Affordable Housing and the Region’s Future

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About HousingForward

WHAT WE DO

**RESEARCH** on best practices to increase housing affordability.

**EVENTS** to convene housing experts, policymakers, and community members.

**COMMUNICATIONS** to keep Virginians informed on housing trends and news.

**DATA** on housing, demographics, and other metrics freely available on our website.

OUR BOARD

Virginia Housing
Department of Housing and Community Development

REALTORS
Local governments
Nonprofit housing organizations
Fair housing organizations
Banks and lenders
Other stakeholders

WHERE WE GO

Northern Shenandoah Valley
New River Valley
Prince William
Goochland
George Washington Region
Farmville
Richmond
Western Piedmont
Southside
Williamsburg
Prince George
…and more!
What I’ll cover:

1. How to think about “affordable”
2. Ways our housing market is unhealthy for everyone
3. What some of the causes and solutions look like
4. Why you probably talk about housing the wrong way
A tale of two housing markets…

“In the second quarter of 2022, the average homeowner gained approximately $60,200 in equity during the past year.”

— CoreLogic Homeowner Equity Insights

This and the next slide are a quick hook to quickly capture attention and explain the core conflict(s) in our housing market.

In some places, homeowners have “earned” enough home equity to match the average annual household income in their area.
A tale of two housing markets...

Average market rents in Hampton Roads have gone up 20% since the beginning of 2020.

CoStar Group, Inc.

Includes all existing, non-subsidized multifamily rental properties.

Meanwhile, looking for an apartment is more difficult than ever.

Fewer units are available despite growing demand – drives prices to historic levels.
A lot of people don’t think about housing beyond their own front door.

Unless you’re in the industry, you probably haven’t considered the big picture – only your immediate experiences renting or buying, plus what you hear in the news.

Important to ground ourselves in some terms and concepts to give us a better language for talking about housing.
## Unpacking “affordable”

### Household budgets

Housing is affordable when monthly housing costs (total mortgage/rent plus basic utilities) do not exceed 30% of gross income.

- Pay more than 30%? You are **cost burdened**.
- Pay more than 50%? You are **severely cost burdened**.

### Community affordability

How well do housing prices match household incomes across a region?

- What neighborhoods and types of homes are out of reach for some families? Can workers afford to live near where they work?

  Use *Area Median Incomes (AMI)* as a baseline.

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There is no (and shouldn’t be) a single definition of “affordable” housing – easy to get lost in semantics and not get any actual work done.

Important to see how we can think about it at the individual or community level – both helpful to understand.

Area Median Incomes are very common and tool for researchers and policymakers – critical for designing programs and directing resources.
There isn’t just “affordable housing” and then everything else – we have a whole housing spectrum with many options.

Our housing market is already made up of a web of public and private offerings – many of which work together.
From VSH:

Heron's Landing, a community of 60 studio apartments in Chesapeake, opened in 2013 for formerly homeless single adults from the South Hampton Roads area. As a regional solution to end homelessness, the $10 million development includes funding from Chesapeake, Portsmouth, Norfolk, Virginia Beach and Suffolk.

Each furnished, 320-square-foot unit contains a kitchenette, full bathroom, living area and a closet. The building has a community room with kitchen, a fitness room, a computer room, laundry facilities, a front desk and staff offices. Four units are fully accessible for formerly homeless single adults with disabilities.

Heron's Landing is EarthCraft Virginia-certified for green building and resource and energy efficiency. The building incorporates a photovoltaic solar electric system designed to reduce the building’s energy load by up to 20 percent. It includes a solar thermal hot water system, and all appliances are Energy Star-rated. Heron’s Landing won the Hampton Roads Housing Consortium Housing Partner Special Projects Award in 2013.

Residents sign leases and pay 30 percent of their income in rent with a minimum rent payment of $50 per month.

VSH offers on-site supportive services through case managers who help residents stabilize, retain their housing and reclaim their lives.
From Steve:

Seaside Harbor is located in the Virginia Beach resort area just three blocks from the oceanfront and was developed in partnership with Samaritan House, a local non-profit whose primary mission is combating domestic violence and human trafficking. 15% of the units are set aside for clients with developmental disabilities, and our resident services partner, Hope House Foundation, does an amazing job serving these residents. 25% of the units are also fully accessible to clients with physical disabilities. Seaside won a prestigious Pillars of the Industry award from the National Association of Home Builders (NAHB), the Multifamily Project of the Year from the Home Builders Association of Virginia, and Best Multifamily Project from HRACRE.
From Steve:

The Retreat at Harbor Pointe is located on the Elizabeth River in Norfolk and was likewise fortunate to have been awarded an NAHB Pillars of the Industry award. The Retreat also earned top awards from the Novogradac Journal of Tax Credits, the Coastal Multifamily Housing Council, the CVBIA Coastal Living Awards, HRACRE Excellence in Design, and the Elizabeth River Project. This community is also home to more of our Hope House clients with developmental disabilities and also includes project-based vouchers from Norfolk Redevelopment and Housing Authority.
From Andy:

Affordable housing for special-needs human services clients. VBCDC. Won 2010 GHC award for best affordable housing / energy conservation effort.
9 homes, finished in 2018. Each home is single-family with three to four bedrooms and an average monthly payment of $700. The homes are sold to families with zero percent net interest, no closing costs and a minimum down payment.
Example of market-affordable apartments in Hampton.

1-bed: $907
2-bed: $1,007

1.5% vacancy
Why can’t we just add up the number of people in need of affordable housing, then subtract the number of affordable homes?

- *Everyone* needs housing they can afford
- Affordable doesn’t always mean available, accessible, or safe
- Homes are fixed but people are mobile

Tee up selected charts in following slides. Reinforce how housing challenges are diverse and widespread.

Move through each data slide quickly – less than 1 min each.
First-time homebuyers have fewer starter homes to choose from.

“Starter home” defined as home sold for a price that was affordable to a 2-person family earning 80% AMI based on 30-year fixed mortgage rates at that time.

The disappearing starter home is a nationwide phenomenon.

Today’s land use policies and market conditions steer homebuilders to focus on larger, more expensive homes.

Ballooning demand – and very limited supply – drove up prices last year to cut the number of affordable starter homes in half across the region.
Racist policies from the past are still felt today.

Just like Virginia and the rest of the country, Hampton Roads has a wide homeownership gap between white and black households.

This disparity captures the long-standing impacts of redlining, financial discrimination, predatory lending, and other injustices – and reflects our inability to make progress to remedy these problems.
Seniors will have to pay more to downsize.

New apartments are expensive to build – senior communities are no exception.

While many retirees are well-off, limited affordable options for seniors means they have no choice but to age in place – often in homes that weren’t built with accessibility in mind.
Public assistance programs only reach a small fraction of those who are eligible.

Housing Choice Vouchers make homes affordable to more than 45,000 renters in Virginia.

For every household with a HCV – there are another 7 who need one but don’t have one.
Children aren’t immune to housing instability.

Last year, nearly 2,500 students in public schools experienced homelessness.

This definition captures more circumstances than the “Point in Time” definition: includes children who are doubled up, living in hotels, or living in vehicles.
So, why is our housing market not functioning the way it should?
Historically low inventory | Rising interest rates | Labor and material cost increases
---|---|---
Wages not keeping pace | Restrictive land use policies | Funding shortages
Private equity acquisitions | Workforce shortages

There are too many reasons to list and not enough time to cover them.

This is a “WICKED PROBLEM” – there is no single cause and no single solution.

Today, our housing problems are:

- Intertwined
- Unpredictable
- Contested

It’s misleading for anyone to assert that any one or two of these issues is the primary cause of our housing challenges.

(Mention how panel discussion will get into some of these problems in more detail.)
Housing is COMPLICATED but that doesn’t mean it’s too COMPLEX to figure out solutions.

Believe it or not, we already have a pretty good idea of what to do.

Following slides won’t go into specific details – but hopefully tee up deeper conversation in panel discussion.
We need a multi-pronged approach to plug all the holes – there are many ways we can intervene for the better.

In policy terms, we can focus on both the SUPPLY and DEMAND sides of the equation.

We're already doing a lot of this – there are whole government agencies and community organizations dedicated solely to these solutions. It's just not enough!

### Address both supply and demand

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<thead>
<tr>
<th>“Make affordable housing”</th>
<th>“Make housing affordable”</th>
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<tr>
<td>• Zoning reforms</td>
<td>• Tenant-based rental assistance</td>
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<tr>
<td>• Project-based rental assistance</td>
<td>• Rent restrictions</td>
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<tr>
<td>• Subsidy, incentives, tax credits</td>
<td>• Living wage</td>
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<td>• Nonprofit development</td>
<td>• Homebuyer grants</td>
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<td>• Alternative tenure models</td>
<td>• Rehab/weatherization assistance</td>
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At the local level – no shortage of ways to help make housing work for everyone.

This list is not exhaustive – just a range of examples.

Some interventions are easy to implement – but tough to find support for!
One thing to fix today:
How we talk about housing.

We can’t change the world today— but you can take a few steps now that will pay off dividends in the long run.
It’s not easy to talk about housing!

Housing is personal.

Everyone thinks they’re an expert.

Political alignments mean less.

For a number of reasons, housing can be a particularly troublesome issue to talk about with others.

1. Everyone has (or needs) a home so there can be a natural instinct to “protect” what we already have.
2. Even with presented with mounds of evidence to the contrary – some will not cede their personal convictions. High confidence but low competence makes public decision-making hard.
3. All politics is local. Many times, “pro” or “anti” housing camps will not sort themselves according to traditional left/right party affiliation.
Here’s an example from Arlington – they’re currently in the midst of a contentious effort by the county and housing advocates to allow more “missing middle” housing types in expensive, single-family neighborhoods.
A common sight in Northern Virginia – a yard sign supporting inclusivity and progressive values.
But upon closer look… this resident has some particularly strong feelings about the types of homes – and people – welcome in their neighborhood.
The best way to approach housing conversations is to think about what FRAMES you will use.

However, you must be careful to avoid having your messages BACKFIRE and leave you further back from where you started.

This is extremely common today – but we have some ways to fix it.

### Frames and backfires

<table>
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<tr>
<th>What is a FRAME?</th>
<th>How can it BACKFIRE?</th>
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<tr>
<td>Frames are sets of choices about how information is presented.</td>
<td>A message <em>backfires</em> when it reinforces the audience’s existing biases, rather than changing them...</td>
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<tr>
<td>Effective framing requires:</td>
<td>...even when contradictory evidence is provided.</td>
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<tr>
<td>● Knowing your audience</td>
<td></td>
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<tr>
<td>● Knowing what to lead with</td>
<td></td>
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<tr>
<td>● Selecting words that “fit your frame”</td>
<td></td>
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<tr>
<td>● Choosing what to leave unsaid</td>
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</table>
Here’s a simple example of how a common charity-based frame can backfire despite best intentions.

The sole focus on these particular people opens the door for your audience to miss the bigger picture.
Here are just four simple tips to keep in mind when talking to others about the importance of housing in your community.

This is just the tip of the iceberg for insight and recommendations on effective messaging strategies.

The Frameworks Institute has proven research on what works and what doesn’t – these are must reads for every housing advocate.

We’ve compiled these and other resources into toolkits on our website.

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### Four tips for effective reframing

1. **Regional fairness**
   Direct thinking away from assumption that outcomes are result of individual decisions. Orient benefits to all of us.
   “We need housing policies that expand our region’s vitality.”

2. **Focus on systems**
   Avoid consumerist language that relies on personal decision-making.
   “We can reduce traffic by making sure people live near where they work.”

3. **Proactive explanations**
   Connect the facts you may take for granted so your audience doesn’t fill in their own blanks with misleading information.

4. **Pivot to solutions**
   End cause-and-effect explanations with clear, actionable remedies to keep focus on how we can fix our problems.

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**Much more:**
- [housingforwardva.org/toolkits/overcoming-nimby](http://housingforwardva.org/toolkits/overcoming-nimby)
- [frameworksinstitute.org/issues/housing](http://frameworksinstitute.org/issues/housing)
What you should remember:

1. “Affordable” is just the start of the conversation
2. A broken housing market hurts everyone
3. The list of problems is long, but so is our list of solutions
4. How you talk about housing matters: frame your messages effectively

I’ve covered a lot of ground very quickly – don’t worry about memorizing all of it. (Plenty of resources we can make available.)

Here’s all I want you to take away from today.
Thank you!
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