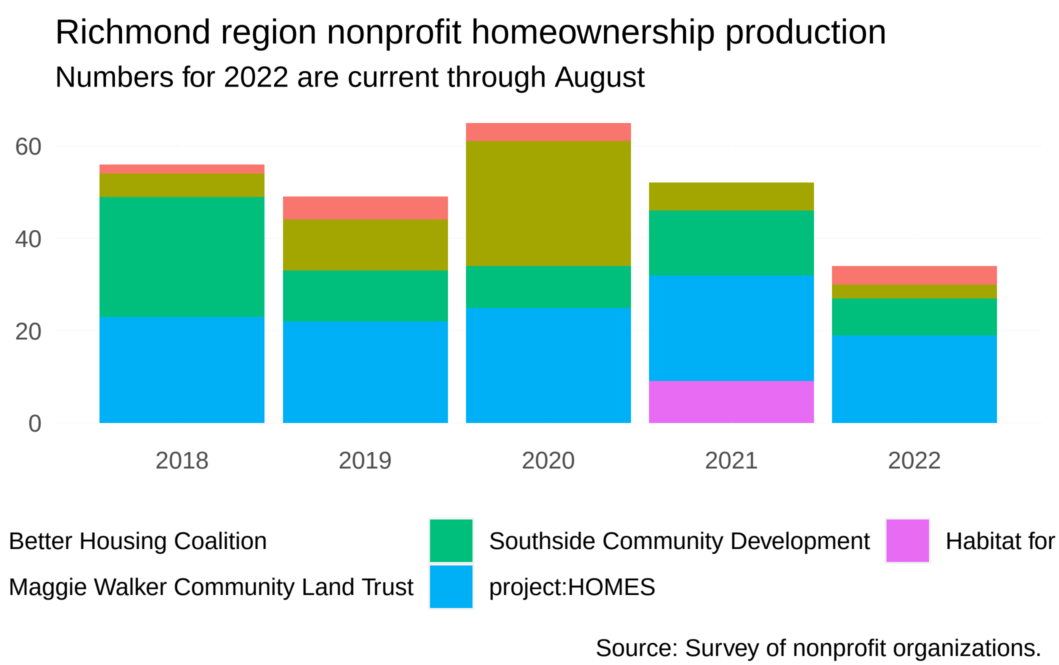


Figure 7.10: Richmond region nonprofit homeownership production

8 Assessment of naturally-occurring affordable housing

8.1 Naturally-occurring affordable housing

Not all affordable housing is supported by public subsidy. In fact, a large share of affordable housing is privately-owned and receives no government assistance. Widely referred to as naturally occurring affordable housing (NOAH), or market-affordable housing, these properties are a growing concern for communities facing housing affordability challenges.

The preservation of NOAH properties has been a growing strategy to support affordable housing in communities as the ability to quickly develop new units has been stifled by labor shortages, rising land prices, and supply chain issues. NOAH is at great risk of being lost because it often requires greater investment to maintain and more likely to be redeveloped—in turn contributing to a loss of affordable housing units.

Defining NOAH

For analysis purposes, we define NOAH properties as:

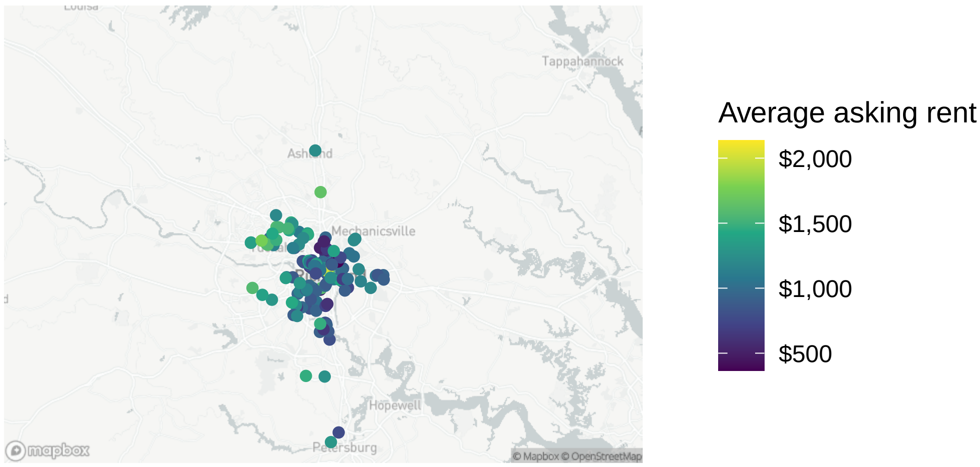
- Existing multifamily properties with active leases;
- Classified as Class B, C, or unclassified;
- No public subsidy, rent caps, or other income-based restrictions;
- *CoStar Building Rating* of two or fewer stars out of five;[a] and
- Built before 2000

[a]Per CoStar, this is rating for the building relative to other buildings of the same type throughout the country.

8.1.1 Locations

Based on this criteria, NOAH properties are located all across the region, especially in the City of Richmond and along the borders of the city and counties, where older multifamily properties exist.

Map of NOAH properties in region



Source: CoStar Group, Inc.

Figure 8.1: Map of NOAH properties in region

The large share of NOAH is located in the City of Richmond (11,253 units or 45 percent of all NOAH units). This is no doubt due to the large amount of older multifamily properties within city limits — most of which is located in smaller buildings. Henrico County has the second largest share of NOAH in the region with 8,983 units, followed by Chesterfield County at 3,667 and Hanover County below 500 units.

In total, there are nearly 25,000 NOAH units across 194 properties in the region. This makes up a significant amount of rental inventory, as well as a valuable source of unsubsidized affordable housing. The aging of these properties, as well as the increasing demand for rental housing, puts significant pressure on these properties and their owners. For smaller landlords, the cost to renovate can be far too great — leading to worsening deferred maintenance and pressure to sell, which both can negatively impact renters.

8.1.2 Building style

CoStar places buildings into style categories based on the following definitions:

Style	Stories	Buildings
Garden	1-3 Stories	4 or more buildings
Low-Rise	1-3 Stories	1-3 buildings

Style	Stories	Buildings
Mid-Rise	4-14 Stories	1 or more buildings
High Rise	15+ Stories	1 or more buildings

While not traditional multifamily properties, CoStar does track some single-family and townhome rentals that are included in this data.

Roughly four out of five NOAH units are part of garden style properties, which are clusters of smaller one- to three-story buildings. Another 3,200 units in low-rise properties, which have similar but fewer buildings per community, round out nearly all of the NOAH supply in the region.

However, garden style properties have more than 210 units on average, while low-rise properties have just 12. As a result, there more than twice as many low-rise properties (273) than garden properties (95).

The map below shows NOAH properties by building style across the region. Most of the low-rise properties are within Richmond, reflecting the early 20th century small-scale apartment buildings found across many historic neighborhoods in the city—especially the Fan and Museum District.

Garden style properties, on the other hand, are more commonly found in the counties' inner suburbs, and reflect development trends prevalent during those areas' growth in the mid 20th century.

8.1.3 Age

With the exception of Richmond's low-rise apartments from the 1910s to 1930s, most of the region's NOAH units were built between 1960 and 1980. CoStar also tracks property renovations, which began for NOAH properties in the 2000s, especially closer to 2020 in Richmond and Chesterfield.

> Substantial versus minor renovations
>
> CoStar only marks a property as renovated if it:
> "*…has been completely restored so that the existing space becomes 'new' space again. […] Minor renovations, such as the improvement of a building's lobby or exterior are not considered full building renovations.*"

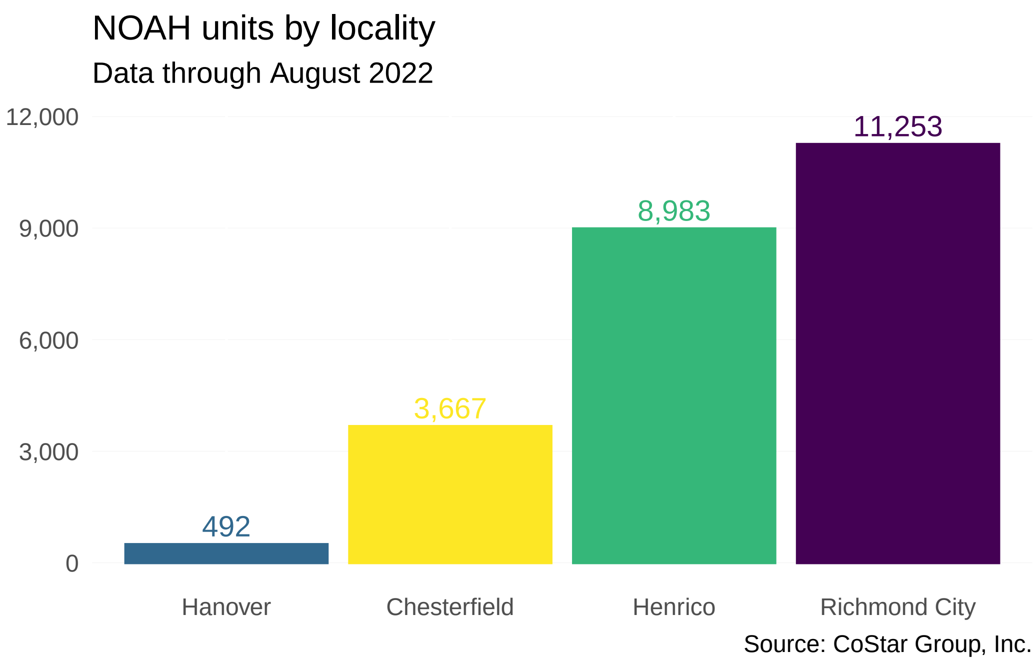


Figure 8.2: NOAH units by locality

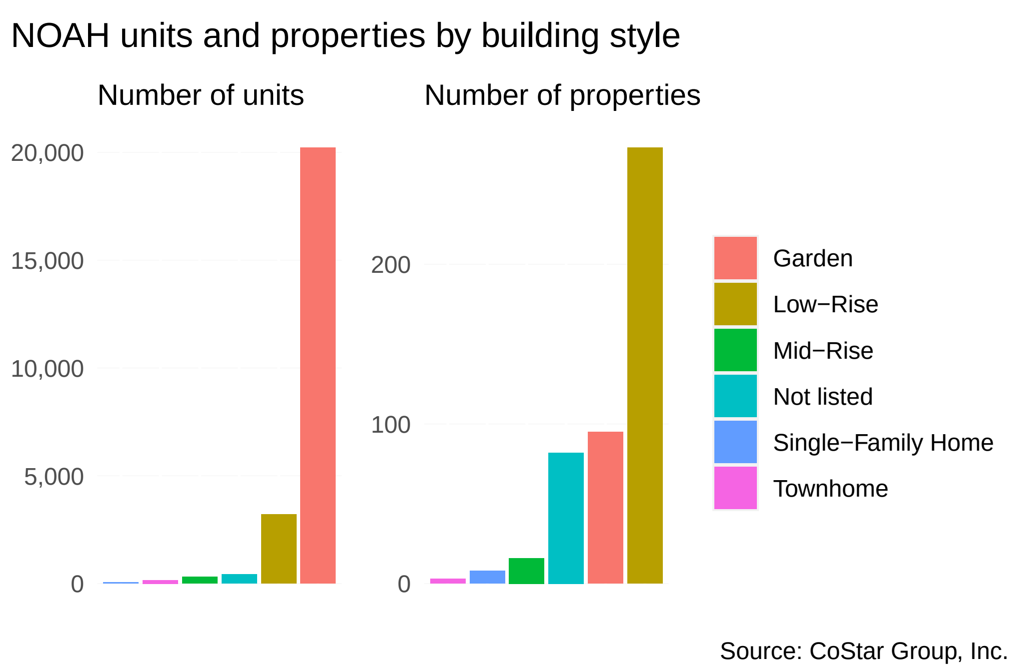


Figure 8.3: NOAH units by building style

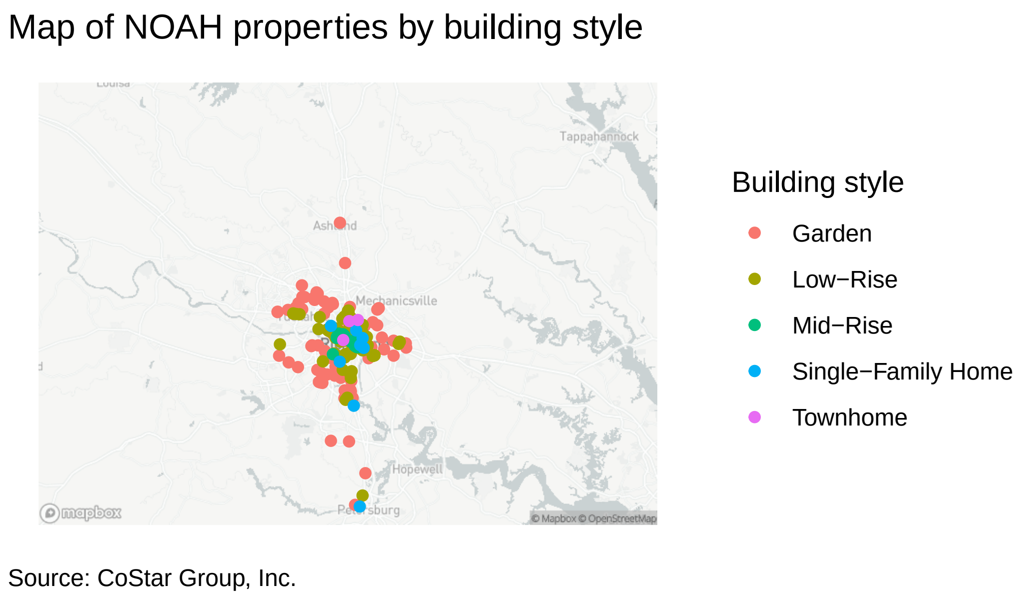


Figure 8.4: Map of NOAH properties by building style

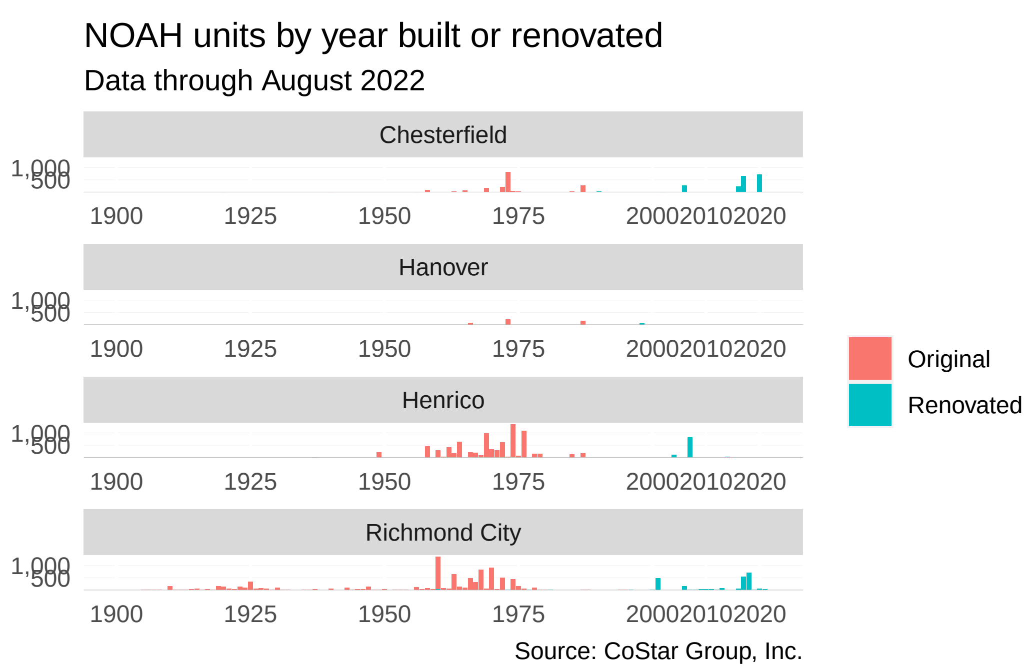


Figure 8.5: NOAH properties by year built

8.1.4 Rents

NOAH properties have not been immune from the rapid rises in rent. As of Q3 2022, the average asking rent for NOAH properties was $1,173. This is about $200 less than the average asking rent across all rental properties. Although this seems like a small difference, an extra $200 a month means more money saved for childcare or transportation costs.

From the beginning of the pandemic to Q3 2022, NOAH rent has increased by $104 — a 10 percent increase.

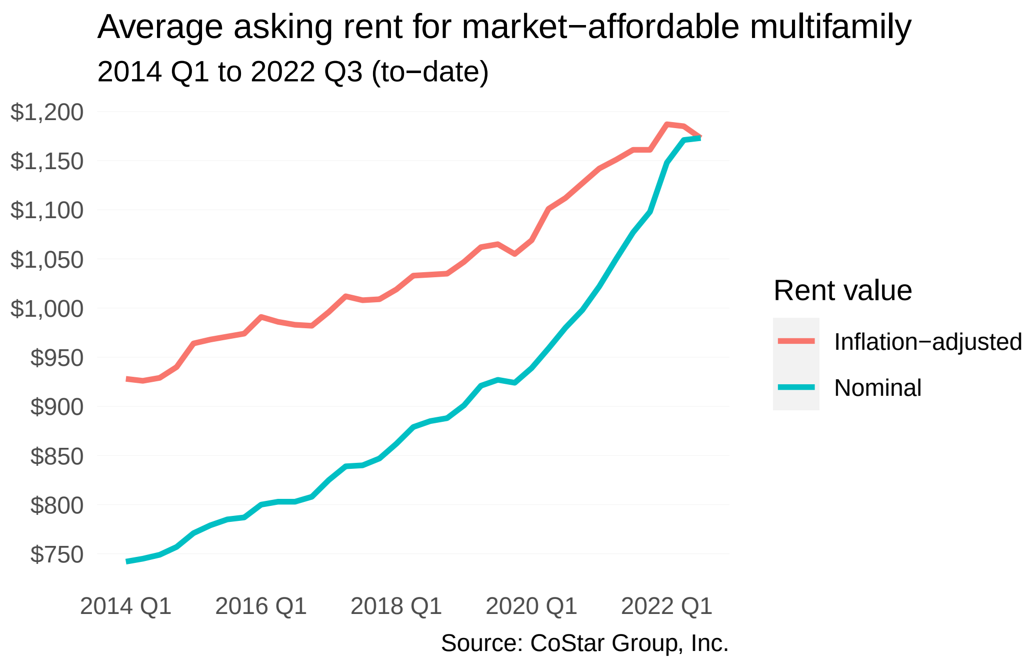


Figure 8.6: Average asking rent for market-affordable multifamily

8.1.5 Sales

The sale of NOAH properties and ensuing new ownership often leads to rent increases and/or rehabilitation. In some cases, this may take NOAH properties out of market affordability. Over the last five years, NOAH properties have made up well over half of all multifamily property transactions in the region.

However, NOAH transactions represent a smaller share of total units sold—about one-third since 2017 Q3.

Sales volume for NOAH properties has, on average, been a small fraction of total volume in the region. However, beginning in 2021 Q4, NOAH sales volume rose above $100 million for

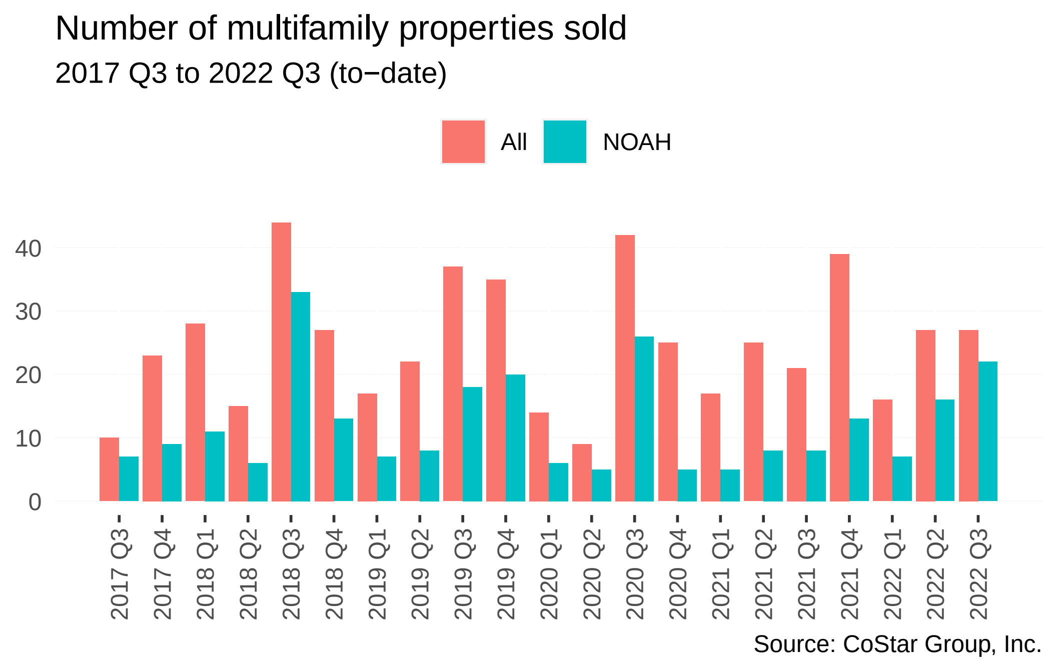


Figure 8.7: Number of multifamily properties sold

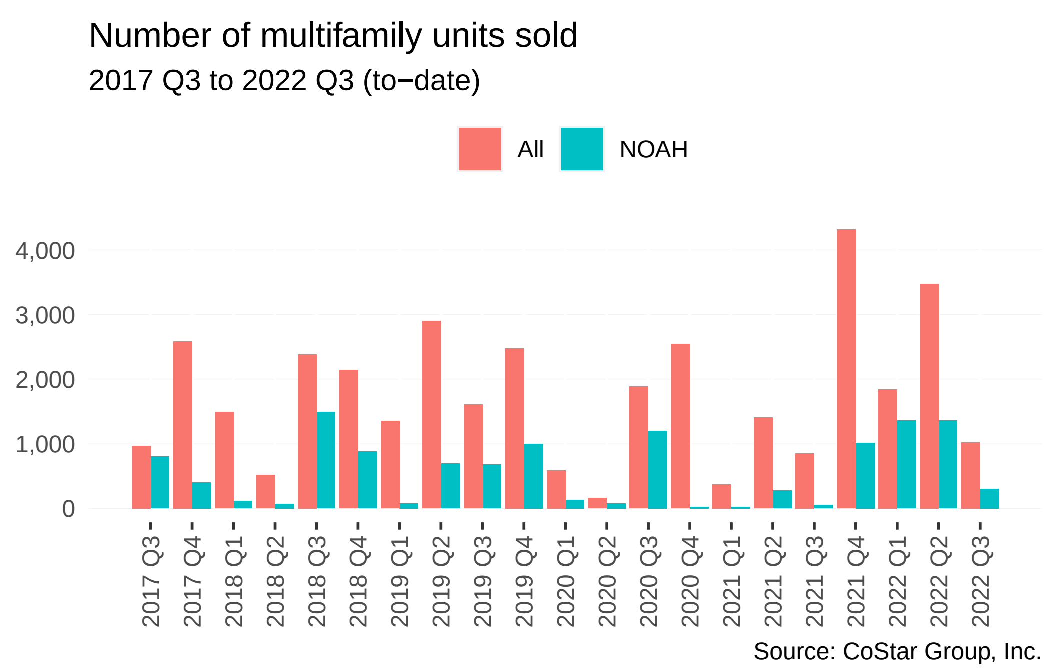


Figure 8.8: Number of multifamily units sold

the first time since 2018 Q3, which itself was an an outlier. NOAH sales volume hit a new record in 2022 Q1 (over $178 million), stayed at that level the next quarter, and continues to be well above average to-date in 2022 Q3.

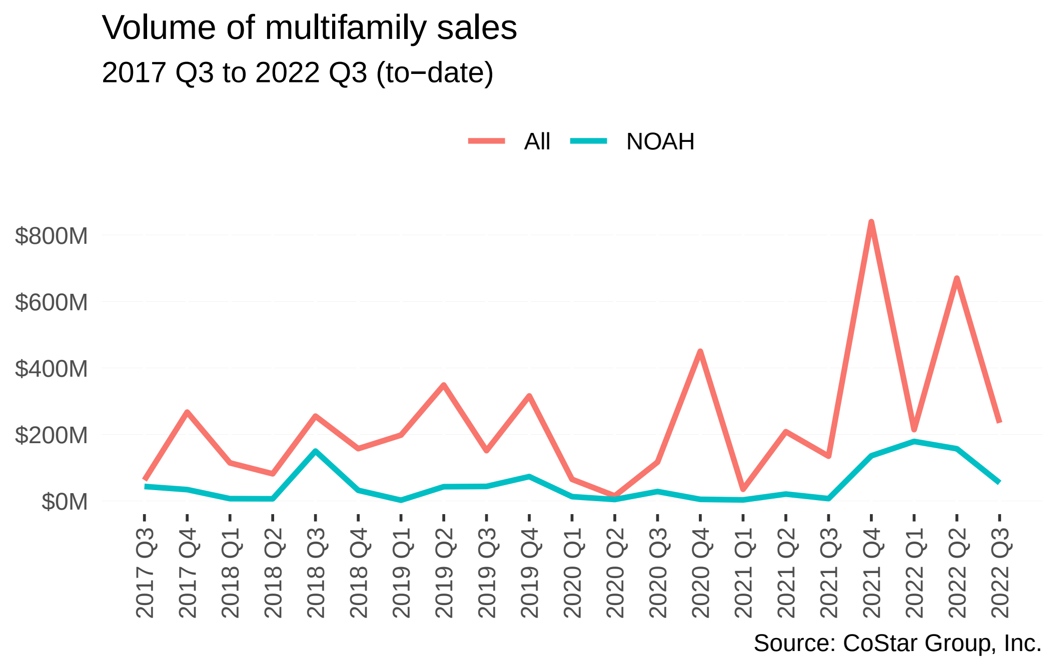


Figure 8.9: Volume of multifamily sales

During this timeframe, NOAH properties had an average price per unit below that of all multifamily sales until 2020 Q4. At the end of 2020, the average price per unit of a NOAH property hit a high of $221,534 — over $44,000 more when compared to all multifamily sales. Although both types of sales took a dip following the end of 2020, the higher NOAH price remained until 2021 Q2, when NOAH average price per unit once again went below all sales.

8.2 Manufactured home communities

Manufactured home communities (MHCs) are also a valuable source of NOAH across the region, but are not reliably monitors as traditional multifamily rental housing. As a result, accurate data on supply and rents are more difficult to obtain.

8.2.1 Supply

In 2016, the Manufactured Home Community Coalition of Virginia (MHCCV) conducted an assessment of all manufactured home communities across the Richmond, Virginia Metropolitan

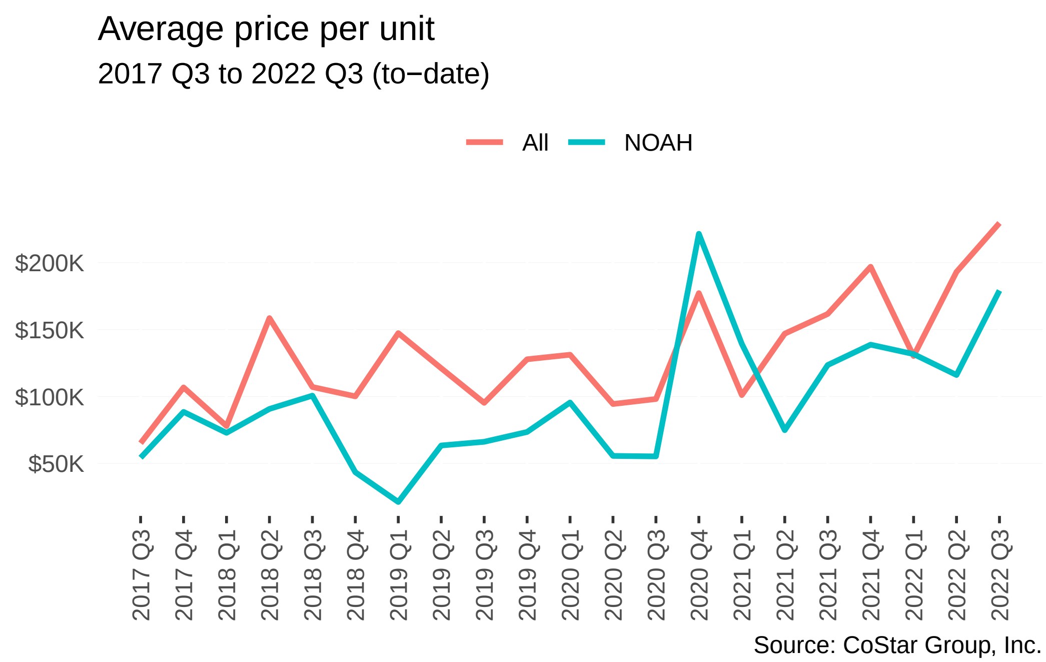


Figure 8.10: Average price per unit

Statistical Area (MSA). That report found 4,735 homes across 54 MHCs in the greater region. Within the primary PHA area[1] there are 24 different MHCs, which in all contained at least 2,742 individual manufactured homes.

> **Note**
>
> This data includes homes that may be rented, as well as owned. Regardless, residents in MHCs rent the lot on which their home resides. This leaves many manufactured home community residents who own their homes in a precarious position should a community owner decide to sell or redevelop the property. Manufactured homes are not easily moved once installed, leaving many families forced to abandon their homes and seek new and more expensive housing elsewhere.

Chesterfield County has the largest supply of homes in MHCs (1,543), which is about half the total number of subsidized rentals also in the county. Hanover and Richmond both have near 500 units in MHCs, while Henrico only has one MHC with 230 units.

[1] Chesterfield, Hanover, Henrico, and Richmond.

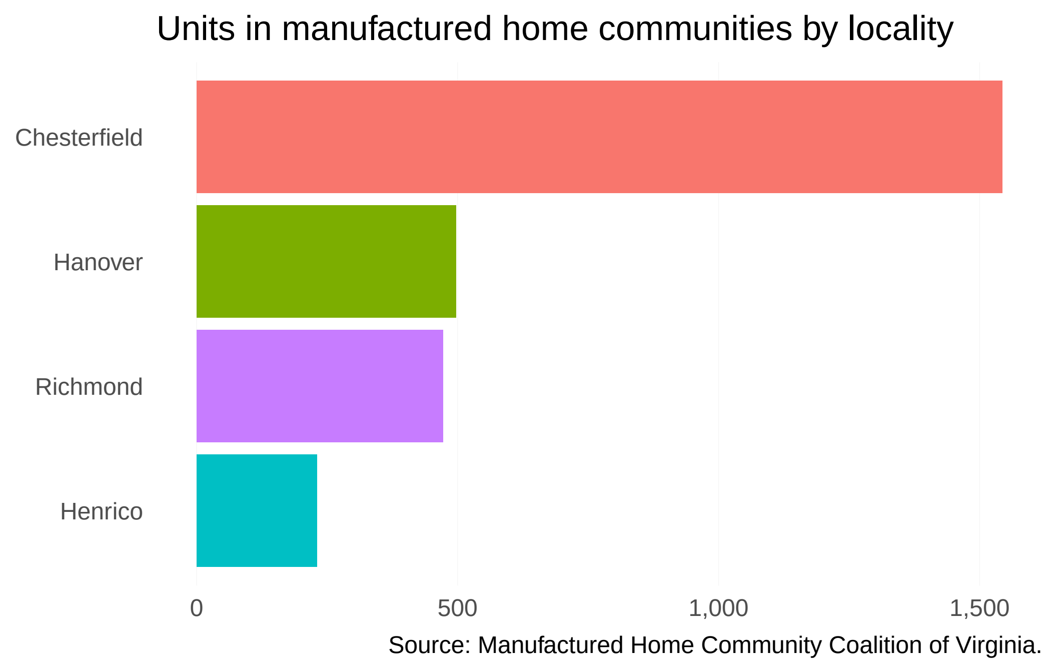


Figure 8.11: Units in manufactured home communities by locality

8.2.2 Locations

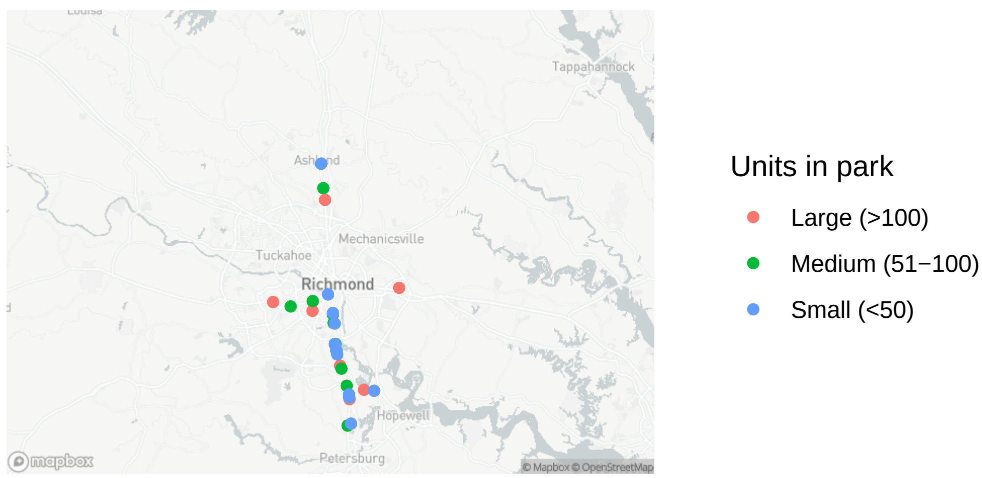
The majority of manufactured home community units are located along the Route 1 corridor. In areas where commercial and mixed-use development has accelerated, many of these properties are well-positioned for a change to a "higher and better" use. This redevelopment potential, while often in line with broader planning goals, is a threat to the long-term stability of MHCs.

Notable changes since 2020

In September 2020, project:HOMES, acquired a 52 unit manufactured home community called Bermuda Estates in Chesterfield County. Since acquiring the community, project:HOMES has made significant infrastructure improvements, replaced some units in disrepair, and constructed a community center. The nonprofit plans to continue investments and preserve the park as a high-quality, low-cost neighborhood.

Suburban Village, Chesterfield County's third largest MHC with almost 250 units, was purchased by Maryland-based Horizon Land Management in August 2021 for $22.5 million. The park was previously under the same local ownership since 1986. More than 35 potential buyers expressed interest.

Map of manufactured housing communities



Source: Manufactured Home Community Coalition of Virginia.

Figure 8.12: Map of manufactured housing communities

Shady Hill Mobile Home Park, home to more than 100 families, was purchased by a Charlottesville-based development firm for $5.1 million in August 2022. While complete redevelopment is likely, exact plans and timing are not known.

Part III

PART 3: Gap analysis

9 Affordability of current housing supply

9.1 Rental housing gap

Comprehensive Housing Affordability Strategy (CHAS) data provided by the Department of Housing and Urban Development (HUD) allows us to understand the cost of housing in relation to household incomes. For renters making less than 80% AMI across the region, there has been little change in the gap in affordable rental housing.

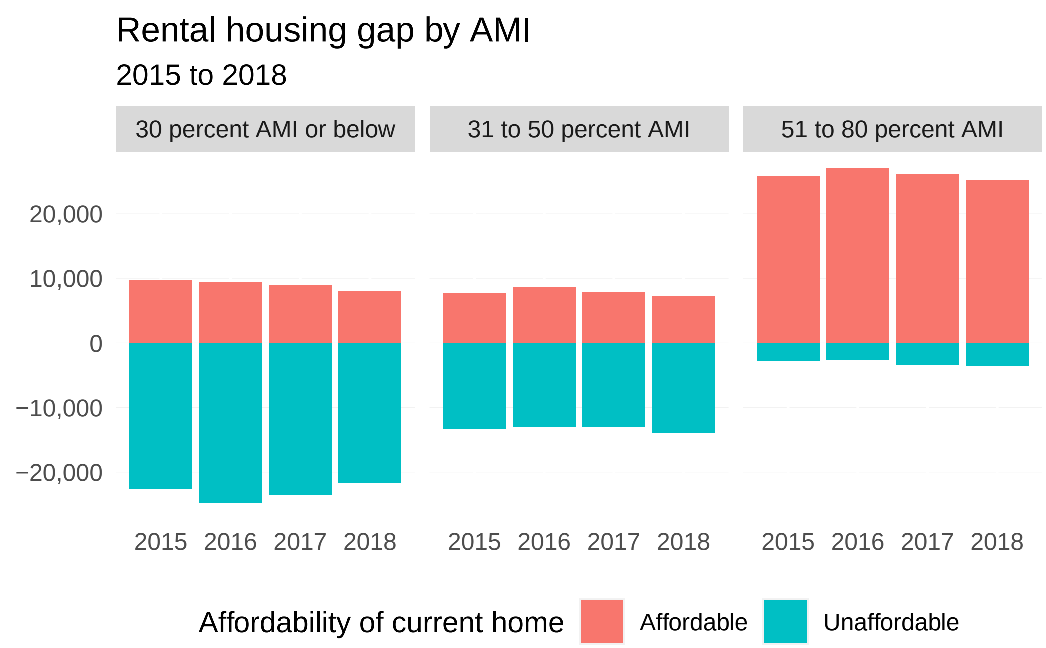


Figure 9.1: Rental housing gap by AMI

In 2015, there was an overall gap of nearly 40,000 rental homes affordable to households making 80% AMI or less. By 2018, that gap had increased by 354 homes to reach a total gap of 39,860.

Increases in the gap occurred mainly among housing between 31 and 80% AMI, but it is important to note that a gap in housing across all income levels impacts households of any income. This accentuates the need for new affordable housing at all income levels — but especially for 30% AMI or below households. As of 2018, these extremely low-income renters face a shortage of over 22,000 rental homes.

9.2 Incomes versus housing costs

9.2.1 Overview

Housing costs—both for-sale prices and rents—have steadily accelerated in the region since 2016. Every locality say home prices rise more than 50 percent, with average rents not far behind. Average renter incomes also increased from 2016 to 2020, although those gains were not as steady across all localities.

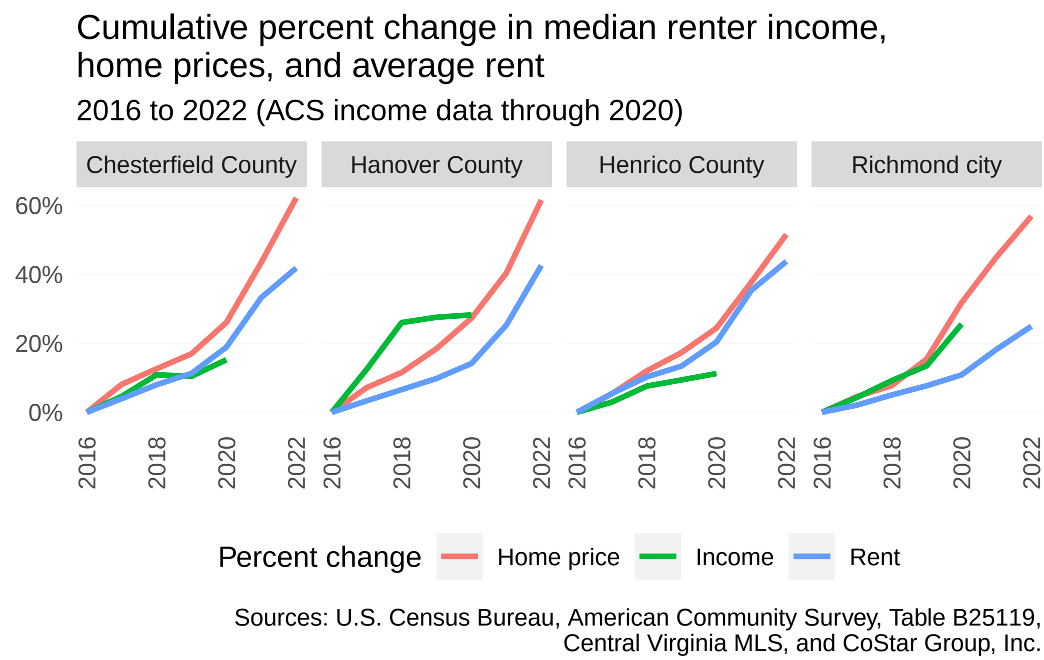


Figure 9.2: Cumulative percent change in median renter income, home prices, and average rent

However, there are two other important takeaways:

1. Average renter income data is currently only available through 2020, while the sharpest housing price increases occurred from then through 2022.
2. Average renter incomes were already below the level necessary to afford the typical apartment or home for sale.

9.2.2 Rental affordability

Market asking rents across the region have been on the incline between 2016. Still, the median incomes for renters in Chesterfield and Henrico—at least from 2016 to 2020—could afford average rents. That was not the case for Henrico and Richmond, where the monthly rental price affordability gaps were $20 and $218, respectively.

Calculating rental affordability

In this chapter, an "affordable rent" is no more than 30 percent of a household's gross monthly income. Any rent amount higher than this level would make the renter cost-burdened.

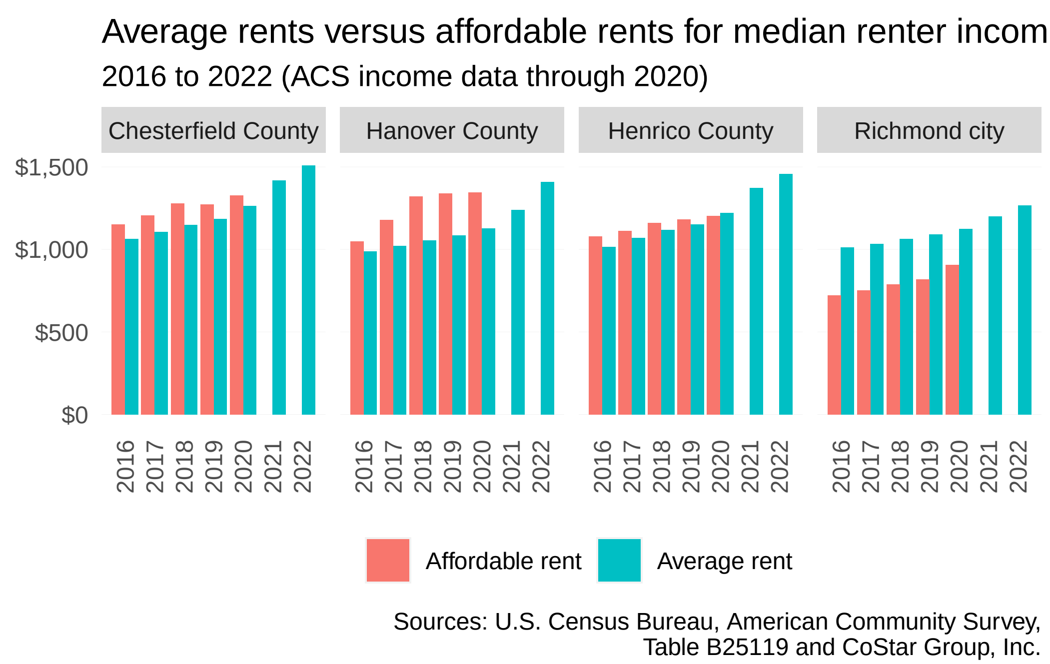


Figure 9.3: Average rents versus affordable rents for median renter income

9.2.3 Homeownership affordability

To determine how affordable homeownership is at the median renter income, we can calculate the maximum home sales price affordable to a buyer with that income. To make these estimates, we make the following simplified assumptions:

- 5 percent down payment
- 1.5 percent in closing costs

- $250 per month for property taxes
- $150 per month for insurance and other costs

For underwriting purposes, we assume that the monthly mortgage payment plus these costs can not exceed 28 percent of the buyer's gross income. For example, a renter earning $50,000 can afford a monthly housing cost no more than $1,166.67.

To determine the maximum principal amount, and the subsequent sales price, we assume a standard 30-year fixed-rate mortgage using the average annual interest rates published by Freddie Mac[1]. The 2022 value is the average through August. The figure below shows these interest rates used for the homeowner affordability analysis.

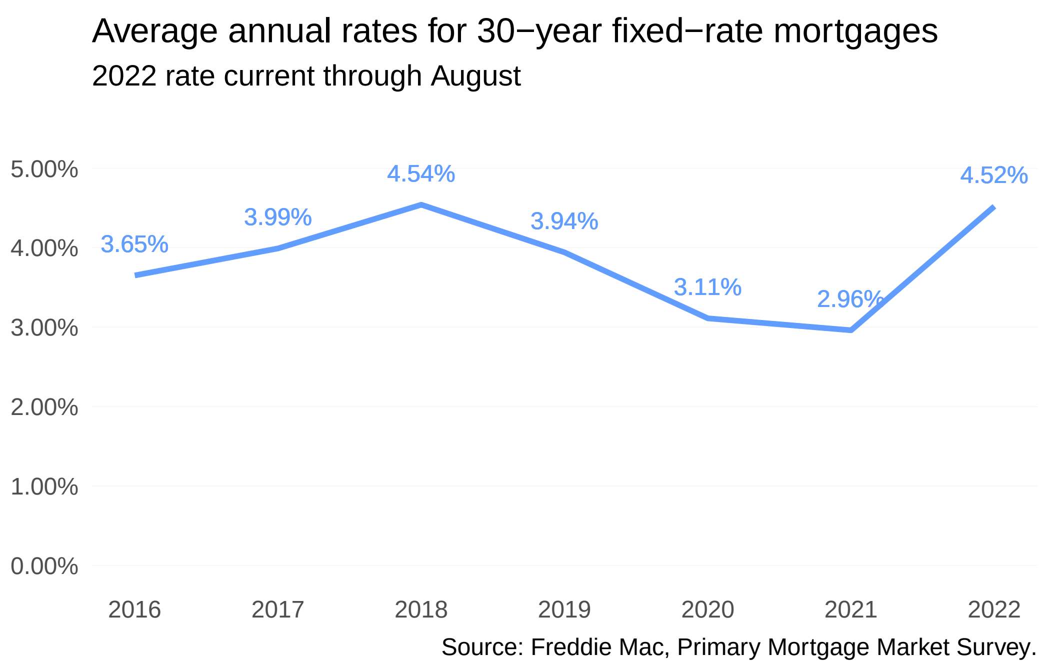


Figure 9.4: Average annual rates for 30-year fixed-rate mortgages

The figure below shows these maximum affordable home sales prices versus actual median sales prices for each locality from 2016 through 2020. Only median sales prices are shown for 2021 and 2022 year-to-date, since renter income estimates from ACS are only available through 2020.

In the three counties, median sales prices were generally just out of reach for the average renter's income from 2016 through 2019. Then, historically low interest rates in 2020 increased buyers' purchasing power to put the median-priced home within reach.

[1] Freddie Mac, 30-Year Fixed-Rate Mortgages Since 1971.

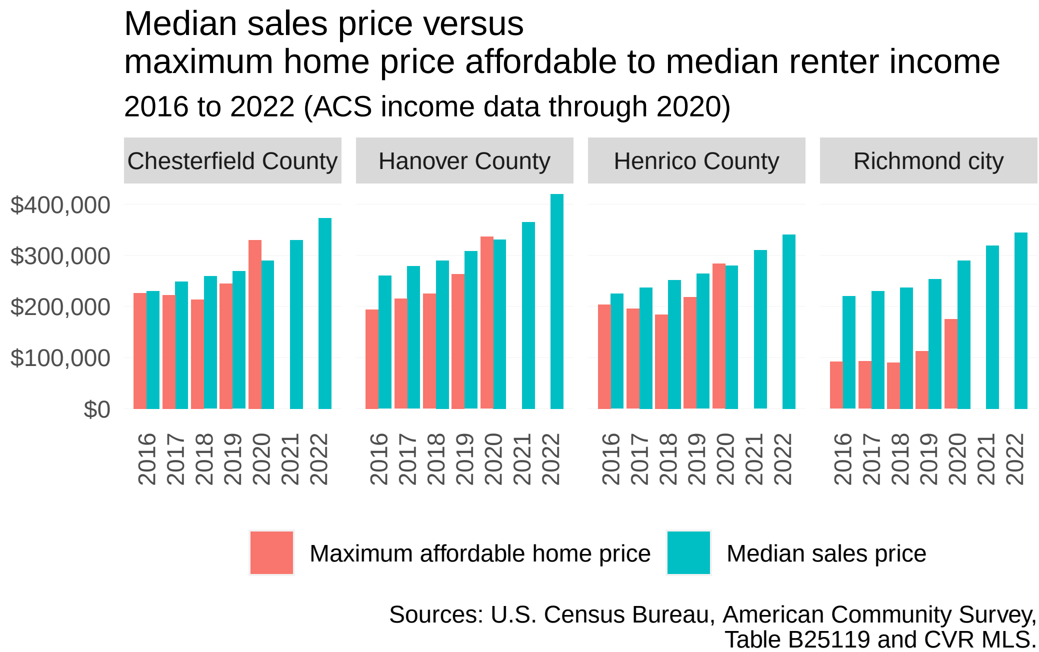


Figure 9.5: Median sales price versus maximum home price affordable to median renter income

The purchase price gap in Richmond, however, has continued—even with lower rates, the average renter could not afford to buy a home more than $200,000 in 2020. By 2021, the median-priced home in the city topped $300,000 for the first time.

9.3 Wage-based affordability

In a previous chapter, the five most common occupation categories in the Richmond MSA were determined from the latest (May 2021) BLS Occupational Employment and Wage Statistics (OEWS) data. These wages are an opportunity to assess the ability of many of the region's workers to afford rent or purchase a home. Annual salary amounts range from $75,800 for workers in Business and Financial Operations, to $23,650 for those in Food Preparation and Serving Related positions.

9.3.1 Rental affordability

Every occupation except for Business and Financial Operations supports an affordable rent less than $1,000. Apartments in the region for less than this are hard to come by, and average rents across localities are now hundreds of dollars more.

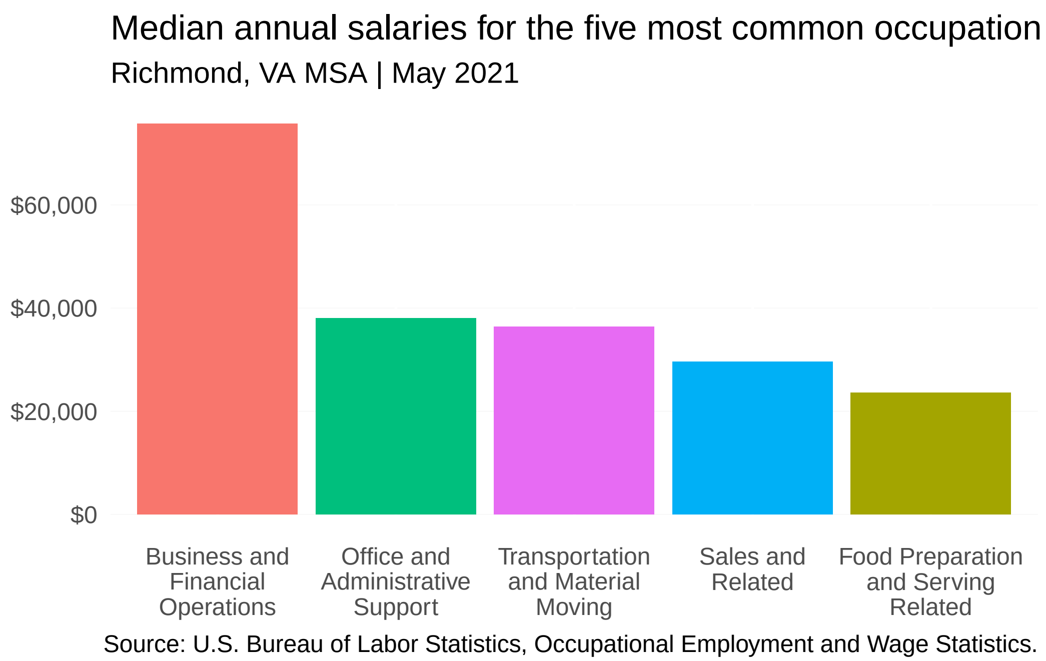


Figure 9.6: Median annual salaries for the five most common occupation categories

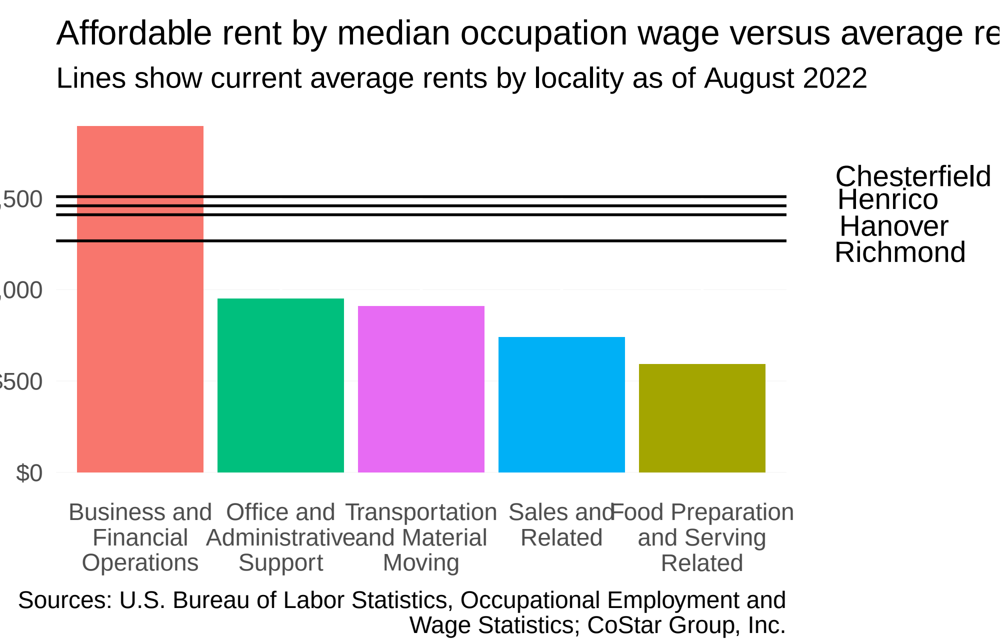


Figure 9.7: Affordable rent by median occupation wage versus average rents

However, these average rents *can* be relatively attainable if households have two earners with annual salaries each above $30,000. Still, even dual-income households where both workers are in retail and/or restaurant jobs would currently struggle to find an affordable apartment anywhere in the region.

9.3.2 Homeownership affordability

Similarly, all occupation categories other than Business and Financial Operations command wages that make homeownership a challenging goal, especially for single-earner households. Most of these common jobs, on their own, would support only home purchases prices below $140,000. This does not even consider related financial barriers often faced by lower-income workers, such as savings for down payments and acceptable credit scores.

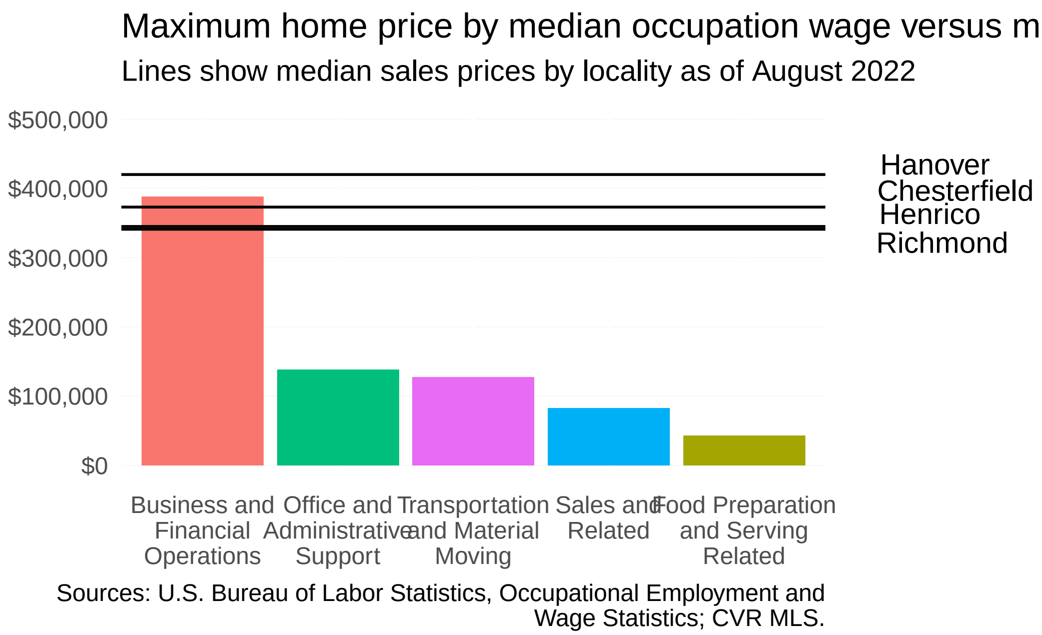


Figure 9.8: Maximum home price by median occupation wage versus median sales prices

10 Impact of housing costs on household budgets

10.1 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.

10.1.1 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.

10.1.2 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

DRAFT

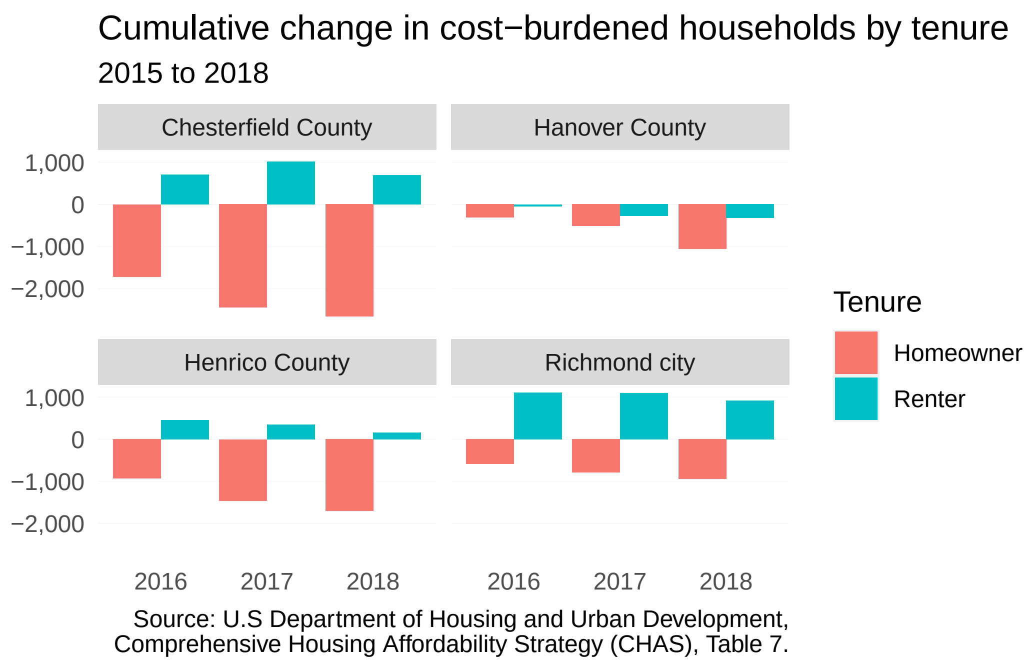


Figure 10.1: Cumulative change in cost-burdened households by tenure

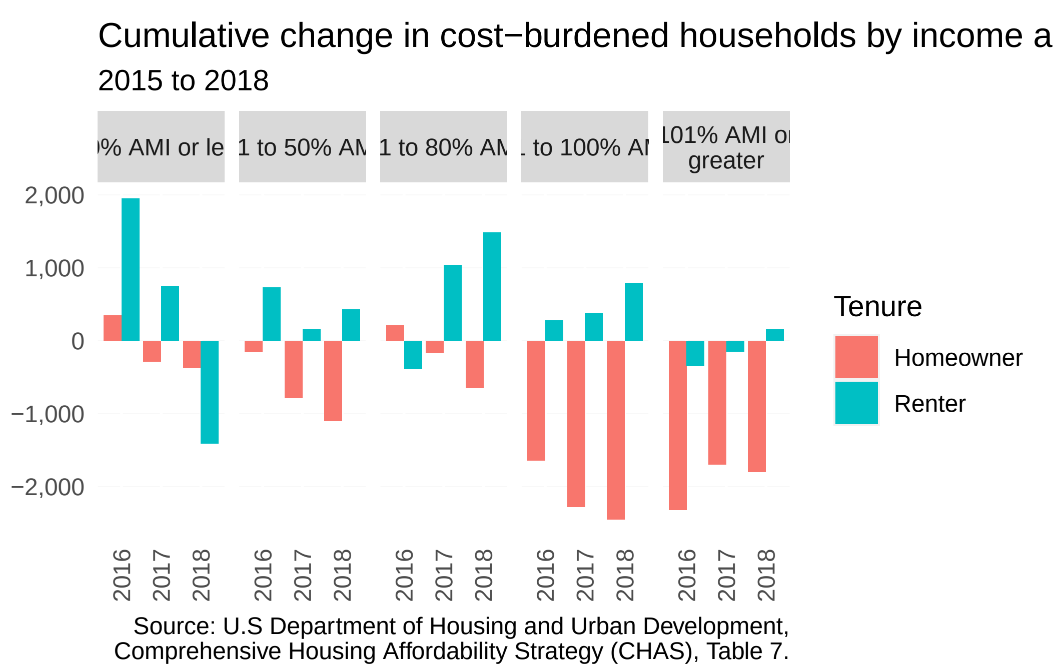


Figure 10.2: Cumulative change in cost-burdened households by income and tenure

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.

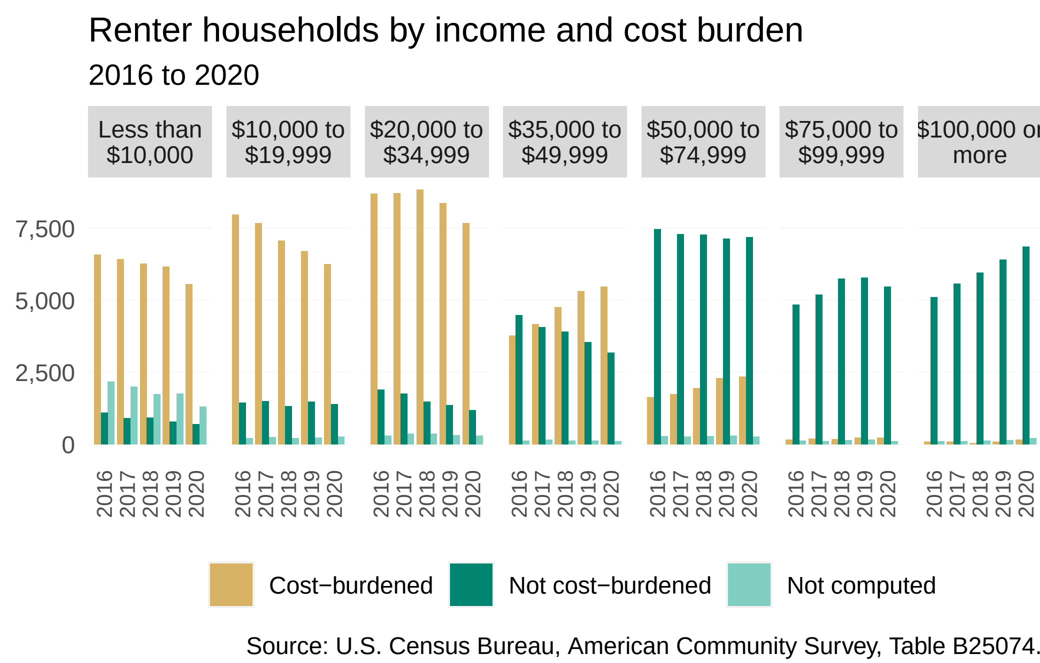


Figure 10.3: Renter households by income and cost burden

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-

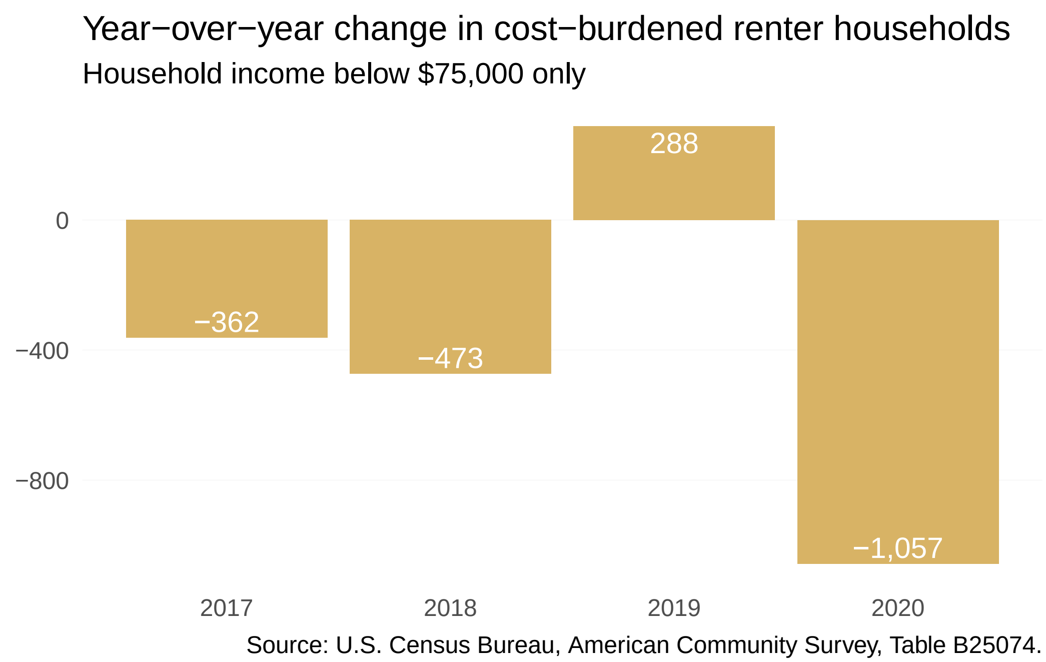


Figure 10.4: Year-over-year change in cost-burdened renter households

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

10.1.3 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.

10.2 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

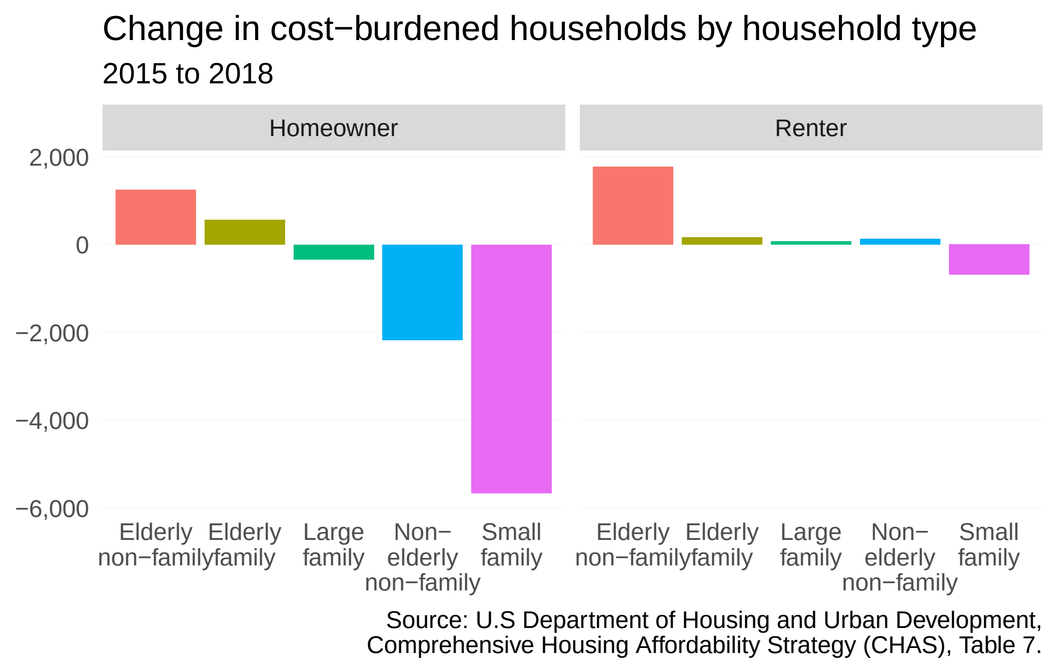


Figure 10.5: Change in cost-burdened households by household type

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.

10.3 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

[1] Haughwout, Lee, Scally, and van der Klaauw, 2020. https://libertystreeteconomics.newyorkfed.org/2020/11/following-borrowers-through-forbearance/

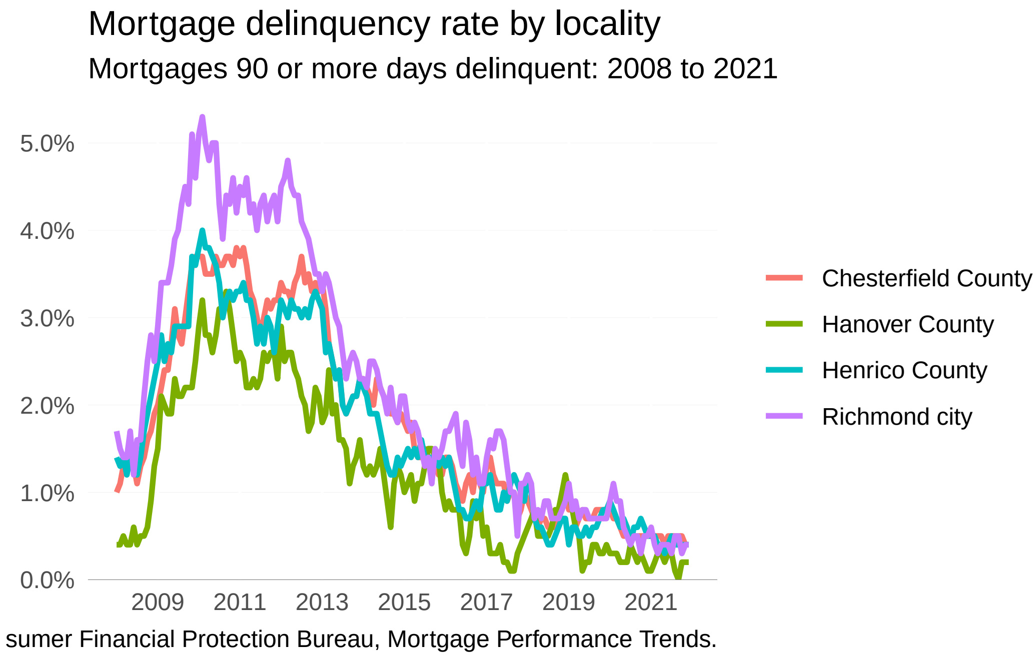


Figure 10.6: Mortgage delinquency rate by locality

14 percent decrease in average annual filings, while eviction judgements only decreased by 8 percent.

> **Defining evictions**
>
> 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

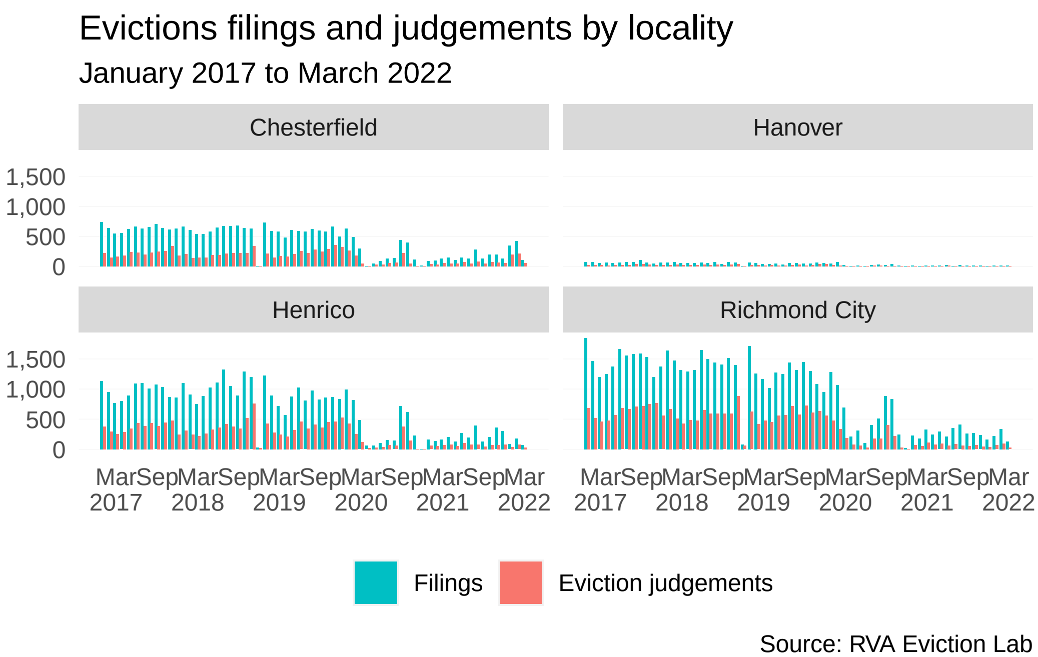


Figure 10.7: Evictions filings and judgements by locality

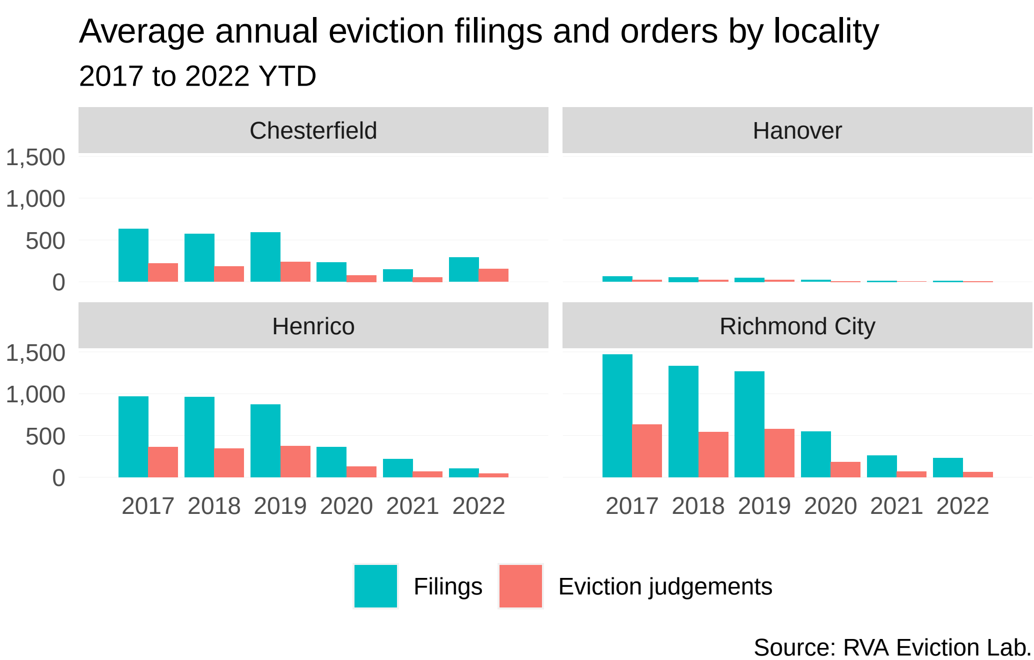


Figure 10.8: Average annual eviction filings and orders by locality

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.

10.4 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 10.9: 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.

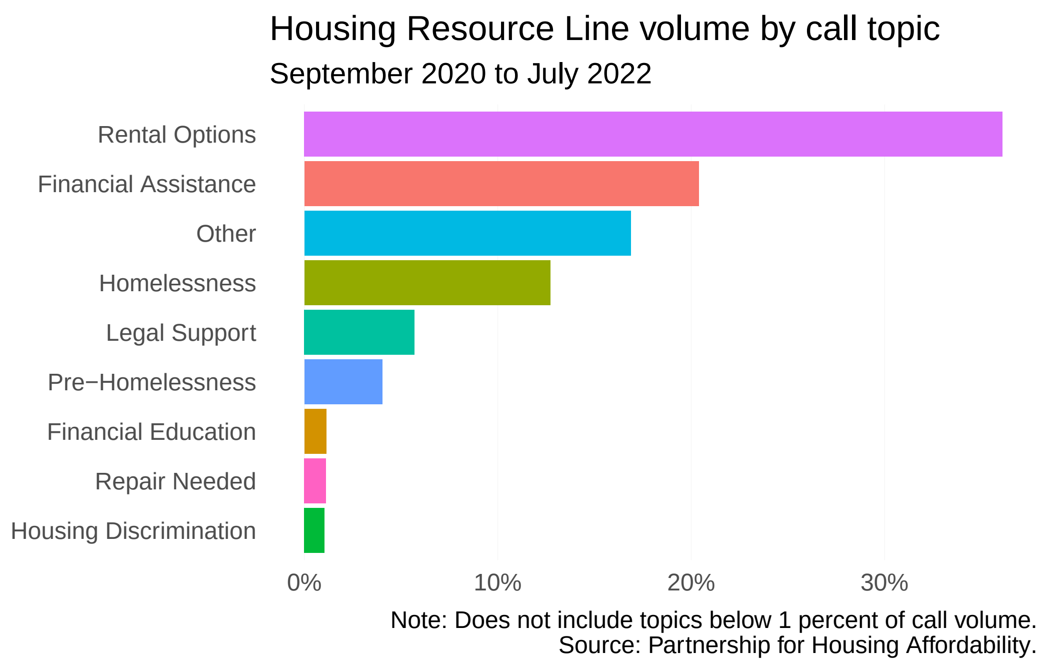


Figure 10.10: Housing Resource Line volume by call topic

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.

10.5 Homelessness

10.5.1 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.

[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

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.

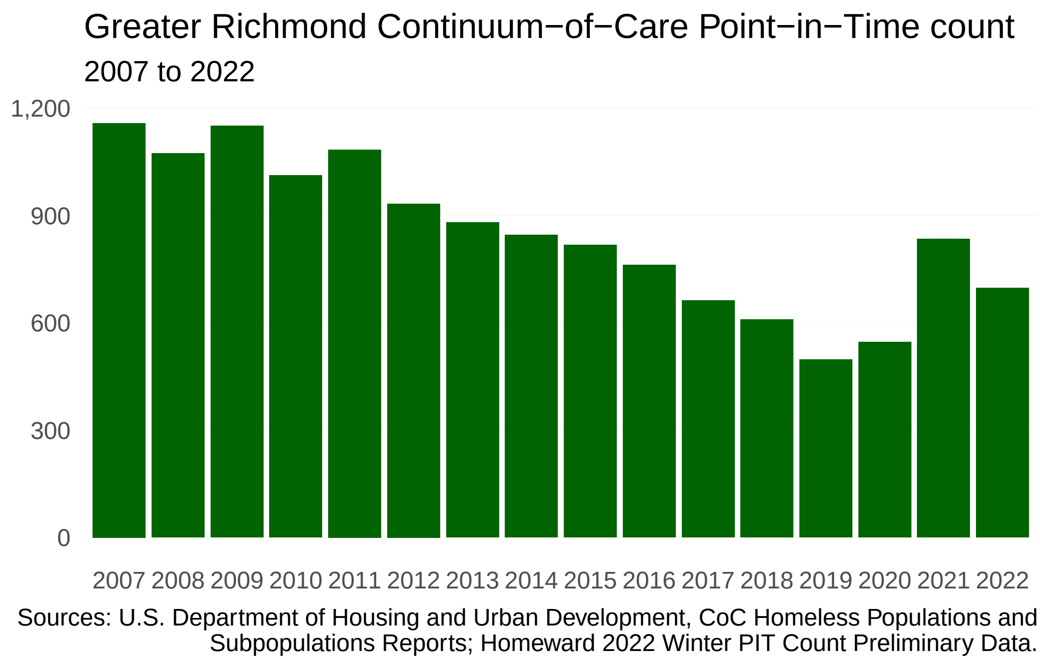


Figure 10.11: Greater Richmond CoC Point-in-Time count

10.5.2 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.

> Defining student homelessness
>
> 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.

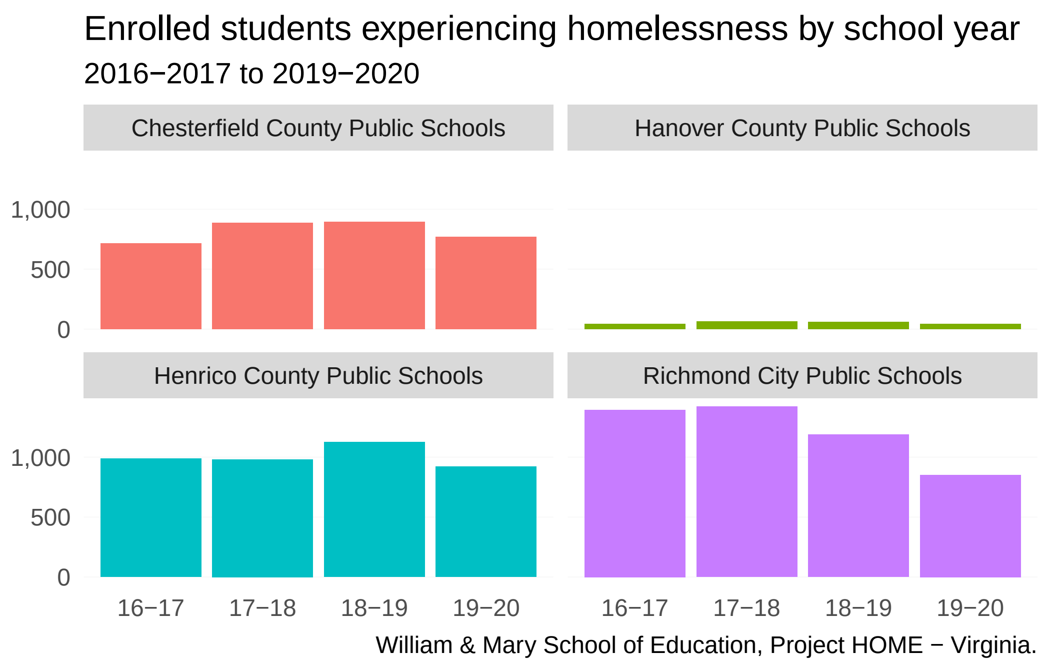


Figure 10.12: Enrolled students experiencing homelessness by school year

Part IV

PART 4: Local summaries

11 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.

11.1 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.

11.2 Demographic and socioeconomic changes

11.2.1 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.

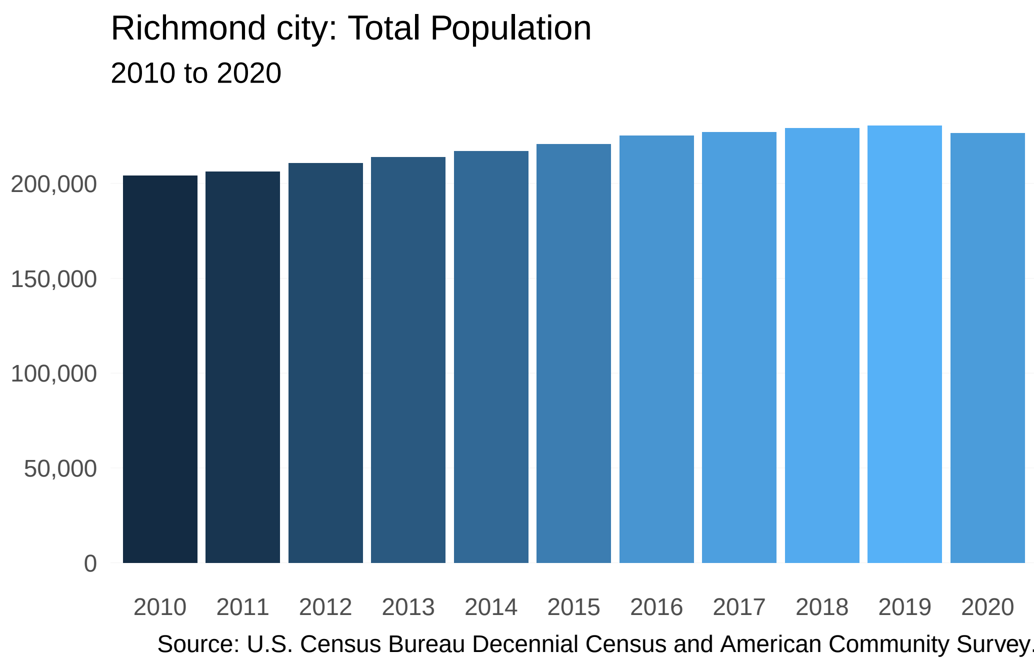


Figure 11.1: Richmond city: Total Population

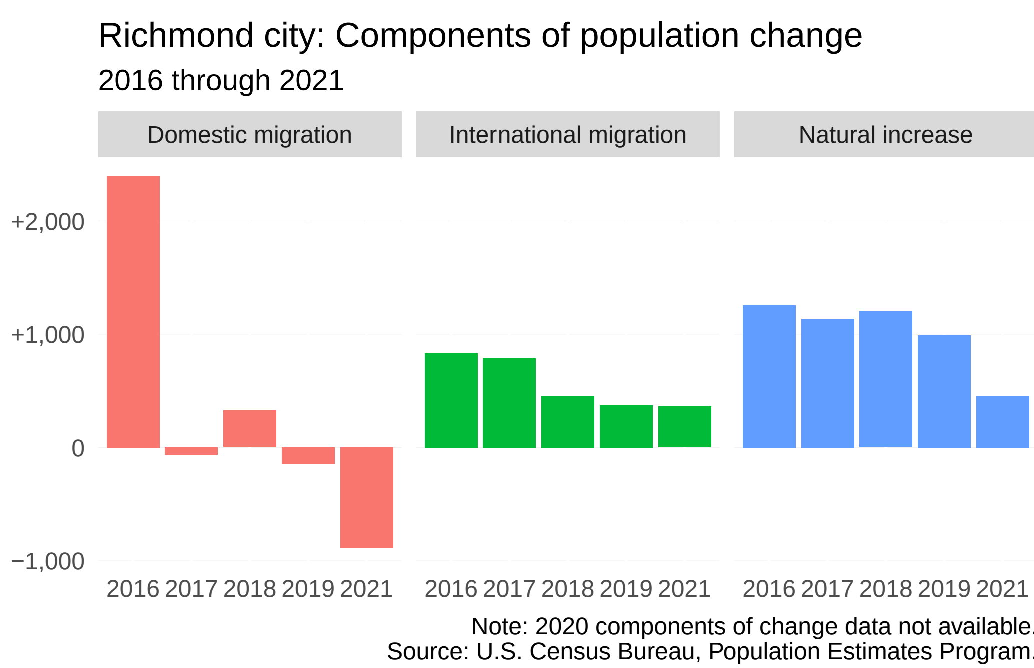


Figure 11.2: Richmond city: Components of population change

11.2.2 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.

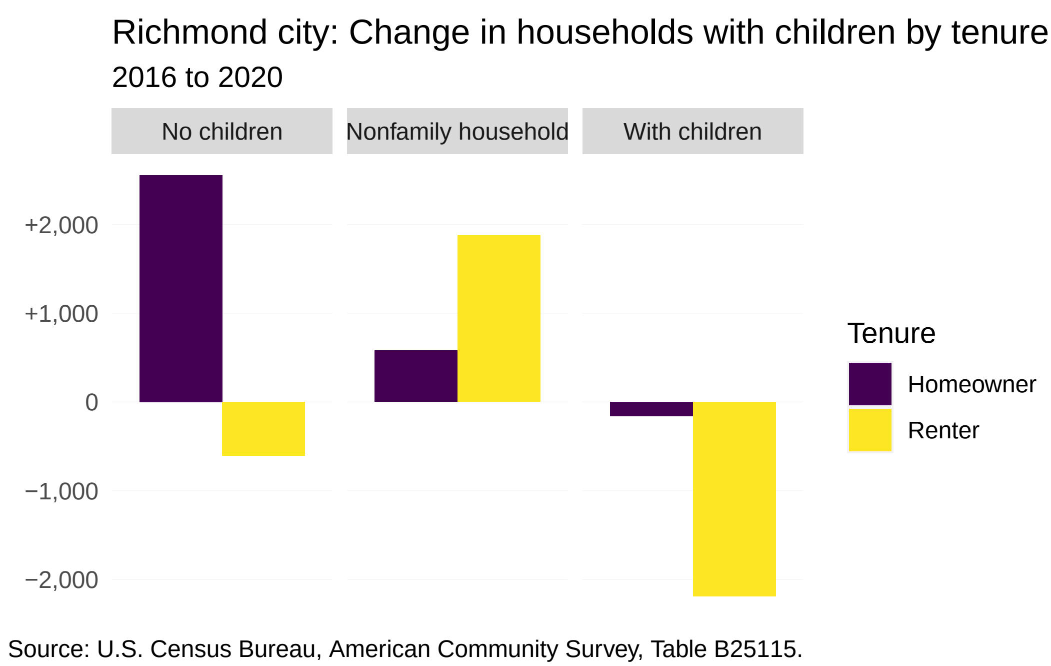


Figure 11.3: Richmond city: Change in households with children by tenure

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.

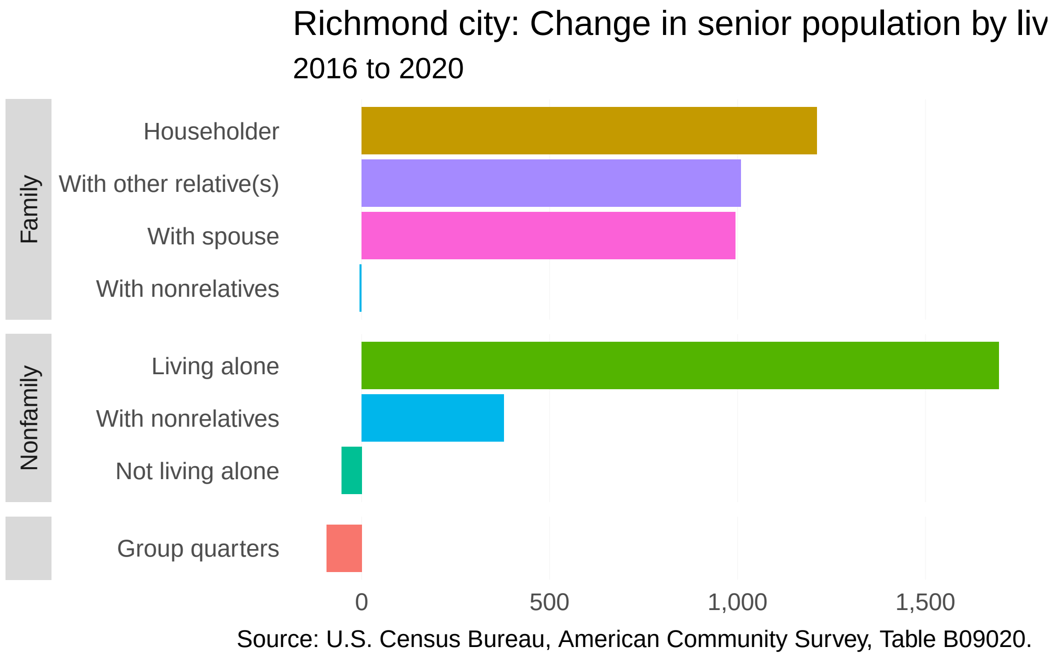


Figure 11.4: Richmond city: Change in senior population by living arrangement

11.2.3 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.

11.2.4 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.

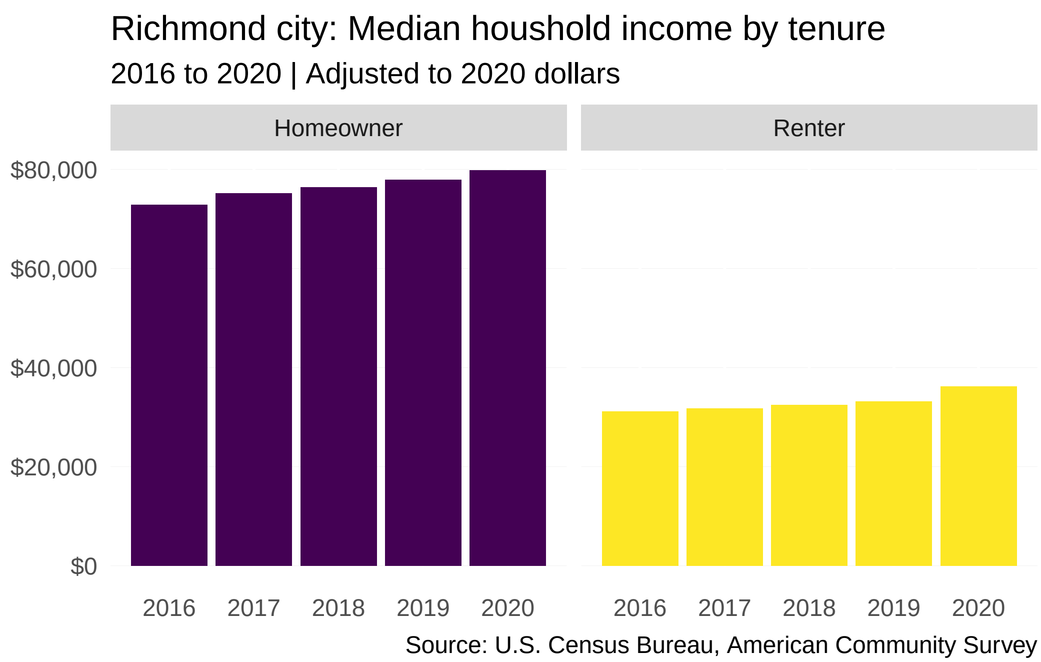


Figure 11.5: Richmond city: Median houshold income by tenure

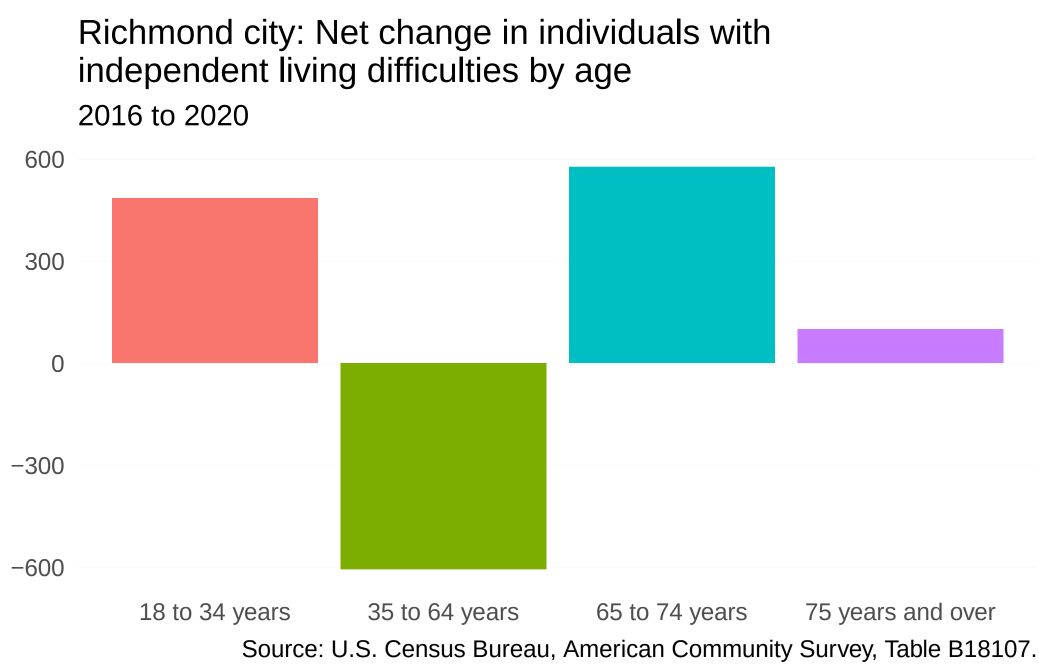


Figure 11.6: Richmond city: Net change in individuals with independent living difficulties by age

11.3 Housing supply and market changes

11.3.1 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.

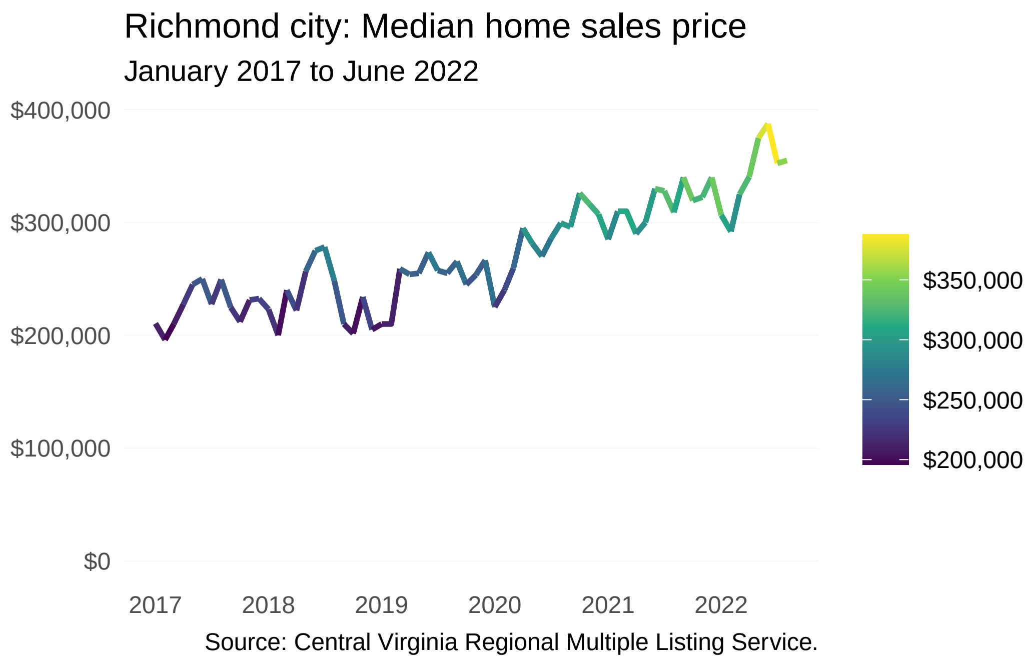


Figure 11.7: Richmond city: Median home sales price

11.3.2 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.

11.3.3 Housing assistance

Since January 2020, Richmond has seen 23 new rental subsidies added, which increased the number of active affordability contracts on units by 1,869. Over that same period, 10 subsidies ended, affecting 435 units. Some properties had multiple subsidies either added or expired. In all, there was a net addition of 1,434 rental affordability contracts.

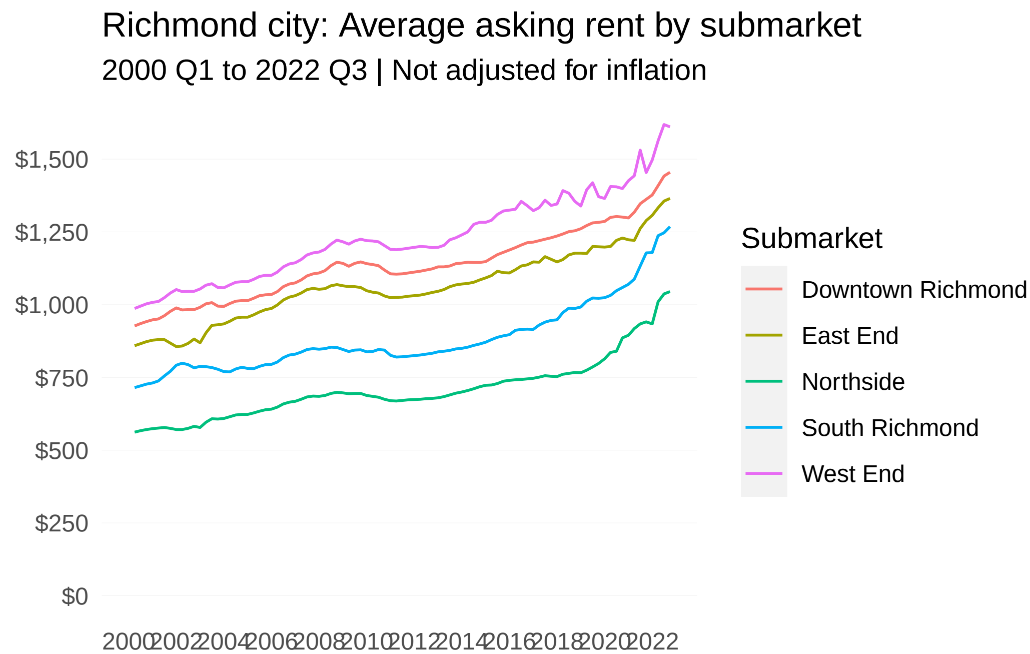


Figure 11.8: Richmond city: Average asking rent by submarket

Table 11.1: Richmond city: Submarket rents

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

Table 11.2: Richmond city: Added and removed affordable rental contracts since 2020

	Subsidies	Properties affected	Units included
Added	23	22	1,869
Removed	-10	-9	-435
Net change	**13**	**13**	**1,434**

Sources: National Housing Preservation Database and Virginia Housing.

11.3.4 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 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.

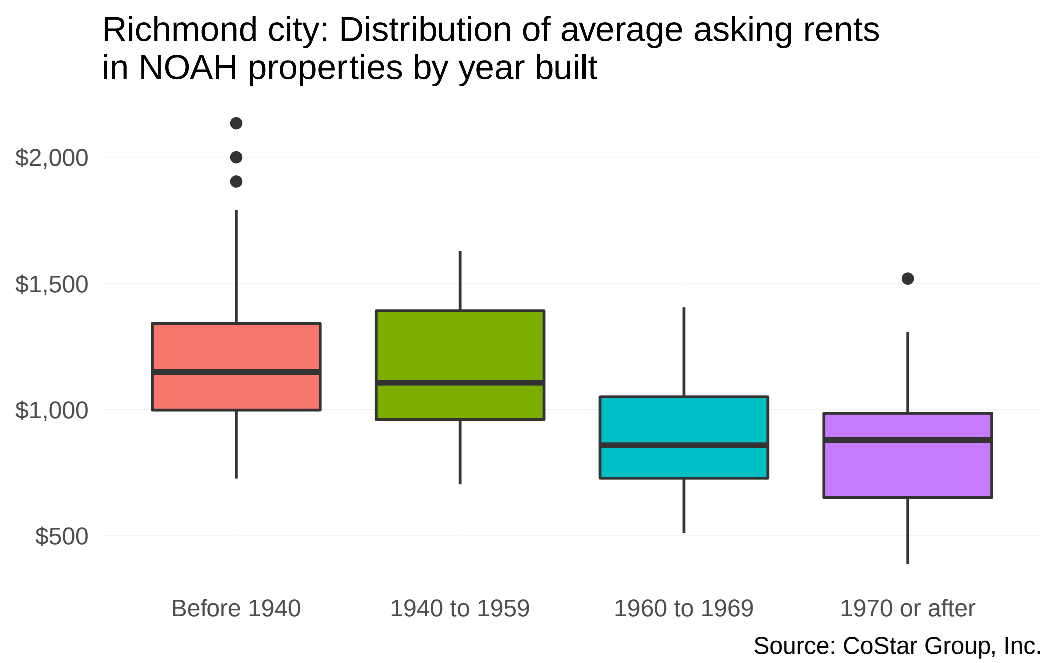


Figure 11.9: Richmond city: Distribution of average asking rents in NOAH properties by year built

11.4 Gap analysis

11.4.1 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.

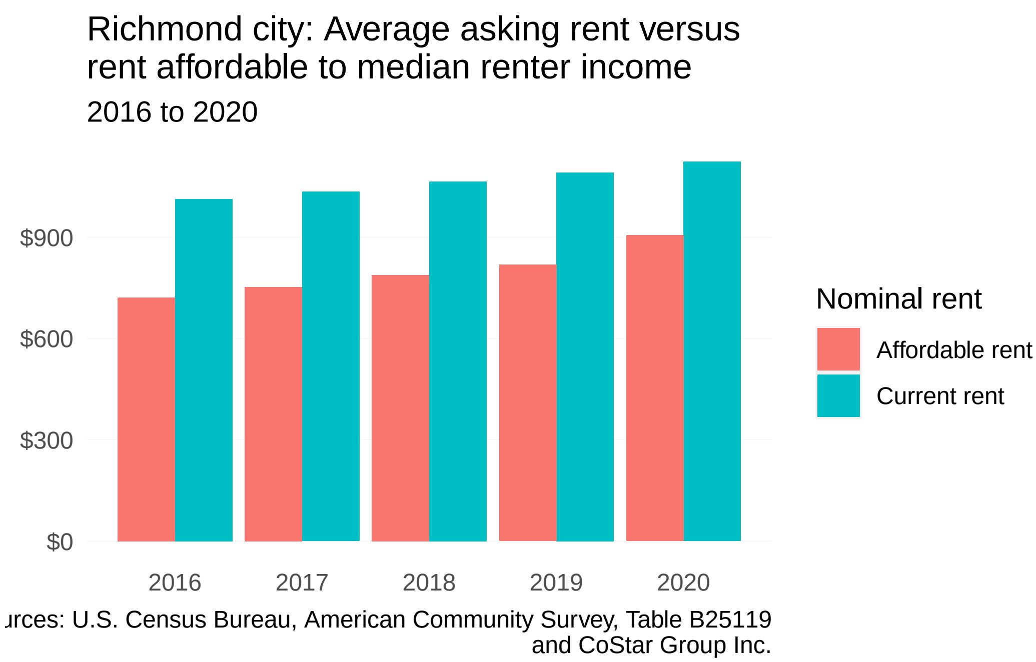


Figure 11.10: Richmond city: Average asking rent versus rent affordable to median renter income

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.

11.4.2 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

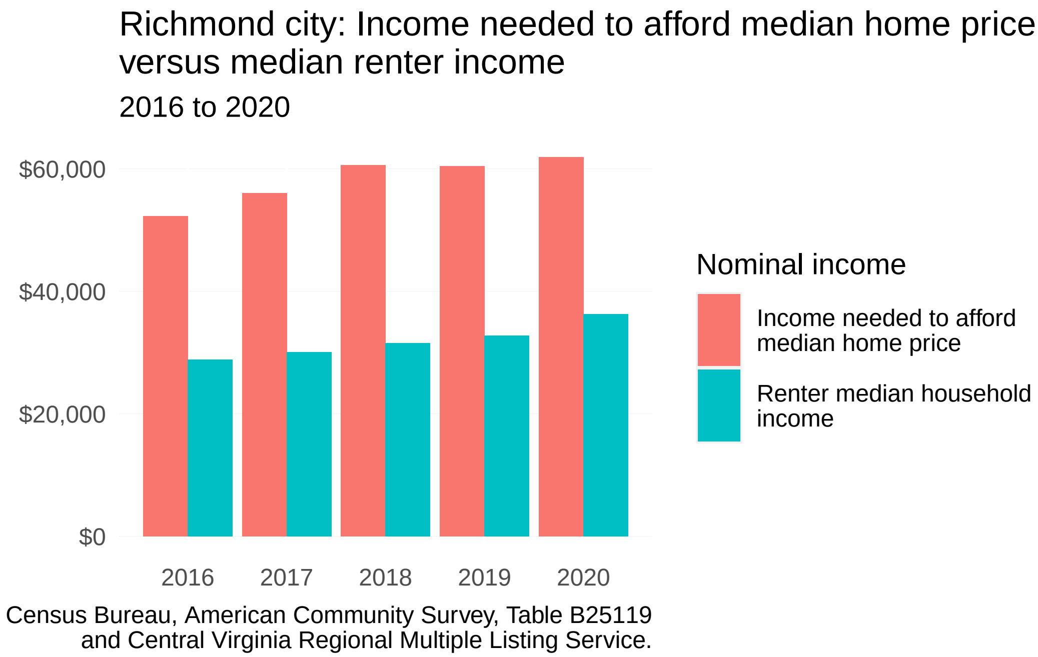


Figure 11.11: Richmond city: Income needed to afford median home price versus median renter income

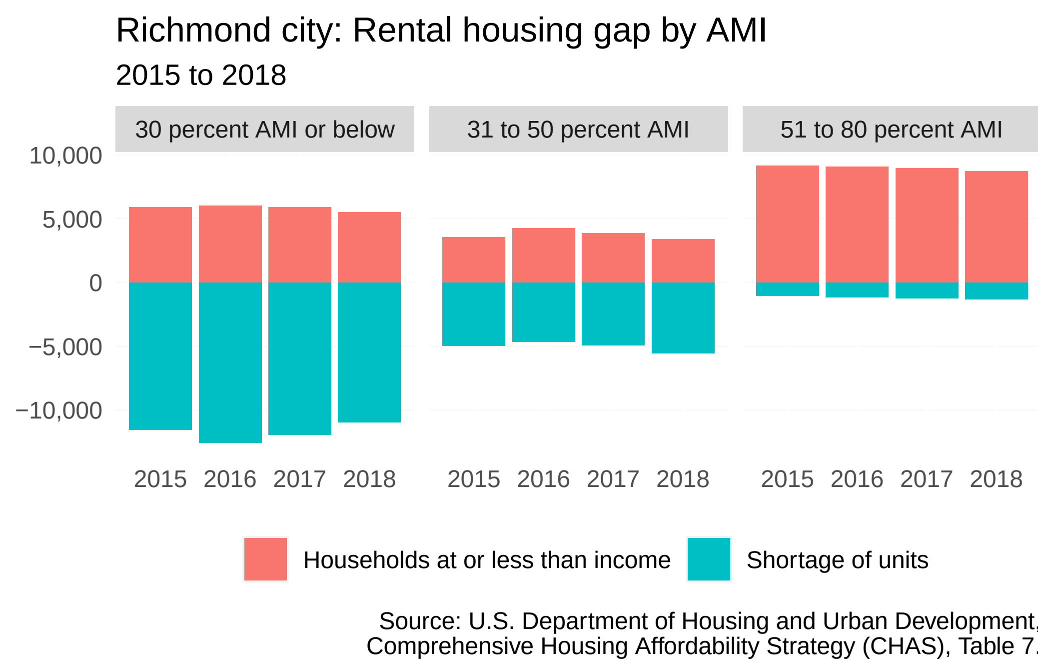


Figure 11.12: Richmond city: Rental housing gap by AMI

homeowners is become much less common.

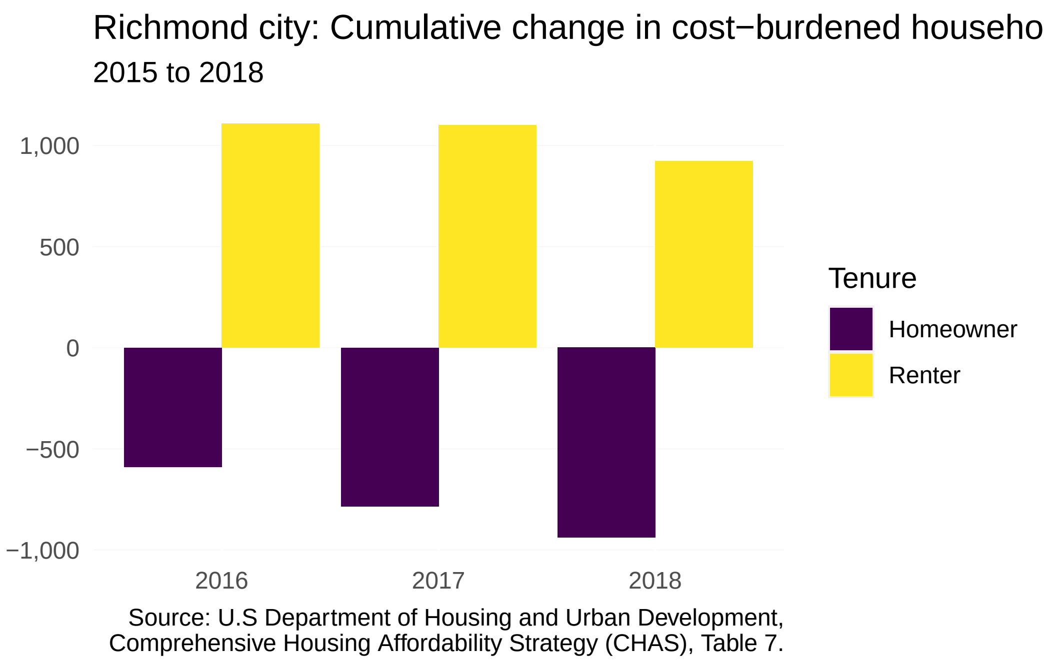


Figure 11.13: Richmond city: Cumulative change in cost-burdened households by tenure

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 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.

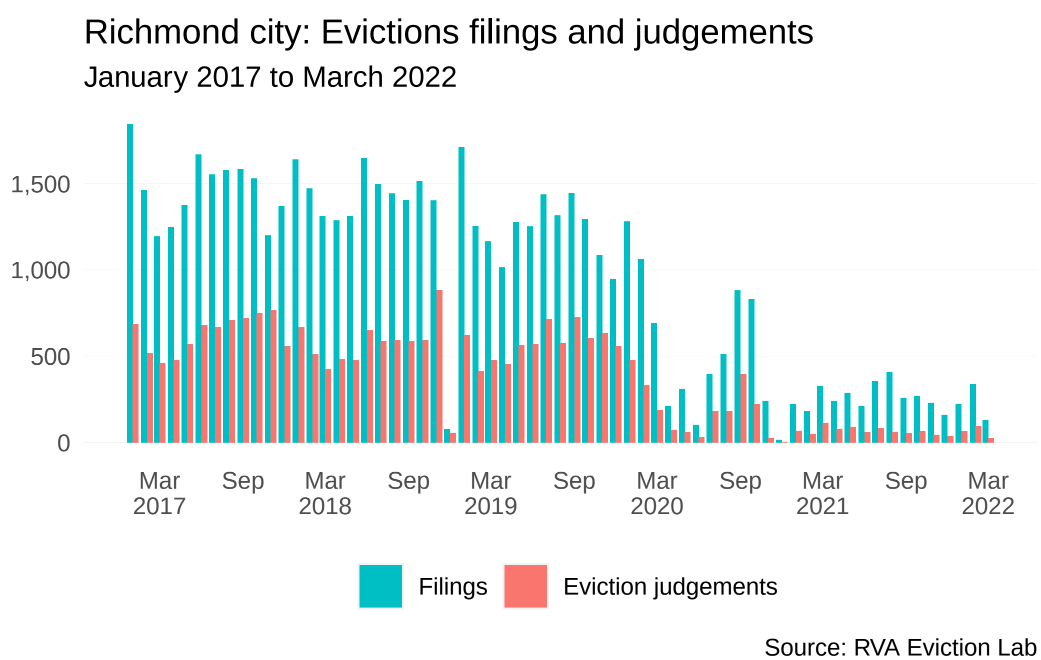


Figure 11.14: Richmond city: Evictions filings and judgements

12 Chesterfield County

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

12.1 Takeaways

- Chesterfield County's residential growth continues to be on par with Northern Virginia localities — increasing demand for housing at all price levels.
- Renters with children are increasingly coming to Chesterfield County — no doubt a result of a strong public school system and limited affordable for-sale housing.
- Younger adults with independent living difficulties are on the rise — increasing the need for housing with wrap around services or additional support for families to take care of adult children (i.e. home modifications, accessory dwelling units, etc.).
- Higher income renters are increasing demand for rentals in the county, but for the typical renter household income, homeownership is still challenging — requiring roughly $62,000 to afford the median home price with modest terms.
- Manufactured home communities serve as a valuable source of naturally-occurring affordable housing, but as of 2022, two of the county's larger communities are at-risk.

12.2 Demographic and socioeconomic changes

12.2.1 Population changes

Chesterfield County's population has been on a continual rise since 2010. Between 2016 and 2020, county population experienced an 8 percent increase — just over 26,000 new residents. As of the 2020 Census, Chesterfield County was the fourth-most populous locality in Virginia — falling only behind the Northern Virginia counties of Fairfax, Prince William, and Loudoun.

The county's substantial growth in recent years has been directly tied to domestic migration (i.e. people living in the region, state, or nation moving into the county). Between 2020 and 2021, the county increased by 4,402 due to domestic migration. International migration and natural increases pale in comparison and have otherwise been in decline.

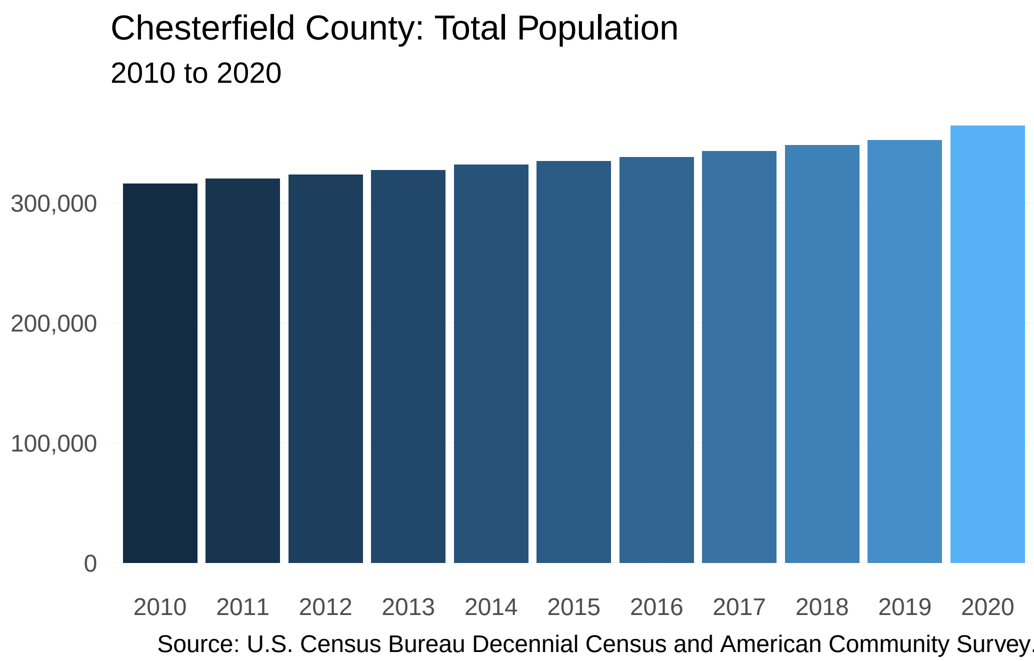


Figure 12.1: Chesterfield County: Total Population

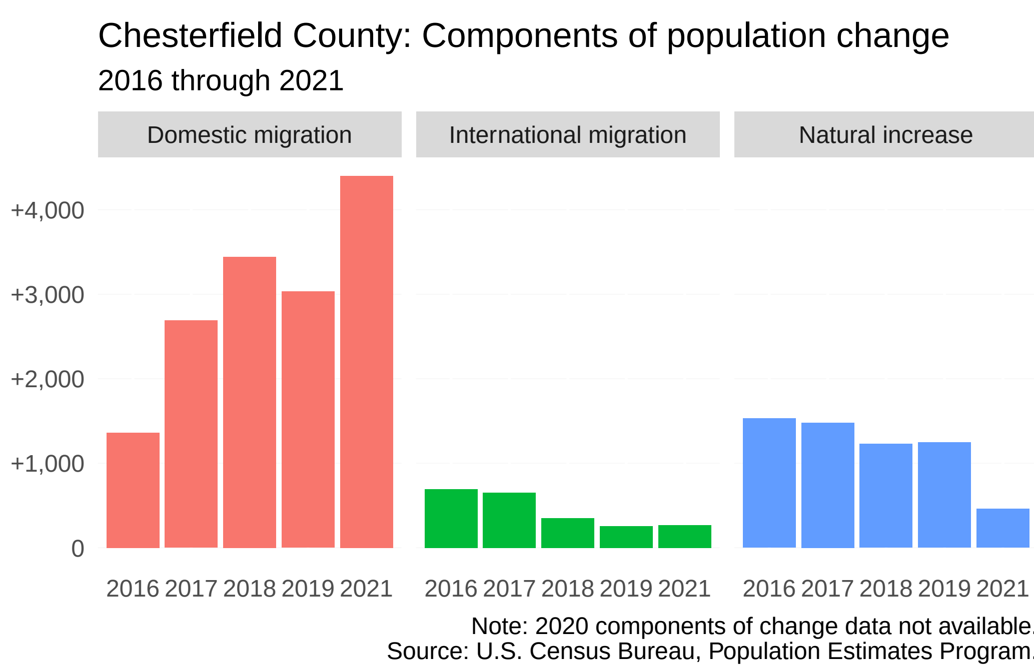


Figure 12.2: Chesterfield County: Components of population change

12.2.2 Household characteristics

The increasing number of homeowners in the county has been outpacing renters since 2016. Homeowner household increases have been across all types of households — especially those with no children (+3,068). On the other hand, renter increases have mainly been among households with children (+617), while the major decrease in households was among nonfamily renter households (-289).

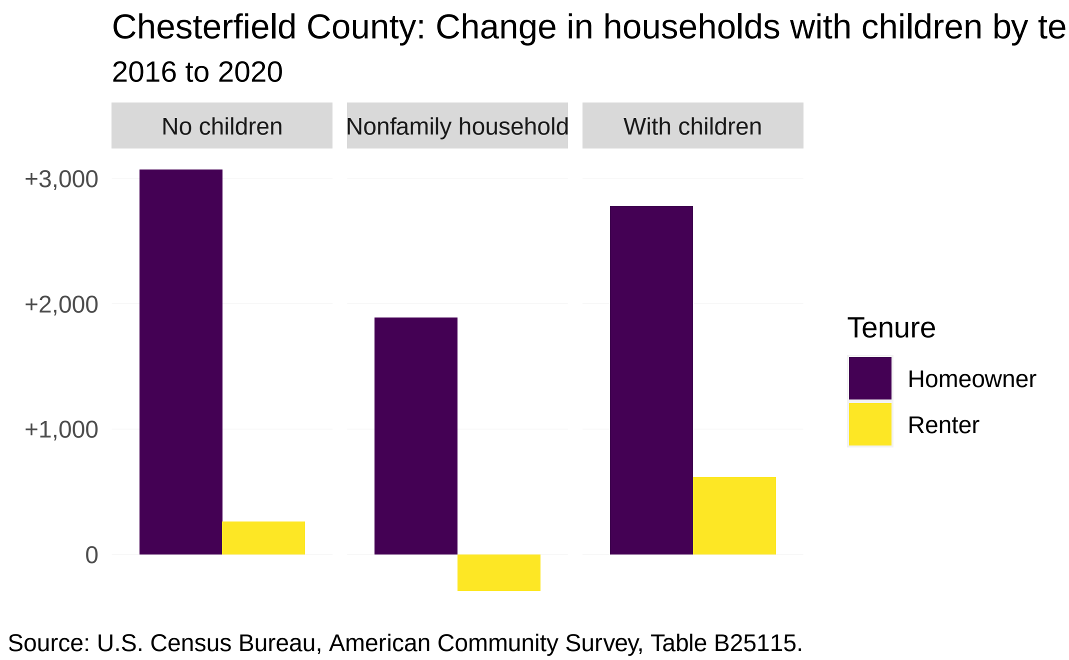


Figure 12.3: Chesterfield County: Change in households with children by tenure

As with much of the region, the senior population in the county has continued to see major growth. In the county, this growth has mainly been among seniors in family households (mainly those living with a spouse or are the head of household) (+6,566). Growth has also been significant among seniors living alone (+2,687). But declines have only been seen among seniors living with other relatives, which could include a child.

12.2.3 Income and wages

Between 2016 and 2020, the median renter household income increased by 7 percent, while the median homeowner household income increased 5 percent. In spite of those gains among the typical renter household in the county, renter incomes are nearly half that of a homeowner. The wide gap between between renter and homeowner incomes continues to speak to not only

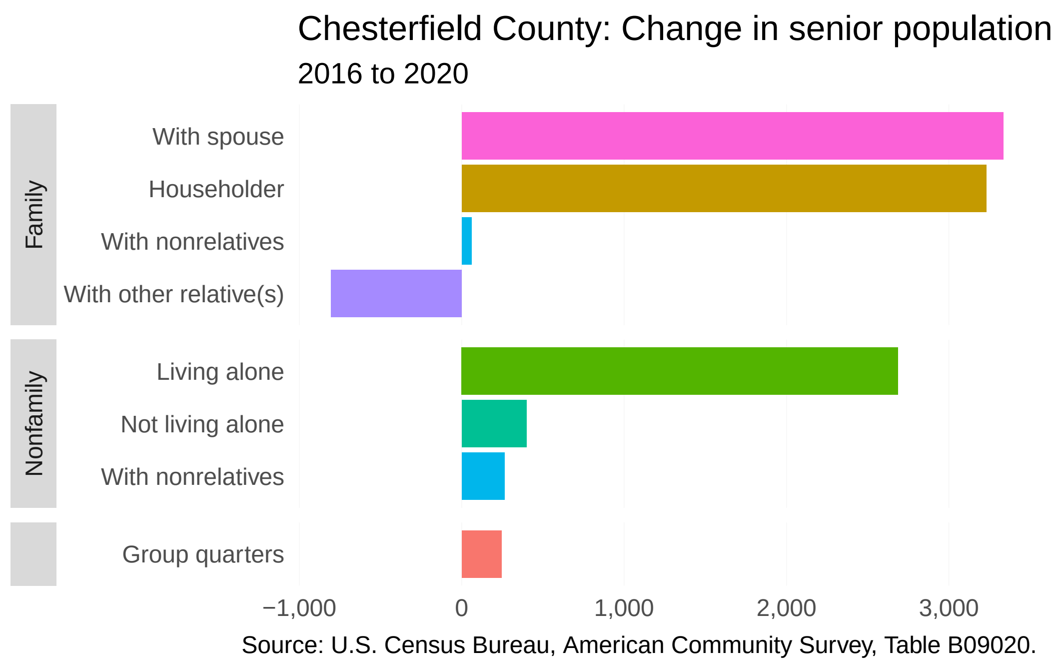


Figure 12.4: Chesterfield County: Change in senior population by living arrangement

the greater wealth provided by homeownership, but also the continuing affordability challenges faced by renters seeking homeownership opportunities.

12.2.4 Persons with disabilities

In Chesterfield County, the number of individuals with independent living difficulties has increased largely among the younger age group (18 to 34 years old). While older age groups saw new increases in individuals with living difficulties of less than 100, the 18 to 34 age group had an increase of 744 individuals.

12.3 Housing supply and market changes

12.3.1 Homeownership

Chesterfield County home prices continue to rise. In 2020, median home price for the county passed the $300,000 mark. In spite of a brief decrease towards the end of 2020, home prices in the county have continued to increase amid the pandemic — getting closer and closer to $400,000.

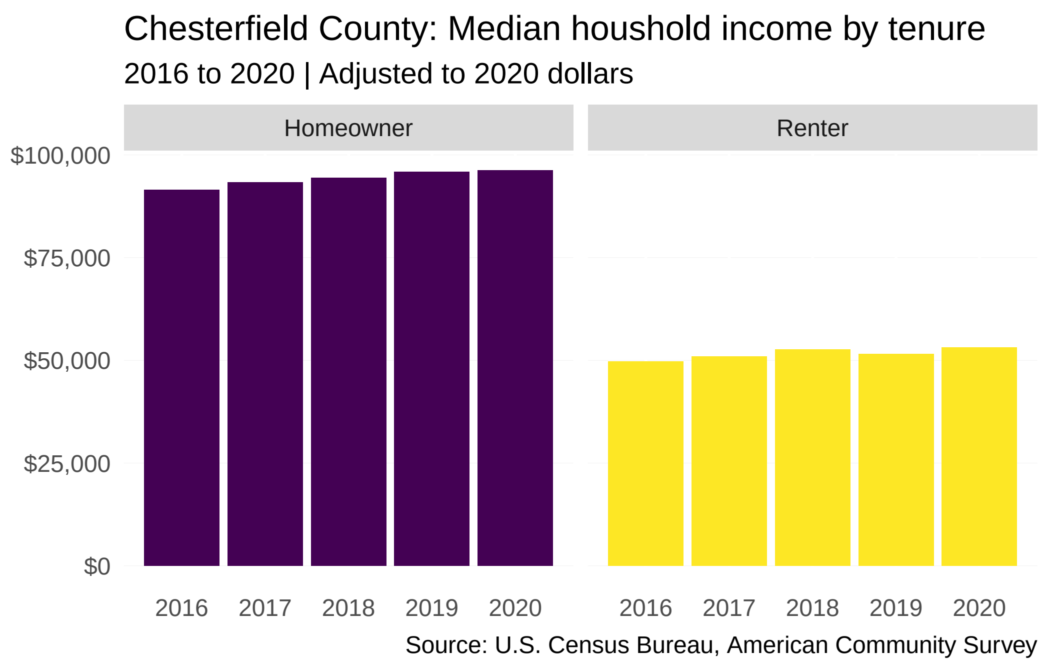


Figure 12.5: Chesterfield County: Median houshold income by tenure

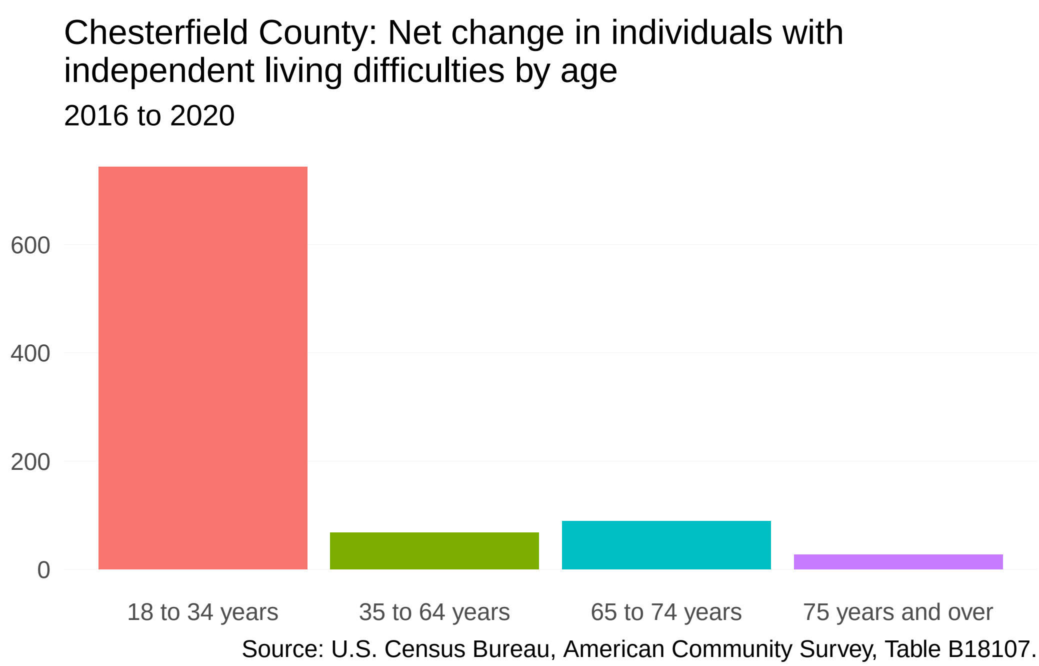


Figure 12.6: Chesterfield County: Net change in individuals with independent living difficulties by age

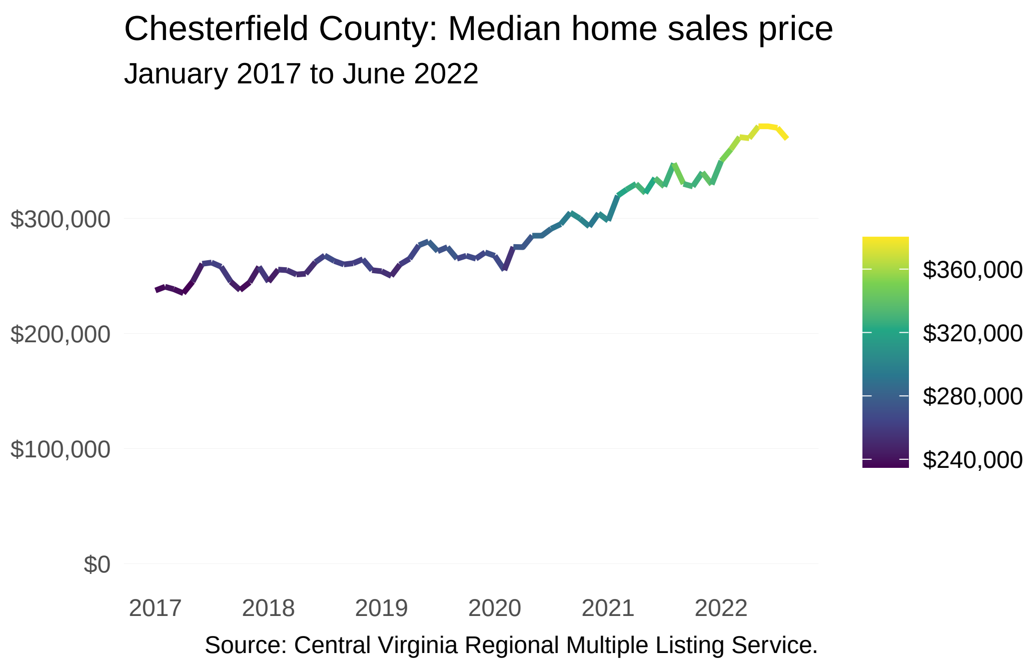


Figure 12.7: Chesterfield County: Median home sales price

12.3.2 Rental

Rental demand has continued to grow over the past five years. As of Q3 2022, the average market asking rent in Chesterfield County was $1,504 — which would require a household to make just over $60,000 to not be cost-burdened. Based on 2020 estimates on median renter household income, this would be a rent affordable to a large swath of the renter population.

Based on CoStar geographic markets, the Midlothian area represents a distinct rental market from the rest of the county. As of Q3 2022 the average market asking rent for Midlothian was $152 more than the rest of the county. The differences in rent can be attributed to the development of several **new** multifamily properties and the highly desirable location. With market rate rental development continuing to target this area, geographic disparities may continue.

12.3.3 Housing assistance

Over the last two and a half years, more than 800 new affordable rental unit subsidies were added in the county. Another 144 contracts expired (across just one property), leading to a net gain of 689 dedicated affordable rental units.

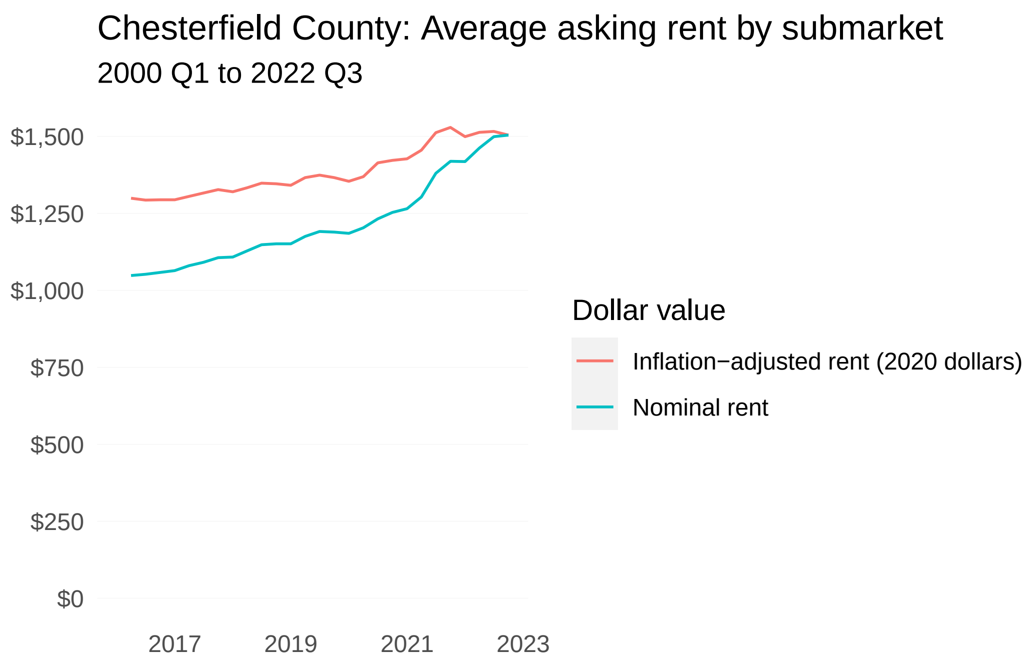


Figure 12.8: Chesterfield County: Average asking rent

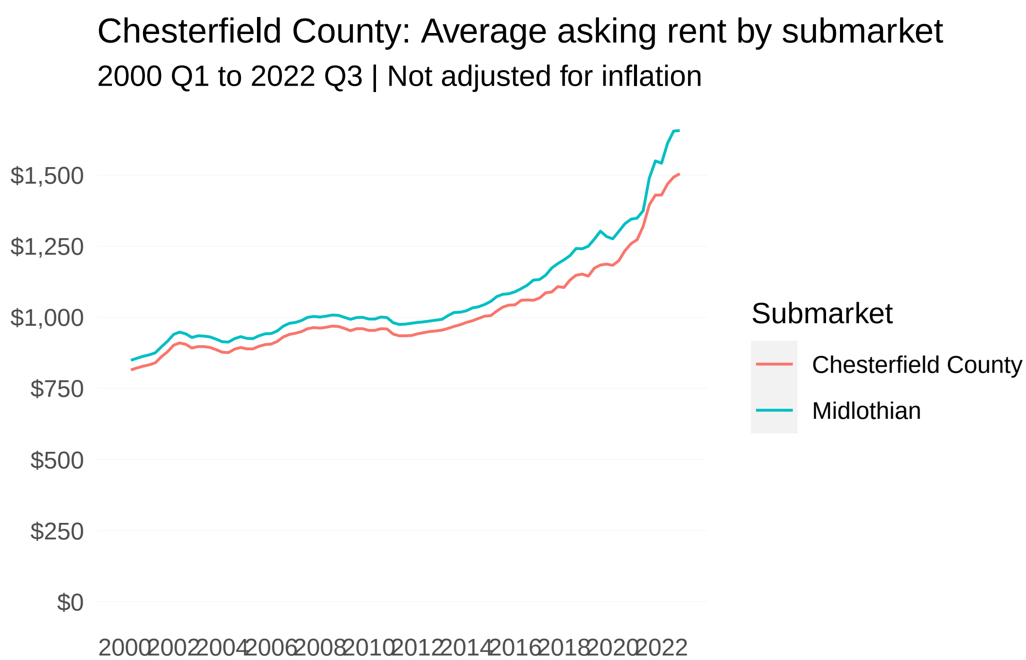


Figure 12.9: Chesterfield County: Average asking rent by submarket

Table 12.1: Chesterfield County: Added and removed affordable rental contracts since 2020

	Subsidies	Properties affected	Units included
Added	17	17	833
Removed	-1	-1	-144
Net change	**16**	**16**	**689**

Sources: National Housing Preservation Database and Virginia Housing.

12.3.4 Naturally-occurring affordable housing

As defined in this report, there are 19 rental properties in the Chesterfield County that qualify as naturally-occurring affordable housing. There are about 3,712 apartments across these properties, which make up approximately 23 percent of all multifamily (two or more units) rental housing in the county.

The majority of these properties were constructed in the 1970s and 1980s. These properties command much higher rents than those built pre-1970.

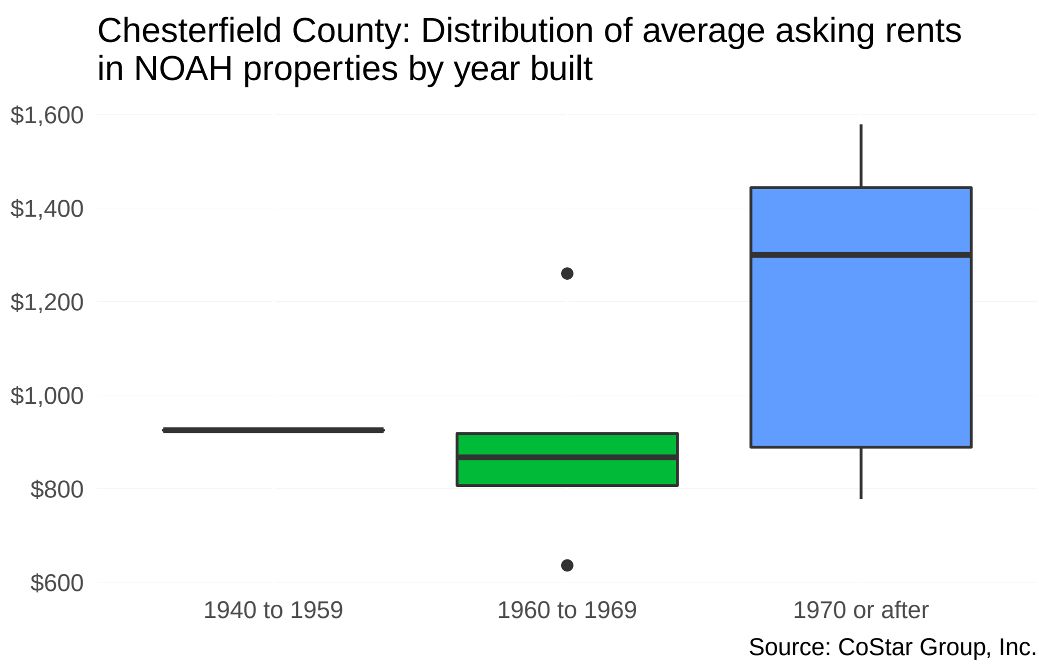


Figure 12.10: Chesterfield County: Distribution of average asking rents in NOAH properties by year built

This estimate does not include manufactured home communities which could also be considered NOAH properties because of their deep affordability without public subsidy. Chesterfield

Table 12.2: Manufactured home communities in Chesterfield County

Community name	Estimated units
Greenleigh Mobile Home Park	502
Harbour East Village	260
Suburban Mobile Village	226
Holiday Mobile Home Park	133
Shady Hill Mobile Home Park	110
El Rancho Trailer Court	55
Conner Homes	54
Plantation Mobile Homes	48
Bellwood Mobile Home Park	41
Falling Creek Mobile Home Park	35
Parkway Trailer Court	28
Ponderosa Mobile Home Park	27
Carneal's Trailer Park	24

County still remains the region's foremost location for manufactured home communities — with at least 1,543 homes spread out across 13 communities.

Since the release of the Framework, Bermuda Estates, located along the county's Route 1 corridor, was purchased by project:HOMES. This initiative was taken upon by project:HOMES in order to stabilize the community and since the acquisition, they have made significant infrastructure improvements, replaced homes, conducted noteworthy community engagement, and placed a community center.

This stands in contrast to private activity in some of Chesterfield County's largest manufactured home communities, Suburban Village and Shady Hill. Suburban Village was purchased in early 2021 by a real estate investment firm, while Shady Hill Mobile Home Park recently accepted a purchase offer in Summer 2022. Both acquisitions have raised concerns among residents and advocates for significant rent increases and potential redevelopment.

12.4 Gap analysis

12.4.1 Affordability of current housing stock

In Chesterfield County, the median renter household income is just enough to afford the average market asking rent. In 2020, the rent affordable based on the median renter household income was $1,328, while the average asking rent was $1,265 — meaning that the typical renter could afford $63 more than the average asking rent.

This difference between affordable rent and asking rent has been shrinking in recent years. From a difference of $89 in 2016 to $63 in 2020.

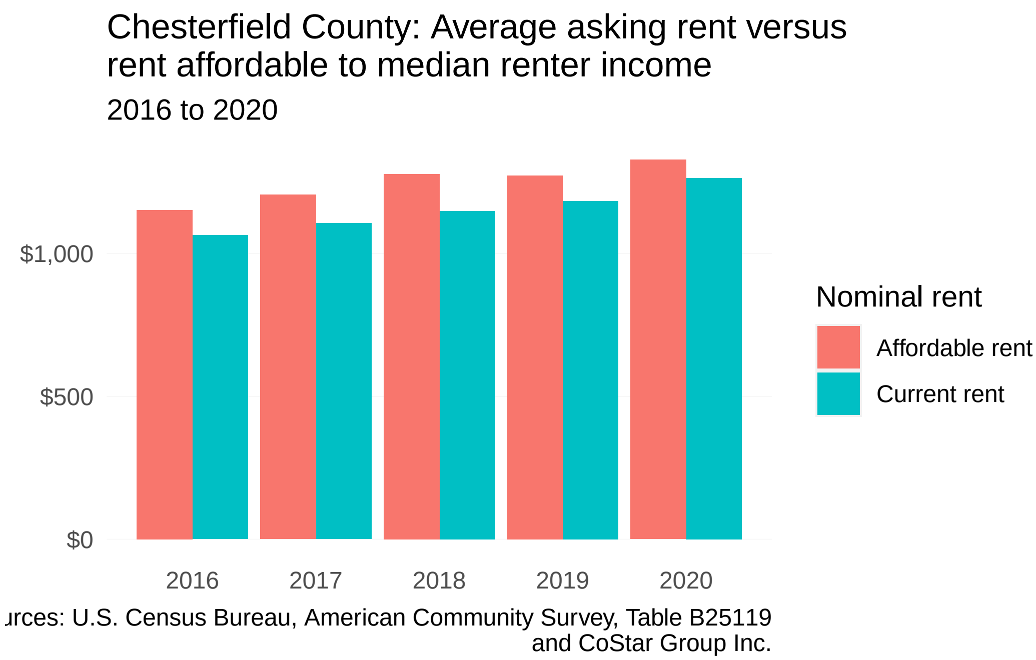


Figure 12.11: Chesterfield County: Average asking rent versus rent affordable to median renter income

Although a typical renter can more easily find an affordable rental, if they are looking to move onto homeownership, they face a wider gap to cross.

In Chesterfield County, median renter household incomes have not been enough to afford the median sales price in the county from 2016 to 2020. In 2020, the gap between renter income and the income needed to afford the median priced home was $8,800. This is an increase of nearly $800 from the gap in 2016.

Across renter households with incomes below 80 percent AMI, the gap in affordable housing has increased by 204 units from 2015 to 2018 — for a total shortage of 7,569 rental units affordable to households making 80 percent AMI or less. This estimated gap is based on matching renter income to rental housing affordable to that income and should be considered with some caution.

Household incomes matching housing costs does not necessarily reflect that a household is able to afford housing costs given the numerous other financial responsibilities held by individuals and families. Nonetheless, the estimated gap provides our closest assessment of a gap in housing at specific income-levels.

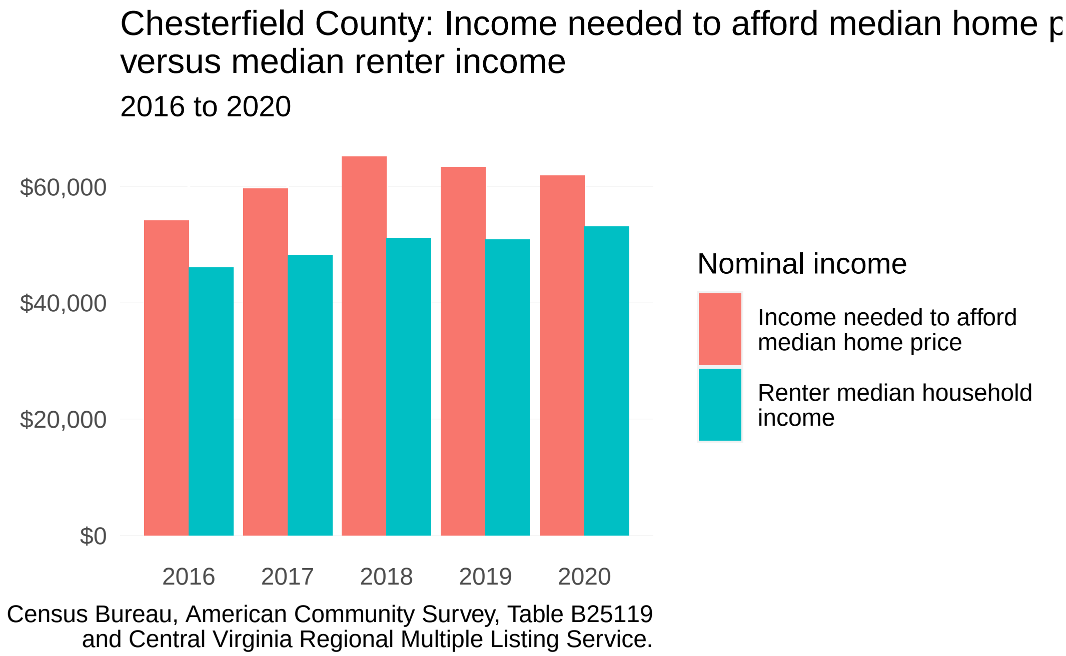


Figure 12.12: Chesterfield County: Income needed to afford median home price versus median renter income

For Chesterfield County, the gap has increased most significantly for households between 51 and 80 percent AMI — suggesting a growing need for affordable housing for higher income households.

12.4.2 Impact of housing costs

From 2015 to 2018, the number of cost burden homeowners has been in decline. By 2018, there was a total decline of 2,661 cost-burdened homeowners from 2015 estimates. But during this same timeframe, the number of cost-burdened renters has increased by 696. The disparate changes in cost burden in Chesterfield County speak to growing affordability issues for renters and greater stability for existing homeowners.

Pre-pandemic eviction filings were typically above 500 each month, while eviction judgements were made were nearly half of those filings. The pandemic protections signficantly decreased filings to nearly a third of pre-pandemic numbers. Eviction judgements remained low throughout much of 2021, but filings and judgements saw increases in the early part of 2022 — signalling the potential for greater renter instability as pandemic renter protections end.

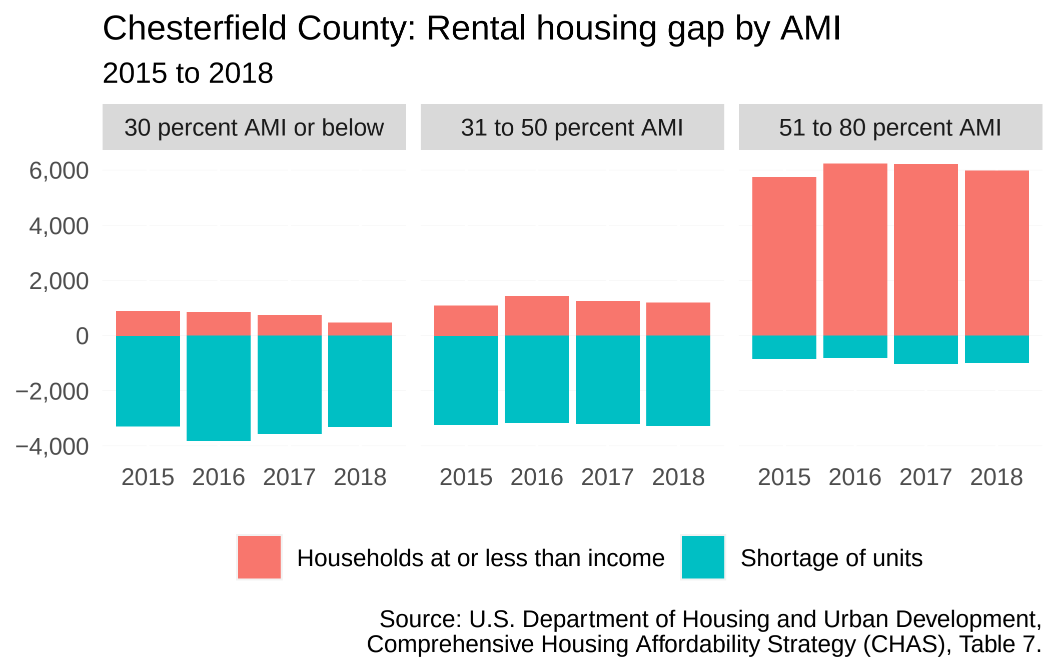


Figure 12.13: Chesterfield County: Rental housing gap by AMI

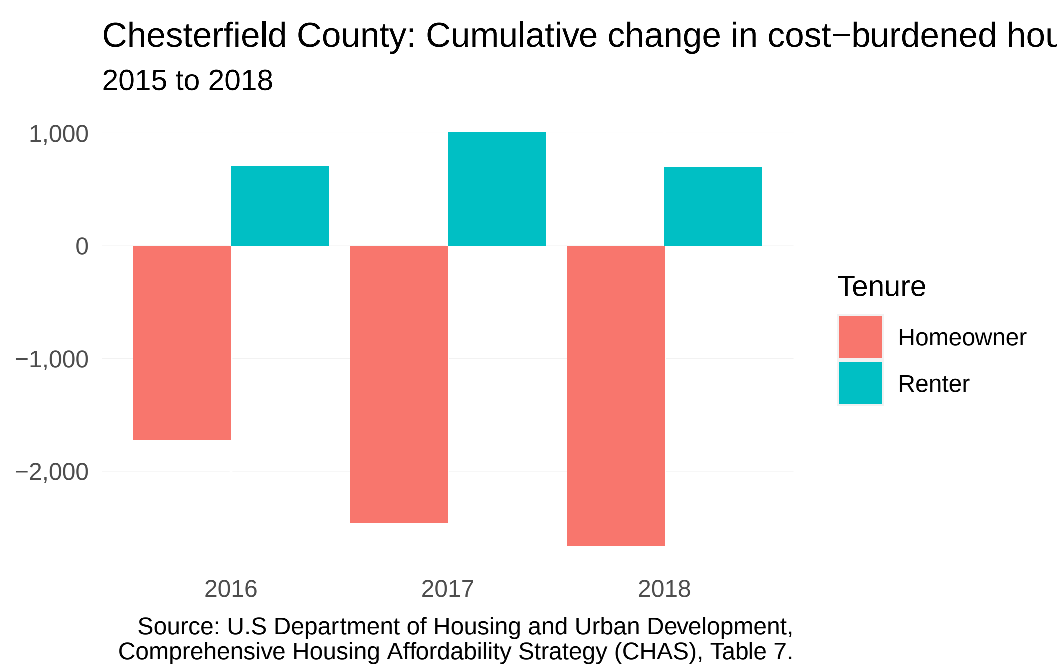


Figure 12.14: Chesterfield County: Cumulative change in cost-burdened households by tenure

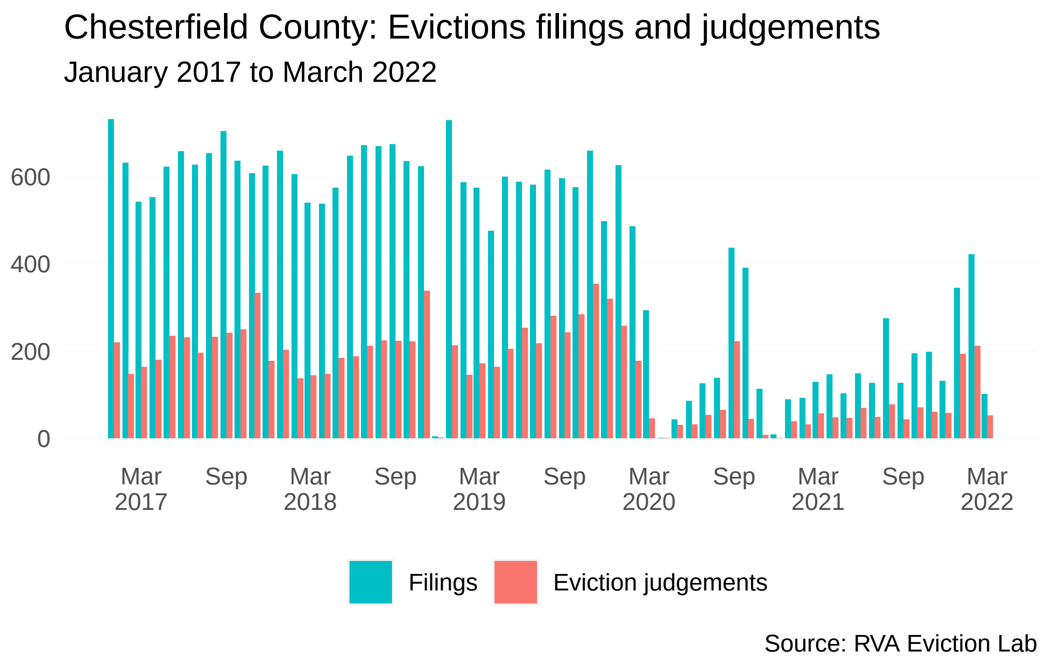


Figure 12.15: Chesterfield County: Evictions filings and judgements

13 Henrico County

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

13.1 Takeaways

- Henrico County continues to grow — largely due to international migration and natural increase (+767 between 2020 and 2021), but the county have consistently seen population loss due to domestic out-migration (-1,552 during that same time period).
- In recent years, renter households with children have been in decline in the county (-1,010).
- Median home prices in the county have surpassed the $300,000 mark as of June 2022 — continuing to leave median renter households further unable to reach homeownership.
- In 2020, there was an over $12,000 difference in the income needed to afford the median home price and the typical renter income.
- There continue to be stark differences between rental markets in Eastern and Western Henrico — with Western Henrico commanding rents several hundred dollars higher.
- In 2018, there still remained a rental shortage of over 12,000 for households making less than 80 percent AMI.

13.2 Demographic and socioeconomic changes

13.2.1 Population changes

From 2010 to 2020, Henrico County has grown by 9 percent — an increase of 27,454 residents. The increase has been greater than Chesterfield County (8 percent), but slightly less than the City (11 percent).

Population increases in recent years have largely been the result of international migration and natural increases. But declines in the county have consistently been the result of residents moving elsewhere in the country. Domestic out-migration had been declining in the latter half of the 2010s, but between 2020 and 2021, 1,552 Henrico County residents moved elsewhere.

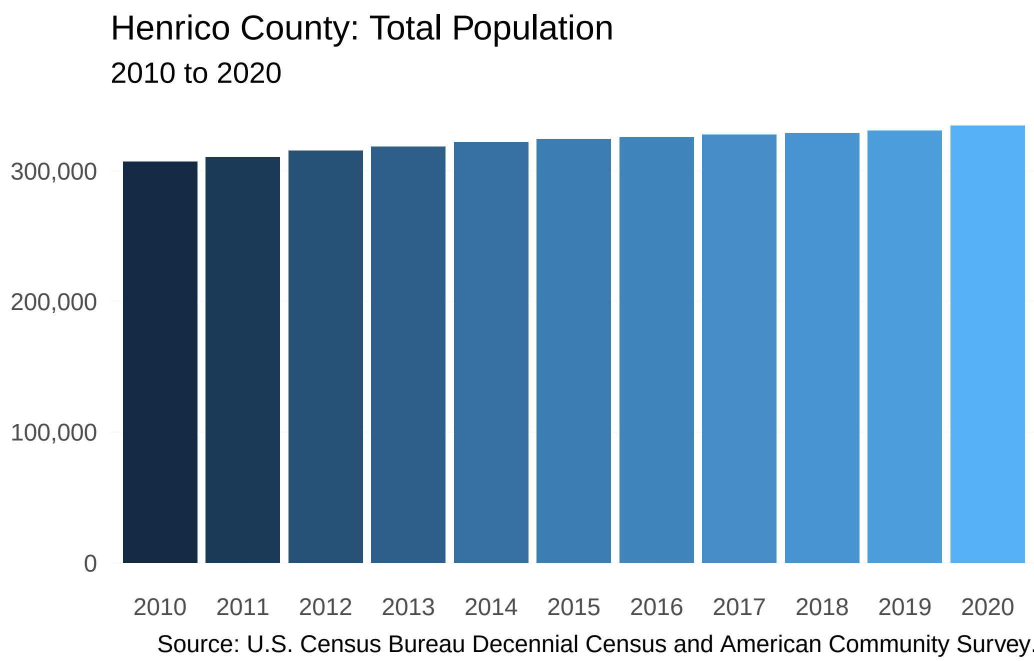


Figure 13.1: Henrico County: Total Population

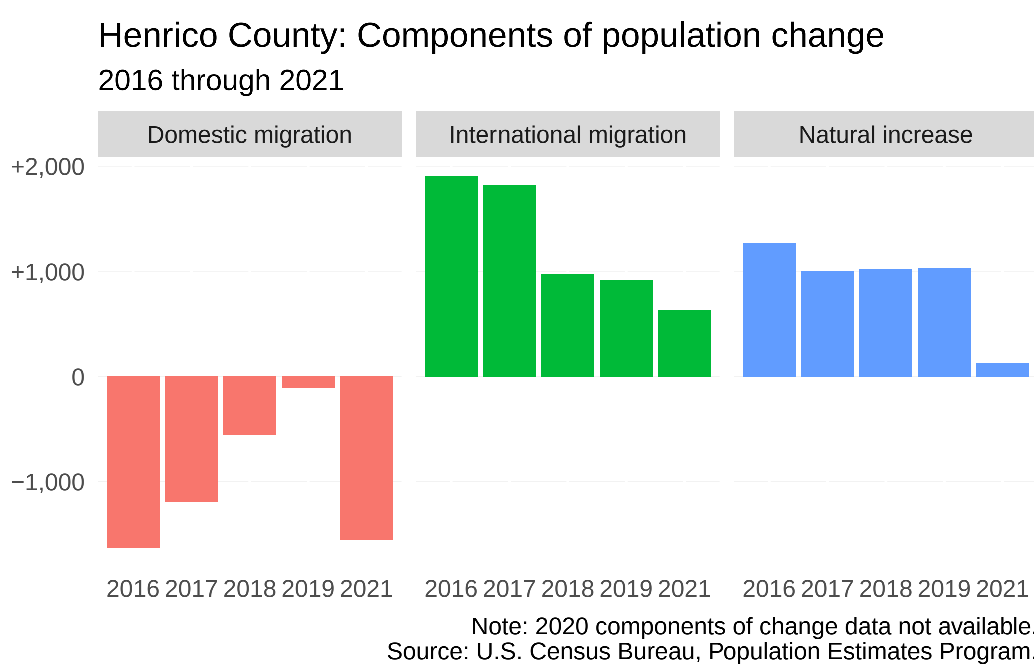


Figure 13.2: Henrico County: Components of population change

13.2.2 Household characteristics

Homeowner households of all types are increasing in the county — especially homeowners without children. Between 2016 and 2020, homeowner households without children saw an increase of 2,061, while homeowner households with children only increased by 1,469. Renter households have seen significantly smaller increases among households without children and nonfamily households (i.e. single adults living alone or with roommates). But Henrico County household decrease between 2016 and 2020 was solely experienced by renter households with children.

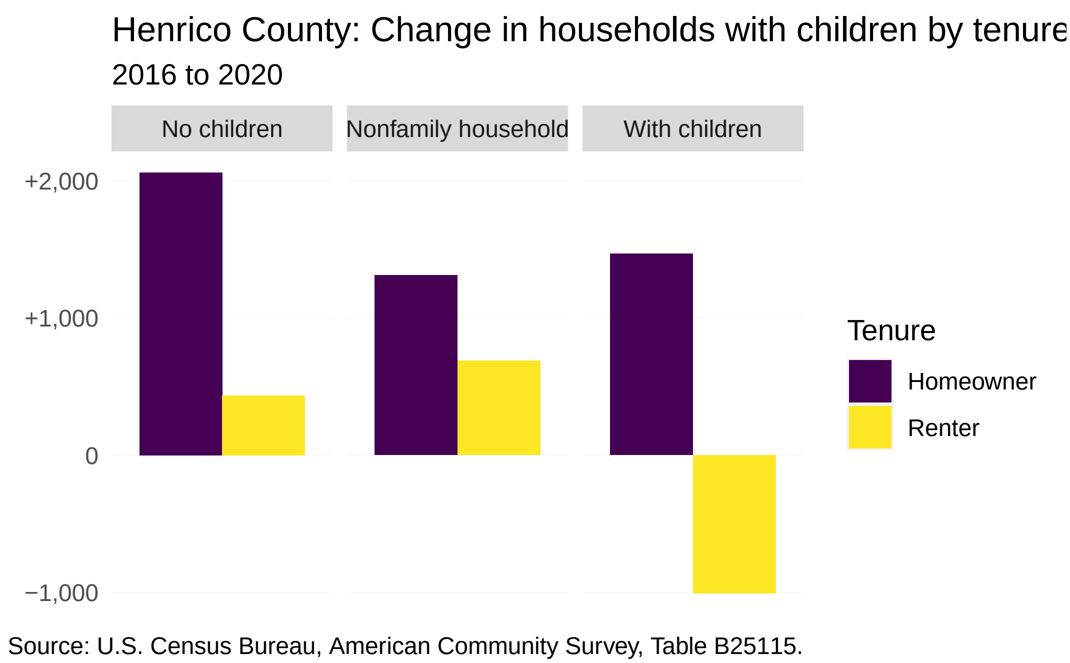


Figure 13.3: Henrico County: Change in households with children by tenure

The Grey Wave continues in Henrico County, where there was a 6,603 increase in the senior population between 2016 and 2020. The majority of this growth was among seniors who were the head of family households (+2,821) and seniors living alone (+2,237).

13.2.3 Income and wages

The disparity between homeowner and renter incomes in the county has continued between 2016 and 2020. As of 2020, the median homeowner household income was nearing $100,000 at $93,965. But median renter household income was $48,081 — nearly $46,000 less than homeowners.

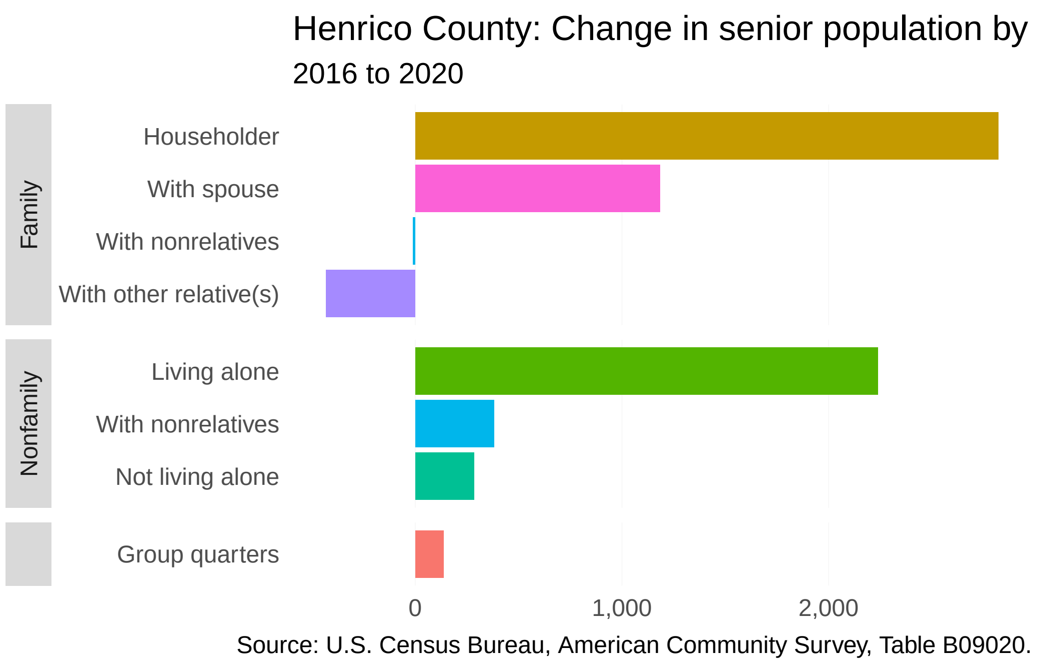


Figure 13.4: Henrico County: Change in senior population by living arrangement

During this timeframe, the median homeowner household income increased by 7 percent, while renter income only increased by 3 percent.

13.2.4 Persons with disabilities

Henrico County has seen a net increase of 665 individuals with independent living difficulties between 2016 and 2020. Most of this growth (+350) has been among the early senior population (65 to 74 year age group), but the 35 to 64 year age range is also seeing major increases as well (+257).

13.3 Housing supply and market changes

13.3.1 Homeownership

The median home sales price has steadily been trending upward in Henrico County, and reached a high of $365,000 in May 2022. From 2017 to June 2022, the median home price in the county has increased by 67 percent.[1]

[1] Median home prices are currently reflected in nominal dollar values and therefore do not fully capture the real dollar change.

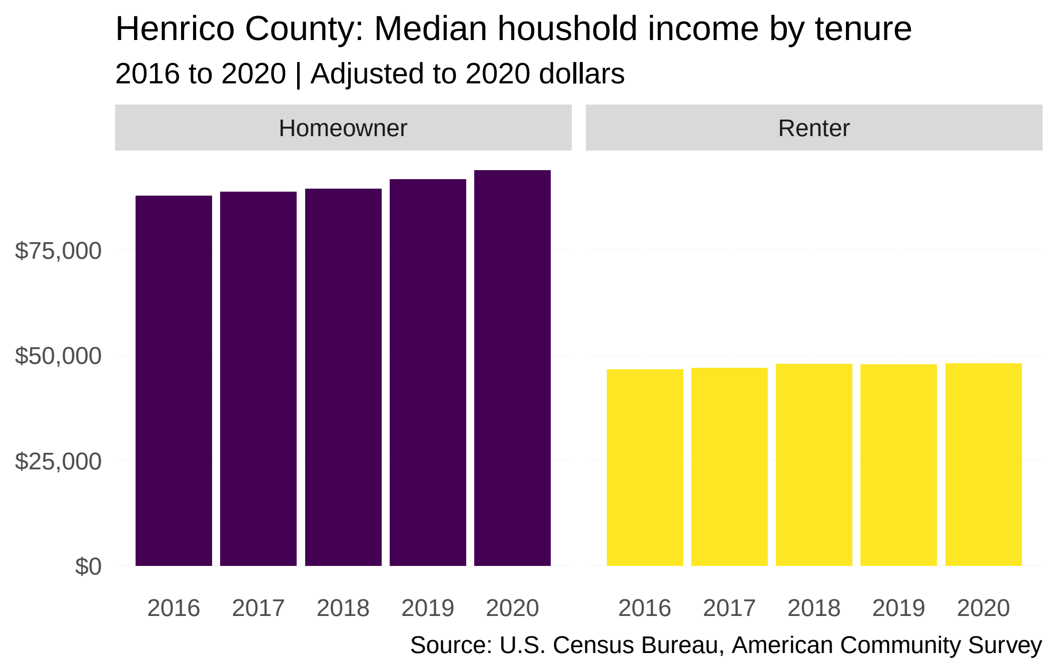


Figure 13.5: Henrico County: Median houshold income by tenure

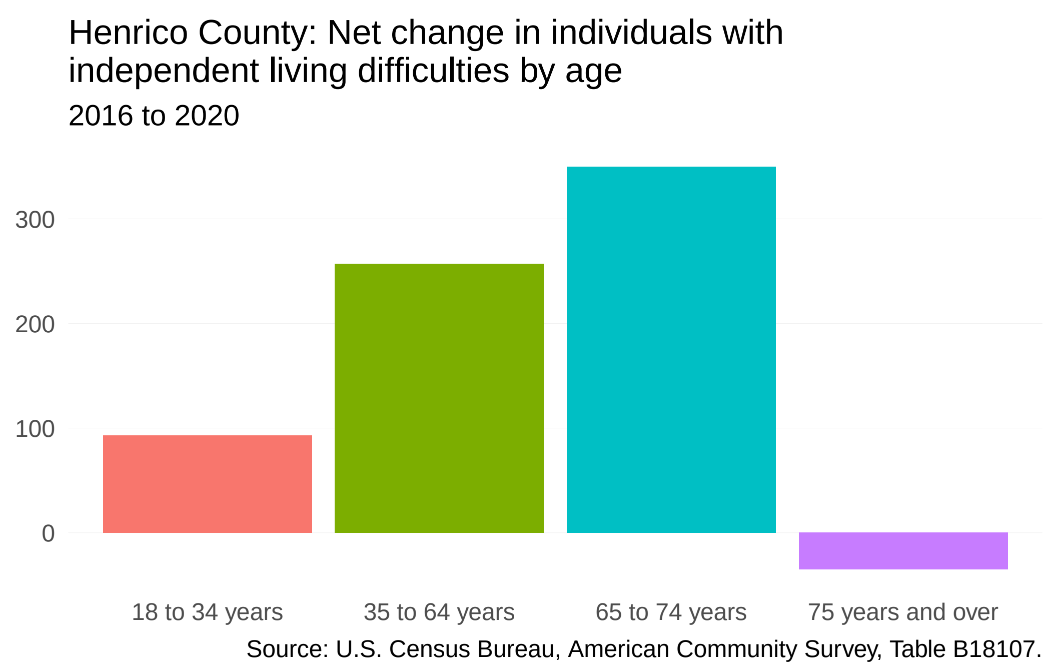


Figure 13.6: Henrico County: Net change in individuals with independent living difficulties by age

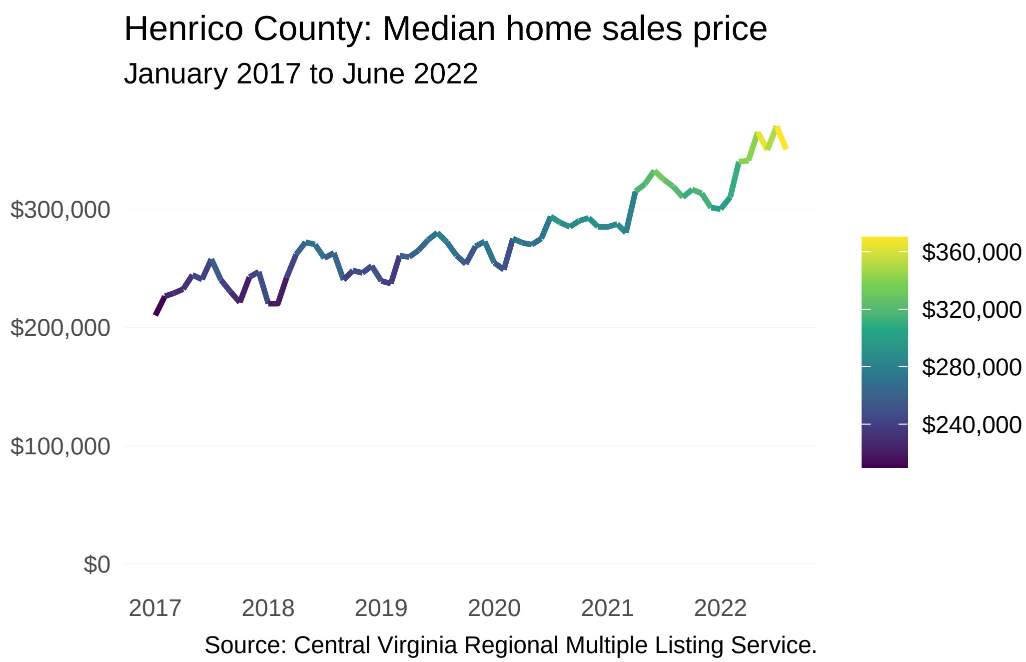


Figure 13.7: Henrico County: Median home sales price

13.3.2 Rental

Based on CoStar multifamily market geographies, Henrico County consists of two distinct rental submarkets: Eastern and Western Henrico County.

As of Q3 2022, the average asking rent for Western Henrico ($1,327) was $302 greater than that of Eastern Henrico ($1,225). Regardless of these differences, both submarkets experienced significant increases in average asking rent since the start of the pandemic. Eastern Henrico had a 27 percent increase, while Western Henrico had a 30 percent increase in average asking rent.

This major rental increase was no doubt a result of tightening rental market amid pandemic eviction protections, as well as an increasing desire to leave denser urban environments during the height of COVID-19.

13.3.3 Housing assistance

Over the last two and a half years, more than 1,202 new affordable rental unit subsidies were added in the county. However, another 918 contracts expired (across four properties), leading to a net gain of just 284 dedicated affordable rental units.

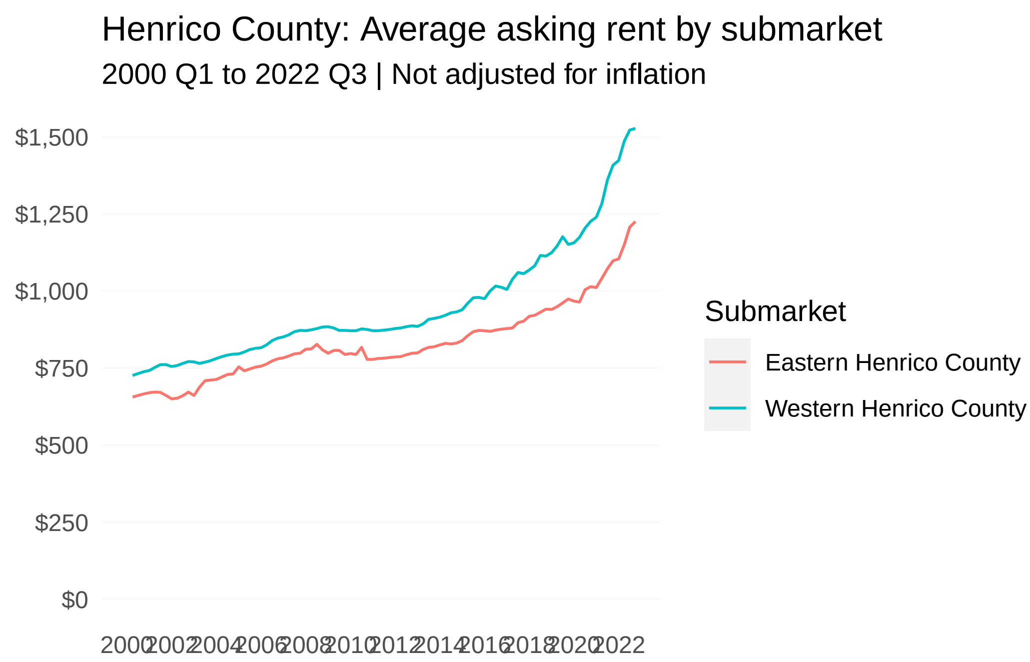


Figure 13.8: Henrico County: Average asking rent by submarket

Table 13.1: Henrico County: Added and removed affordable rental contracts since 2020

	Subsidies	Properties affected	Units included
Added	12	10	1,202
Removed	-4	-4	-918
Net change	**8**	**6**	**284**

Sources: National Housing Preservation Database and Virginia Housing.

13.3.4 Naturally-occurring affordable housing

As defined in this report, there are roughly 8,970 units of naturally-occurring affordable housing in Henrico County. These properties are spread out across 42 different buildings within the county. The majority of these properties are garden-style apartments — typical among NOAH properties.

NOAH properties built in the 1960s command slightly higher rents than those built in later decades. These 1960s NOAH properties are largely located in the highly desirable Tuckahoe area of Western Henrico. Pre-1960s NOAH properties are few and only account for three out of the 42 properties.

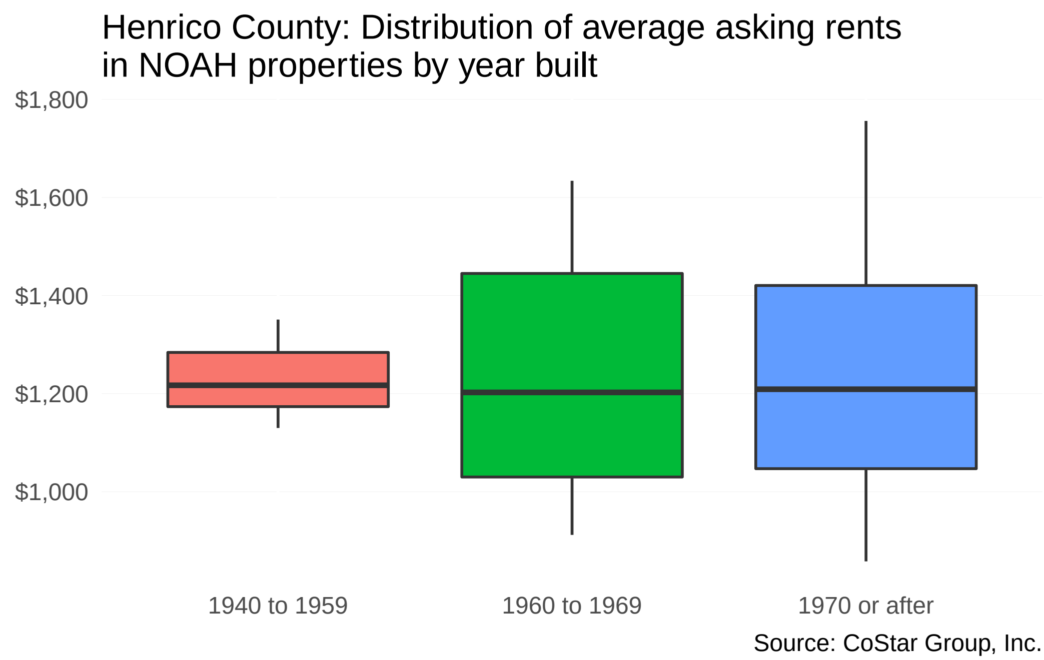


Figure 13.9: Henrico County: Distribution of average asking rents in NOAH properties by year built

13.4 Gap analysis

13.4.1 Affordability of current housing stock

In 2020, the median renter income estimate required a rent of $1,202 to be considered affordable (not more than 30 percent of income). At this point in time, the average asking rent was $1,222 — only $20 more.

The difference between rent affordable to the typical renter and the average rent in the county has been narrowing since 2016 — when the difference was roughly $65.

Although it may seem as Henrico County is becoming more and more affordable to renters, it is increasingly the trend that more and more higher income households are choosing to rent out of necessity or lifestyle preference. As rents continue to rise and wage increases slow, we may soon see that average rents are greater than the median renter household income in Henrico.

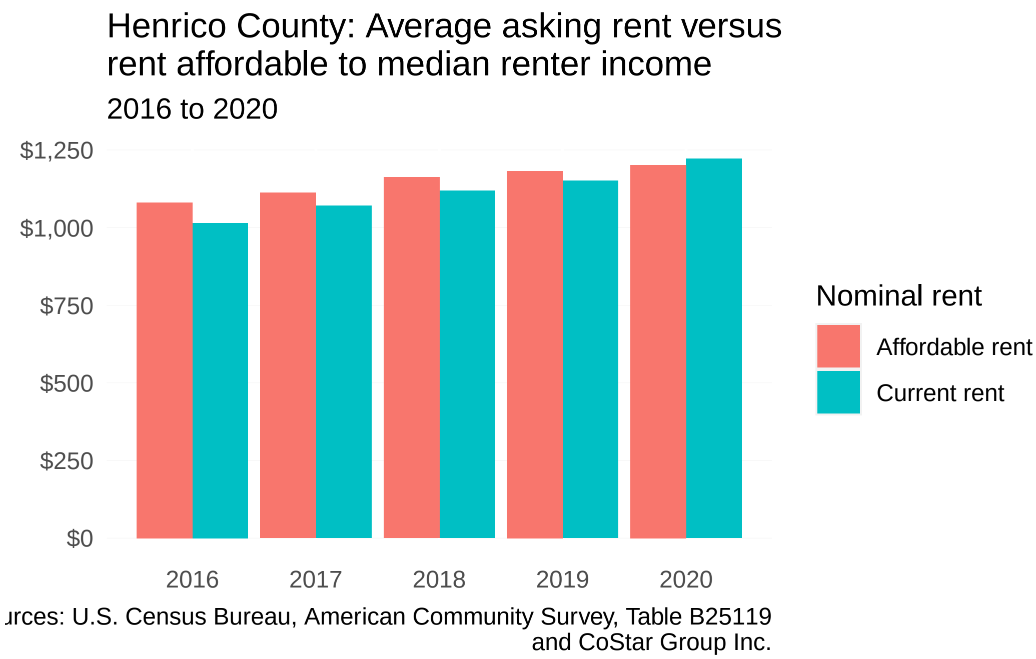


Figure 13.10: Henrico County: Average asking rent versus rent affordable to median renter income

Attaining homeownership has generally been harder with the median renter incomes. Before 2020, average renter incomes were not enough to afford the median-priced home in the county. As rates dropped in 2020, renters could compete more confidently in the market—but this is likely no longer the case as rates (and prices) have risen significantly.

The shortage of rental housing for households making 80 percent AMI and below has grown between 2015 and 2018 — from 12,030 in 2015 to 12,184 in 2018. This deficit increase by 154 rental homes was largely among rental housing between 31 to 80 percent AMI. However, below 30 percent AMI rental housing remains the largest need in the county.

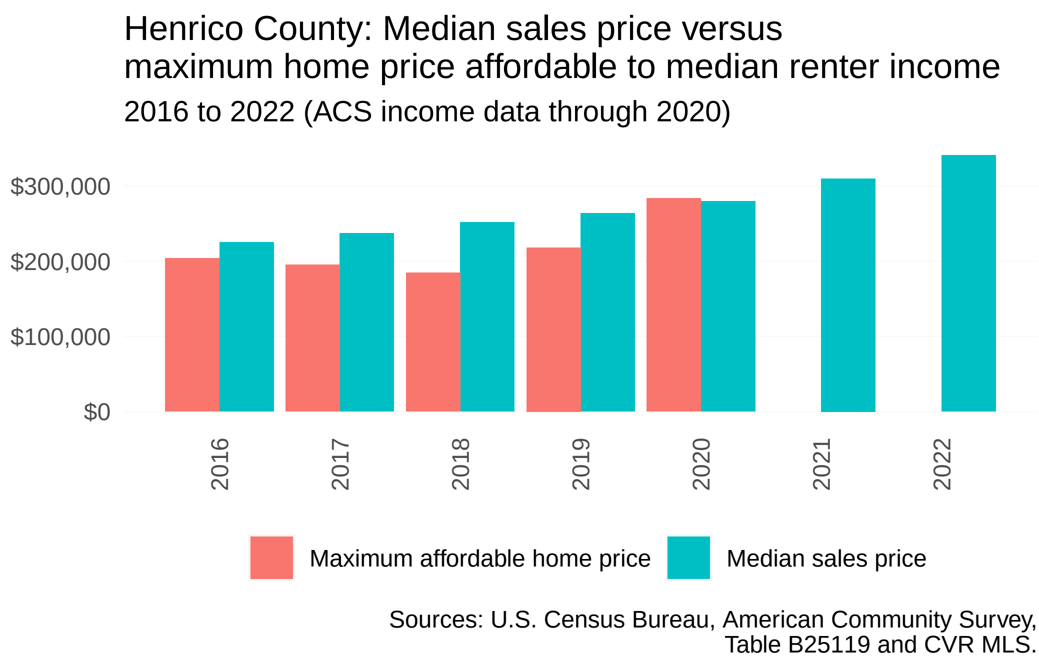


Figure 13.11: Henrico County: Median sales price versus maximum home price affordable to median renter income

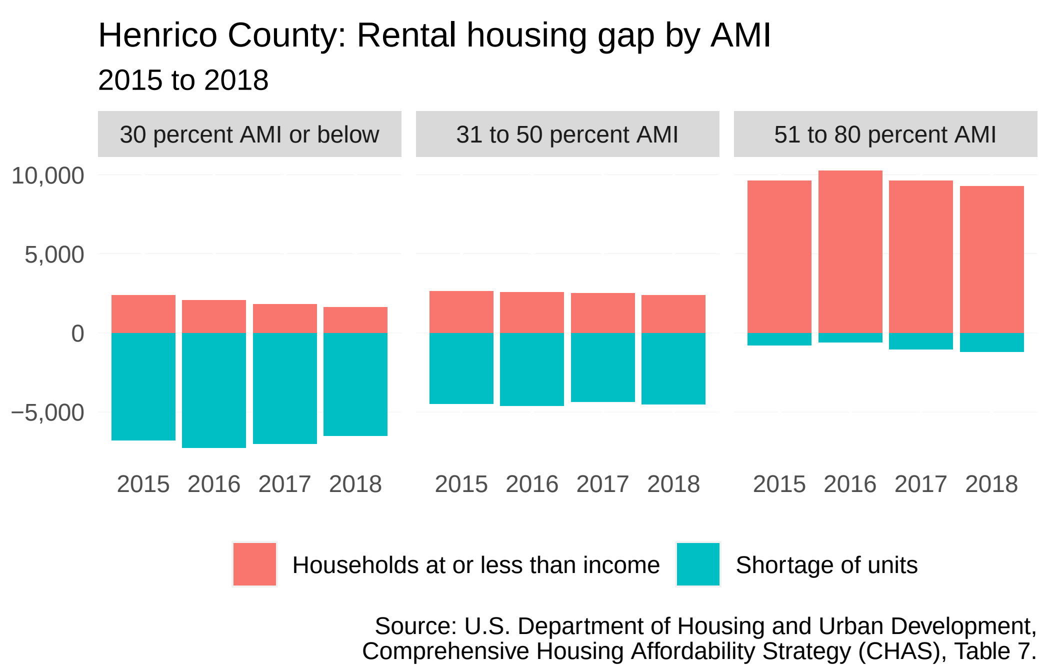


Figure 13.12: Henrico County: Rental housing gap by AMI

13.4.2 Impact of housing costs

From 2015 to 2018, the number of cost burdened homeowners has been on a steady decline — an overall decrease of 1,706 cost burdened homeowners. For renters, there has been an overall increase in cost-burdened renters; a net increase of 163 cost-burdened renters since 2015, but from year-to-year there have been fewer and fewer cost-burdened renters in the county.

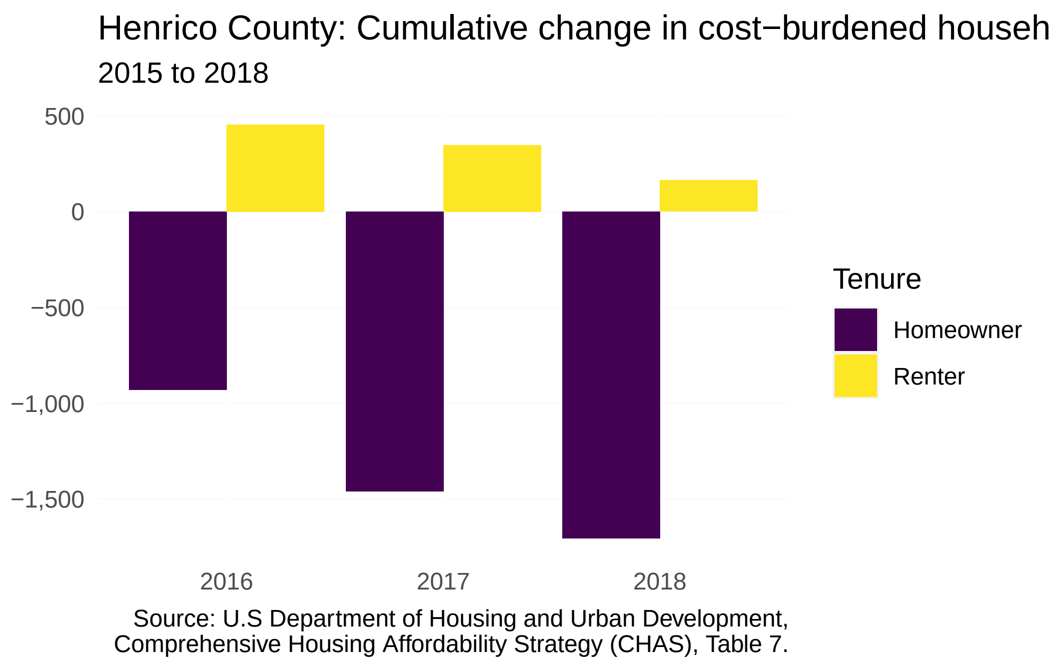


Figure 13.13: Henrico County: Cumulative change in cost-burdened households by tenure

Pre-pandemic eviction filings in Henrico County averaged 933 each month, but since the pandemic eviction filings have dropped to an average of 271 each month. Eviction protections throughout the pandemic led to a 74 percent decrease in the average eviction judgements — from 361 to 93 per month.

Compared to other localities in recent months, Henrico County eviction filings and judgements have remained low in recent months. But as eviction protections are lifted, Henrico County should be wary of any significant increases in filings.

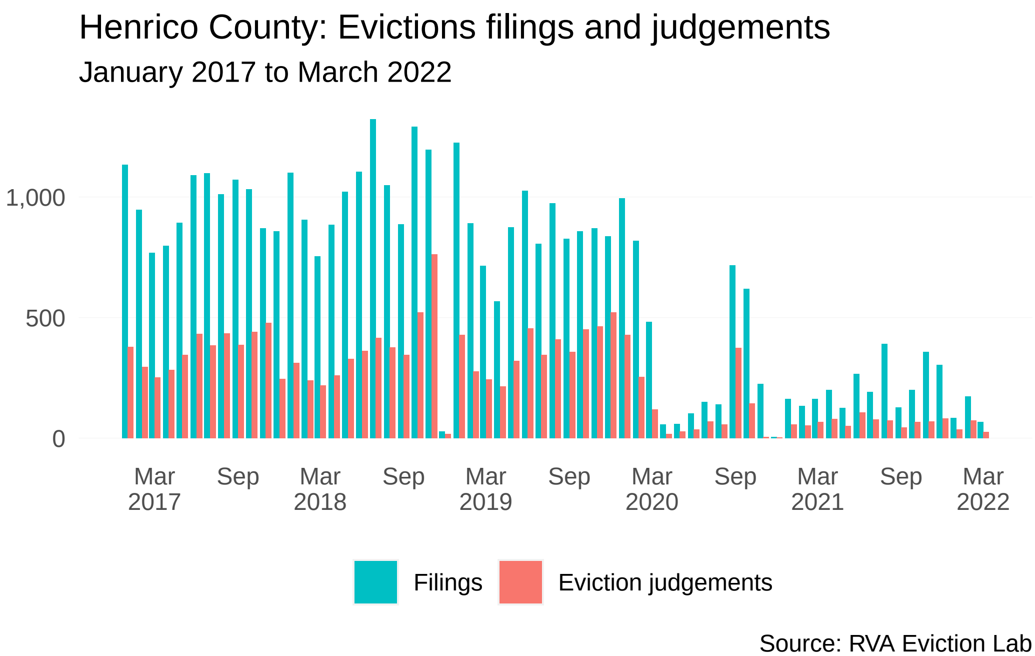


Figure 13.14: Henrico County: Evictions filings and judgements

14 Hanover County

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

14.1 Takeaways

- More and more people are moving into Hanover County from other parts of the region, state, or nation (+1,747), while deaths are outpacing births (-271) from 2020 to 2021.
- Hanover County is losing households with children — both homeowners and renters (-725 between 2016 and 2020).
- There has been a net decrease in households making less than $100,000 — especially among renters (-950) — suggesting growing unaffordability in the county.
- Median home price in the county has increased to well over $400,000 — becoming one of the most expensive localities in the region.
- Rents in the county rose steeply amid the pandemic and record low vacancy rates.
- A household needs to earn nearly $70,000 to afford the median home price in the county in 2020 — roughly $17,000 more than what the typical renter earns.

14.2 Demographic and socioeconomic changes

14.2.1 Population changes

Between 2011 and 2012, Hanover County passed the 100,000 mark and has continued to grow ever since. From 2010 to 2020, the county has grown by 10 percent — an increase of 10,116 residents.

The overwhelming reason for population increases in the last several years has been due to domestic migration. From 2020 to 2021, 1,747 new residents moved into Hanover County from some other part of the region, state, or country. From 2016 to 2019, international migration and natural increases made up a small portion of change compared to domestic migration. But during the 2020 to 2021 period, Hanover County experienced a loss of 271 due to natural decreases (i.e. deaths outpacing births in the county).

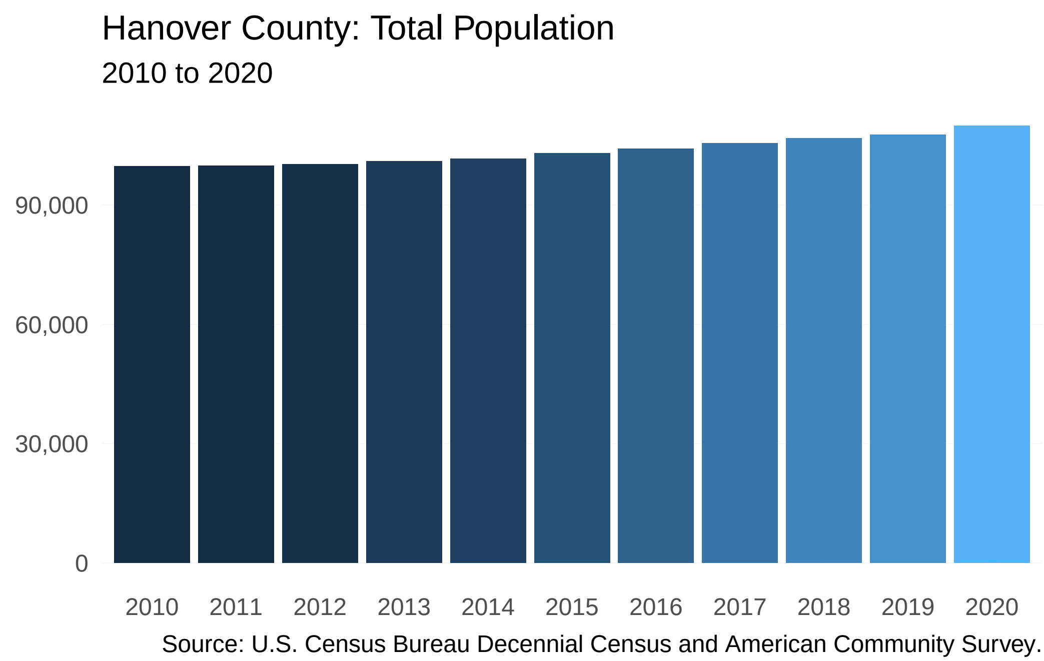


Figure 14.1: Hanover County: Total Population

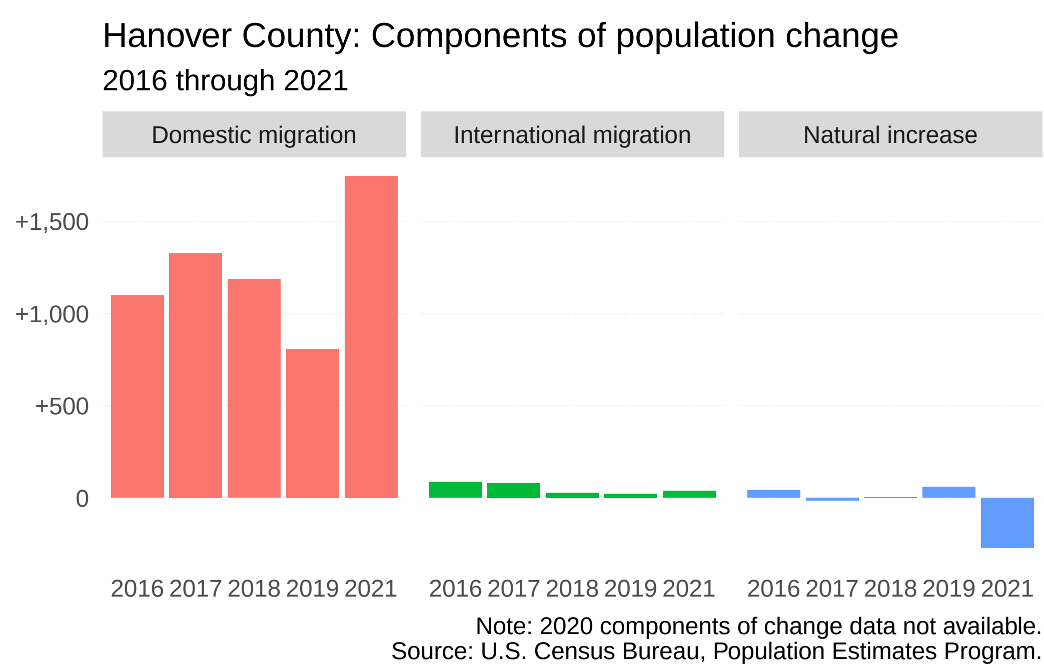


Figure 14.2: Hanover County: Components of population change

14.2.2 Household characteristics

Households with children, both homeowners and renters, have been on the decline in Hanover County. Between 2016 and 2020, there was an overall decrease of 725 households with children. Nonfamily renter households also saw a decline (-226), but nonfamily homeowner households saw the greatest increase of household types during this time period (+1,278).

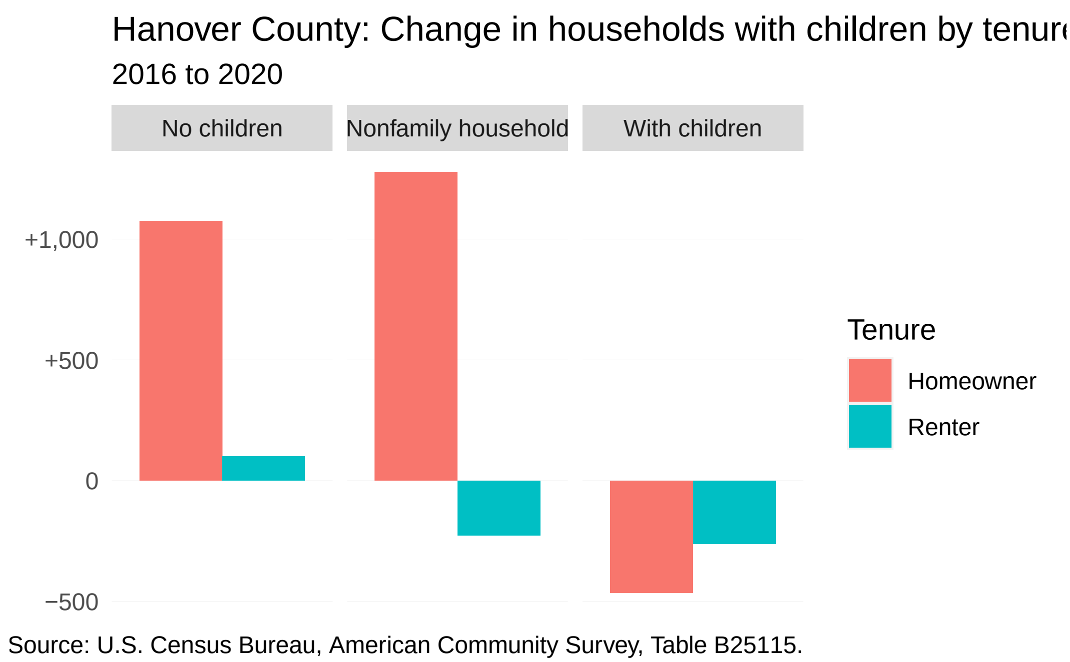


Figure 14.3: Hanover County: Change in households with children by tenure

As with most of the region, the senior population in Hanover County has seen major growth. From 2016 to 2020, the senior population increased by 3,154. Most of this growth has been among seniors living with a spouse (+1,167), followed by seniors living alone (+888).

14.2.3 Income and wages

In Hanover County, there was a $45,460 difference between median homeowner household income and renter household income. The disparity in income has remained steady between 2016 and 2020. But in the county, renter median household income has increased by 19 percent from 2016 to 2020, while homeowners income has only increased by 2 percent.

The growth in median renter household income in the county can be shown to be due to a large decrease in renter households making less than $75,000 and an increase in renters with higher incomes.

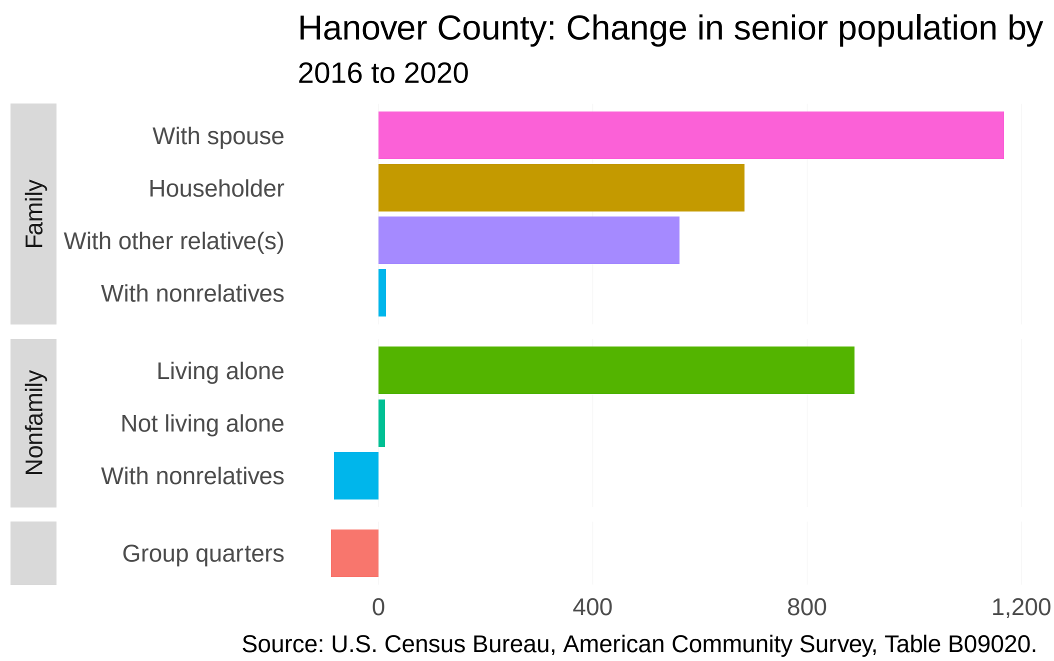


Figure 14.4: Hanover County: Change in senior population by living arrangement

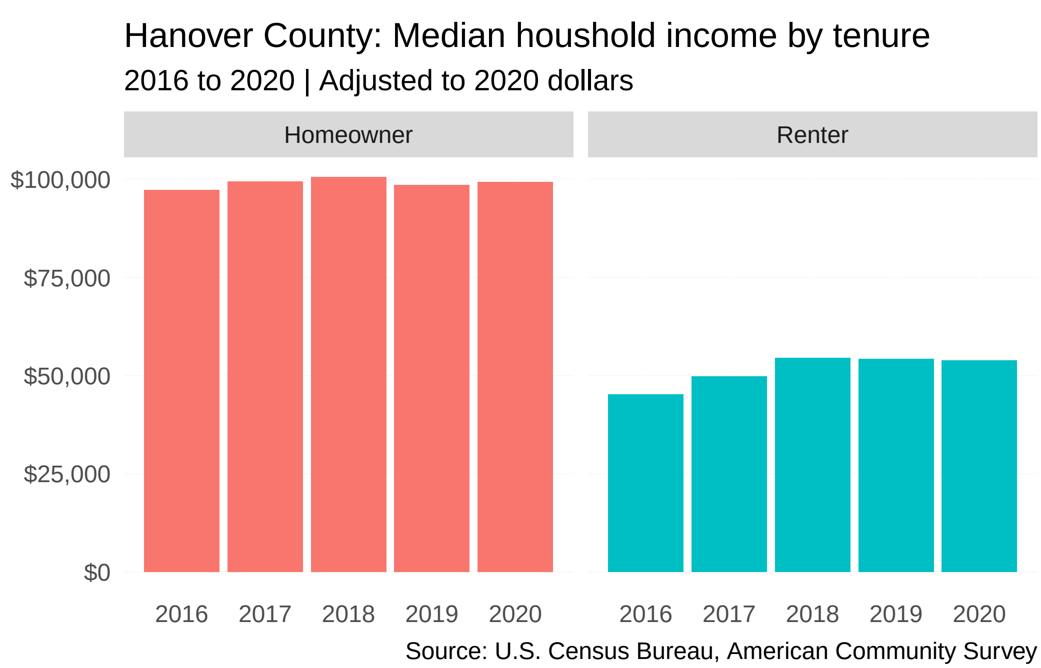


Figure 14.5: Hanover County: Median houshold income by tenure

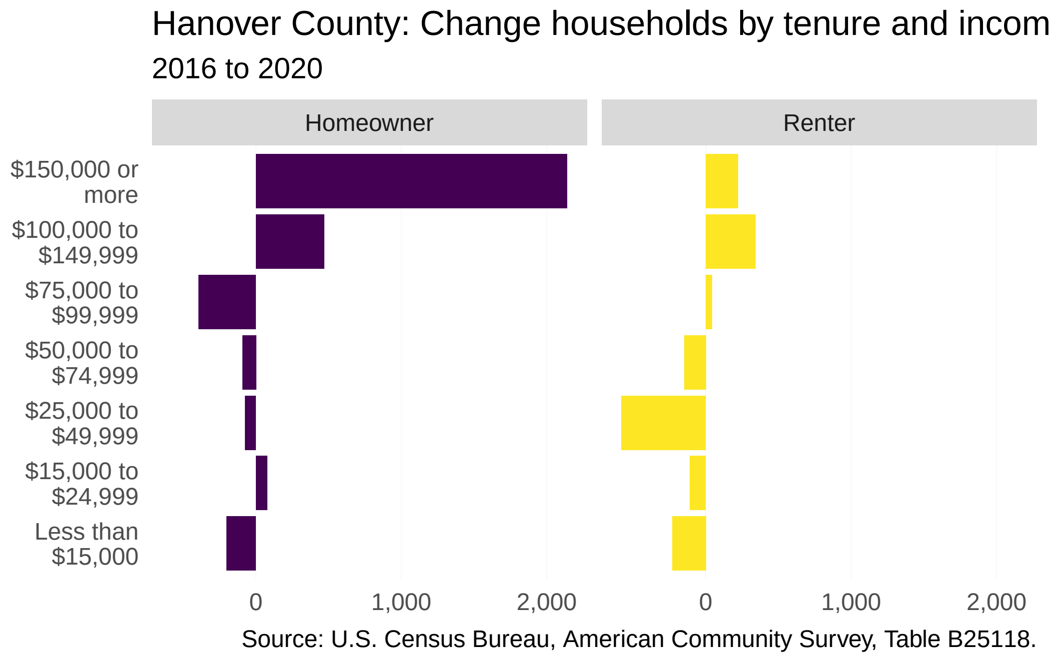


Figure 14.6: Hanover County: Change households by tenure and income level

14.2.4 Persons with disabilities

While other localities have seen significant increases in adults below 65 years old with independent living difficulties, Hanover County has seen the greatest growth among those aged 75 years and older. With a growing number of aging seniors unable to live with comfortably without assistance, there will be a growing need for assisted living facilities and resources to support aging-in-place.

14.3 Housing supply and market changes

14.3.1 Homeownership

During the early part of 2022, median home price in Hanover County passed into the $400,000s. From March 2020 to June 2022, there has been a 32 percent increase in the median home price for the county.

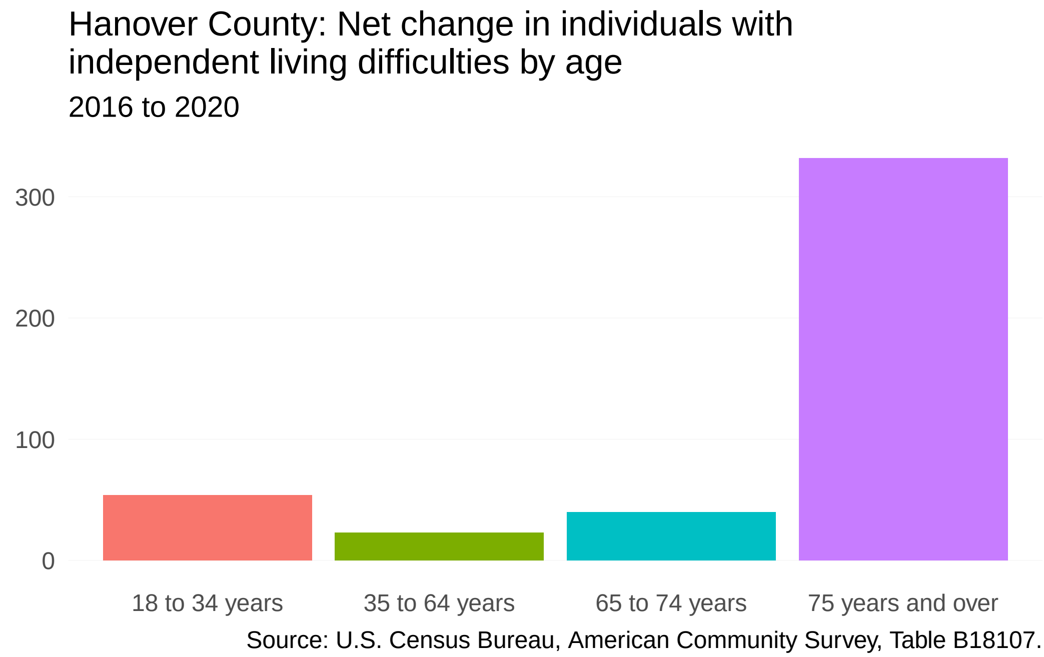


Figure 14.7: Hanover County: Net change in individuals with independent living difficulties by age

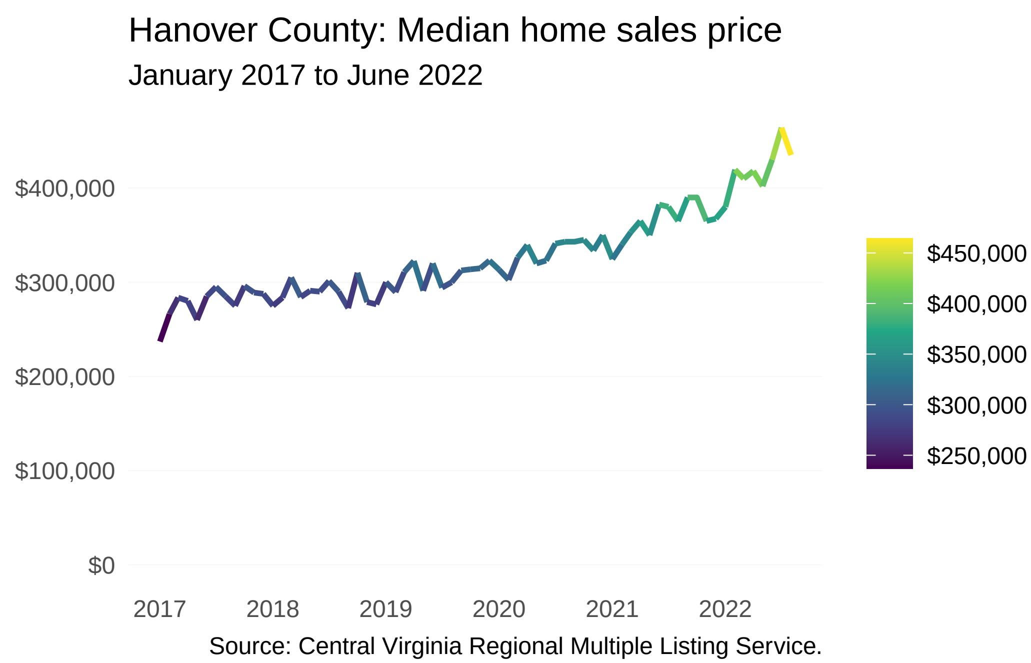


Figure 14.8: Hanover County: Median home sales price

14.3.2 Rental

Rental properties across Hanover County are largely located in the Town of Ashland and along the Hanover-Henrico border near Route 1 and Mechanicsville. The Hanover County rental market has been seen continual average asking rent increases since 2016. From the end of Q3 2021 to Q3 2022, rents in Hanover County grew significantly from $1,272 to $1,492 — a 17 percent increase. During this time, the Hanover County rental vacancy rate dropped well-below 1 percent.

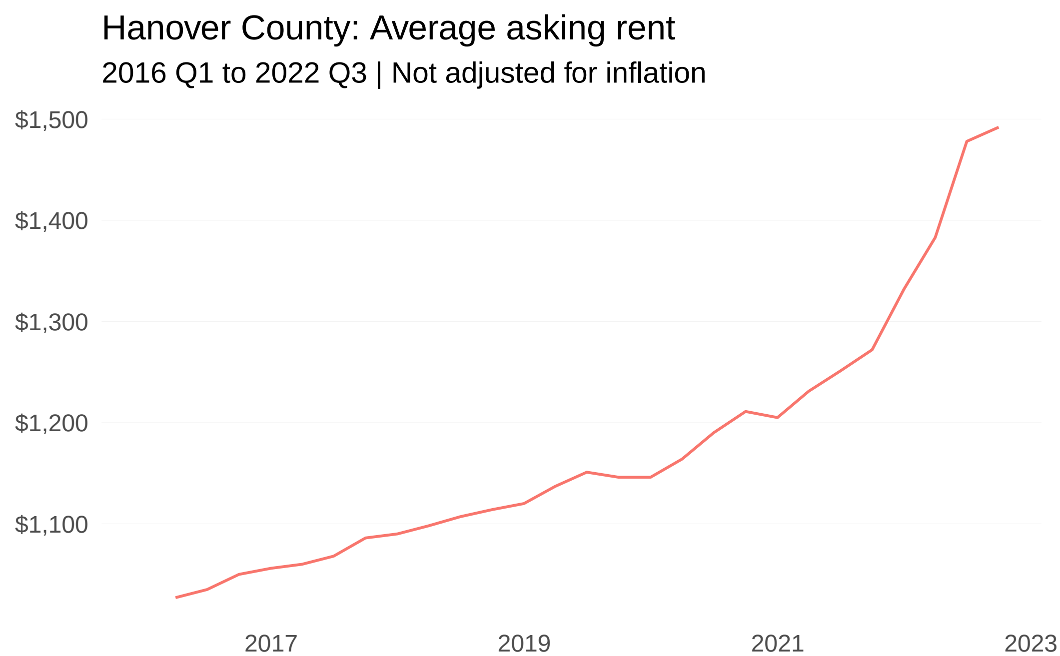


Figure 14.9: Hanover County: Average asking rent by submarket

14.3.3 Housing assistance

Over the last two and a half years, almost 500 new affordable rental unit subsidies were added in the county. Another 100 contracts expired (across just one property), leading to a net gain of 389 dedicated affordable rental units—more than Henrico County over that same period.

14.3.4 Naturally-occurring affordable housing

As defined by this report, there are only five NOAH multifamily properties located in Hanover County. Across these five properties there is a total of 492 rental units. NOAH properties in Hanover County were built between 1966 and 1987.

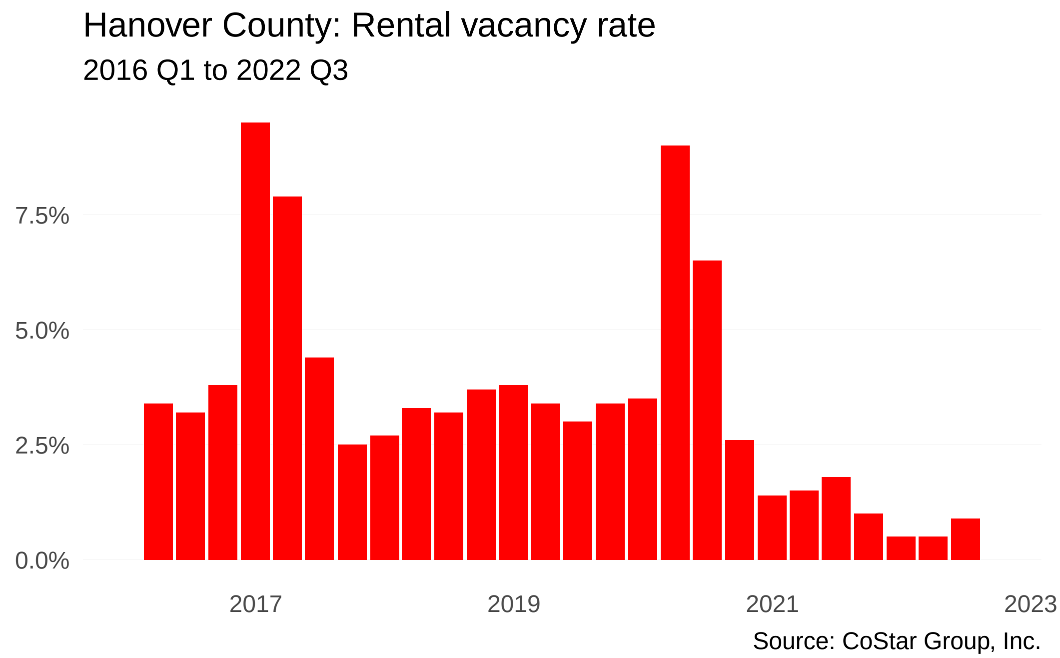


Figure 14.10: Hanover County: Rental vacancy rate

Table 14.1: Hanover County: Added and removed affordable rental contracts since 2020

	Subsidies	Properties affected	Units included
Added	5	4	489
Removed	-1	-1	-100
Net change	**4**	**3**	**389**

Sources: National Housing Preservation Database and Virginia Housing.

Table 14.2: Hanover County: NOAH properties

Property name	Year built	Estimated units
Ashland Towne Square Apartments	1973	218
LakeRidge Square Apartments	1987	156
Signal Hill Apartments	1966	68
Windmill Way Apartments	1987	50

Table 14.3: Manufactured home communities in Hanover County

Community name	Estimated units
Sedgefield Manufactured Home	247
Colonial Estates	115
Kosmo Village	92
Palm Leaf Mobile Home Park	43

This estimate does not include four manufactured home communities located in the county — which include a total of 497 homes. Based on the Manufactured Home Community Coalition of Virginia's assessment of manufactured home communities in Central Virginia, these four communities are relatively stable.

14.4 Gap analysis

14.4.1 Affordability of current housing stock

In 2020, median renter household income was $53,832. A household at this income would need an estimated rent of $1,345 to not be cost-burdened. In comparison to average asking rent in the county, the typical renter could afford the the average rent by more than $200. This could be a reflection of the growing number of higher income renters coming into the county as previously noted.

Attaining homeownership has generally been harder with the median renter incomes. Before 2020, average renter incomes were only enough to support home prices that were tens of thousands below the median-priced home in the county. As rates dropped in 2020, renters could compete more confidently in the market—but this is likely no longer the case as rates (and prices) have risen significantly.

In spite of growing income among renters in the county, there was a shortage of 1,705 rental units for households making less than 80 percent AMI. This is a decrease from 2015 when the shortage was 1,840, but still represents a significant number of Hanover renters living in housing that is too expensive for them.

The deficit has decreased across all income levels below 80 percent AMI, but the below 30 percent AMI income group remains the most in need of new affordable rental options.

14.4.2 Impact of housing costs

In spite of the continuous increase in housing costs in Hanover County, there has been an overall decreaes in the number of cost-burdened households from 2015 to 2018. As of 2018, there were 1,061 fewer cost-burdened homeowners and 325 fewer cost-burdened renters.

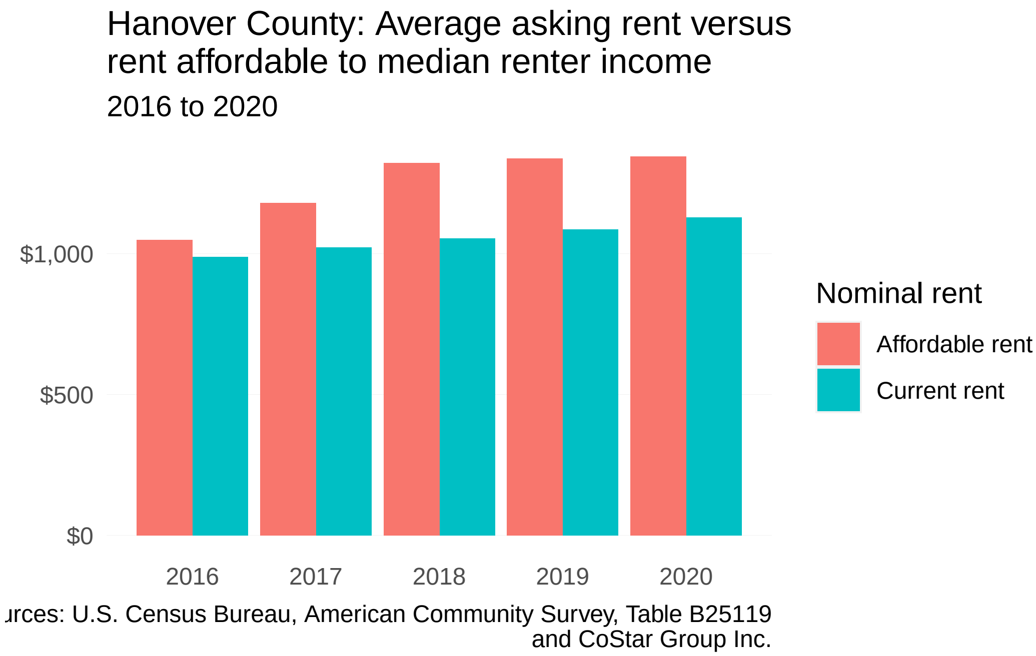


Figure 14.11: Hanover County: Average asking rent versus rent affordable to median renter income

With fewer renters in the county, there have also been fewer eviction filings and judgements preceding the pandemic. Before the pandemic, Hanover County barely saw more than 75 eviction filings in a given month.

During eviction protections of the pandemic, filings dropped below 20 a month, while eviction judgements dropped below 10. As new data is released, Hanover County should watch carefully for sudden increases.

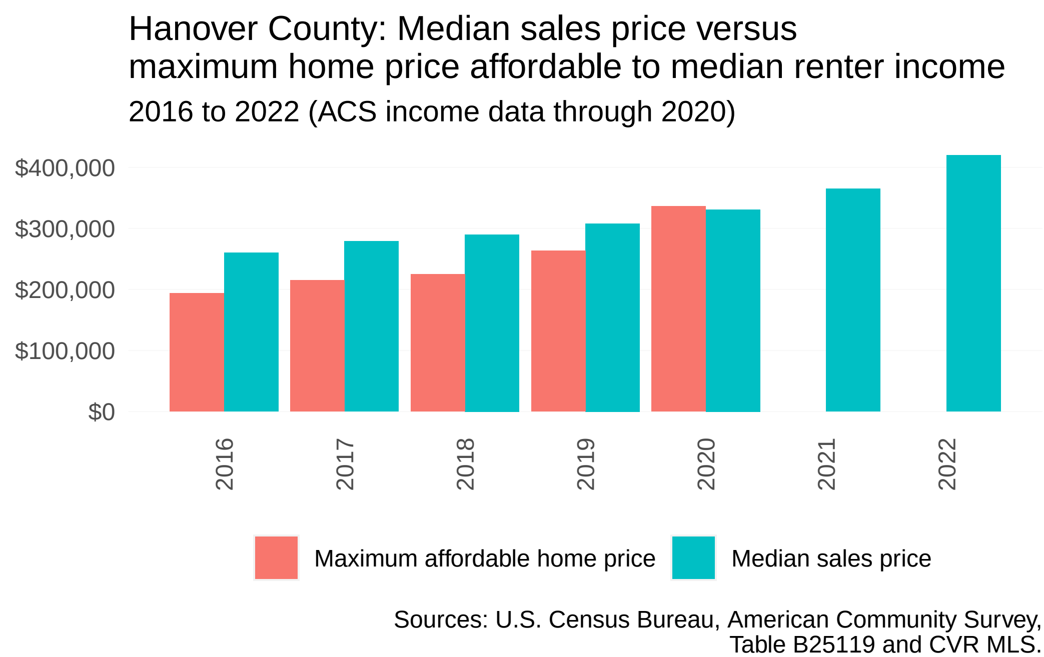


Figure 14.12: Hanover County: Median sales price versus maximum home price affordable to median renter income

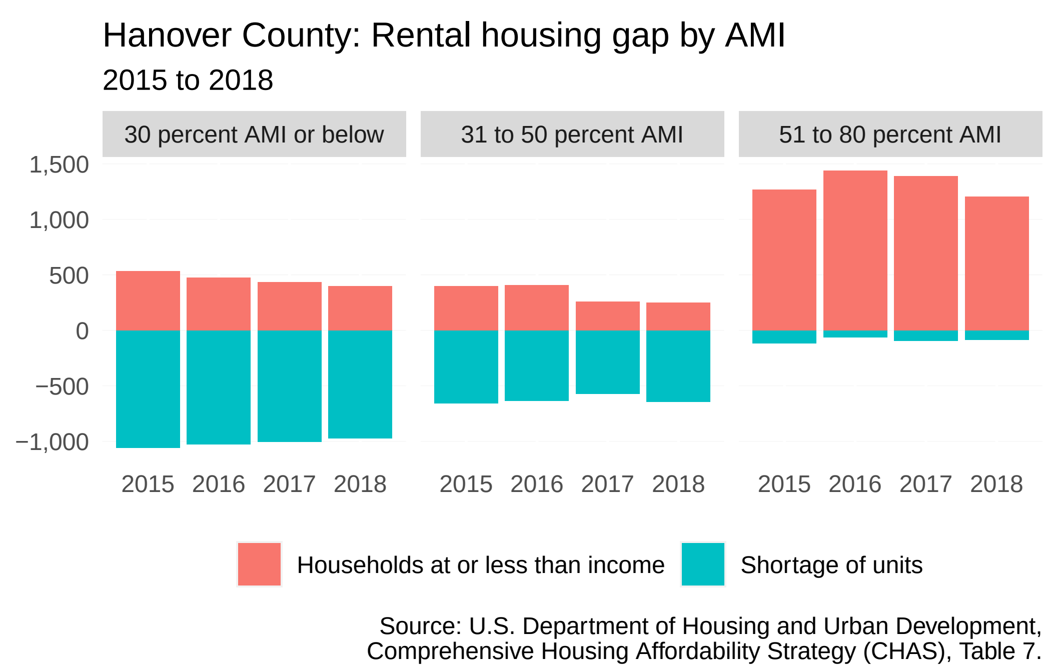


Figure 14.13: Hanover County: Rental housing gap by AMI

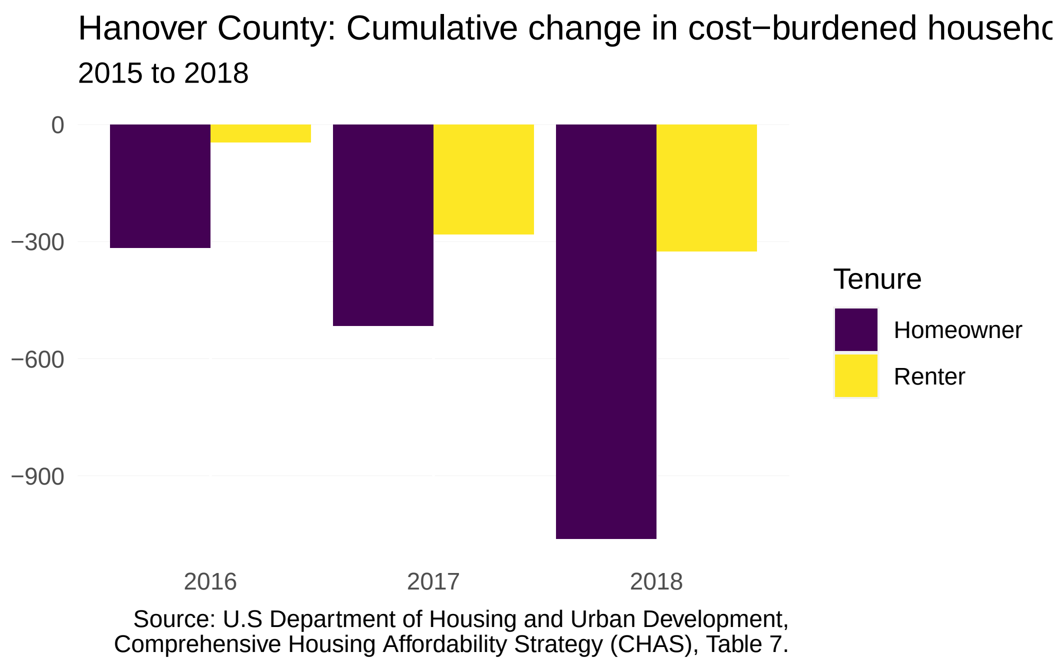


Figure 14.14: Hanover County: Cumulative change in cost-burdened households by tenure

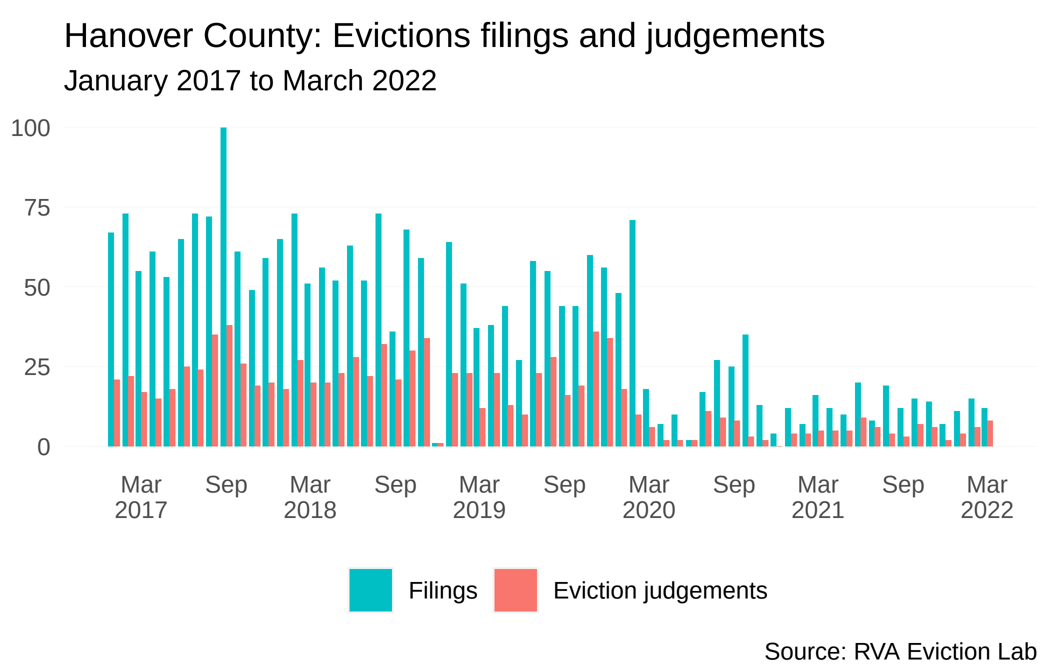


Figure 14.15: Hanover County: Evictions filings and judgements