Virginia Beach Housing Study Update

Virginia Center for Housing Research

HousingForward Virginia

November 9, 2023

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# About

ADD BRIEF INTRO

# Executive summary

Virginia Beach’s housing market has improved substantially since a [previous study in 2016](https://s3.us-east-1.amazonaws.com/virginia-beach-departments-docs/housing/AboutUs/PlansReports/Virginia-Beach-Housing-Needs-Assessment-and-Market-Analysis.pdf): Median price has increased 36%, and days on the market sits at 40, indicating a balanced market. Sellers can feel confident that they will sell their home in a reasonable amount of time, and buyers have time to consider multiple properties and not feel pressured to waive inspections. The rental market shows a similar balance, with a vacancy rate of approximately 5%, meaning lease-up is not an issue for property managers and most renters can shop for well-managed properties. However, the market is trending toward tightness, and gaps in the housing stock persist.

There are too few rental units affordable to households with very-low income, many of whom work in the city’s top 10 occupations (by employment) and who must accept housing cost burdens to retain housing in the city. Furthermore, a shortage of higher-end units puts pressure on the stock priced within $500 of the median. Many of the rental units that would be affordable to low- and moderate-income households are occupied by households making higher incomes.

Similarly, the city needs more homeownership opportunities for low- and moderate-income households. Focus group participants explained that households needing unconventional financing (e.g., FHA, VA, or Virginia Housing financing) are disadvantaged in the tightening market. Approvals for these loans take longer, and condition requirements make it harder for home buyers who are “taking what they can get.” Participants described families earning too much to qualify for support but still unable to afford to buy a home. When working households don’t have the opportunity to build wealth in Virginia Beach, they will seek housing elsewhere, making it hard for Virginia Beach businesses to attract and retain workers.

To sustain market health and support existing and new businesses, the City must strategically address housing gaps by supporting the addition of appropriate, attainable housing options. This study provides specific policy and programmatic solutions to address Virginia Beach’s housing needs. These recommendations are organized into three distinct but complementary groups: Strategic Priorities, Easy Wins, and Background Work. Strategic Priorities focus on long-term systemic change. They include establishing a Housing Trust Fund as a sustainable financial backbone for affordable housing initiatives and using recently expanded powers of the City of Virginia Beach Development Authority to develop large-scale projects that simultaneously stimulate economic growth and affordable housing opportunities. In addition, a well-designed housing education campaign would give residents a rich, well-informed perspective on housing issues across Virginia Beach.

Easy Wins offer quicker, more straightforward solutions that can make an immediate difference. Creating a new Housing Assistance Fund would directly benefit important workers and their families who may be struggling to find homes that meet their needs and budgets. Leveraging the Virginia Statewide Community Land Trust could also bring near-term benefits by introducing permanently affordable homeownership opportunities.

Background Work includes important tasks needed within current and future planning efforts to prime Virginia Beach’s core operations in support of its long-term housing goals. These include exploring innovative financing models for mixed-income, mixed-use developments; streamlining permitting and review processes; and establishing a diverse stakeholder group to transform housing elements within the City’s upcoming comprehensive plan into new zoning regulations that promote — not hinder — housing affordability.

The full descriptions of each solution offer realistic implementation steps for city leaders, staff, and other partners to follow. While these recommendations are tailored specifically to Virginia Beach, relevant examples of best practices from different communities — both in Virginia and in other states — are included for inspiration.

Informed by thorough analysis of housing market dynamics and meaningful community engagement, this study is a roadmap to lead Virginia Beach toward greater economic opportunity and community stability by making it easier for residents to find, afford, and thrive in their homes.

# Preface

## About VCHR & HFV

The [**Virginia Center for Housing Research at Virginia Tech (VCHR)**](https://mlsoc.vt.edu/research/vchr.html) was created by the Virginia General Assembly and Virginia Tech in 1989 to respond to the housing research needs of Virginia and the nation. In its 25-year record of performance, VCHR has established an unparalleled reputation for high-quality research on affordable housing that integrates policy, building technology, and the housing industry. In response to every request, VCHR identifies the best talent within Virginia Tech and beyond providing the capacity, talent, and drive to deliver the best proposal possible. VCHR works with multiple partners and sponsors to fulfill its mission within the commonwealth, including Virginia Housing, DHCD, HousingForward Virginia, and the Virginia Association of Realtors®.

[**HousingForward Virginia (HFV)**](https://www.housingforwardva.org/) is a Richmond-based 501(c)3 nonprofit organization that serves as the commonwealth’s trusted resource for knowledge and insight on affordable housing. HFV is led by a diverse board of directors representing Virginia’s geographies and housing stakeholders. Advocates, planners, developers, and mission-aligned organizations rely on HFV to understand challenges, build solutions, and advance their work. For more than a decade, HFV has helped complete numerous local, regional, and statewide housing studies in Virginia, often in partnership with VCHR. Its collective expertise in policy, finance, and research helps practitioners translate information into meaningful action.

## Acknowledgements

This study benefited from data and input from the Real Estate Information Network (REIN), Virginia Beach city staff, Virginia Beach City Council members, focus group participants, and Virginia Beach residents and workers.

REIN provided historic sale data, which is the best data source for analyzing for-sale housing market trends and a fundamental component for estimating housing costs in VCHR’s Naturally Occurring Affordable Housing (NOAH) analysis.

Virginia Beach staff provided data such as the number of dedicated, affordable housing units and real estate assessment data and analysis. They also coordinated and led public engagement sessions; participated in focus groups and supported note-taking; and provided significant feedback and input as the study team refined content and developed potential solutions.

Many Virginia Beach City Council members participated in study interviews to share housing challenges experienced by constituents in their districts, as well as offering their own perspectives as residents, workers, business owners, and committee members. The Virginia Beach City Council also actively contributed feedback and input on study deliverables.

Virginia Beach residents, business owners, service providers, developers, and others participated in the study’s qualitative information gathering process, helping to ground the study in real-life examples of housing-related challenges and concerns. Input from participants in public engagement sessions and expert focus groups helped the study team assess the validity of data analysis and focus policy and program recommendations on the priorities of residents and on the challenges faced by the businesses, organizations, and agencies that serve the city.

## Scope of Work and Process

The City of Virginia Beach requested that VCHR and HFV replicate the housing market analysis and housing needs assessment from the prior, 2016 study, including housing stock characteristics and household characteristics. In addition to study updates, the City requested an analysis of “naturally occurring” affordable housing, an analysis of workforce affordability, and significant public engagement.

The study process began with public engagement. VCHR collaborated with Virginia Beach staff to conduct public meetings and to deploy an online questionnaire for residents via the Virginia Beach town hall online platform. VCHR hosted a training to prepare Virginia Beach staff to facilitate VCHR’s public engagement design, which featured small group discussions. Virginia Beach staff coordinated meetings across the city, facilitated meetings, and took notes. VCHR analyzed meeting notes to draw out shared concerns and themes of the discussion.

VCHR also engaged local experts such as builders, developers, REALTORS, lenders, housing service providers, employers, business groups (i.e., resort area contingency and Town Center business), and school representatives. These important stakeholders in housing helped the research team understand housing-related challenges and opportunities. Virginia Beach staff recruited and scheduled these focus groups, while VCHR facilitated each group and identified themes and critical pieces of information from the groups as a whole.

Following data collection and analysis, VCHR collaborated with HFV to interview each Virginia Beach sitting councilmember as their schedules permitted. Interviews with councilmembers had a dual focus: (1) collecting information about housing challenges by district and perceptions regarding the role of housing in the broader well-being of the city, and (2) understanding perspectives on policy and programs to gauge councilmembers’ willingness/inclination to make policy or dedicate funds and other resources.

HFV led the development of policy recommendations for the study. HFV examined recommendations from the previous study to determine which strategies have been implemented in full, in part, or not at all. Using data analysis from VCHR and information gathered from public engagement, focus groups, and Virginia Beach staff and councilmember interviews, HFV assessed whether any of the recommendations from the prior study or existing programs should be continued, expanded, or changed. HFV worked with VCHR and City staff to develop a preliminary list of housing priorities to be addressed by solutions in the plan update and — in consultation with VCHR and city staff — proposed initial solutions ideas to the city council. Following refinement, a second presentation, and approval, HFV drafted full strategy proposals, including example best practices.

HFV developed 8 detailed policy/program recommendations. Elements of each solution include:

1. A high-level summary of how the strategy works and how it will address the city’s housing priorities
2. A detailed description that explains the specific mechanics of the policy or program solution
3. A list of entities responsible for planning, implementing, and monitoring the solution
4. A timeframe for implementation and immediate next steps
5. Funding sources and opportunities (if required)
6. Methods for tracking progress and measuring success
7. Successful examples and best practices from comparable communities

# 1. Introduction

*Major changes since 2016*

The 2016 study, which analyzed 2014 data, reflected a housing market recovering from the 2008-2009 Great Recession and struggling to respond to housing preferences for millennials, who succeeded baby boomers as the largest living generational cohort. The 2016 study identified lagging demand as a threat that could exacerbate underinvestment in housing.

However, since 2016, demand for housing in Virginia Beach has continued to recover, with average days on the market declining by over 50%. A healthier balance between supply and demand incentivizes both homeowners and investors to maintain and upgrade their homes. The new risk is a tightening market. In a tight market, first-time and moderate-income buyers are often edged out in the for-sale market by buyers paying cash or making offers well above asking prices. In addition, the for-rent market is overextended, forcing tenants to compete for units by accepting poor conditions and management.

Housing cost burden – when housing costs consume 30% or more of a household’s income – fell 11% between 2014 and 2021. While 2014 data reflected the lingering impact of the Great Recession, when unemployment and wage growth had not yet returned to pre-Crash levels, 2021 data reflects the mixed impact of the COVID-19 pandemic on the housing market. On one hand, the pandemic triggered a serious economic shock heavily impacting the tourism and hospitality sectors central to Virginia Beach’s economy. On the other hand, the shock was met with an unprecedented expansion of unemployment benefits, direct economic stimulus, business support, and rental assistance providing meaningful relief to many struggling households. Relief such as the Child Tax Credit and emergency rental assistance was still active and therefore reflected in the 2021 data. However, it’s likely that as these assistance programs expired, lower-income households have will increasingly struggled with affordability in a way that is only just being reflected in the 2022 national data as this report is being finalized.

ADD TABLE: Changes to Major Housing/Household Measure 2014-2021

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| Millennials and Boomers |
| The 2016 study paid particular attention to generational differences in housing preferences between millennials and baby boomers. Housing preference research suggests that millennials as a group prefer walkable, transit-oriented built environments to a greater degree than preceding generations. However, Myers suggests that the unprecedented urban migration of millennials in the late 2000s and early 2010s may have resulted from a synchronization of life cycle, business cycle, and housing market cycle, and is now reversing.[[1]](#footnote-33)  The number of millennial households grew by 30% between 2014 and 2021, from approximately 40,229 to 52,131, reflecting the cohort’s move further into peak household formation. The number of millennial households living in single-family detached houses increased by 84%, from approximately 12,051 in 2014 to 22,168 in 2021. The number of boomer-headed households decreased by 7% and the number of boomer-headed households in single-family detached houses decreased by 11%, indicating a transition to attached and multi-family housing.  The share of millennial-headed households in single-family detached houses increased by 13 percentage points, while the shares living in single-family attached and multifamily dwellings fell by 5 and 7 percentage points, respectively. The share of boomer-headed households in single-family detached houses decreased by 3 percentage points, while the shares living in single-family attached and multifamily dwellings rose by 2 points and 1 point, respectively.  Since the 2016 study, members of the baby boomer generation have moved more fully into retirement years. A greater share of this cohort now lives in homes owned free and clear, from 17% in 2014 to 25% in 2021. However, the considerably higher costs of other forms of tenure may discourage boomer homeowners from transitioning to housing more suitable to aging in place, or from downsizing and thereby increasing the supply of owner-occupied housing available to younger households. Furthermore, older adults are the most likely to live alone, and housing cost burden is pervasive among older, one-person households. As baby boomers age, the need for affordable senior housing in Virginia Beach will continue to grow. |

# 2. Data and methodological notes

## 2.1 Quantitative analysis

The [American Community Survey (ACS) Public Use Microdata Sample (PUMS)](https://www.census.gov/programs-surveys/acs/microdata/access.html) is VCHR’s main source of information on city households, including demographic profile (e.g., family size, family type, householder age); occupancy characteristics (e.g., number of occupants, presence of children, seniors, elderly, and/or people with disabilities); and tenure (i.e., whether the household rents or owns the home where they live). The ACS PUMS also enables VCHR to create custom tabulations of U.S. Census data: households headed by a millennial, households headed by a baby boomer, households with one or more senior members, households by income, etc. VCHR analyzed five-year estimates from 2021, the most recent data year at the time of writing. In limited circumstances, VCHR used one-year data for analysis but has reported five-year data throughout the report for consistency. One-year estimates were not reliable for many sub-population measures.

In rare instances, VCHR used the ACS published tables to conduct analysis over time. Household non-response increased substantially in the ACS during the COVID-19 pandemic because of the challenges of conducting a household survey, especially for households with lower socioeconomic status — those most likely to experience housing cost burden and other housing-related challenges. Although the Census Bureau has refined its methodology to reduce the effect of non-response bias owing to the COVID-19 pandemic, the organization still labels 2020 data as experimental. As such, VCHR has omitted 2020 ACS data from longitudinal analysis and, where necessary, represented the period from 2019 to 2021 as a broken line.

VCHR used a special ACS tabulation called Consolidated Housing Affordability Strategy (CHAS) data to estimate the degree to which economic means of households are matched with affordability of the housing supply. The housing affordability gap analysis can be found in the [“Housing Affordability”] section of the report. The CHAS data designates each unit as affordable to specific income levels based on the size of the unit, the unit’s value or rent, and the level of income required for a household of corresponding size to affordably rent or own the unit. The CHAS tabulation also provides data on the income levels of occupants currently living in units at each unit affordability level.

VCHR used 2020 OnTheMap data from the U.S. Census Bureau’s Center for Economic Studies to analyze commuting patterns and identify groups that disproportionately commute into the city for work. VCHR described the inflow and outflow of workers in the city and documented trends of note by worker’s income, age, and industry. Full details can be found in the [“Workforce Housing Affordability”] section of the report.

VCHR’s workforce housing affordability analysis compares maximum affordable housing costs by occupation to city housing costs to determine which workers may struggle to afford housing in the city or may commute from outside the city because they cannot find appropriate, affordable housing close to their job.

Using May 2022 annual wage data of the Virginia Beach-Norfolk-Newport News MSA from the Bureau of Labor Statistics, VCHR calculated maximum affordable monthly housing costs (30% of monthly income) for each occupation using three scenarios:

* A single earner with a median wage
* A single earner with a 90th percentile wage to represent highly skilled or experienced workers
* Two earners with a median wage for a single occupation to represent a dual-earner household

VCHR used 2021 ACS survey data on median gross rent and median selected monthly owner costs with a mortgage to define housing costs. Full details regarding the workforce housing affordability analysis methodology can be found in [Appendix X.]

The concept of *Naturally Occurring Affordable Housing* (NOAH) has gained attention as home prices and rents increase rapidly and as housing affordability, from both homeownership and rental perspectives, remains a pressing concern for residents in many cities. NOAH refers to affordable housing units that arise in the marketplace without specific incentives or regulations.

VCHR used FY 2022 Income Limits from the Department of Housing and Urban Development (HUD) to categorize affordability levels for 145,498 units in Virginia Beach assessment data. The NOAH analysis is driven by two primary objectives:

1. To realistically gauge the costs for low- to moderate-income households to own a home and to evaluate how many homes in the current market align with their affordability thresholds
2. To estimate the availability of affordable rental multifamily units in the market

For homeownership, VCHR relies on assessment data, with supplemental datasets helping to estimate other associated costs (e.g., insurance, utilities, HOA and condo fees, interest rates), ultimately leading to the computation of the monthly payment. For rental, VCHR employs CoStar data, extracted in May 2023, to derive monthly housing costs for multifamily units. Full details regarding the NOAH analysis methodology can be found in [Appendix X.]

VCHR analyzed 2015-2022 home sale data provided by the Real Estate Information Network (REIN) on behalf of the Hampton Roads Realtors Association. VCHR used this data to analyze trends and demand in the homeownership market. VCHR further used this data to adjust assessed value to estimated current market value and to estimate HOA and condo fees for the NOAH analysis.

In addition to using CoStar data to categorize rental units by affordability, VCHR used CoStar data to supplement ACS data on rental market trends. VCHR reviewed 2023-Q1 CoStar data on rental vacancy rate and rental absorption rates to provide a more current perspective on rental market trends.

The City of Virginia Beach provided data including real estate assessment data; data on existing income-restricted housing and on building trends; and housing policies, plans, and prior studies. VCHR used this data throughout its analysis and documented its use in the source lines of graphs and tables. VCHR and HFV used information regarding housing policies and plans to develop solutions. In instances where analysis was not included in this scope of work but has been conducted elsewhere, VCHR noted those references for the reader.

## 2.2 Qualitative analysis

Qualitative data from experts, stakeholders, and citizens helped the study team assess the validity of quantitative data analysis, identify additional topics for analysis, and contextualize study findings. VCHR has summarized themes of the discussions as a whole to promote earnest conversation and protect the anonymity of participants. Details regarding the data collection approach and findings are documented here and in the report appendices.

VCHR collaborated with Virginia Beach staff to conduct public engagement. VCHR designed a public engagement protocol to be used for in-person meetings and to collect data from residents online through the Virginia Beach town hall online platform. VCHR and City staff conducted one virtual and five in-person engagement sessions and received 109 responses to protocol questions on the town hall platform. Summaries of in-person and online responses are included in the report appendices.

Local experts such as builders, developers, REALTORS lenders, housing service providers, employers, business groups (i.e. resort area contingency and Town Center business), and school representatives are valuable resources in understanding housing-related challenges and opportunities. VCHR partnered with city staff to conduct eight focus groups with these experts. Themes from these focus groups are documented throughout the report and summarized in the report appendices.

VCHR collaborated with HFV to conduct interviews of each Virginia Beach sitting councilmember. Interviews with councilmembers had a dual focus: (1) collecting information about housing challenges by district and perceptions regarding the role of housing in the broader well-being of the city, and (2) understanding perspectives on policy and programs to gauge councilmembers’ willingness/inclination to make policy or to dedicate funds and other resources. Questions focused on prior and current efforts to expand housing affordability, complementary initiatives in economic development and similar sectors, and aspirational goals for housing in the city.

## 2.3 Important Terms and References

**Tenure**

The term “tenure” refers to the method by which a household possesses their home: renting, fully owned with no home loan, or owned with a mortgage or other home loan.

**Cost-burdened Households**

The U.S. Department of Housing and Urban Development (HUD) established the term “cost-burdened” to describe households who need more affordable housing. HUD defines cost-burdened households as “families who pay more than 30% of their income for housing... and may have difficulty affording necessities such as food, clothing, transportation, and medical care.” Severely cost-burdened households pay 50% or more of their income for housing and are likely to be making tough choices between housing and other necessities.

**Percent of Area Median Income (AMI)**

HUD sets income limits by household size that determine eligibility for assisted housing programs. HUD develops these income limits based on Median Family Income estimates and Fair Market Rent (FMR) area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county. These income limits are useful tools for assessing housing needs because they standardize income-based household categories while considering household size. The 2021 and 2023 income limits for the Virginia Beach HUD Metro Fair Market Rent Area are provided for reference, and the appropriate annual income limits based on data vintage were applied in the analysis.

**Housing Affordability**

Housing affordability is a broad term used to discuss the degree to which housing units in a market or submarket meet the income-based needs of households in that market. Researchers and practitioners generally consider housing affordability for income groups that may face challenges related to affording housing, including (but not limited to) the following:

* extremely low-income households who do not make enough money to obtain decent hous
* young workers who wish to become homeowners but cannot find a starter home with associated costs within their bud
* established owners who cannot find an appropriate home to “upgrade” to as their families grow and they enter their professional pr
* seniors who struggle to find affordable, accessible housing that meets their needs, including maintenance and modifications to make their existing homes suitable for aging

Housing affordability is not usually a concern for higher-income households who can obtain their desired housing without sacrificing other household needs such as safety, transportation, medical care, food, education, and childcare. However, a shortage of housing for households at any income level may affect businesses expanding in the market or economic development efforts for attracting new businesses.

**Householder**

This report refers to “householders” when the available data pertains to the householder as defined by the U.S. Census: “the householder refers to the person (or one of the people) in whose name the housing unit is owned or rented (maintained) or, if there is no such person, any adult member, excluding roomers, boarders, or paid employees. If the house is owned or rented jointly by a married couple, the householder may be either the husband or the wife. The person designated as the householder is the ‘reference person’ to whom the relationship of all other household members, if any, is recorded.”

# 3. Household Trends

The City of Virginia Beach has a population of approximately 448,573 residents, living in 177,029 households. A majority of Virginia Beach households are family households, containing two or more people related by birth, marriage, or adoption. The most numerous type of family household is married couples without children, of which there are 50,460. The second most numerous is married couples with children, of which there are 38,536. The city also has a large population of older adults, with nearly one-quarter of households led by seniors 65 and older.

Dwelling unit sizes are generally mismatched with household size: 60% of Virginia Beach households consist of one or two people, yet three-quarters of dwelling units have three or more bedrooms. Senior householders are more likely to live alone than other age cohorts. Focus groups participants expressed concern about the isolation and poor living conditions endured by seniors living alone. Many suggested that the City increase outreach and services for this population, including case management, home modifications and in-home aid services where desired, and affordable options for assisted living. Focus group participants expressed the importance of seniors having a choice when either relocating to assisted living or aging in place.

A majority of Virginia Beach households own their homes, although the frequency of each form of tenure varies by householder race, householder age, and household income. A majority of Virginia Beach householders identify as white, non-Hispanic. Householders who identify as Black or Hispanic are more likely to rent than householders identifying as white or Asian.

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| Note |
| In the United States, the homeownership rate of white households is 20%-30% higher than that of Black households, and the disparity increased from the 1970s to the 2010s.[[2]](#footnote-42) Researchers investigating the causes of racial/ethnic disparities in homeownership have noted inter-group differences in important predictors of homeownership.[[3]](#footnote-43) However, the disparity between white and Black households remains statistically significant when controlling for economic indicators, and the size of the disparity increases as household affluence decreases.[[4]](#footnote-44)  The extent and direction of kin-network wealth transfers likely contributes to this disparity. For moderate-wealth households, financial transfers from parents or extended family members are instrumental to meeting down-payment and closing costs.[[5]](#footnote-45) In addition, access to kin-network wealth helps households deal with the costs of emergency repairs and other shocks, making homeownership more secure, and it may influence a household’s decision to apply for mortgage financing.[[6]](#footnote-46) Moderate-income Black households are less likely to receive financial assistance from parents or relatives and more likely to provide such support to parents or relatives in need.[[7]](#footnote-47)  Institutional credit access has also been shown to vary by race. Controlling for indicators of creditworthiness, Black households are more likely than white households to be rejected for a mortgage loan and less likely to apply.[[8]](#footnote-48) The 2007-2008 foreclosure crisis caused disproportionate loss of homeownership among Black households, as the transition from redlining to “greenlining” in majority-Black urban areas meant Black homeowners disproportionately held subprime mortgage loans.[[9]](#footnote-49)  Quantitative analysis cannot evaluate racial discrimination as a causal factor in disparate homeownership rates. However, due to the high share of the Black-white disparity that cannot be explained by confounding variables, as well as experimental and audit evidence that discrimination based on race remains pervasive in housing and credit markets[[10]](#footnote-50), racial discrimination is likely a causal factor. Furthermore, even when homeownership disparities can be largely explained by group differences in the social, economic, and contextual determinants of homeownership, it’s important to note that these group differences themselves reflect structural disadvantages shaped and perpetuated by discrimination.[[11]](#footnote-51) |

## 3.1 Demographics

The median Virginia Beach householder age is 50 years old, and half of householders are aged between 36 and 63 years. Approximately 41,038 householders, or 23%, are seniors 65 or older. Only 6,976 householders, or 4%, are younger than 25.

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| Figure 3.1: Households by Householder Age |

Approximately 53,429 householders are baby boomers, aged between 57 and 75 in 2021; 52,131 are millennials, aged between 25 and 40 in 2021; and 6,976 are Gen Z or Zoomers, of whom the oldest are 24 years old.

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| Housing Preferences by Age |
| Households of retired persons or those close to retirement prioritize proximity to friends and family as well as conveniences when choosing a home location. Homebuyers 60 and older prefer suburban, small-town, and resort living over urban or rural places.[[12]](#footnote-58) Convenience to family/friends, health facilities, and shopping — as well as overall affordability — were the highest-ranking factors for buyers 68 and older.[[13]](#footnote-59)  Priorities for younger renters and buyers include proximity to work, affordability, and commuting costs. Although walkability is still important, younger generations’ preferences have shifted toward suburban contexts. Quality of and convenience to schools are also very important to younger buyers.[[14]](#footnote-60)  Regardless of age, recent buyers are looking for turnkey homes that do not require major renovations.[[15]](#footnote-61) Renters are looking for spacious floor plans, a washer/dryer, walk-in closets, balconies, and hardwood floors. The median home size for all buyers was 1,800 square feet, with buyers younger than 23 buying smaller homes (1,500 square feet).[[16]](#footnote-62)  Both renters and owners are gravitating toward single-family homes, and preferences are shifting toward larger homes that are further apart. In doing so, they accept longer commutes to schools and amenities. Internet access is considered very important for renters and owners alike. |

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| Figure 3.2: Households by Householder Race/Ethnicity |

Over 65% of Virginia Beach householders identify as white, 18% as Black, and 7% as Asian. Seven percent of householders identify as Hispanic of any race.

## 3.2 Composition and Living Arrangement

The median household size in Virginia Beach is two people. One-person households make up 25% of households in Virginia Beach, and two-person households make up 35%. Seventeen percent of households are three-person, 13% are four-person, and 9% of households are five or more persons.

While 60% of Virginia Beach households are one- or two-person, over three-quarters of dwellings have three or more bedrooms: 39% have three bedrooms, 24% have four bedrooms, and 6% have five or more bedrooms. Twenty-two percent of dwellings have two bedrooms that can accommodate a three-person family. Only 7% of housing units are efficiency/studio style or one-bedroom units. Adding smaller, multifamily units could increase the number of affordable, high-quality units without subsidy in the market. These units would have more appropriate square footage and number of bedrooms, and land costs would be distributed among a large number of units.

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| Figure 3.3: Number of Households by Household Size |

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| Figure 3.4: Dwelling Units by Number of Bedrooms |

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| Figure 3.5: One-Person Households by Householder Age |

Smaller households are particularly common among senior households, the age group most likely to live alone. Approximately 35% of householders aged 65 to 74, and 42% of householders aged 75 to 84, live alone. Nearly two-thirds of householders aged 85 or older live alone. Single-person households who are dependent on fixed Social Security and/or retirement income can be vulnerable to rising rents or owner costs such as taxes, utilities, and insurance. Focus group participants expressed concern about the isolation and poor living conditions endured by seniors living alone. Many suggested that the City increase outreach and services for this population, including case management, home modifications and in-home aid services where desired, and affordable options for assisted living. Focus group participants expressed the importance of seniors having a choice when either relocating to assisted living or aging in place.

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| Figure 3.6: Household and Family Types |

There are approximately 120,016 family households[[17]](#footnote-84) in Virginia Beach, accounting for 70% of all households. The most common family household configuration is married couples without children, of which there are 50,460. There are approximately 57,511 households with children: 38,536 are married couples with children, 13,850 are led by single mothers, 4,383 by single fathers, and approximately 742 with another living arrangement. There are 12,787 other family households with unmarried householders: around two-thirds are led by women and one-third by men. There are 7,212 multigenerational households, meaning at least three generations, making up 6% of family households of any configuration. Some focus group participants highlighted multigenerational households seeking larger homes as a new trend in city homebuying.

There are approximately 50,713 nonfamily households, and the most common form is one person living alone. Approximately 26,050 women and 18,289 live alone in one-person households. Approximately 6,374 households are made up of unrelated roommates, which accounts for 4% of all Virginia Beach households.

## 3.3 Tenure

Approximately 114,905 households in Virginia Beach are homeowners: 65% of all households. Around three-quarters of owned homes are owned with a mortgage or loan, while one-quarter are owned free and clear. Approximately 60,510 households are renters: 34% of all households.

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| Figure 3.7: Households by Tenure |

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| Figure 3.8: Household Tenure by Generational Cohort |

Household tenure varies considerably by generational cohort. Nearly 80% of baby boomer–headed households own their homes. Only 1 in 5 boomers rent, compared to over half of millennials and over 90% of Gen Z households. Furthermore, among homeowner households, nearly one-third of boomers own their home without a mortgage or loan payments, compared to under one-tenth of millennial households.

Millennials face a tougher homeownership landscape than both preceding and succeeding generations.[[18]](#footnote-94)[[19]](#footnote-96) They have lower homeownership rate than baby boomers at the same age. The disparity is attributed to economic challenges stemming from entering the workforce during the 2001 recession and the subsequent 2008 financial crisis. These factors curtailed earnings, wealth accumulation, and the ability to purchase homes for an extended period.[[20]](#footnote-97)

On the other hand, Gen Z has a higher homeownership rate compared to other generations at the same age.[[21]](#footnote-98) Gen Z’s success in homeownership is attributed to various factors. Many capitalized on historically low mortgage rates during the pandemic, notably in 2020 and 2021. Additionally, a robust job market and substantial wage growth played a pivotal role. Despite graduating from college around the pandemic’s onset, Gen Z experienced advantageous financial circumstances including federal financial supports and near record-low unemployment rates. Remote work also enabled them to explore more affordable housing markets.

While multiple factors influence homeownership among different cohorts, economic factors — particularly low mortgage rates and high employment rates — stand out. After all, the access to homeownership of two generations — millennials and Gen Z, who are most active in the labor market — will likely be impacted by economic conditions and housing supply.

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| Figure 3.9: Household Tenure by AMI Level |

Tenure also varies based on income. HUD definitions of income (figure X) are applied in this analysis because they constitute the basis for many of the programs addressing disparities in access to homeownership and other housing challenges. Although 2021 limits are used in the data analysis to align with the data’s vintage, VCHR has provided the most-recent income limits, which better reflect current incomes in Virginia Beach.

ADD TABLE: HUD Fair Market Rent (FMR) Income Limits, Virginia Beach-Norfolk-Newport News, 2021

**?(caption)**

ADD TABLE: HUD Fair Market Rent (FMR) Income Limits, Virginia Beach-Norfolk-Newport News, 2023

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Households with higher incomes relative to AMI are more likely to own their homes. Nearly 60% of homeowners have household incomes above 120% of AMI, while over 60% of renters have household incomes below 100% of AMI. Nearly 80% of households above 120% AMI are owners, while only 22% are renters. Among extremely low-income households — those at 30% AMI or less — 60% are renters and 40% are owners.

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| Figure 3.10: Detailed Household Tenure by AMI Level |

Households at lower AMI levels are less likely to own their homes, but, as shown in Figure X, lower-income households who do own their homes are more likely to own free and clear. For example, among households below 30% AMI, 40% are homeowners but nearly 60% of homeowners own free and clear. In contrast, among households above 120% AMI, nearly 80% are homeowners, but under 20% of homeowners own free and clear. Given the high cost of homeownership with a mortgage, homeowner households at lower AMI levels are likely to be older households living in a home they have already paid off.

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| Figure 3.11: Household Tenure by Householder Race/Ethnicity |

Finally, household tenure and form of ownership vary by householder race and ethnicity. White and Asian households are twice as likely to own than to rent. A narrow majority of Hispanic households own their homes, while 55% of Black households rent. Among homeowners, a higher share of white and Asian households (over one-quarter) own their homes free and clear, compared to 1 in 5 Hispanic and 1 in 7 Black homeowner households.

Tenure plays a crucial role in housing affordability, with renters more vulnerable to increasing housing costs than homeowners, and a higher rate of housing cost burden among renters than among owners. By definition, cost-burdened households spend more than 30% of their income on housing costs, which can make it difficult to afford other necessities like food, healthcare, and transportation. While homeowners generally have fixed mortgage payments that change little from year to year, renters often face increased housing costs annually. In competitive markets, they may also be subject to turnover in unit ownership, which is often associated with higher rent increases. Housing affordability is discussed in more depth in the “Housing Affordability” chapter.

# 4. Market Dynamics

## 4.1 Rental

There are approximately 66,302 rental units in Virginia Beach: 62,048 are occupied, 957 are rented but not yet occupied, and 3,297 are vacant for rent. The rental market vacancy rate is 4.97%. Although rental vacancy rates suggest that this quantity of rental housing is adequate, most units have rents close to the median, which is unaffordable for many households and may neglect the preferences of higher-income renters. To promote market health and diversity, the City should add affordable units dedicated to lower-income households as well as units responding to the preferences for higher-end rental products.

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| Figure 4.1: Occupied Rental Units by Units in Structure |

While over half of Virginia Beach housing units are single-family detached, and another one-fifth are single-family attached, a majority of rental units are in multifamily structures. There are approximately 19,819 rental units in small multifamily structures (2-9 units) and 16,928 rental units in large multifamily structures (10 or more units), together making up nearly 60% of rental units. Single-family detached and attached each make up around one-fifth of rental units. While nearly 90% of single-family detached and over 60% of single-family attached units are owned, less than 15% of units in multifamily structures are owned.

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| Figure 4.2: Gross Rent Compared to Inflation-Adjusted Gross Rent 2014-2021 |

Figure [X] above compares median gross rent to median gross rent adjusted for inflation (in 2021 dollars) from 2014-2021. Median nominal gross rent has grown steadily, from $1,203 in 2014 to $1,431 in 2021 — an 18% increase over eight years; however, inflation-adjusted rent shows a 6% reduction. Both measures are important because they reflect different experiences in the economy. Households whose incomes keep up with inflation have stable purchasing power over time and may feel their position improving. Households whose wages are less responsive to inflation struggle to keep up with the rapidly increasing nominal rent. Lower-wage workers often do not receive cost-of-living adjustments or considerations as often as higher-wage earners for whom companies must compete. Focus group attendees cited rapidly increasing or severe rent hikes experienced by clients with low incomes. They interpreted these increases as efforts to effectively evict residents with low or fixed incomes in favor of households who can afford higher rents.

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| Figure 4.3: Units by Gross Rent |

The median gross rent, which includes utilities, is $1,433, and the median contract rent is $1,260. A large majority of rental units in Virginia Beach have a gross rent of between $1,000 and $2,000. Over 45% of units rent for between $1,000 and $1,499, while 31% rent for between $1,500 and $1,999. Tabulation of ACS data shows a rental market vacancy rate of 4.97% in 2021. This represents a small decline from the 2014 market vacancy rate of 5.33% but not a statistically significant change. The market vacancy rate is calculated from vacant rental units listed for rent, as a percentage of all rental housing units. CoStar offers more recent data (2023-Q1) for most rental units in Virginia (i.e. those located in mid- to large-sized multifamily buildings and those single-family units that are professionally-managed. The vacancy rate among these properties is 4.9%. Vacancy rates from both ACS data and CoStar data suggest that the city has a healthy quantity of rental units and that units should be added to keep up with demand.

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| Note |
| Housing markets have been theorized as segmented markets, meaning a region’s housing market is made up of overlapping submarkets distinguished by price, location, and other qualitative differences. When a tenant’s apartment search yields many costly but few affordable units, it can lead to the perception that the rental market is tighter on the lower end. PUMS data partially validates this perception — with the important caveat that the small sample size of vacant for-rent units in the PUMS yields lower-confidence estimates. The market vacancy rate among units renting below the median rent level is 4.5%, while market vacancy among above-median units is 5.8%. These lower-confidence findings show that among the bottom half of rental units by price, demand is higher in relation to supply. |

Construction of new apartments has been steadily decreasing since 2018, and although market vacancy does not recommend a substantial reversal of this trend, focus group participants discussed how the competitive rental market increasingly excludes certain households. Higher-income households are often advantaged in the market. Focus group participants recounted practices that prioritize higher-income households and exclude lower-income households, such as requiring three months’ rent as a deposit and refusing voucher holders or other types of housing assistance. In addition to exposing possible illegal discrimination, these examples are evidence of a tightening market where renters must compete for units rather than landlords competing for renters. Since focus group participants observed the exclusion of families, seniors, and households with low incomes, prioritizing the development of units for these groups could promote market health in addition to addressing a housing gap. More information on rental housing gaps is provided in the [“Affordable Housing” section].

ADD FIGURE: New Apartment Construction

## 4.2 Homeownership

The Virginia Beach homeownership market has attracted a healthy demand, following the Great Recession and a period of stagnant prices and slow pace that lasted until 2016. Median price grew 8% over 2005-2015, which includes the ups and downs of the housing “bubble” period, the Great Recession, federal tax credit support for first-time homebuyers (2009)[[22]](#footnote-130), decline following the removal of those tax credits (2010-2011), and the initiation of unsupported recovery. From 2011-2015, Virginia Beach lagged behind the state in price recovery from the recession, and stagnant demand was associated with less-than-adequate investments in the city’s housing stock.

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| Figure 4.4: Annual Median Sale Price |

Median sale price grew 36% from 2015-2022, reflecting increased demand that has balanced the market. Days on the market (DOM), the time it takes for a home to sell once it’s listed, captures both supply and demand dynamics and is a good indicator of market health. From a community perspective, a market is considered healthy when homes are appreciating enough for owners to recover investments in maintenance and periodic upgrades, as well as build equity required to meet their future housing needs. A healthy market is also well paced, giving sellers confidence they can sell their home when they need to and giving buyers enough time to make good decisions by visiting homes and conducting home inspections upon making an offer. Median DOM between 30 and 60 days is generally considered balanced. Markets that are too fast paced disadvantage first-time homebuyers and buyers who need unconventional financing such as VA or FHA loans. Markets that are too slow paced introduce uncertainty for owners and, when coupled with slow appreciation, discourage investment. Median DOM reached 40 days in 2022, signaling supply and demand balance.

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| Figure 4.5: Annual Median Days on the Market (DOM) |

Despite DOM indicating market health, focus group participants recounted evidence of continued tightening, such as multiple offers over asking price, especially around the median price. They also described increased investor interest, which can have a variety of market implications and is related to demand for rental housing in addition to anticipated price appreciation in the for-sale market.

Virginia Beach will need to continue to add new housing units to meet demand and keep the market balanced. Production of single-family and condo units has largely slowed year-over-year since 2016, which likely supported home appreciation and balancing of supply and demand. Though the City must continue adding units to maintain market health, adding too many units could reverse positive market trends. Market health and moderate levels of demand create an opportunity for the City to set housing goals and prioritize housing needs of existing residents and workers, which are discussed further in the following sections. Furthermore, creating housing that meets the needs of those who are being excluded from the for-sale market has the potential to relieve hardship related to intense competition in the middle and low end of the market without negatively impacting needed home appreciation.

ADD FIGURE: New Single Family and Condo Units Constructed Annually

## 4.3 Vacant Housing

There are approximately 12,141 vacant housing units in Virginia Beach. Approximately 3,297 are vacant for rent and 1,353 are vacant for sale, while 1,578 units have been rented or sold but not yet occupied. Approximately 2,891 vacant units, about 1.53% of total units, are vacant for seasonal, recreational, or occasional use. Approximately 3,022 units, about 1.6% of total housing units, are vacant for other reasons. See [Figure X] for vacant housing units by status.

Vacant units in the "other" category — generally interpreted as long-term vacancy — are unoccupied for one of the following reasons:

* Unit is foreclosed or held as part of a legal proceeding or dispute such as divorce or estate settlement
* Unit is undergoing, or in need of, repair or renovation
* Unit is being prepared for rent or sale but not yet on the market
* Unit is uninhabited for personal or family reasons, such as staying with family members or relocation to a nursing facility
* Unit is uninhabited due to the occupant's extended absence, such as a work assignment, military deployment, or incarceration
* Unit is presently unoccupied and designated as specific use housing, such as worker or student dormitories, model units, and church-owned units
* Unit is abandoned (does not include units that are dilapidated or uninhabitable)
* Unit is vacant for a reason unknown by the survey respondent or field representative.[[23]](#footnote-140)

Estimates for "other" vacant units by detailed reason are not available at the county/city level, and estimates at the MSA and even the state level can be unreliable due to high margins of error relative to sample sizes. Finally, the estimate of vacant units does not include housing units that are exposed to the elements or otherwise uninhabitable.

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| Figure 4.6: Vacant Units by Vacancy Status |

# 5. Housing Affordability

## 5.1 Cost burden

VCHR uses housing cost burden to measure the need for more affordable housing and to identify associated housing insecurity. When homeowners are cost-burdened, they may choose to defer maintenance or forgo upgrades in favor of necessities like food, childcare, and medical care. When renters are cost-burdened, they may make choices between housing and other necessities, and their limited ability to save makes them vulnerable to eviction or homelessness in the event of an unexpected expense. Furthermore, inability to save may effectively prevent households from investing in educational enrichment to advance their earnings and from building wealth and security through homeownership. Approximately 59,365 Virginia Beach households, over one-third, are cost-burdened, meaning their housing costs are at least 30% of household income. Among cost-burdened households, 41%, approximately 24,301 households, are severely cost-burdened, paying 50% or more of household income in housing costs.

ADD FIGURE: Cost-burdened Households

Cost burden has been trending down in Virginia Beach: cost burden among all households fell from 40% in 2014 to 33% in 2021, according to ACS five-year estimates. However, some improvements likely resulted from temporary pandemic-related programs in 2020-2021, including the Child Tax Credit and moratoria on evictions and rent increases. The COVID-19 pandemic had a mixed effect on housing insecurity. The pandemic initiated an economic shock disproportionately impacting lower-income, Black, and Hispanic households, but the policy response saw an unprecedented expansion of eviction moratoria, renter assistance funding, and unemployment insurance payments surpassing 100% wage replacement for some low-income workers. Implementation varied widely by jurisdictional boundaries, however, and not all households in need were able to receive assistance.[[24]](#footnote-147) As lower-income households face more competitive housing markets without this added support, gains in affordability may begin to erode. Indeed, cost burdens have increased post-pandemic, among all income levels and racial/ethnic groups, and the increase is driven mostly by renter households.[[25]](#footnote-148)

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| Figure 5.1: Cost-burdened Households by Tenure |

Housing cost burden is more common among renter households than owner households. Nearly half of renter households are cost-burdened (29,825 households), compared to just over one-quarter of owner households (29,540). Among cost-burdened households, a higher share of renters is severely cost-burdened: 44% of cost-burdened renters compared to 38% of cost-burdened owners.

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| Figure 5.2: Cost-burdened Households by AMI Level |

Households with lower incomes relative to AMI are cost-burdened at higher frequencies, and their cost burden is more likely to be severe. Large majorities of households under 80% of AMI are cost-burdened. Moderate-income and higher-income households are less impacted by housing cost burden. Approximately 45% of households between 80% and 100% of AMI, 23% of households between 100% and 120% of AMI, and 6% of households above 120% AMI are cost-burdened.

Cost-burdened households under 30% of AMI, and severely cost-burdened households between 30% and 50% of AMI, are at risk of homelessness due to housing unaffordability. Survey responses show particular concern for the lack of dedicated affordable housing or Section 8 vouchers available to these very low-income households.

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| Figure 5.3: Cost-burdened Households by Householder Race/Ethnicity |

Levels of housing cost burden vary among householders by race and ethnicity. The share of cost-burdened households among Black- and Hispanic-led households is around 40% — 10% higher than white- and Asian-led households. Nearly half of cost-burdened Black-led households are severely cost-burdened, compared to 36% of Asian-led, 37% of white-led, and 44% of Hispanic-led cost-burdened households.

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| Figure 5.4: Cost-burdened Households by Generational Cohort |

The share of cost-burdened millennial households is slightly higher than that of boomer households: 34% and 31%, respectively. Among cost-burdened households, however, boomers are more likely to be severely cost-burdened: 43% of cost-burdened boomer households are severely cost-burdened, compared to 36% of cost-burdened millennial households.

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| Figure 5.5: Cost-burdened Senior-headed Households |

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| Figure 5.6: Cost-burdened Senior-headed, Living Alone Households |

Senior-headed households have high rates of cost burden and severe cost burden, particularly for seniors 75 and older. Nearly 40% of householders aged 75 and older are cost-burdened, and among these, over half are severely cost-burdened.

Seniors are more likely than other age groups to live alone, and housing cost burden is most acute among senior-headed, one-person households. A majority of these households are cost-burdened, and a majority of those are severely cost-burdened.

Survey responses noted a lack of affordable housing options for seniors, especially middle-income retirees receiving both Social Security income and a private pension. According to PUMS data, the median income of a person receiving Social Security is $32,745, while the median income of a person receiving both Social Security and retirement income is $46,972. These households may have incomes too high to qualify for housing assistance but too low to purchase housing on the open market. Should these seniors wish to vacate a long-owned home for a smaller or more accessible dwelling, affordability may prevent such a transition.

Households with low incomes and high housing costs are at particular risk of homelessness in the event of sudden income loss or emergency expenses. Approximately 18,847 households in Virginia Beach are at risk of homelessness. That’s over 10% of all Virginia Beach households. Approximately 10,953 households have incomes below 30% AMI and have housing costs of at least 30% of household income. Another 7,894 households have incomes between 30% and 50% of AMI and pay at least 50% of household income in housing costs.

ADD FIGURE: Vulnerability by Household Type

[Figure X], above, shows median household income of common or notable household types in Virginia Beach. The red horizontal lines represent the annual income needed to afford the median housing unit by tenure. From highest to lowest, the lines illustrate owning with a mortgage or loan ($75,520), renting ($57,320), and owning free and clear ($25,960).

Family households, shown in green, tend to have incomes enabling them to afford the median housing unit for any form of tenure. Single-earner households are shown in blue when male-led and in pink when female-led. Both male- and female-led one-person households have median incomes below the amount needed to afford the median rental unit. Among single-parent households, the median single father household has an income high enough to afford the median owned unit with a mortgage, while the median single mother household is just above the level needed to afford the median rental unit.

Among senior-led, one-person households (shown in yellow), only the median cost of owning free and clear is affordable to the median household. This means that long-term owners can afford to stay in their homes but may be unable to relocate to smaller or more accessible dwellings. The lack of other affordable options can keep seniors in homes unsuitable for aging in place. It can also prevent those homes from being vacated and becoming available to younger families facing a shortage of starter homes, as many survey respondents noted.

## 5.2 Workforce Housing Affordability

City staff, councilmembers, employers, and citizens all expressed concerns about workforce housing affordability in the study’s engagement process. Employers discussed instances of employees having difficulty securing housing and even turning down contracts because they couldn’t find housing. Working citizens recounted difficulties finding affordable housing that meets their needs and promotes their financial goals. Indeed, many resident workers in Virginia Beach do not earn enough to comfortably afford rent, and even more do not earn enough to access homeownership opportunities.

Most households (81%) in Virginia Beach include at least one worker. Those households who are not working (19%) are likely to be retired, although a minority of households may have disabilities or family circumstances that prevent them from working. Twenty-three percent of households are headed by someone 65 and older, and 28% of households receive retirement income. Approximately 3% of households receive Supplemental Security Income (SSI), a good proxy for households that include at least one person with disabilities or an older adult who has little to no income or resources.

ADD TABLE: Households by Number of Workers

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| Commuting Patterns |
| Nearly 75,900 workers, roughly half (47%) of Virginia Beach’s workforce, commute into the city for their primary job. In-commuters are disproportionately aged 29 or younger, earning $1,250-$3,333 per month (low-income for a single-earner household or a dual-earner household supporting a dependent), and working in the trade, transportation, and utilities industries. Meanwhile, resident workers are disproportionately 55 and older and earning more than $3,333 per month. Lower-income workers earning less than $1,250 per month make up 24% of the workforce and 24% of in-commuters, indicating they’re not excluded from the city even though they’re likely to endure housing cost burden and associated hardship. (As discussed earlier in the report, 76% of low-income households experience housing cost burden.)  ADD FIGURE: In-commuting, Resident Workers, and Out-commuting for Primary Jobs  The majority of workers in the top 10 occupations by employment, primarily service sector roles with typically lower wages, face challenges in securing affordable housing. Eight out of these 10 occupations can’t afford the lower quartile rent when they’re single earners. For the majority (7/10), even earning in the 90th percentile doesn’t allow them to affordably rent or own in the city as single earners. Housing affordability improves in a dual-earner household scenario (both at median wage), but workers in three roles (fast food and counter workers, cashiers, and home health and personal care aides) still find the median rent unaffordable. Only the general and operations manager role can afford homeownership as a single earner, with registered nurses also being able to manage homeownership costs under specific conditions.  VCHR also identified disparities in housing affordability among selected state and local government sector and mandatory service occupations. Home health and personal care aides and childcare workers face severe housing affordability challenges. Neither can afford the lower quartile rent as a single earner, even when earning at the 90th percentile. In dual-earning scenarios, they can’t manage the median rent. Firefighters and postal service mail carriers are better positioned. They can afford the median rent at the 90th percentile and homeownership when their earnings are combined with that of another earner. Other occupations like teachers (spanning from kindergarten to secondary) and registered nurses can afford the median rent as single earners. When their earnings are at the 90th percentile or combined, they can also manage homeownership costs.  Housing affordability remains a significant concern in the city of Virginia Beach, particularly for those in service-sector roles and mandatory service positions. Although workers in some occupations manage to find affordable housing, a significant share of the workforce is either cost-burdened or unable to access suitable housing altogether. This analysis highlights an urgent need for policy and strategic interventions to bridge the affordability gap for these essential roles.  Further tabulations and analysis are included in [Appendix X]. |

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| Military Households |
| There are approximately 15,893 Virginia Beach households with at least one member in active-duty military service (“military households”), around 11% of all households in the city. Families account for 77% of military households, while non-family living arrangements, mostly people living alone, make up 23% of military households.  Around 50% of military households own their homes, and 49% rent. The vast majority of homeowner households have a mortgage or loan.[[26]](#footnote-179)  The median household income of military households is approximately $87,140, around 6% higher than the citywide median. Nearly 60% of military households have a household income above 100% AMI. Around 25% of military households earn below 80% AMI. Approximately 5,891 military households are housing cost-burdened: over two-thirds of military households. More than 25% of homeowners and nearly 50% of renters are cost-burdened. Indeed, studies suggest that military households experience similar affordability challenges despite receiving a Basic Allowance for Housing (BAH) intended to cover 95% of the average housing costs for an off-base housing unit and utilities.[[27]](#footnote-180) |

## 5.3 Affordable Housing

VCHR conducted an affordable housing gap analysis and estimated the extent to which affordable housing occurs “naturally” in the market to evaluate whether available affordable housing can meet the needs of current and future Virginia Beach residents.

### 5.3.1 Rental Housing Gap Analysis

Each pair of columns in figure X compares the number of households in each income group to the number of housing units affordable to that group. Each column provides additional information: cost burden in the “households” column and information about the income of the unit occupants in the other column.

There aren’t enough housing units in Virginia Beach to serve extremely low (less than 30% of AMI) and very low (30%-50% of AMI) income renters living in Virginia Beach. As a result, most of these households struggle with housing cost burdens and may consume housing more affordable to households with incomes in the 50%-80% of AMI range. Housing that is affordable to and occupied by households with extremely low incomes (51% of the units in this category) is likely to be committed affordable units. This housing is reserved for households with low incomes through incentive or subsidy programs such as the Low-Income Housing Tax Credit or HUD’s project-based vouchers. However, 46% of units affordable to extremely low- and very low-income households are occupied by households in higher-income groups.

More than half (60%) of rental stock in Virginia Beach has rent affordable to households with low incomes between 50% and 80% of AMI. Because there’s not enough stock to serve households on either end of this category, both lower-income households and higher-income households compete for these units. Though there’s an adequate total amount of rental housing in Virginia Beach, the concentration of rental units in a single income category disadvantages low-income households and results in hardships for households not able to compete for an affordable unit. There are 4,600 rental units reserved for households with low incomes, and they are likely to be the residences of about 70% of the low-income renters who are not cost-burdened.

Building units on either end of the 50%-80% income category would help relieve competition to access these units. Some higher-income renters may choose to “upgrade” to a unit with more space, amenities, nicer features, and/or a better location if the unit were available and still affordable to them. Renters who are currently enduring a housing cost burden would likely welcome a unit that is affordable and meets their needs. Some renters may also choose to become homeowners if a unit that is affordable and meets their needs were available. Availability of homeownership opportunities is discussed more in the following sections.

ADD FIGURE: Virginia Beach Rented/For-rent Housing Gap

## 5.4 Owned/For-Sale Gap Analysis

Affordability concerns and gap analysis for owners differ substantially from the gap analysis for renters. The mortgage finance system generally prevents homeowners from being cost-burdened when they buy their home, and often homeowners’ income increases over the life of their mortgage. Homeowners also face relatively little change in housing costs compared to renters. When homeowners do become cost-burdened, it’s often due to economic hardship such as job loss, death of a family member, or fixed incomes that do not keep up with rising costs of taxes, utilities, and insurance. Because many homeowners had the opportunity to reduce their housing costs by refinancing their mortgages during the 2014-2021 period, decreased rates of cost burden among owners with a mortgage are expected. However, inflation and associated increasing interest rates since 2021 have decreased access to homeownership among low- and moderate-income buyers.

Housing cost burdens shown in the lefthand column of each pair are far more common among homeowners with low and very-low incomes. Like the rental scenario, these households may have to make choices between housing and other necessities. However, these owners may own their home free and clear or, when they have a mortgage, be able to work with their mortgage lender on a payment plan that keeps them from becoming delinquent. To avoid foreclosure and potential homelessness, they may defer home maintenance, forgo needed upgrades and modifications, and/or forgo utilities to pay for other necessities like food, medicine, or childcare. These sacrifices represent a clear threat to the household, but also represent a risk for the locality. While households come and go, housing units stay with a community for generations. Allowing the housing stock to deteriorate can decrease the competitiveness of the market overall and require substantial investments in rehabilitation or in demolition and infill development. Ensuring that owners who represent two-thirds of residents can maintain their homes is part of the stewardship responsibility of local governments and communities.

Quantity and occupancy of the housing stock across income affordability levels, shown in the righthand columns, also provide important insights. Most owners have higher incomes than they need to comfortably afford their unit, which though anticipated based on relatively fixed housing costs and expected increases in income, also represents the potential for upgrade. Over time, as households’ size and income grow, many owners will seek to move to new homes that better accommodate new needs. However, there is not enough housing stock to accommodate households with incomes above 120% AMI. This gap in housing for higher-income households may limit options to upgrade and require higher-income households to stay in their starter home longer, restricting supply housing that is affordable for first-time homebuyers and to lower- and moderate-income households and also potentially inflating the price of that stock.

ADD FIGURE: Virginia Beach Owned/For-sale Housing Gap

## 5.5 Naturally Occurring Affordable Housing (NOAH)

VCHR used HUD FY 2022 Income Limits to categorize affordability levels for 145,498 units in Virginia Beach real estate assessment data. The categorization is based on income limits for two household sizes (1.5-person and 4.5-person) intended to proxy the position of first-time homebuyers and more-established households who benefit from longer careers and existing home equity. VCHR adjusted the tax-assessed values based on differences observed in close prices in the Virginia Beach sale data for 2022, providing a more realistic estimate of market prices. Using Freddie Mac’s 30-year fixed rate from December 2022 and standard mortgage formulae, VCHR estimated mortgage payments for each unit.

This analysis considers two down-payment scenarios: 5% and 10%. The monthly mortgage was combined with average insurance payment, median utility costs, estimated real estate taxes, and estimated HOA and condo fees to determine the total housing expenditure.

Of 145,498 units from the Virginia Beach assessment data, using a 5% down payment as a criterion, about 8,123 properties were found to be affordable to first-time homebuyers (households with income up to the 1.5-person limit) with an income in the 80%-100% range. When considering the same down payment, roughly 9,213 units were within reach for those earning $70,150 or less, while around 45,091 units were accessible for more-established households (households with income up to the 4.5-person limit) earning $97,250 or less. However, while these units are theoretically affordable, many are occupied by households with incomes that exceed the designated affordability brackets. This means that even though a property might be affordable on paper, it isn’t necessarily available in the market for lower-income families. The analysis also indicated a scarcity of affordable housing options, with only 35% of the overall housing market deemed affordable to households with income less than 100% AMI when considering a 10% down payment. Potential additional costs for maintenance and renovation due to age are also a concern since 98% of these affordable units were constructed before 2000.

The disparity in affordable units across city council districts further emphasizes the uneven distribution of affordable housing options. For instance, City Council District 4 exhibited a significantly higher proportion of affordable units compared to City Council District 2, which had a notably lower percentage.

ADD FIGURE: Share of Affordable Units to 4.5-person household with below 80% AMI

Using HUD Income Limits and specific rules for occupancy and associated housing affordability (see Appendix X for details), VCHR also categorized the affordability levels of 42,021 units, representing about 81% of the estimated multifamily rentals in Virginia Beach. Within the analyzed properties, 230 properties encompassing 36,367 units are entirely at market rate, with no subsidies or affordability restrictions. As such, the data reflects the present state of the multifamily rental market in Virginia Beach.

A notable observation from the data is how unit types are distributed based on affordability. Over half the affordable units are 2-bedroom units, followed by 29% being 1-bedroom units. The remaining distribution comprises 16% of 3+ bedroom units, with studios representing a mere 2%. While a large proportion of units (nearly 90%) are affordable for households with incomes ranging from 50%-100% of AMI, there’s a lack of units affordable to those with incomes below 50% of AMI. While a substantial portion of units are accessible to mid-income households, there remains a need for more affordable housing options for extremely low- and very low-income households.

Further tabulations and analysis are included in [Appendix X].

# 6. Conclusions

Housing market conditions have improved substantially since 2014. A slower pace of building since 2016 coupled with increasing demand from the two largest living generations (boomers and millennials) has balanced the market, encouraging housing investments across the city. The City needs to keep adding units to maintain housing market health. Because there isn’t excess demand pressure, the City has an opportunity to strategically address housing needs and increase the diversity of the housing stock.

Affordable, attainable housing is the city’s most critical need. The highest levels of housing insecurity are among extremely low- and very low-income renters, as well as senior householders 75 and older. Additional housing dedicated to low-income households is required to stabilize households experiencing housing insecurities and to reduce periods of homelessness among Virginia Beach residents. Purpose-built senior housing and permanent supportive housing, along with services to support households, would support this critical need.

Homeownership opportunities for low- and moderate-income households will further stabilize Virginia Beach households and help retain workers. Homeownership is critical to wealth-building, and the City can help ease housing transitions and upgrades by creating straightforward steps from committed affordable rental housing to equity-building opportunities. These steps would support the city’s economic and social systems by stabilizing lower-wage workers and promoting worker retention. Workers are likely to leave the city if they cannot find affordable housing that meets their needs throughout their lives and do not have the opportunity to build wealth that will benefit generations to come.

Though the Virginia Beach market is healthy, it’s trending toward tightness and housing shortage. Stakeholders already recount evidence of how the most vulnerable households are being excluded from the market. Aggressive development of dedicated affordable housing will benefit the market by relieving pressure on median-priced rental housing and the most affordable homeownership opportunities. It will also prevent the tightening market from incentivizing cursory housing “flips” intended to capitalize on higher rents and desperation of the most vulnerable renters.

Increasing market health encourages investment in owner-occupied homes because homeowners will feel more confident that they can recoup investments if they choose to sell their home. However, some households don’t have the resources to make those investments. Cost-burdened owners may defer maintenance and forgo upgrades, so support for existing homeowners will similarly support housing preservation efforts while improving their quality of life.

The following [“Solutions” section] of this report details the study team’s recommendations for the city. The solutions respond to market conditions and specific challenges identified in the study process. Each of the approaches has been vetted with Virginia Beach staff and introduced to the city council. The study team developed the details of these solutions based on best practices, resources available in the city and the state, as well as specific guidance from staff and the council.

# 7. Current housing efforts

The City of Virginia Beach currently promotes housing affordability both directly and through partner organizations using City, state, and federal funds.

## 7.1 VBCDC

The Virginia Beach Community Development Corporation (VBCDC), a non-profit organization created by the City Council in 1985, is the largest developer and operator of affordable housing in Virginia Beach. It owns and operates over 500 scattered site affordable housing units and provides rental assistance, homelessness prevention services, and supportive housing for veterans.

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| VBCDC won the BEST AFFORDABLE HOUSING, ENERGY CONSERVATION EFFORT award at the 2010 Virginia Governor’s Housing Conference for Beach Park West Apartments. The ten-unit community serves special-needs residents and was built to EarthCraft standards for sustainability and energy efficiency. Photo: GMF + ASSOCIATES. |

The VBCDC has close links to the City: the City Council appoints its Board of Directors and provides funding and policy direction, and it frequently coordinates with the City Departments of Housing and Neighborhood Preservation and of Human Services.

While VBCDC’s major focus is on permanent rental housing, it has also administered low-income homeownership programs and developed single-family units for sale to low-income owners. Since the mid-2010s, the City has stopped providing direct funding for VBCDC’s operations and administration, but it continues to provide federal pass-through funds.

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| Learn more |
| The [VBCDC website](https://www.vbcdc.org/) has additional information on their mission, administration, and services. |

## 7.2 Funding

The City also partners with other non-profit and for-profit low-income housing developers and operators, distributing HOME and CDBG funds via Housing Opportunity Funds Requests for Proposals issued at least once per year. Since 2000, the City has provided $10.1 million in federal pass-through funds and $5.3 million of City funds to partner organizations, creating 1,280 affordable rental units, preserving 413 affordable rental units, and providing 309 rental assistance vouchers.

## 7.3 Development incentives

In addition to pass-through funds for developers and operators, the City provides other assistance, such as facilitating land transactions, and funding infrastructure improvements to enable affordable housing development. Zoning and land use tools have also been used to encourage and incentivize affordable housing development. These include reduced parking requirements for affordable housing sites, increased density allowances in Strategic Growth Areas, limited approval of single room occupancy (SRO) housing, and a voluntary Workforce Housing program offering density bonuses in exchange for workforce-affordable set-aside units.

## 7.4 Housing Resource Center

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| Along with housing and supportive services, the HRC also includes a cafeteria and learning facilities. Photo: S.B. Ballard Construction Company. |

Finally, the Housing Resource Center, developed with $32 million in City funds, provides emergency housing for unsheltered families and individuals, and services for households experiencing a housing crisis, as well as 29 permanent supportive housing units.

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| Learn more |
| The [HRC website](https://housing.virginiabeach.gov/ending-homelessness/housing-resource-center) has a full list of resources and services provided on site. |

# 8. Overview

This section proposes and describes eight different policy and programmatic recommendations for the City to pursue as part of its efforts to address housing affordability and opportunity.

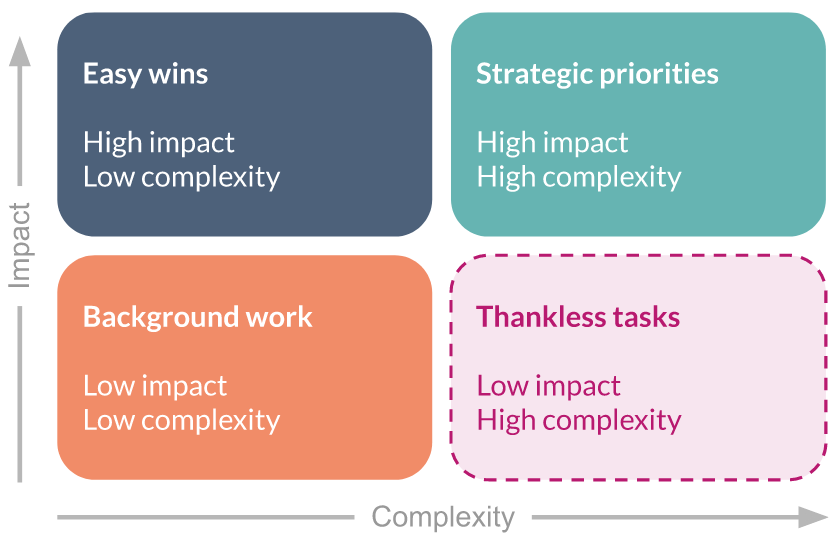
The recommendations are based on VCHR’s analysis of housing needs in the City, VCHR’s engagement with community members, and conversations with City Council and City staff. They also incorporate input from City Council at two working sessions between August and September.

Solutions are organized into three categories:

* **Strategic priorities** that build the City’s capacity to make significant strides, but may require substantial planning and investment.
* **Easy wins** that require fewer decision points and could demonstrate meaningful success in the near future.
* **Background work** activities that take advantage of ongoing or upcoming efforts to improve the City’s planning, regulatory, and operational approaches to housing.

## 8.1 Policy matrix

To help evaluate and prioritize housing policy strategies, Virginia Beach can use a matrix like the one below. Relative to one another, proposals are ranked according to their expected positive impact and their complexity (or level of effort) to implement.



Each strategy then falls into one of these categories:

**Strategic priorities**

* Focused activities that require more effort but have the biggest payoff.
* Build long-term capacity to address housing needs.
* Provide opportunity for City to innovate and lead among peers.

**Easy wins**

* Simple tasks to begin soon that do not require as much work but still result in meaningful progress.
* Fewer decision points required, but some may involve novel funding or policy choices.
* Build on clear, proven examples of success.
* Take advantage of existing infrastructure without much need for additional capacity.

**Background work**

* Activities that require additional homework but can likely be completed within current or future planning efforts.
* Long-term objectives to migrate day-to-day City operations to support its housing goals.

**Thankless tasks**

* Not advisable; revise or abandon tasks in the future if they begin to meet this criteria.

## 8.2 Policy rankings

Based on these criteria, these are the rankings for the eight solutions.

**Strategic priorities**

* Develop a City-managed Housing Trust Fund
* Use Virginia Beach Development Authority to fund new large-scale, mixed-use development projects
* Design and incorporate a housing education campaign into successful community engagement efforts

**Easy wins**

* Create a Housing Assistance Fund for workers
* Leverage Virginia Statewide Community Land Trust to create permanent affordable homeownership opportunities

**Background work**

* Pursue innovative self-sustaining mixed-income, mixed-use rental development options
* Research opportunities to simplify and streamline the permitting and review processes
* Consider an advisory board to guide the development of new zoning ordinance changes *and* assess options for redesigning the Workforce Housing Program to increase its impact

# 9. Develop a City-managed Housing Trust Fund

### STRATEGIC PRIORITY 1

### Develop a City-managed Housing Trust Fund

A major barrier to affordable housing production in Virginia Beach is a shortage of capital with limited regulatory hurdles. A Virginia Beach Housing Trust Fund (HTF) would create a pool of capital that provides gap funding for a wide range of affordable housing projects in the city, including both rental and homeownership.

Local HTFs aren’t new in Virginia. Other cities like Alexandria and Richmond use them to provide flexible and vital funding for affordable housing developments when federal and state resources fall short.

HTFs can be capitalized by both public and private sources. Funding is awarded through a competitive process to ensure that development is meeting the needs and standards of the community. A locality may provide both grants and loans with flexible terms.

## 9.1 HOW IT WORKS

To build a successful HTF, the City will need to decide how the fund will be funded, governed, and administered. Below are nine program design elements that describe the major components of HTF operations.

*Legal structure*

HTFs are chartered by local governments through an enabling ordinance or law. Establishing the fund’s specific legal structure sets a clear purpose for funds, assigns core responsibilities, and gives power to distribute funding.

There are several possible avenues for incorporating an HTF, including:

* Wholly operating as a local government program (most common)
* Delegating authority to an existing or new quasi-public body, such as a housing authority or regional commission
* Delegating authority to an existing or new nonprofit organization
* Using a public-private hybrid model

The most appropriate option for Virginia Beach will likely be to create an HTF as a program administered by the Department of Housing and Neighborhood Preservation.

*Governance and oversight*

In general, HTFs are either entirely or predominantly composed of public dollars. Therefore, HTFs require proper governance and oversight to set funding levels and priorities and to make award decisions. These actions should balance public transparency with efficiency.

Important governance and oversight-related decisions include:

* Choosing whether to assign fiduciary responsibility to an existing public body (e.g., the City Council), a new public body (e.g., appointed advisory board), or defining distinct roles for both
* Creating regulations to conform to Virginia open meeting laws, as applicable
* Establishing avenues for collecting and using public input
* Determining processes for fiscal audits and other regular checks and balances to ensure public trust

One option for Virginia Beach would be to use the existing Housing Advisory Board (HAB) as the body for working with staff to design the HTF and evaluate applications. The HAB could make non-binding award recommendations to the City Council, who would be responsible for final approvals.

*Administration and overhead*

While a legal structure provides a broad outline of how an HTF will function, the successful administration of an HTF requires capable staff and funding to operate and sustain the fund. Administrative staff is typically housed within a local government department, nonprofit organization, or a newly established entity.

Important administrative decisions include:

* How operations of the HTF governing body/bodies are supported
* How overhead costs are estimated and covered
* Who serves as day-to-day financial stewards of the HTF monies
* Who accepts, reviews, and recommends applications for approval
* Who monitors awardees for compliance and success

If the HTF is housed within the city, department leaders and the City Council should determine the expected increase in staff workload to make appropriate investments in new positions.

*Strategic partnerships*

Successful HTFs aren’t developed and sustained within a bubble. Robust partnerships with housing organizations can facilitate a strong HTF that consistently meets the needs of clients served by the local affordable housing industry. These partnerships can lead to a steady and increasing applicant pool, resulting in higher standards through competition. Other important community organizations also have a vested interest in housing and can help strengthen HTFs with additional funding, complementary resources, and political support.

HTF stakeholders should conduct strategic outreach to:

* For-profit and nonprofit housing developers
* Housing, homelessness, and other social service providers
* Anchor institutions, including universities, major employers, and philanthropic foundations
* Grassroots community groups and faith-based organizations
* Related trade and advocacy associations, such as business leagues

*Funding amounts and sources*

An HTF needs financial seeding to get off the ground, but long-term financial sustainability is just as important. HTFs require a dedicated revenue source that comes either from an annual budget appropriation or through a revenue source such as real estate transfer taxes or developer fees. Determining funding levels is contextual on community needs and requires an understanding of housing needs.

Important funding-related decisions include:

* Choosing whether to make annual appropriations through a regular budgeting process or to establish a dedicated source of funds
* Confirming the initial funding level for the HTF
* Identifying potential revenue sources (e.g., taxes and fees, interest, sale or lease of government property)
* Determining funding levels through housing need assessments, housing provider surveys, or comparable program applications

The potential funding section below has more specific information on funding sources for Virginia Beach to explore.

*Types of housing activities funded*

While many existing housing programs focus on a specific housing activity such as weatherization or new construction, HTFs can act more broadly depending on community priorities. The broad ability of HTFs to fund different activities can ensure that all aspects of a community’s housing needs are addressed, while also filling the void where other housing programs may fall short.

Possible uses for HTF funding include, but are not limited to:

* Equity to support the creation or preservation of affordable rental housing
* Revolving low- or zero-interest loans to help finance affordable housing development
* Land acquisition grants
* Homebuyer assistance for down payments, closing costs, and other expenses
* Rehabilitation, energy efficiency, and weatherization projects
* Operational support for homelessness prevention and related services
* Matching grants for CDBG, HOME, and other federal or state funds

*Income and household priorities*

Communities can support their members most in need by setting income and household priorities. This allows for more flexibility and responsiveness than other state and federal programs can offer. Definitions for income ranges and households served are often defined in enabling legislation, but priorities may change over time to reflect a community’s evolving needs.

HTF resources can be prioritized in several ways:

* Targeting homeownership, rental, homelessness, or some combination of those needs
* Focusing on new supply or improving/preserving existing housing stock
* Concentrating on extremely or very low-income households, or promoting a broader range of affordability

Based on the affordability analysis earlier in this report, Virginia Beach should likely focus its HTF on the creation of new rental homes affordable to households below 50% AMI. Additional priorities should include affordable senior housing and permanent supportive housing. These projects are some of the most difficult to successfully finance due to the additional investments needed per unit.

*Award criteria and application scoring process*

A structured application and scoring process for partners will ensure an efficient and transparent use of funds. HTF administrators are responsible for establishing this process, as well as developing criteria for potential applicants. A successful HTF is a two-way street and requires strong partners to make sure funds are used properly.

Relevant decisions to make for this program design element include:

* Determining who gets to establish criteria and how
* Deciding whether criteria will be regularly re-evaluated with public feedback
* Establishing minimum requirements for applicants (e.g., years incorporated, annual budget, legal status)
* Choosing the application and award schedule (e.g., annual cycle, rolling basis)
* Outlining the decision-making process from submission to final award

*Financial sustainability*

Virginia Beach’s housing challenges were not created in the course of only a few years, so efforts to solve these problems will likewise take time. One major consideration for HTFs is how to maintain or increase funding beyond any initial startup investments.

Important actions to ensure fund sustainability include:

* If funding is allocated each year (i.e., no dedicated revenue), determining how to make it a consistent priority for policymakers
* If there is a dedicated source of revenue, analyzing potential threats and challenges to those collection streams (e.g., if using a meals tax, what would happen in another pandemic?)
* Investigating ways to diversify revenue sources, such as corporate and philanthropic gifts
* Understanding the differences between and weighing costs/benefits for pure grants versus low-to-zero interest loans, which are paid back to the fund

To maximize the City’s investments, designing the HTF as a revolving fund would likely be the most appropriate approach. The fund can provide working capital to affordable housing developers at rates well below market, paired with repayment schedules that allow the project to sustainably transition to permanent financing.

## 9.2 HOW TO DO IT

**Within 6 months:**

* Create a task force to guide the HTF’s design and creation. This group should pull from existing experts and leaders, especially the Housing Advisory Board and ideally one or two members of the City Council.
* Design a curriculum to guide the task force throughout the HTF development process. The program design elements described above can be a starting point.
* Determine a meeting schedule for the task force, along with clear plans for receiving input from other partners and the public.
* Start the task force work on legal and governance decisions so that core design aspects are agreed upon early in the process.
* Engage other localities with HTFs in Virginia (and elsewhere) to ask specific questions and learn from their successes or challenges.

**Within 1 year:**

* Determine the level of support that is achievable with city general funds in the next two years.
* Explore the potential for “dedicated” sources of revenue for the fund; consider administrative fees associated with real estate transactions.
* Identify and recruit additional sources of capital—including participation from lending institutions, corporations, and charitable foundations.
* Develop a set of ideal projects that the HTF may serve based on housing type (e.g., rental, homeownership, supportive housing) and client type (e.g., income level, age, household type)
* Determine whether the program will provide loans, grants, or both and at what levels. Base this determination on the ideal projects served and their anticipated needs.
* Convene potential HTF applicants for feedback and begin drafting application and scoring criteria.

**Within 2 years:**

* Draft any and all necessary award documentation, including underwriting material and development agreements.
* Make the first dedicated allocations into the HTF and establish a schedule for the first award cycle.
* Launch the HTF and begin taking applications. If desired, conduct feedback sessions with interested applicants to answer questions and provide guidance on their submissions.
* Proceed with the formal decision process and select projects to award. Execute contracts.
* Track and monitor progress to ensure compliance; make modifications as needed.

## 9.3 WHO DOES WHAT

**City staff:** Help organize and support task force, (likely) serve as HTF administration to manage funds and process applications.

**HTF task force:** Take lead role in designing HTF, liaison with the City Council and other partners, support staff with specific tasks.

**Housing Advisory Board (or similar entity):** Assume permanent responsibility for overseeing HTF and reviewing applications with staff, make recommendations to the City Council.

**City Council:** Participate in and oversee task force, make decisions about funding types and levels, evaluate and approve HTF award recommendations.

## 9.4 FUNDING SCOPE

* To have any significant impact, the initial HTF capitalization should be at least $1,000,000 per year. This level of funding would allow for a range of housing projects to be supported annually. Most HTFs in the state are capitalized at levels that meet or exceed this amount.
* Based upon anticipated funding levels, the HTF should set production goals for a period of 3-5 years. Because developing and fully funding complex affordable housing projects (especially rental communities) can take lengthy periods of time, these projects will frequently carry over from one year to the next. The HTF should set goals for commitment as well as completion of housing units per year over a 3-5-year window.
* The HTF will need to establish clear criteria for project readiness in order to avoid locking up funding for projects for a year or years before construction begins.
* To support and build a pipeline, the HTF may wish to allocate some of its funding for predevelopment activities. These funds need to be flexible and forgivable in the event that a project does not move forward.

## 9.5 POTENTIAL FUNDING SOURCES

**Low barrier options:**

To get the HTF started—while longer-term solutions are explored—Virginia Beach can consider both general funds and its existing allocation of federal housing and community development dollars. These two sources are the most common options found in HTFs throughout Virginia.

*General fund appropriation*

General funds are used by nearly every HTF in the commonwealth, usually to supplement other sources. However, they can be an important starting point, since the City Council has full authority to allocate these dollars within the context of annual budget planning. While this flexibility is desirable, it also means that funds are at risk of disappearing should non-dedicated revenues decline and/or City funding priorities change.

*Federal funds*

Several localities in Virginia also include CDBG, HOME, and other federal housing grants in their HTFs. These funds are more reliable than general funds but are subject to program requirements outside City control. They are also not “new” funds—the Department of Housing and Neighborhood Preservation already distributes these grants each year. Therefore, the main purpose of including federal funds in HTFs is to consolidate application processes for a streamlined funding system.

**Dedicated sources:**

Dedicated revenue sources are a prerequisite for successful HTFs. These sources typically rely on a special tax or fee created specifically to fund housing investments. This stability is highly desirable, but must be planned with respect to a locality’s overall fiscal position—alongside more challenging political barriers as well.

*“Penny” (or more) on real estate tax*

One of the most common dedicated sources of revenue for HTFs is a supplemental assessment on local real estate taxes. This is often an additional $0.01 collected per $100, on top of the base real estate tax rate. Based on projections in the [proposed FY 2023-2024 operating budget](https://s3.us-east-1.amazonaws.com/virginia-beach-departments-docs/budget/Budget/Proposed/FY24-Proposed-Operating-Budget.pdf), an additional cent on the real estate tax in Virginia Beach would generate over $7,000,000.

*New development extractions*

Several localities in Virginia use new residential development (or other types of development) to help fund their HTFs. Incorporating “in lieu fees” as an option for the city’s Workforce Housing Program would likely be the most consistently effective mechanism, in addition to avoiding legal challenges. To receive a density bonus, developers could provide a financial contribution to the HTF as an alternative to providing on-site affordable units. Alexandria currently uses this as a successful revenue source. However, this option hinges on the Workforce Housing Program being widely adopted by new residential development across the city.

Alternatively, Virginia Beach may pursue voluntary “[linkage fees](https://nvaha.org/wp-content/uploads/NVAH_1311_CommImpactRpt-WEB.pdf)” for commercial development. These fees are always negotiated on a project basis. For example, Fairfax County recommends a $3.00-per-square-foot surcharge for commercial development in Tysons Corner. The proceeds support the development of affordable and workforce housing in Tysons.

*Transactional fees*

While special taxes or fees on certain purchases and other economic activity are frequently used to fund HTFs, non-housing uses are more common. Examples include real estate transfer taxes, meals taxes, and hotel taxes. These options may be more palatable than a real estate tax increase but are usually more sensitive to volatile economic conditions. Virginia Beach should evaluate its current array of targeted taxes to determine the best opportunities for capturing additional revenue for housing.

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| Special Revenue Funds |
| Virginia Beach already has several Special Revenue Funds (SRF) that connect specific income streams with specific uses.   * **Parks and Recreation Special Revenue Fund:** Collected from user fees and a portion of real estate taxes. Estimated to be over $32,000,000 in FY 2023-2024. * **Tourism Investment Program Fund:** Collected from 5% of the hotel tax, half the $2.00 Hotel Flat Tax, 1.06% of the meals tax, $0.05 per pack of the cigarette tax, and all the amusement tax. Estimated to be over $61,000,000 in FY 2023-2024. |

**High-impact solutions:**

Transformational investments in affordable housing are usually debt-financed. While still uncommon in Virginia, bonds specifically for housing are increasingly being issued by local governments in other states. This option may not be appropriate for Virginia Beach in the near future, so the City should also investigate an alternative approach newly authorized by state law.

*Virginia Resources Authority*

In 2023, the General Assembly adopted HB1805/SB1401, which adds affordable housing to the list of projects eligible to be financed by the Virginia Resources Authority (VRA). For localities with high bond ratings (such as Virginia Beach), municipal bonds issued by VRA have no impact on bond capacity.

Virginia Beach has previously partnered with VRA to finance $6,000,000 for the [Lynnhaven Oyster Restoration and Estuary Protection project](https://www.virginiaresources.gov/portfolio/projects/11/land-conservation-in-virginia-beach). While VRA is still evaluating how to support activities that support affordable housing as of October 2023, officials recommend that any interested locality proactively contact them to explore options.[[28]](#footnote-223)

*General obligation bonds*

Should Virginia Beach’s future fiscal priorities present the opportunity, the City can explore issuing its own general obligation (GO) bonds to raise capital for the HTF.

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| Using GO bonds |
| Because GO bonds are secured by general revenue and not a specific income stream (e.g., public utility service fees), orienting a portion of the city’s tax-supported debt to a new priority is a major long-term strategic decision. Housing needs should be evaluated against concurrent public investment needs, such as hard infrastructure and school facilities, and incorporated into the city’s debt management policy and capital improvement plan (CIP) accordingly. |

Historically, Charlottesville, Harrisonburg, and Alexandria have been the [only Virginia localities](https://dmz1.dhcd.virginia.gov/HB854/part-5-bondfinancing.html#local-bond-options) to use GO bonds for housing. However, Richmond [recently committed](https://drive.google.com/file/d/1VFbPnG929ovCbz4NyEcBVRfFNhxWkIaX/view?usp=sharing) $50,000,000 in bond revenue over five years to accelerate affordable housing production. LISC has also partnered with the city to leverage an additional $50,000,000.

*Private and philanthropic support*

A wide range of nonpublic funding sources support affordable housing. These include banks and other financial institutions that provide low-cost loans and grants, as well as investments by corporations and philanthropic foundations. More recently, community anchor institutions (including hospital systems, colleges and universities, and churches) are also finding ways to support affordable housing through monetary gifts and land donations.

However, private sources are rarely “mixed” into publicly operated HTFs, and instead serve as separate complements. HTFs that are managed by quasi-public or nonprofit organizations can more easily blend public and private dollars into a single fund, but these cases are rare.

Therefore, should Virginia Beach’s HTF be operated in full by the City, private and philanthropic sources can augment these efforts by:

* Providing matches to public investments, especially to cover discrete activities (e.g., site planning, community amenities, support services)
* Funding experimental approaches and pilot projects (e.g., innovative construction methods)
* Proactively designing special low-interest loans and lines of credit that easily pair with HTF awards

## 9.6 METRICS TO EVALUATE SUCCESS

The success of an HTF can be measured by both what it does (outputs) and what impact it’s able to have (outcomes). Outputs refer to the tangible deliverables and activities generated by the HTF, while outcomes capture the broader impact and effectiveness of the fund. Importantly, outcomes can help determine whether the HTF is effectively addressing the priority challenges it was designed to address.

Below are suggested examples to measure both.

**Outputs:**

* Number of housing units created or preserved
* Locations of homes across city
* Cost metrics (e.g., per-unit subsidy, total development costs)
* Funding leveraged
* Time to completion and occupancy

**Outcomes:**

* Beneficiary demographics
* Affordability levels (e.g., resident cost burdens, costs relative to market average)
* Economic impact
* Quality-of-life (e.g., access to jobs, transportation)
* Sustainability (HTF performance and ROI)
* Partner satisfaction (surveys and feedback from stakeholders)

## 9.7 IMPORTANT CONSIDERATIONS

* Staff should conduct an assessment of new legal and financial liabilities that accrue from administering funds from new sources—including local governments, banks, corporations, and charitable institutions. When funds are provided to the HTF from any of these sources in the form of grants, the HTF should have a standard set of requirements outlined in the grant agreement, including clarity around procedures and reporting for liability, lending, and grant making.
* Staff should evaluate the capacity to undertake traditional bank style “underwriting” if HTF awards are structured as loans. Additional training may be needed, as well as potential upgrades to accounting programs and other software.
* If some tasks are too burdensome for staff, a qualified third party could be hired to conduct underwriting, service loans, process payments, and other related duties. It is possible to outsource these functions to a community lending institution or to Virginia Community Capital, Virginia’s statewide community development financial institution (CDFI).

## 9.8 EXAMPLES

[**New River Valley Housing Trust Fund**](https://nrvrc.org/nrv-housing-trust-fund)

* Brand-new and seeded with a Virginia Housing PDC grant
* Regional oversight board (appointed by New River Valley Regional Commission) will help staff evaluate proposals; final approval by NRVRC Board

[**Arlington Affordable Housing Investment Fund**](https://www.arlingtonva.us/Government/Programs/Housing/Development/Affordable-Housing-Investment-Fund)

* Mix of dedicated county revenue sources (e.g. recordation tax) and traditional federal funds
* Led by staff; awards are officially approved through advisory committee and board of supervisors

[**Alexandria Housing Opportunities Fund**](https://media.alexandriava.gov/docs-archives/housing/info/2020=hofapplicationprocessrequirements.pdf)

* Funded by developer payments (in lieu of providing affordable units), 1 cent real estate tax, and 1% increment of meals tax
* Led by staff; awards are officially approved through advisory committee and board of supervisors

# 10. Expand VBDA’s housing role

### STRATEGIC PRIORITY 2

### Use City of Virginia Beach Development Authority to fund new large-scale, mixed-use development projects

Economic development authorities (EDAs) are subordinate agencies created and supported by local governments in Virginia. EDAs have a wide range of powers to support the creation of new economic opportunities within their respective localities. These powers include the ability to finance major projects, acquire property for development by other entities, and promote the community to prospective businesses.

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| IDAs and EDAs |
| [Virginia state code](https://law.lis.virginia.gov/vacode/title15.2/chapter49/) uses the term “industrial development authorities” (IDAs). However, many localities choose to replace “industrial” with “economic” to reflect the greater range of activities supported by the authorities. This text uses the latter due to its higher familiarity among policymakers and the public. |

Traditionally, EDAs focus on attracting private investments that significantly increase the number of jobs—and commercial tax base—in a community. Because housing markets with limited affordable and available options can seriously hamper job creation, numerous EDAs across Virginia also support affordable housing in a variety of ways.

Recognizing the growing importance of housing to economic development, the General Assembly [expanded the powers of EDAs](https://lis.virginia.gov/cgi-bin/legp604.exe?221+sum+HB1194) in 2022 to include grant-making associated with the construction of affordable housing. More specifically, this change impacted only localities with a housing authority; prior code already permitted this power for EDAs in jurisdictions without housing authorities (such as Virginia Beach).

While VBDA may not necessarily have “new” powers, this new legislation is important to note, as it has contributed to increasing interest about affordable housing among EDAs. As a result, the array of best practices is growing, and should be followed with significant interest.

VBDA continues to be an important engine powering greater business diversity and strong event and tourism industries in the city. By strategically expanding its activities to also support housing, particularly through new mixed-use, mixed-income developments, VBDA can help ensure that its economic investments are not stymied by limited housing choices for workers and their families.

## 10.1 HOW IT WORKS

The City of Virginia Beach Economic Development Plan (September 2021) highlights the tight housing market and resulting affordability challenges as the second-most important trend influencing economic growth in the community. Should the status quo remain unchanged, or get worse, population stagnation in the city will continue to reduce the workforce. However, the plan makes just one recommendation related to this issue: Strategy 1.4.2 calls for social entrepreneurship and reverse-pitch competitions to spur innovation among localities and businesses.

Below are activities VBDA might undertake should it look to expand its work to address housing affordability and secure economic vitality throughout the city. To align with the City’s objective of a higher ratio of nonresidential to residential real estate assessments, these strategies should prioritize mixed-use projects that also spur new commercial, institutional, industrial, and other nonresidential activities.

**Financial support**

EDAs now have a wide range of tools available to make affordable housing projects more financially feasible. These investments can occur within the context of major mixed-use development projects but can also be offered to one-off projects that might strategically benefit VBDA’s broader objectives.

*Revenue bonds*

EDAs can issue tax-exempt bonds that provide large, low-cost funding to create transformative capital projects. As referenced earlier, VBDA has used multifamily revenue bonds to help boost the construction or rehabilitation of affordable housing in Virginia Beach. These bonds are guaranteed by the future income (“revenue”) of the project and are commonly used for affordable housing throughout the commonwealth because of their low interest rates. Neither VBDA nor the City loans money; the arrangement provides developers with access to capital markets at attractive rates. In fact, VBDA earns income via fees collected from the bond recipient.

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| Prior VBDA housing bonds |
| VBDA already uses its bonding authority to occasionally issue revenue bonds for residential projects, including affordable housing. According to [MSRB records](https://emma.msrb.org/IssueView/Details/EP349121), VBDA issued 29 multifamily revenue bonds between 1987 and 2011.  For example, the $6,000,000 bond for New Sands Apartments (“[The Sands](https://www.preservationmanagement.com/property/the-sands/)”) in 2011 helped finance the acquisition and rehabilitation of a 120-unit affordable rental property for seniors. It was used in conjunction with Low-Income Housing Tax Credits (LIHTC) and an existing Section 8 contract.  More recently, VBDA approved $33,000,000 in bonds to help renovate the Atlantis Apartments complex in 2021. On Oct. 17, 2023, VBDA approved $525,000,000 in revenue bonds to Westminster-Canterbury. This will allow the organization to build more than 200 new independent living units and related amenities. |

*Real estate tax abatements*

EDAs can facilitate tax abatements to affordable housing projects in the form of rebates granted by the locality. These require a city ordinance to authorize, for example, annual rebates equal to the incremental increase in property taxes following project completion. In exchange for providing affordable housing, the developer/owner will pay taxes only on the original value of the property, which helps reduce long-term operating costs — which in turn can secure better financing.

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| Richmond EDA tax grants |
| The City of Richmond is about to approve the second and third examples of this [tax rebate arrangement](https://richmondva.legistar.com/LegislationDetail.aspx?ID=6378283&GUID=D05F08E8-5EC9-417D-AA69-AD307797C46F) for affordable rental projects. These “performance grants” are structured contracts between the City, its EDA, and the developers. The annual grant payments will run for 30 years and total the incremental real estate tax revenues generated by the developments. The projects must provide units affordable at 60% AMI in accordance with the Low-Income Housing Tax Credits they are also receiving. Furthermore, the City requires the developers to award at least 30% of construction costs to minority business enterprises (MBEs). |

*Grants*

One common function of EDAs is to provide grants to businesses and other entities to foster innovation, workforce development, and other activities that support the community’s economic growth objectives. While these grants are usually not targeted to housing-specific uses, VBDA may want to explore options to use its discretionary funds for strategic housing activities in the private sector.

VBDA currently awards cash grants under the Economic Development Investment Program (EDIP). These incentives are provided to companies that meet specific performance criteria, including number of jobs created, salary levels, and capital investments. For FY 2022-2023, [VBDA awarded](https://www.yesvirginiabeach.com/_assets/Documents/AboutUs/VBDA/Reports-Audits/VBDA-FY22-23-to-City-Council-Annual-Report.pdf) over $4,000,000 in EDIP grants to 12 recipients.

As one potential strategy, VBDA could proactively advertise and seek EDIP application from firms involved in the production of lower-cost housing, or who can strengthen the construction workforce, especially through innovative methods.

**Land support**

VBDA can pursue acquiring, consolidating, and leasing various parcels of land that are strategically located for mixed-use development. Having land readily available reduces a significant barrier for developers, expedites the development process, and allows for long-term control over land use. It also gives Virginia Beach a proactive way to encourage development in areas targeted for growth.

*Land banking*

EDAs can purchase and hold onto land until suitable development partners are selected, utilities are planned, and financing terms established. This does not necessarily mean that VBDA needs to become a formal land bank in accordance with the Virginia Land Bank Entities Act.

*Land swaps*

Along with market acquisitions, EDAs can organize and execute property swaps to strategically trade land with private owners or other public entities.

*Discounted sales*

When selling off land for mixed-use development, EDAs can discount acquisition costs in exchange for certain terms, such as the inclusion of below-market rate residential units, or donation of a section of the property to a separate affordable housing developer.

*Long-term ground leasing*

EDAs have the option to retain ownership of the land and create a ground lease agreement with the developer for the improvements. The property is leased at a nominal cost, and the developer is exempt from paying real estate taxes on the value of the land. This arrangement gives the public a formal stake in the development and provides an EDA with more permanent oversight to ensure compliance with any performance incentives.

**Public-private partnerships**

Public-private partnerships (PPP) are collaborative agreements between public entities and private developers. Numerous EDAs in Virginia, including VBDA, have established PPPs to execute specific development projects.

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| Current PPPs in Virginia Beach |
| VBDA’s [25th Street Mixed-Use and Parking Development](https://www.cvillepedia.org/images/20130808-Virginia-Beach-Strategic-Growth.pdf) PPP with Breeden Co. is one of the few, if not the only one, that includes a residential component. Here, the redevelopment of a City-owned parking complex led to a brand-new parking garage with almost 600 spaces, nearly 150 new apartments, and additional commercial space. After selling the property to Breeden Co., the City purchased and generated revenue from the new parking garage. |

VBDA can continue its successful PPP track record by intentionally seeking out collaborations with developers experienced in affordable housing. Sharing the financial risk and benefit can make large-scale projects more feasible and can ensure the inclusion of housing available to low- and moderate-income households.

**Planning and technical assistance**

Working with community, regional, and state partners, VBDA and the Department of Economic Development can position themselves as an important resource for planning, executing, and managing mixed-use, mixed-income projects. Building this capacity would help local developers—especially those with less experience—increase their confidence with affordable housing and related community development programs.

*Planning grants*

EDAs are increasingly serving as an intermediary for applying to state planning grants to help study development options for specific sites and properties. Sources include Virginia Housing, the Department of Housing and Community Development (DHCD), and the Virginia Economic Development Partnership (VEDP). VBDA can provide this service to help investigate mixed-use opportunities on City-owned properties, or to assist private owners with assessing options for certain properties whose development would be a strategic win for the city.

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| EDA planning activity in Virginia |
| The [Paige County EDA](https://www.pagecounty.virginia.gov/AgendaCenter/ViewFile/Minutes/_09252023-864) recently secured a Virginia Housing grant to assess the potential for residential development on land it owns. The [Henrico County EDA](https://henrico-eda-site-assets.s3.amazonaws.com/meeting-minutes/june+23+minutes+signed.pdf) is pursuing a $50,000 brownfields grant from the Virginia Economic Development Partnership to help a property owner determine remediation needs on a parcel formerly used as an unregulated landfill but potentially suitable for mixed-use development, including residential. If successful, the EDA will assist the owner with applying for funds to cover actual remediation. |

*Knowledge sharing*

VBDA can explore hosting open houses or symposiums to encourage networking between affordable housing practitioners and developers of residential/commercial properties.

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| EDA-organized housing summits |
| For the past two years, the City of Danville and Pittsylvania County Offices of Economic Development have organized the [Southern Virginia Regional Housing Summit](https://www.discoverdanville.com/southern-virginia-regional-housing-summit/). The event is a chance for officials to promote residential and mixed-use development opportunities in their communities. |

## 10.2 HOW TO DO IT

**Within 6 months:**

* Convene stakeholders from the Department of Economic Development, VBDA board, and other important partners to discuss shared goals and opportunities related to affordable housing.
* Develop preliminary housing-related objectives for the VBDA and seek adoption by the board and the City Council. Use these as guidance to prioritize future housing investments by VBDA.

**Within 1 year:**

* Identify affordable housing projects in the predevelopment stage in Virginia Beach that could benefit from VBDA support. Meet with these developers to understand their needs and to determine what types of financial support would be most beneficial.
* Identify opportunities for property assemblage or acquisition to support large-scale, mixed-use development.
* Identify City-owned or privately owned properties that could benefit from intentional planning activities.
* Reach out to relevant state agencies to pursue funding opportunities that would facilitate site planning, feasibility studies, and/or environmental remediation work.

**Within 2 years:**

* Develop a competitive bid process that requires affordable housing as a component of a mixed-use development.
* Develop a transparent process that offers grants and other resources to affordable housing projects through VBDA.

## 10.3 WHO DOES WHAT

**VBDA board:** Work with staff and partners to set major goals and objectives. Evaluate and approve bond issues and other financial agreements. Liaison with the City Council.

**Department of Economic Development staff:** Support VBDA board with decision making. Gather information on best practices from economic development colleagues elsewhere in Virginia. Draft policies, procedures, and contracts related to programmatic activities.

**Department of Housing and Neighborhood Preservation:** Assist Department of Economic Development and VBDA board with housing-related programs. Connect affordable housing developers with VBDA.

**Private and nonprofit developer partners:** Seek out VBDA partnerships and demonstrate specific ways for the City to provide support.

## 10.4 FUNDING SCOPE

**Administrative costs:** Meaningful progress is likely difficult unless VBDA or Department of Economic Development staff increases by one FTE position. Salary for this hire can be estimated using the average compensation for all current department staff.

**Revenue bonds:** Revenue bonds issued by VBDA for any mixed-use or residential project will be backed by the development’s future income. The city does not guarantee any debt and has no expenses other than staff time dedicated to preparing and executing the issuance. Fees received by the applicant may cover that cost.

**Real estate tax abatement:** Grants that rely on reimbursement of future real estate tax income are revenue neutral. However, the City may want to consider certain payment-in-lieu fees to at least cover the projected need for additional public services.

## 10.5 POTENTIAL FUNDING SOURCES

* Increased administrative costs can be funded by additional support for personnel in the Department of Economic Development and VBDA budgets.
* Revenue from the sale or long-term lease of properties could be another source to cover operational costs, and/or housing-related grant-making.
* Planning grants are available from multiple state agencies and depend on specific scenarios and objectives:
  + Virginia Housing (several)
  + Department of Housing and Community Development (several)
  + VEDP Virginia Brownfields Fund

## 10.6 METRICS TO EVALUATE SUCCESS

* Number of new affordable housing units created in mixed-use, large-scale developments
* Number of new affordable housing units supported with VBDA funding
* Demographics and income levels served within new affordable housing
* Amount of additional funding leveraged for every dollar of VBDA investment
* Increase in assessed values (and real estate tax revenue) from new development
* Scope of new jobs created (e.g., number, average wages)

## 10.7 IMPORTANT CONSIDERATIONS

* EDAs will need guidance from affordable housing developers and practitioners on how to evaluate projects that include affordable housing, as this is not their expertise.
* In the context of a new, large-scale mixed-use development negotiation, VBDA may need support to evaluate the affordable housing aspect of the proposal to ensure it’s feasible and sufficiently affordable.
* Legal eligibility requirements on certain types of funds can restrict usage or eligible applicants (some require nonprofit 501(c)(3) developer status) or create added reporting and coordination demands.

## 10.8 EXAMPLES

[Loudoun County: EDA Housing Initiatives](https://biz.loudoun.gov/economic-development-authority/housing/)

* EDA is partnering with nonprofit and for-profit developers to provide low-interest financing, including tax-exempt revenue bonds, to build hundreds of below-market-rate housing for Loudoun’s workforce that earn below the county’s average wage.

[City of Atlanta: Invest Atlanta, Westside TAD](https://www.investatlanta.com/developers/opportunities-incentives/tax-allocation-district-financing/westside)

* The EDA, now known as Invest Atlanta, is a key player in the redevelopment of the Westside Tax-Allocation District (TAD), including neighborhoods of historically disinvested single-family communities struggling with population decline over the past several decades.
* The project aims to utilize existing tax increment to provide gap financing for redevelopment and capital projects in the Westside TAD, including a requirement to include housing designed for a mix of income levels.

# 11. Design housing education campaign

### STRATEGIC PRIORITY 3

### Design a housing education campaign to incorporate into successful community engagement efforts

Overcoming the stigma of increased density and affordable housing is a necessary step if existing residents consistently oppose the type of development most needed in communities. Housing education campaigns can help dispel common misconceptions and prejudices as well as create new supporters for housing.

By grounding a campaign in local human stories and data, a housing campaign can have a profound impact on the public. Cross-sector education campaigns that also show the benefits of increased housing affordability on economic development, public health, and human services have been successful in other places to build support for housing.

Virginia Beach has an important opportunity to capitalize on its ongoing comprehensive plan update by intentionally incorporating housing education into the effort’s community outreach. Although it can be difficult to reach all residents—specifically those in less connected or underserved areas—a proactive approach can seed productive conversations and grow support for coming policy changes.

## 11.1 HOW IT WORKS

This solution involves four major components:

**Campaign planning**

A successful campaign requires significant, intentional planning. The City should identify all core stakeholders and set clear objectives and roles for each member. A set of campaign goals—or just one overarching goal—should be drafted. This will allow for the campaign’s success to be measured later.

**Content development**

The City should expect to build different types of content catering to various learning preferences and making complex issues more understandable. Additional partners—especially affordable housing practitioners and other housing market experts—should be consulted to provide data, stories, and other helpful information.

**Community engagement**

By working with community leaders and stakeholders, the City can organize different types of events and engagement opportunities, both in person and online. To begin, the City should prioritize participation in existing events (e.g., comprehensive plan meetings, neighborhood fairs) to meet community members where they are already.

**Evaluation**

Brief and low-barrier methods for collecting feedback can help determine the campaign’s effectiveness. These could include short surveys with only one or two questions. The City must determine what outcomes are most important to assess: for example, increased understanding of housing issues and programs versus increased support for the creation of new affordable housing. As able, the City should revise and adapt content and outreach strategies for future engagement.

## 11.2 HOW TO DO IT

**Within 6 months:**

* Coordinate with the Planning and Community Development Department to explore opportunities to incorporate housing education into a comprehensive planning engagement process.
* Explore formation of a work group to oversee the education campaign at a high level and ensure consistent messaging.
* Choose campaign ambassadors among work group members to lead outreach efforts.
* Outline major talking points needed for audience types (e.g., general public, elected officials, institutions, business leaders, real estate professionals, neighborhood associations).
* Investigate funding opportunities to sustain dedicated outreach efforts and potentially hire marketing consultant(s).

**Within 1 year:**

* Create outreach materials as needed, including fact sheets, social media posts, “layperson” policy briefs, presentation slides, and other relevant content; this work can be done in-house or in collaboration with a PR firm.
* Identify local housing stories to highlight during the campaign.
* Evaluate progress to determine long-term goals of campaign(s); assess, reevaluate, and redesign outreach efforts, as necessary, to reflect changing housing needs in the region.

**Within 2 years:**

* Consider a formal public opinion poll on attitudes toward housing development and affordability. The Campaign for Housing and Civic Engagement (CHACE) conducted a statewide poll in 2017 with the help of William & Mary, and should be used as a reference.

## 11.3 WHO DOES WHAT

**City staff:** Appropriate staff from the Department of Housing and Neighborhood Revitalization, along with the Communications Department and other departments, would be responsible for coordinating a housing education campaign in-house or with a PR consulting firm.

**Community partners:** Neighborhood organizations, churches and faith groups, nonprofits, and others should be recruited by the City early on to help embrace and promote the campaign to their constituencies.

**HousingForward Virginia:** Potentially can assist the city in the initial stages of campaign development and provide support through data and best practices.

## 11.4 FUNDING SCOPE

The scope of funds required depends on the level of outreach desired. The lower end of this scale would take the shape of city staff incorporating these actions into their standard workload on a limited basis. The upper end would include new, dedicated funding to support new staff, contracted professionals, or both to assist with the work, particularly where capacity is currently stretched thin.

Sustained, professional-level marketing and public relations will likely require the use of paid consultants. It will also be important to secure access to electronic platforms and communication tools to disseminate information, which may require new licenses or subscriptions.

## 11.5 POTENTIAL FUNDING SOURCES

**Public sources:** Education campaigns for housing might be funded through local operating funds. Funding may also be available via grant opportunities from Virginia Housing.

**Private sources:** Philanthropic and corporate partners may also be interested in funding educational efforts. The City should approach known funders who have an existing interest in housing and community development.

## 11.6 METRICS TO EVALUATE SUCCESS

Campaign reach:

* Number of people exposed to the campaign across all platforms
* Number of unique website visitors or landing page visits (if applicable)
* Number of social media impressions and reach, split by platform

Audience engagement:

* Number of social media interactions, including likes, shares, comments, and retweets
* Number of subscriptions or sign-ups for more information or follow-up resources
* Number of attendees at campaign-related events, webinars, or workshops

Behavior change:

* Pre- and post-campaign surveys to measure changes in knowledge, attitudes, or behaviors related to housing issues
* Number of inquiries or applications for housing assistance or other housing programs promoted during the campaign
* Changes in patterns of housing searches or inquiries, potentially tracked through partnerships with real estate platforms or local housing authorities

Economic impact:

* Increases in investment or funding for affordable housing projects
* Increases in the number of affordable housing units built or planned
* Changes in housing policy that can be linked to increased awareness or advocacy related to the campaign

Feedback and testimonials:

* Qualitative feedback collected through surveys, focus groups, or interviews
* Stories or testimonials from people who have been positively impacted by the campaign

## 11.7 IMPORTANT CONSIDERATIONS

* There are no legal boundaries preventing these educational efforts.
* The City may be able to use existing infrastructure and staff through the Communications Office to support this work.
* The housing market can change rapidly, and keeping housing information relevant requires periodic updates.

## 11.8 EXAMPLES

[Richmond Regional Housing Framework (Chesterfield, Henrico, Richmond, Hanover)](https://pharva.com/framework/)

* Designed to guide policy and investment decisions over the next 15 years, to enhance regional cooperation and public engagement, and to provide more affordable housing options for all residents.
* Over 1,900 people in the region were reached in community meetings, focus groups, and interviews to identify priority housing challenges and common values.

[Workforce Housing Now (Community Foundation for Loudoun and Northern Fauquier Counties)](https://workforcehousingnow.org/)

* Data-based effort to expand awareness of housing affordability issues and make specific requests for solutions (e.g., expand Loudoun County’s housing trust fund)
* Focuses on housing needs for core community workers, including teachers and other public servants.

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