

Cultivating Regional Partnerships to Address Challenges in Housing Affordability

VAPDC Summer Conference, Norfolk

July 26, 2023

Issues in Housing Affordability

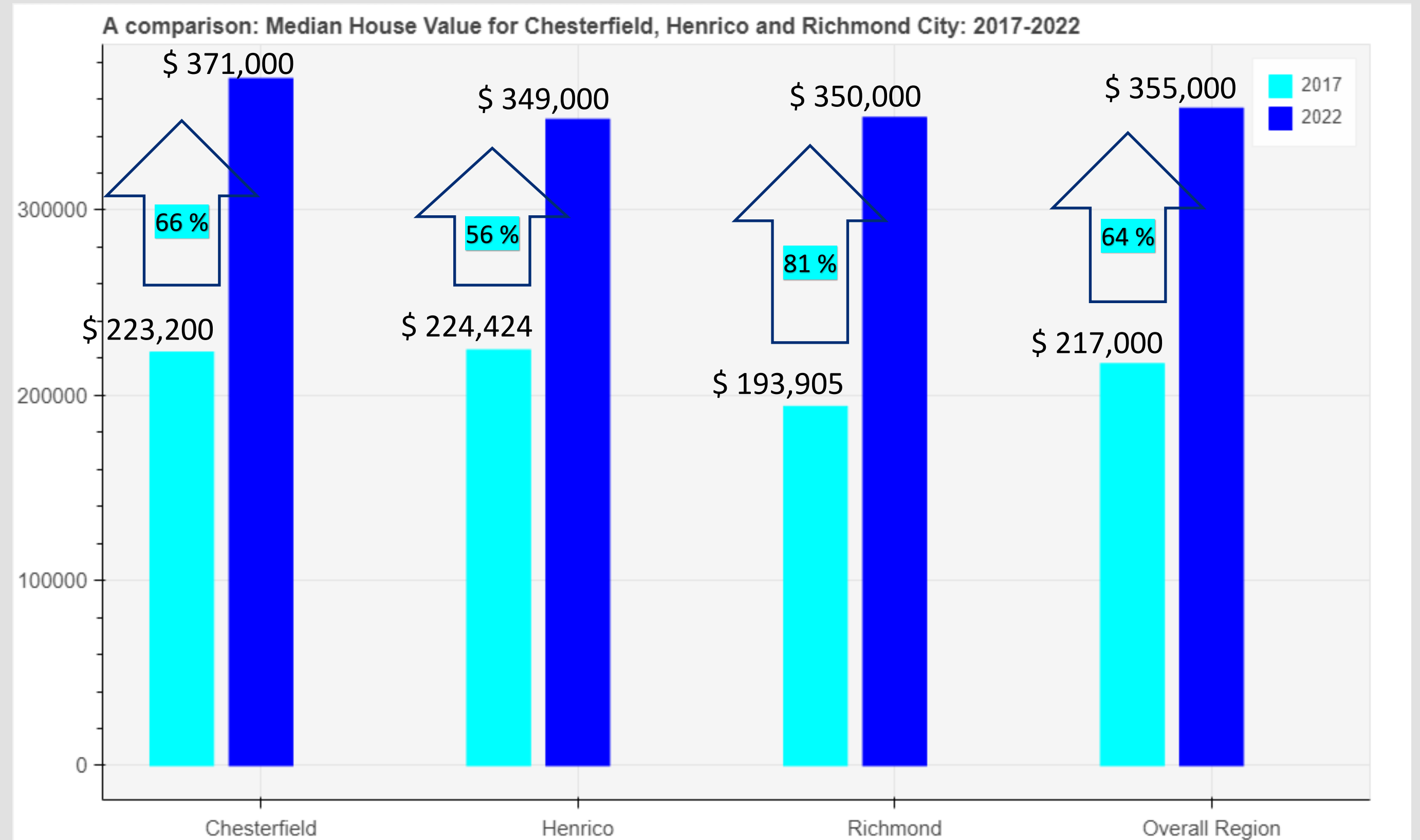
- Sky-high house price
 - High demand / slow supply
 - Market focused on supplying at the upper end of the income spectrum
 - Unprecedented affordability gap (income vs house price)
- Loss of NOAH
 - Filling the demand -supply gap by rehabilitation/flipping of NOAHs
 - Rehabilitation of rental properties > rent hike > evictions

Issues in Housing Affordability

- Accelerated neighborhood transformation
 - Cost of living not attainable for long -time residents / selling out is too attractive
 - Demographic transformation
- Racial disparities in home ownership
 - Low home ownership among BIPOC households
 - Income disparity > BIPOC buyers priced out in the current market

Housing Price Comparison : 2017 vs 2022

Median House Price in 2017 and 2022 (adjusted for inflation)



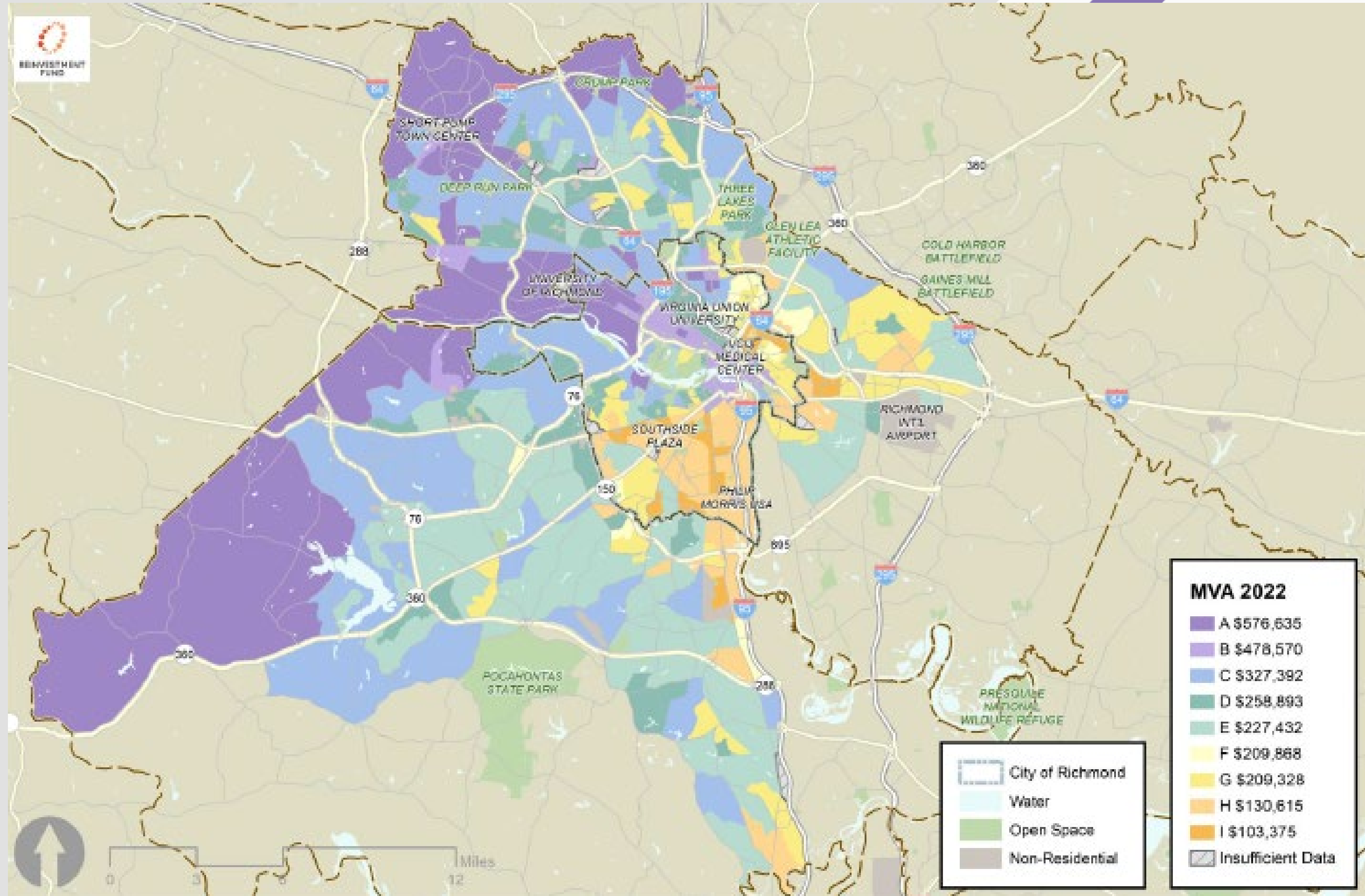
Our multi-faceted role as a PDC

- Highlight / uplift relevant issues
- Provide data/technical support, and deep -dive research
- Stakeholder engagement – building consensus
- Convene, encourage collaboration and partnerships
- Mediate / provide grant assistance

Our pursuit for a deeper understanding of the issue

- **Market Value Analysis (MVA)**
 - Deeper understanding of the affordability problem
 - Market characteristics and trends
 - As a Regional PDC, PlanRVA:
 - Collaborated in the development of MVA
 - Convened local government leaders and regional stakeholders
 - Communicated MVA outcomes through [dashboards](#) and [storymaps](#)

Richmond MVA 2022



MVA Market Characteristics

Average Characteristics for Richmond Area Market Types

	Number of Block Groups*	Median Sales Price 2019-2021	Sales Price Variance, 2019-2021	Percent Bank Sales, 2019-2021	Owner Occupancy, 2015-19	Percent Subsidized Rental, 2021	Percent Vacant Residential, 2021	Housing Units per Acre, 2015-19	Percent Residential Parcels Built 2008-up	Percent Residential Parcels with Permits 2019-21
A	49	\$576,635	0.63	2%	86%	1%	0%	2.8	12%	17%
B	32	\$478,570	0.94	4%	29%	22%	2%	21.9	2%	10%
C	97	\$327,392	0.37	4%	84%	3%	1%	3.1	4%	9%
D	60	\$258,893	0.80	6%	34%	6%	1%	8.0	5%	8%
E	102	\$ 227,432	0.37	7%	81%	5%	0%	2.5	3%	6%
F	18	\$209,868	0.50	23%	59%	9%	7%	4.9	3%	15%
G	44	\$209,328	0.81	11%	44%	96%	3%	5.0	5%	10%
H	41	\$130,615	0.77	12%	42%	9%	3%	5.3	2%	5%
I	14	\$103,375	1.07	10%	23%	95%	4%	5.7	4%	6%
Block Group Avg.	457	\$292,885	0.60	7%	62%	17%	2%	5.3	4%	9%

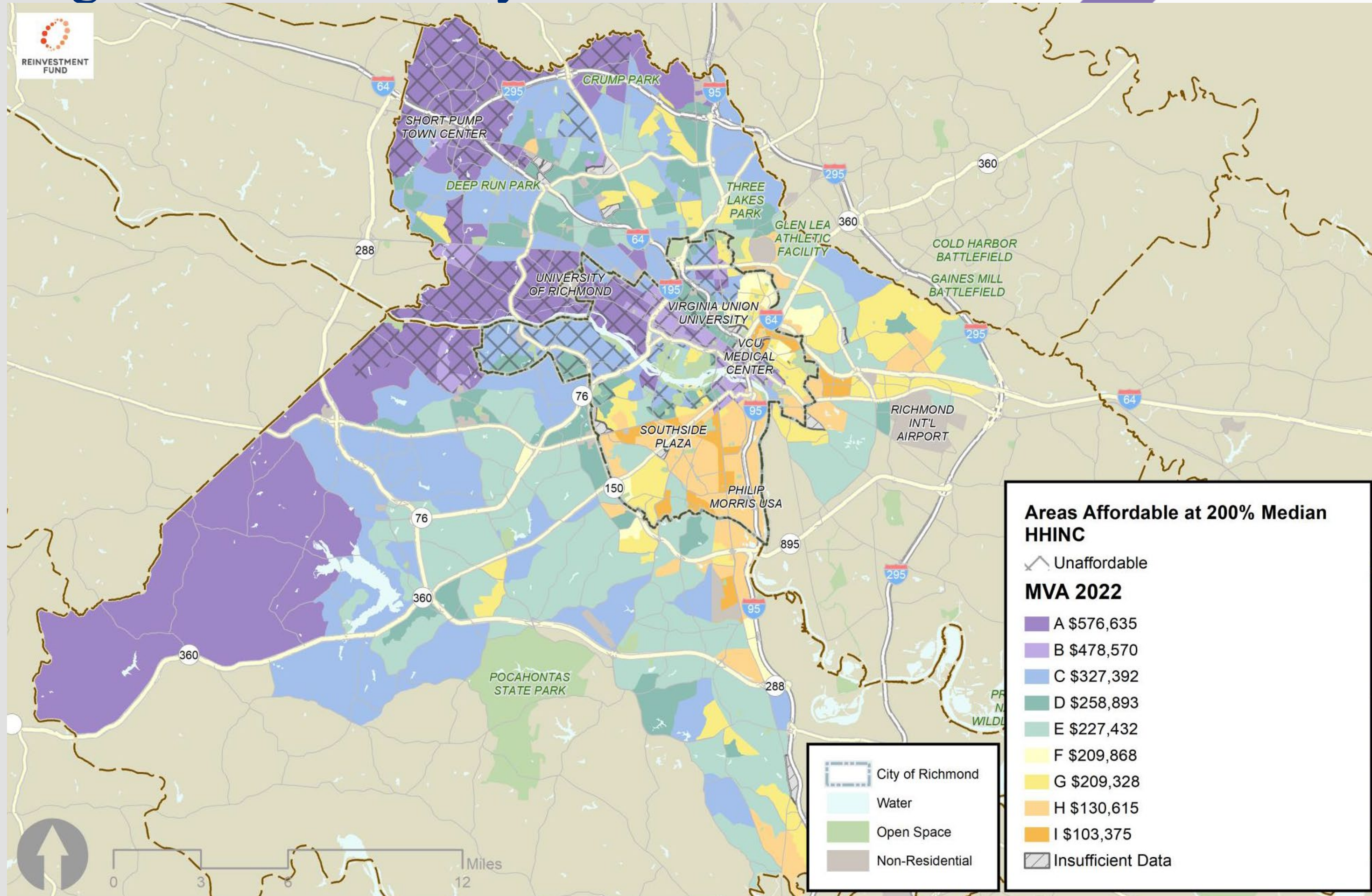
*Totals include block groups that were split to better categorize the market

PlanRVA is where the region comes together to look ahead.

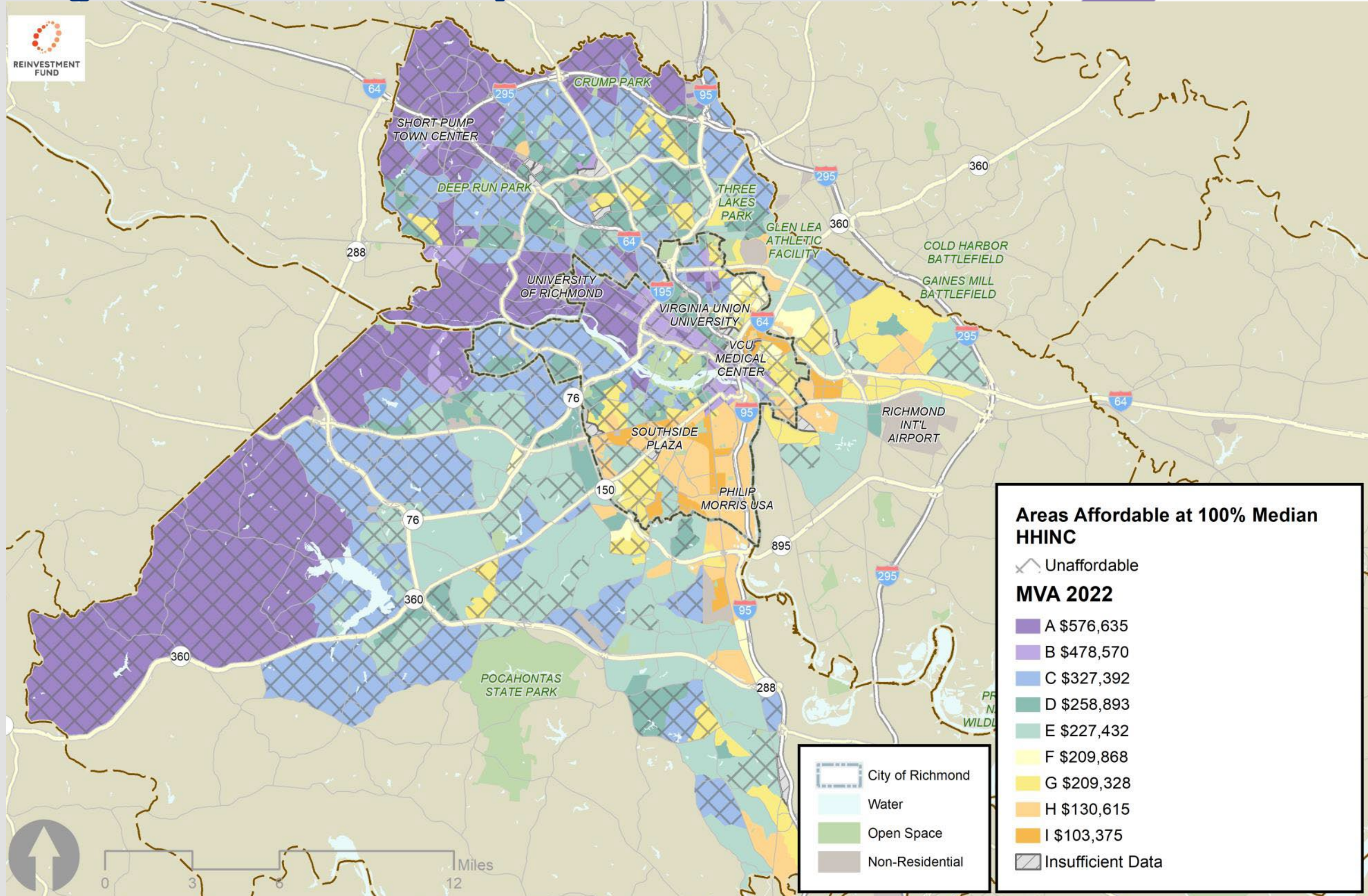


REINVESTMENT FUND

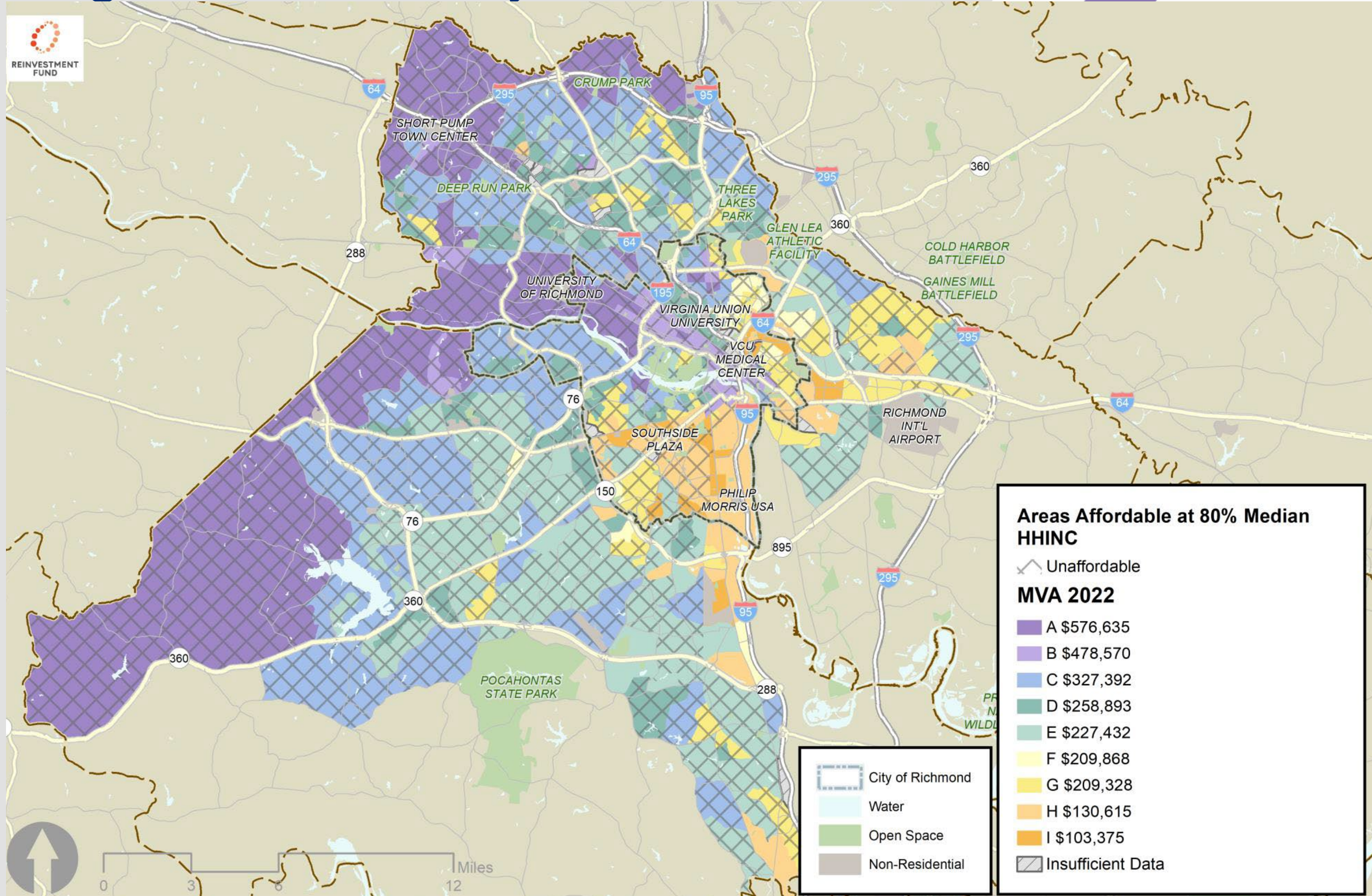
Housing Affordability: 200% Med HH Inc



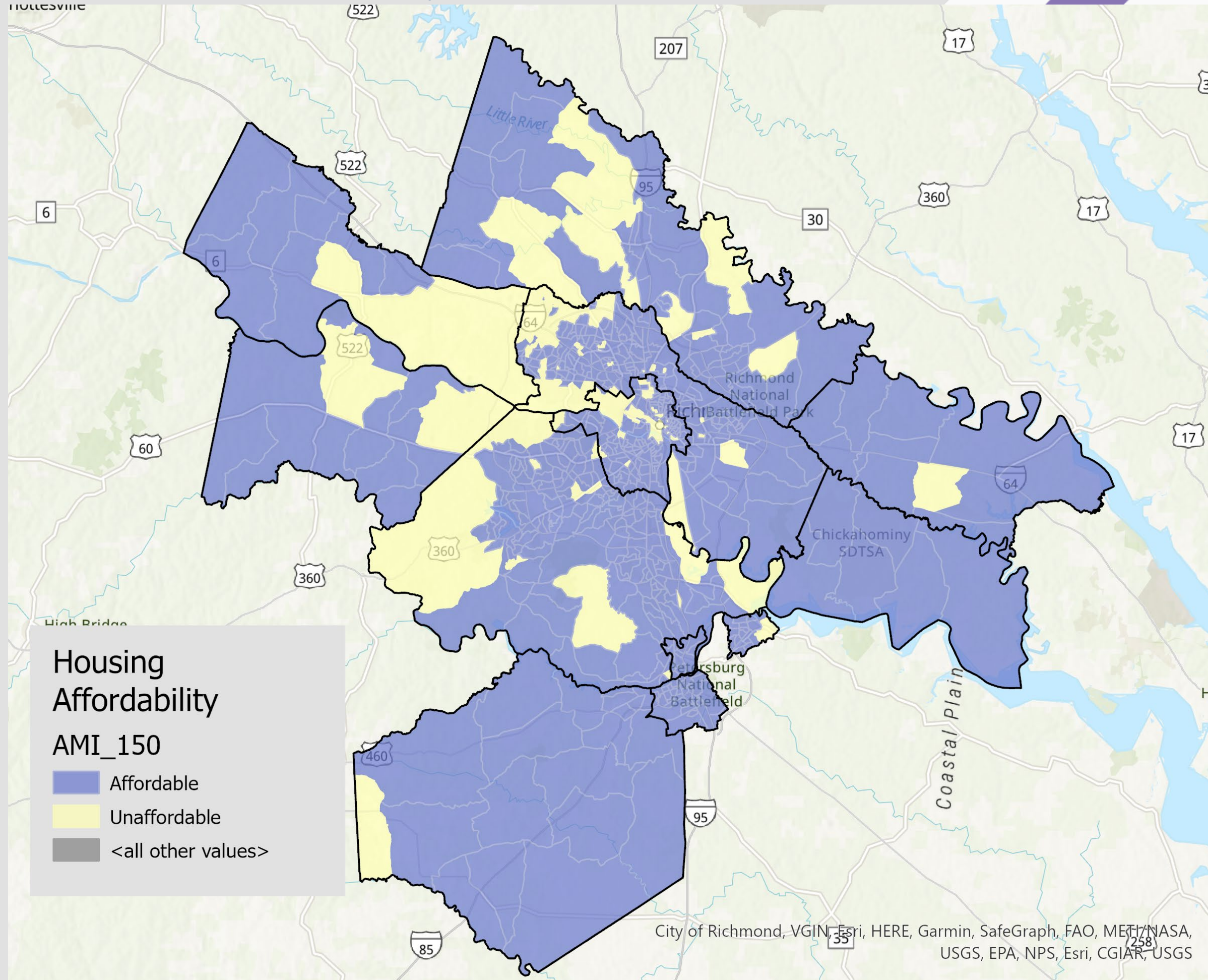
Housing Affordability: 100% Med HH Inc



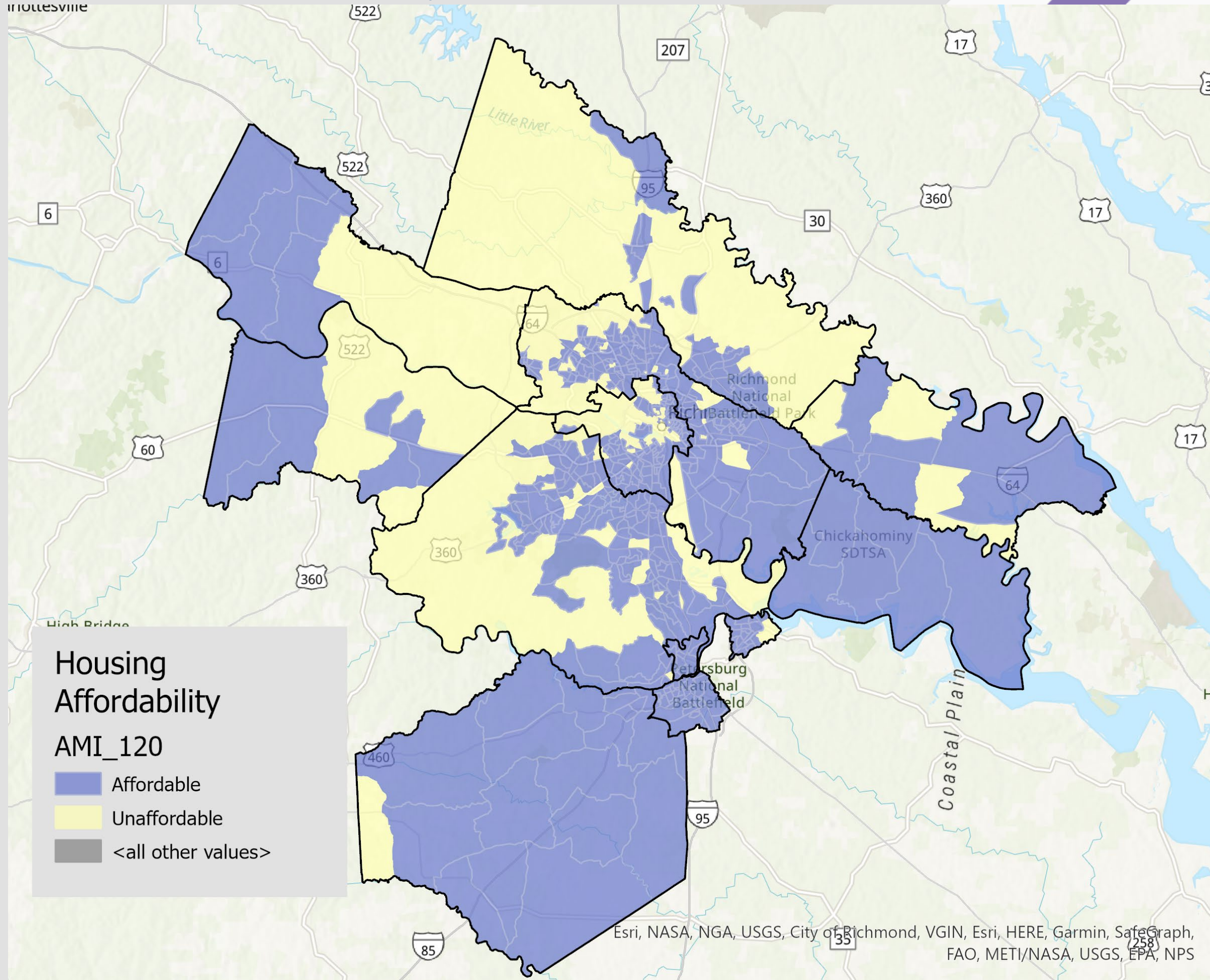
Housing Affordability: 80% Med HH Inc



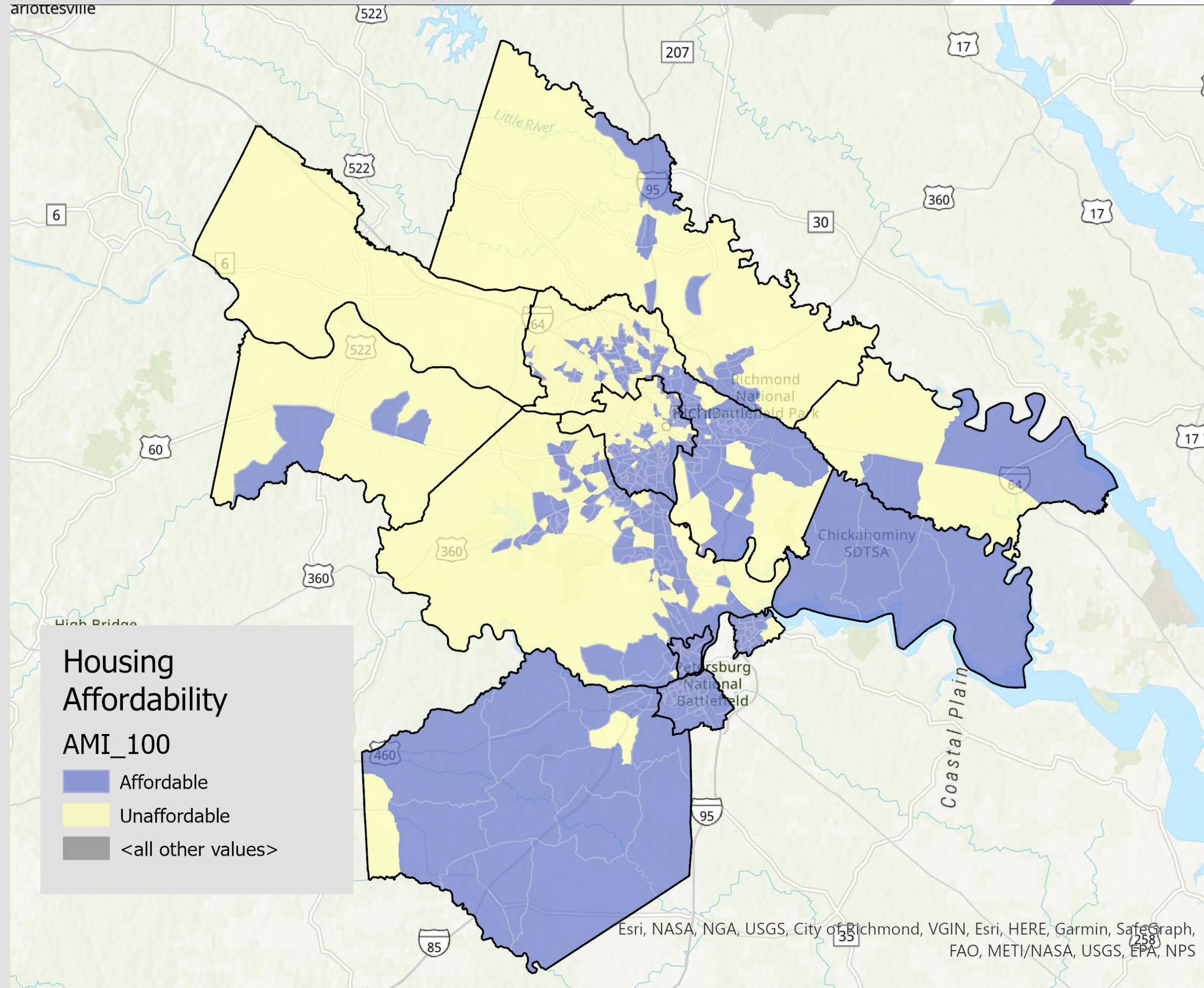
Housing Affordability: 150% AMI



Housing Affordability: 120% AMI

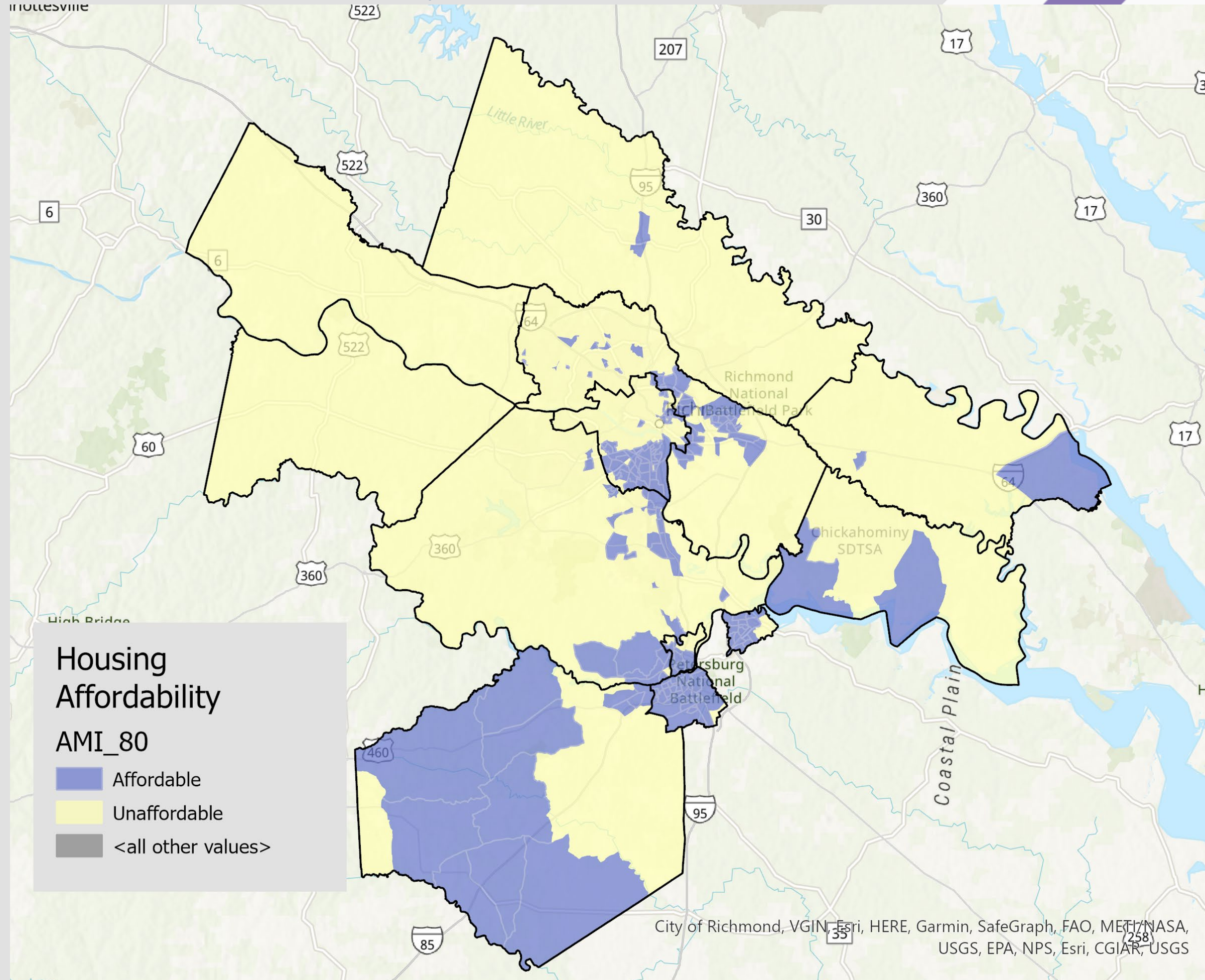


Housing Affordability: 100% AMI

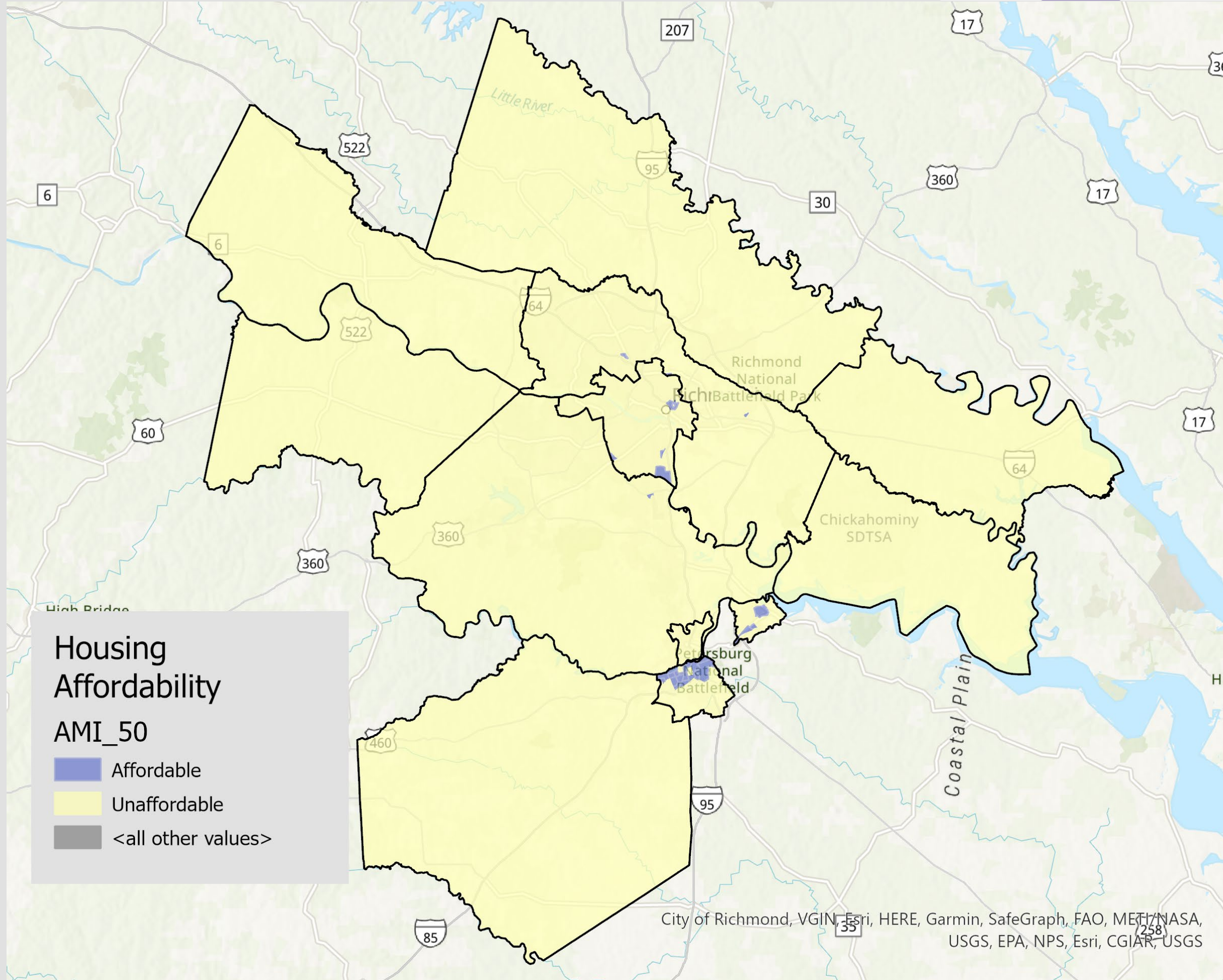


Esri, NASA, NGA, USGS, City of Richmond, VGIN, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, EPA, NPS

Housing Affordability: 80% AMI

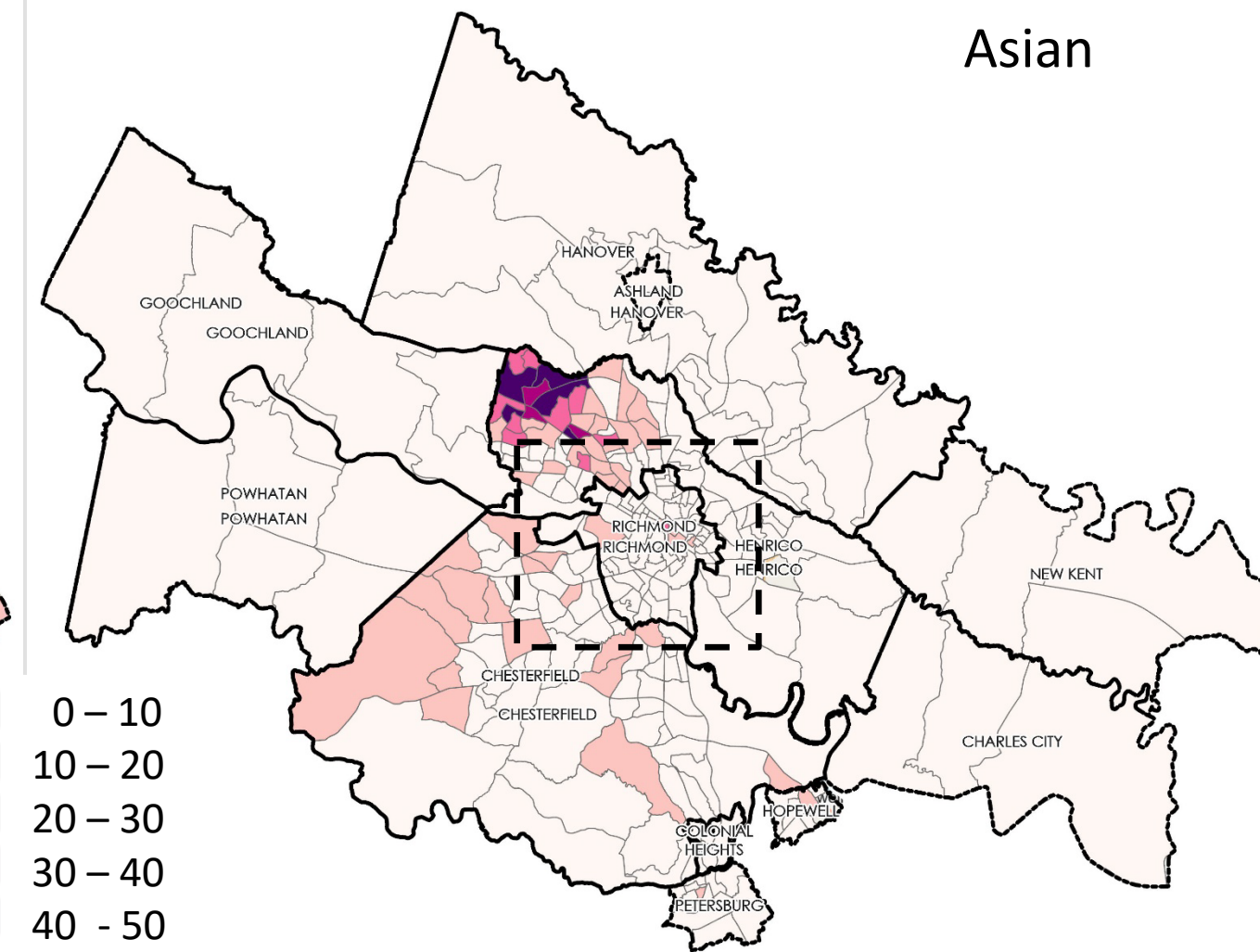
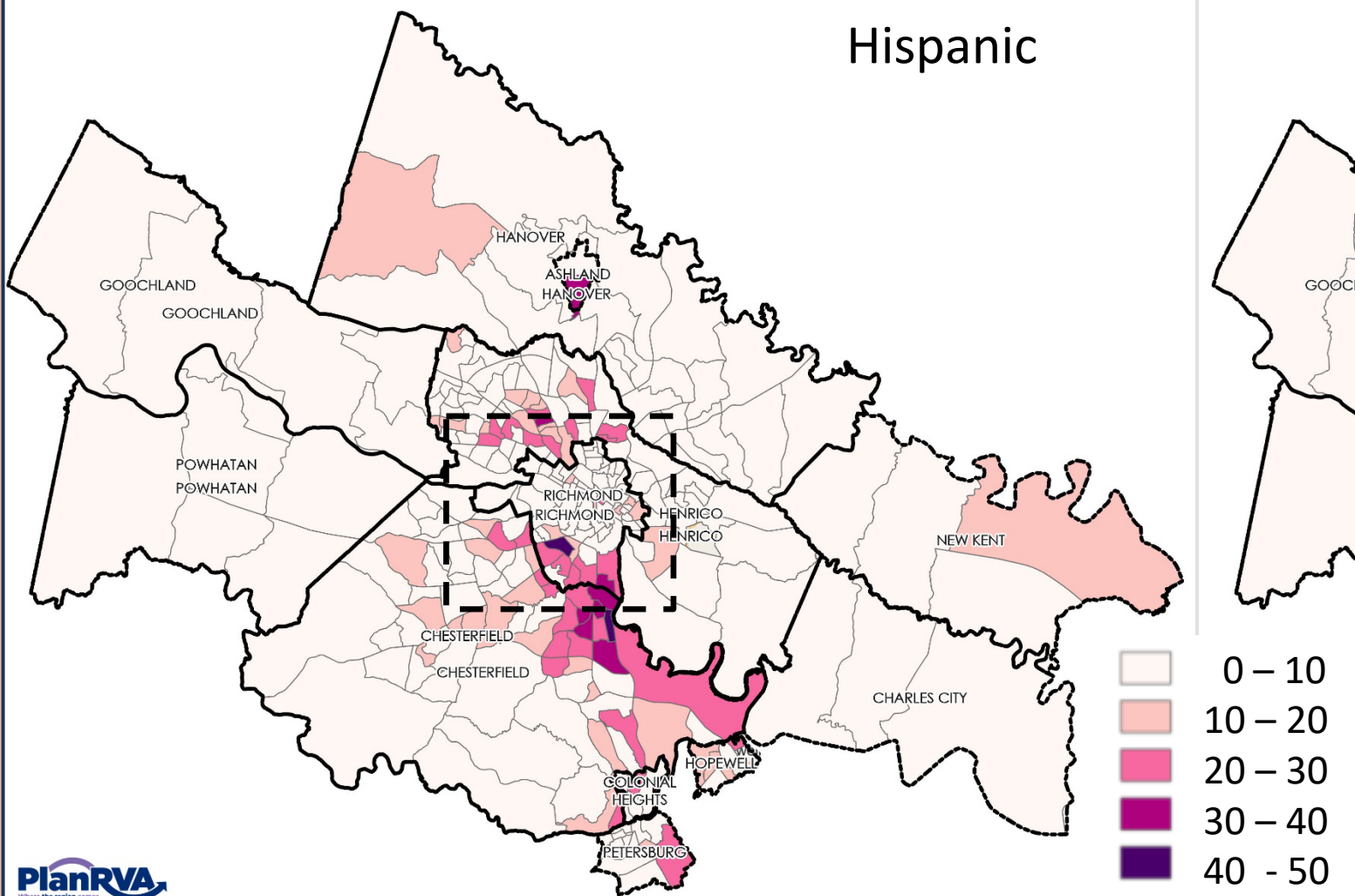
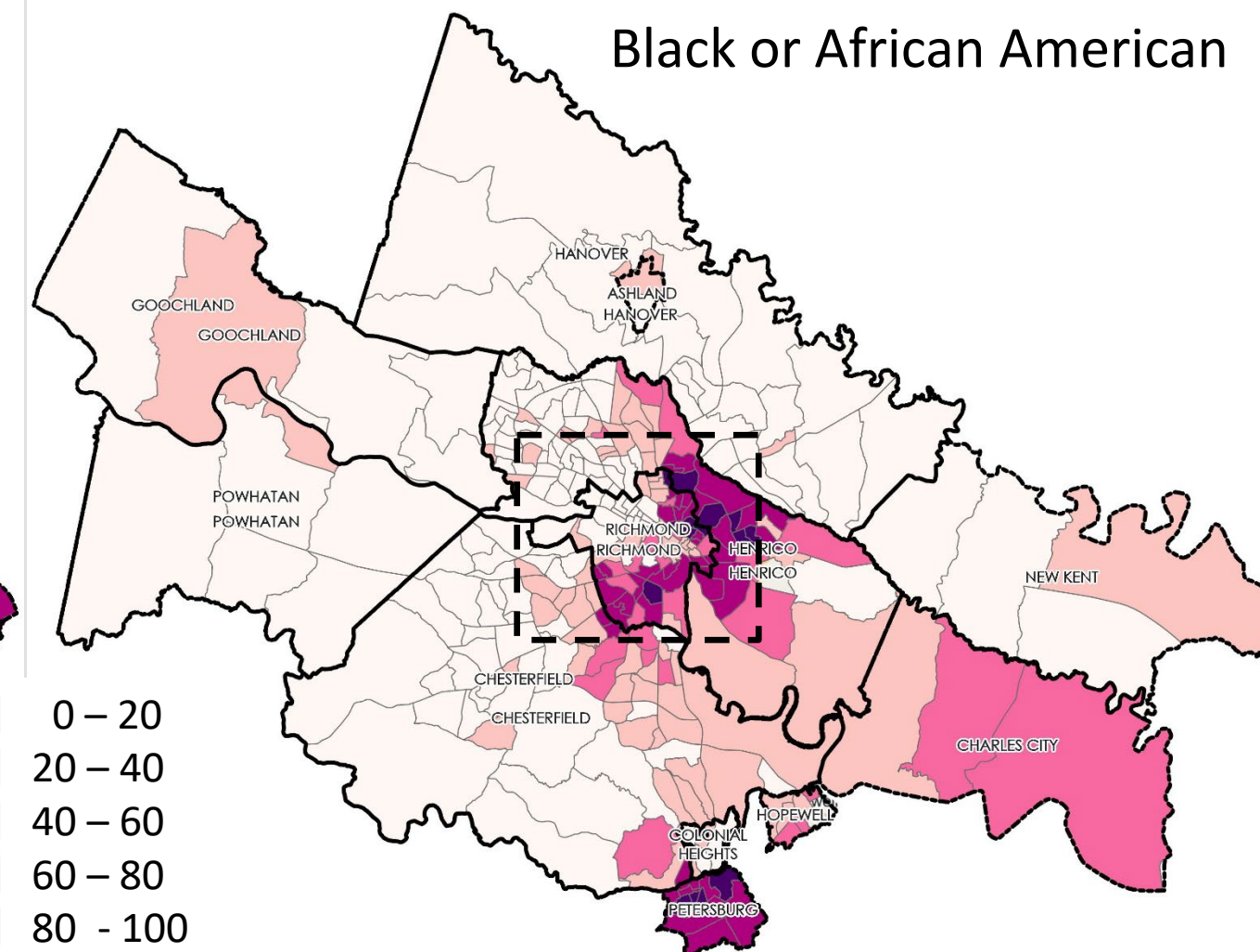
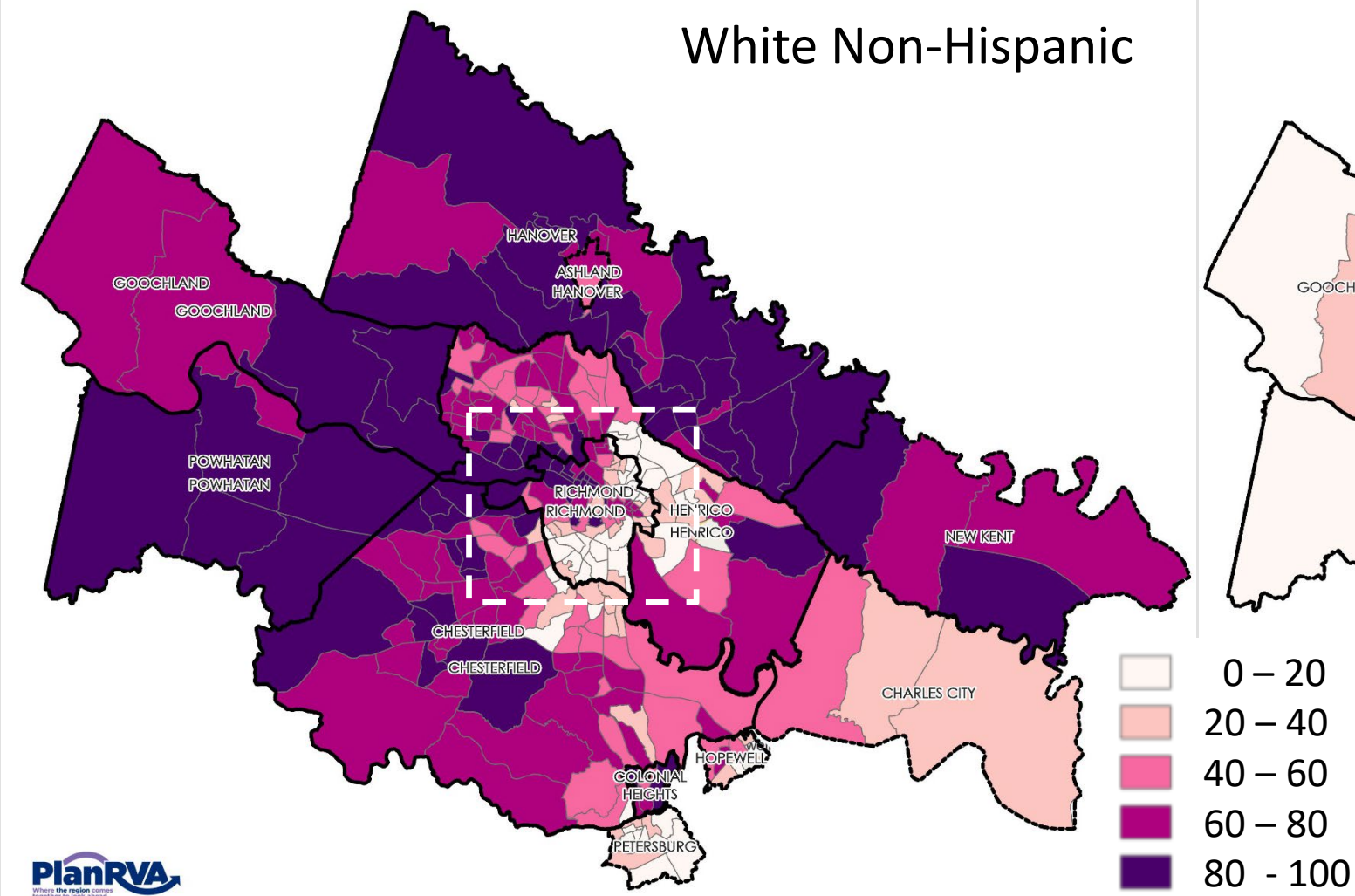


Housing Affordability: 50% AMI

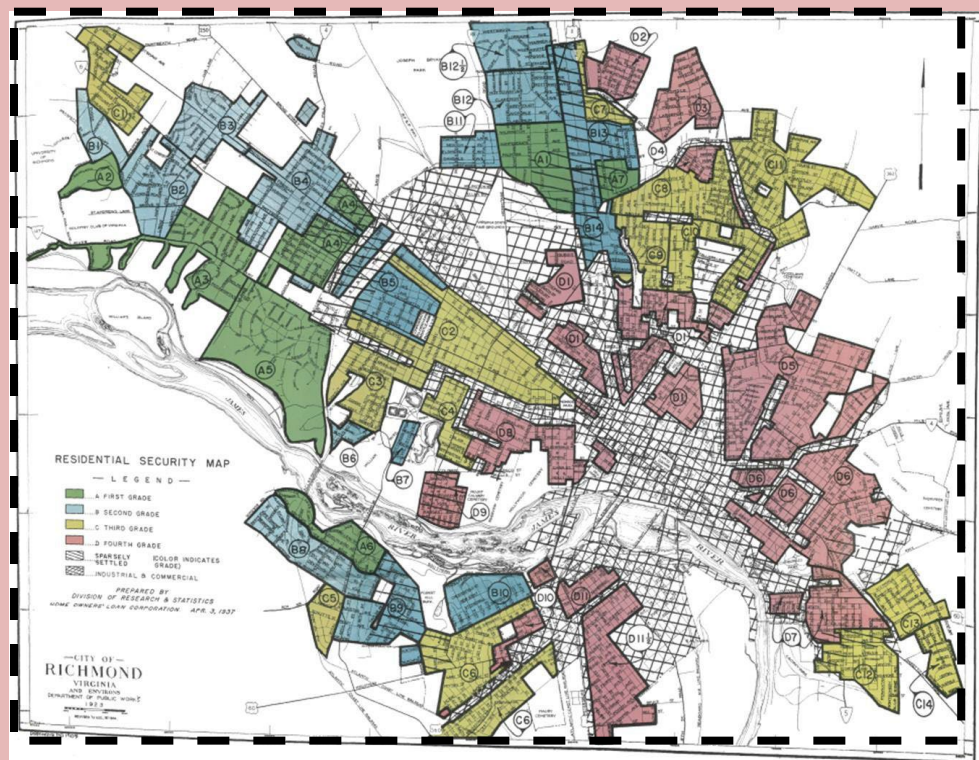


Racial Disparity

Percent Households by Race



Redlining map for reference



Disparity in Access to Mortgage

Home Purchase Application Outcomes for
White Applicants, 2019-20*

	Originated Loans	Rejected Apps	Withdrawn Apps	Total Apps
Purple Markets	4,337	185	660	5,182
	84%	4%	13%	100%
Blue Markets	4,911	185	641	5,737
	86%	3%	11%	100%
Green Markets	5,665	314	776	6,755
	84%	5%	11%	100%
Yellow Markets	1,159	75	215	1,449
	80%	5%	15%	100%
Orange Markets	441	21	59	521
	85%	4%	11%	100%
All Markets	16,513	780	2,351	19,644
	84%	4%	12%	100%

Home Purchase Application Outcomes for Applicants Where Race Not
Reported, 2019-20*

	Originated Loans	Rejected Apps	Withdrawn Apps	Total Applications
Purple	861	54	209	1124
Blue	970	67	199	1236
Green	1,215	127	223	1565
Yellow	296	35	57	388
Orange	144	19	32	195
All Markets	3,486	302	720	4,508

*Only Includes first lien, home purchase applications for owner-occupied single-family homes

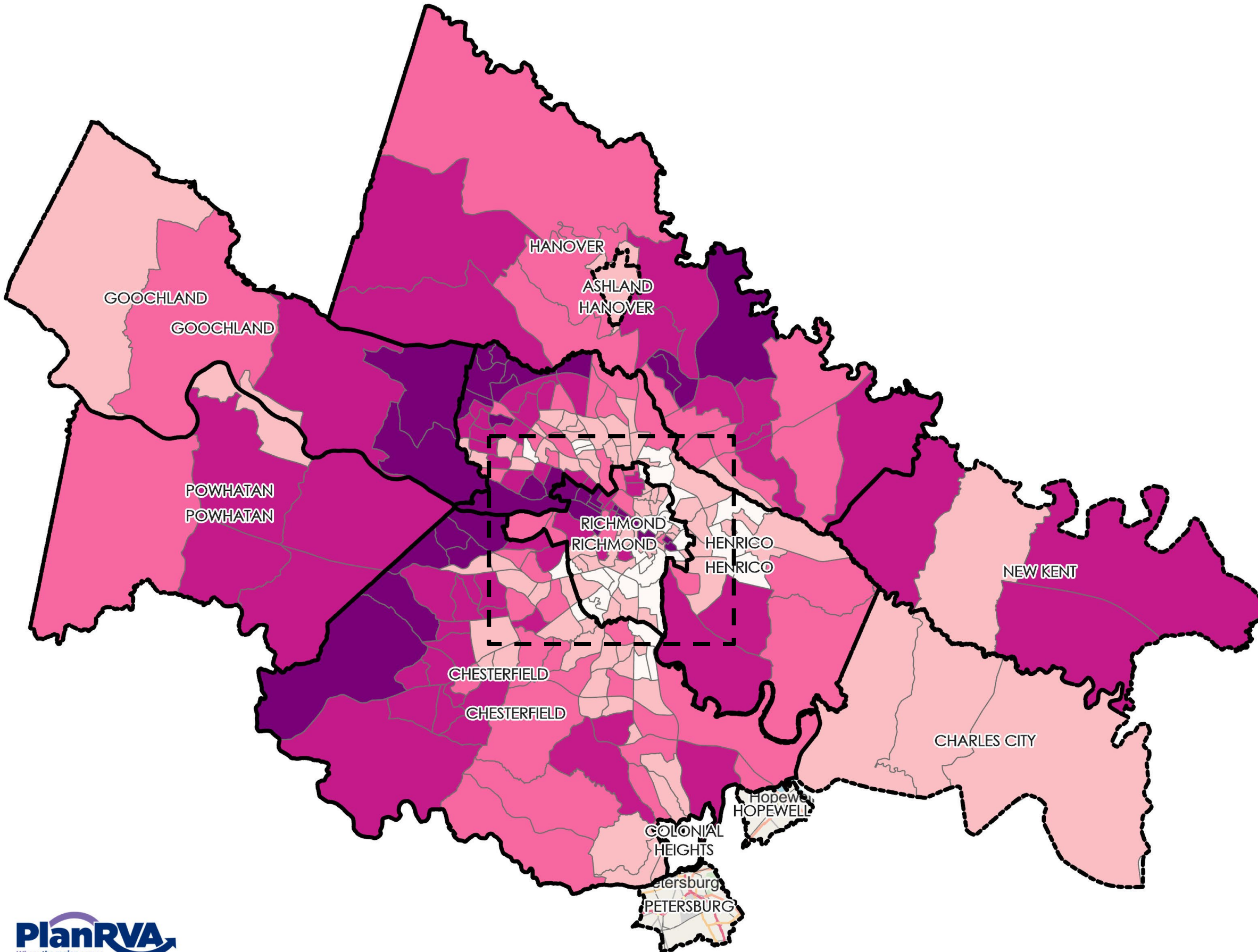
Home Purchase Application Outcomes for
Black Applicants, 2019-20*

	Originated Loans	Rejected Apps	Withdrawn Apps	Total Apps
Purple Markets	361	47	83	491
	74%	10%	17%	100%
Blue Markets	845	103	160	1,108
	76%	9%	14%	100%
Green Markets	2,048	300	425	2,773
	74%	11%	15%	100%
Yellow Markets	624	80	122	826
	76%	10%	15%	100%
Orange Markets	299	59	52	410
	73%	14%	13%	100%
All Markets	4,177	589	842	5,608
	74%	11%	15%	100%

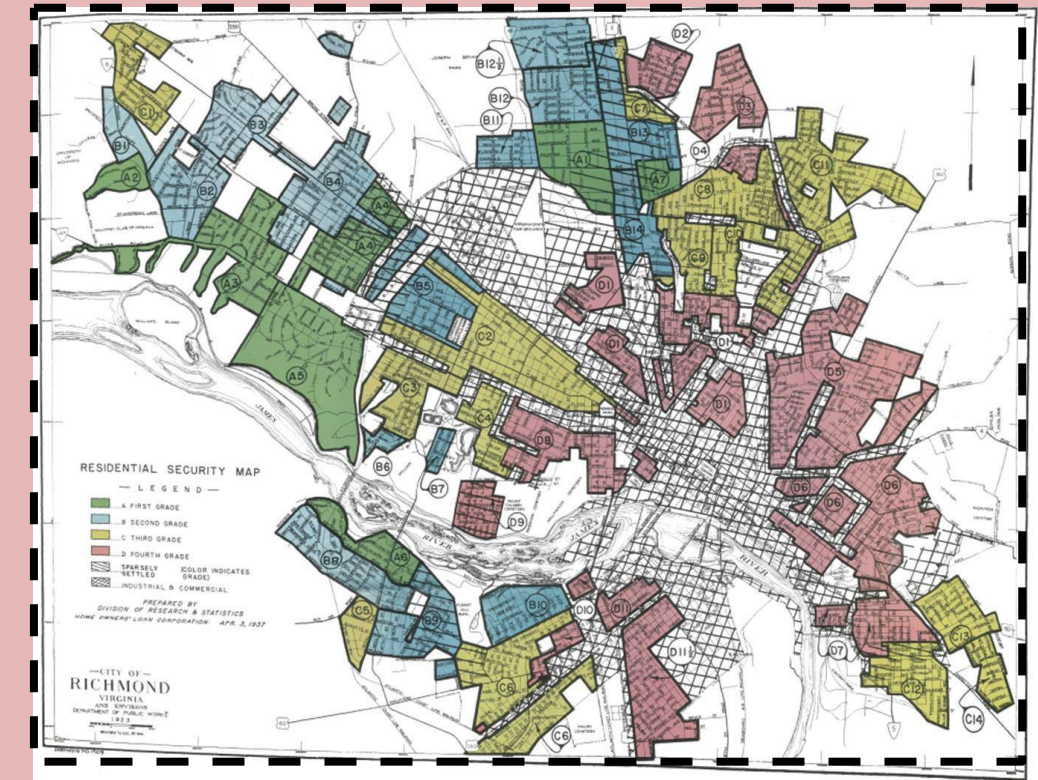
Home Purchase Application Outcomes for Applicants (all other races),
2019-20*

	Originated Loans	Rejected Apps	Withdrawn Apps	Total Applications
Purple	947	68	236	1251
Blue	563	43	118	724
Green	641	62	120	823
Yellow	136	9	18	163
Orange	41	6	7	54
All Markets	2,328	188	499	3,015

Income Disparity



Redlining map for reference

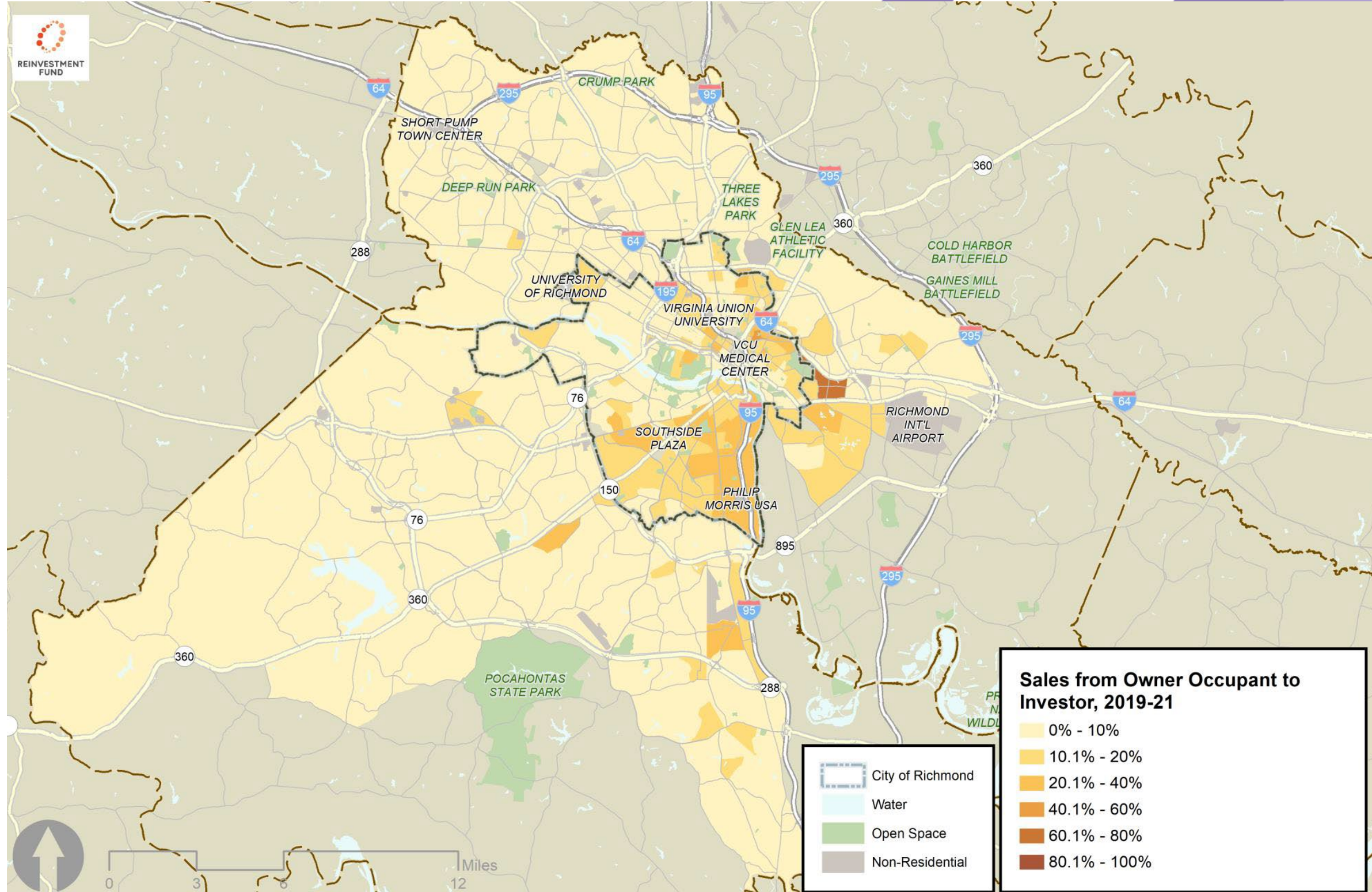


Median Household Income

- 0- 55k
- 55k - 88k
- 88k - 110k
- 110k - 140k
- 140k - 250k

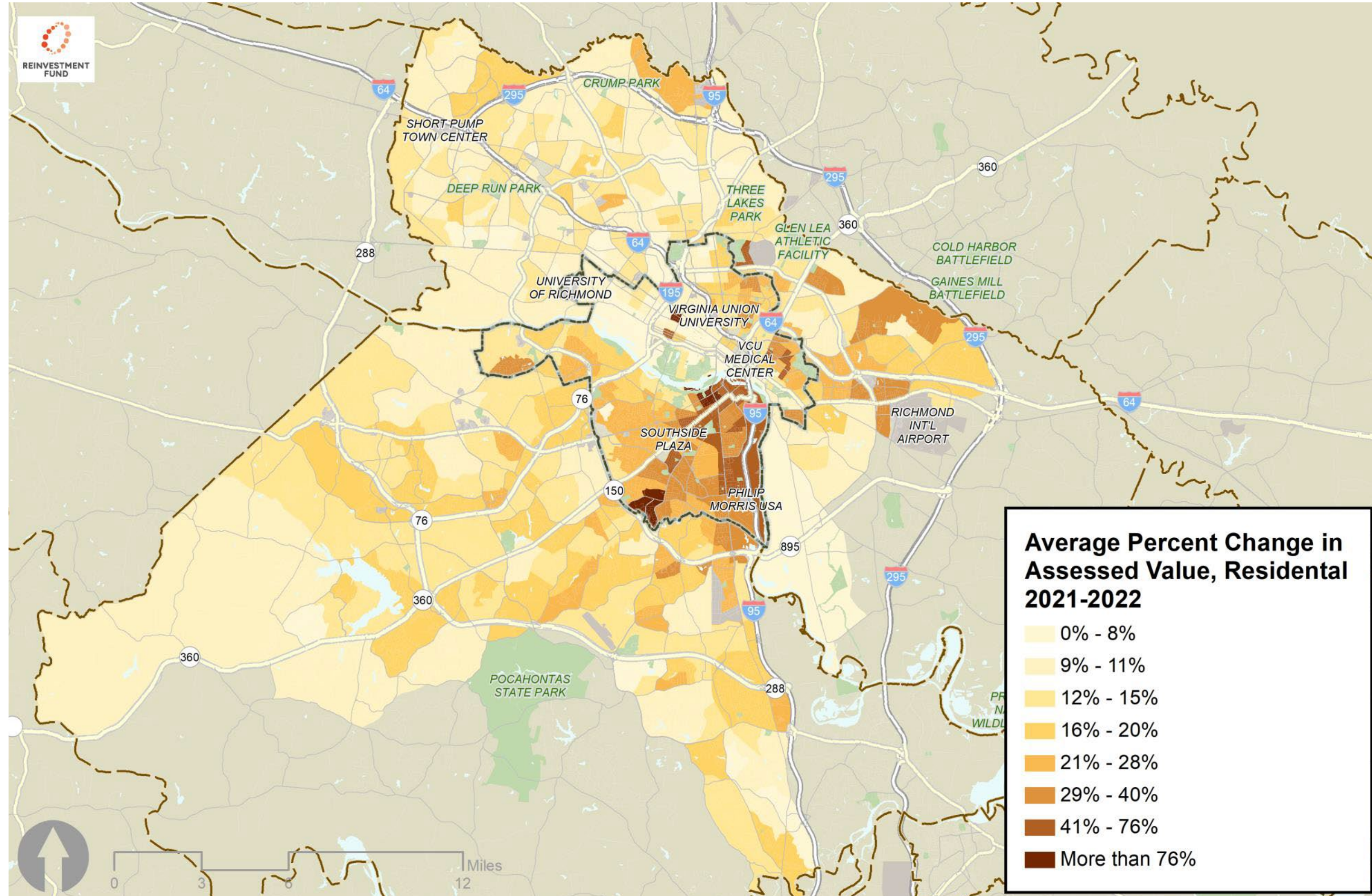
Neighborhood Transformation

Homes sold
by Owner
Occupants to
Investors,
2019-2021



Neighborhood Transformation

Changes in Tax Assessment, 2021-2022



Neighborhood Transformation

Displacement Risk Ratio

The **Displacement Risk Ratio (DRR)** is calculated by taking the ratio between median sales prices over time and the income of a long-term resident at a fixed point in time (2010) and annually adjusted using the Consumer Price Index.

Sample Displacement Risk Ratio

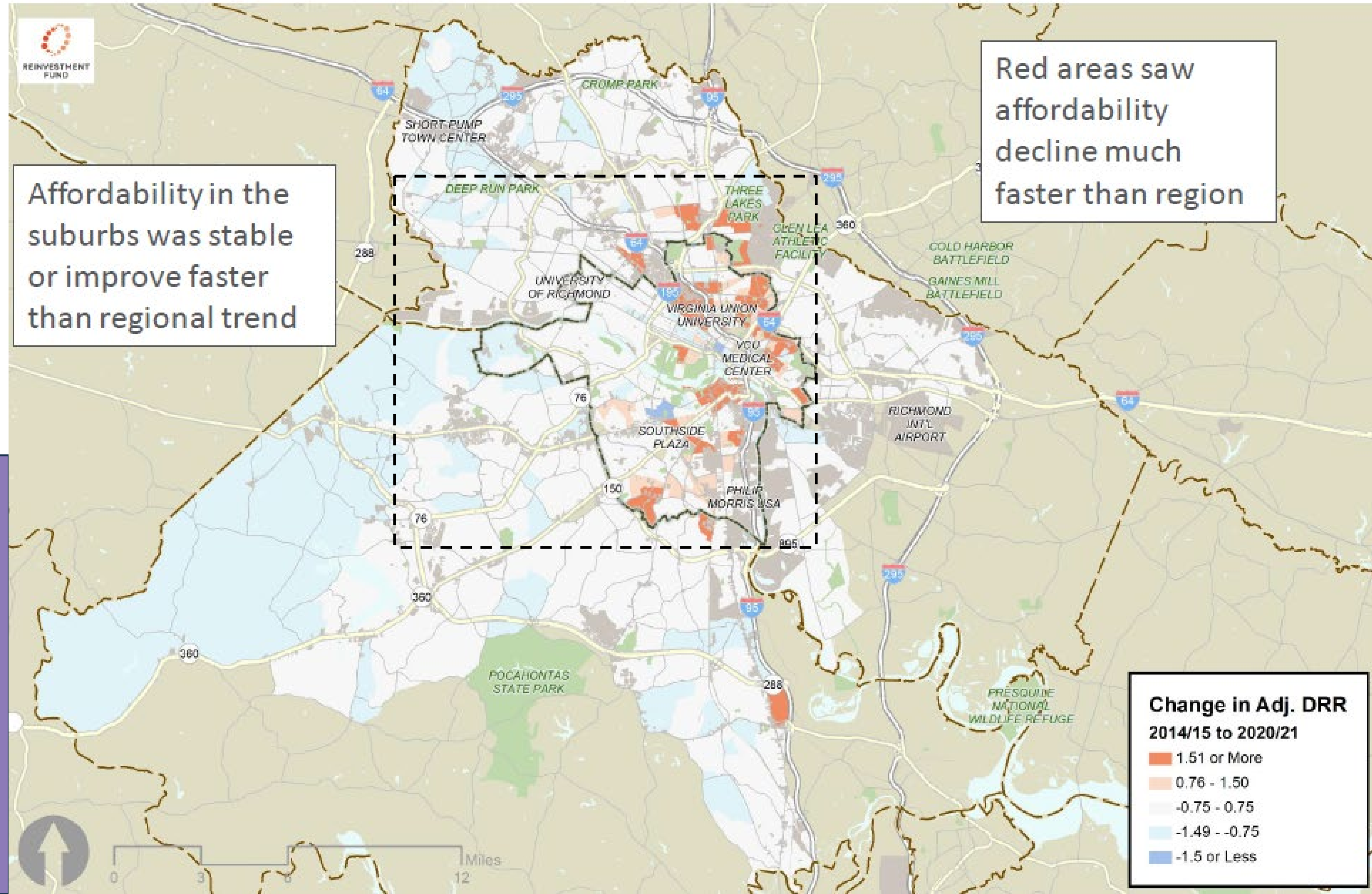
$$DRR = \frac{\text{Median Home Sale Price}_{yr_1+yr_2}}{\text{Median Family Income (inflation adjusted)}} - \text{Area Trend}$$

High or rising DRR values signal longtime residents, or new residents with incomes like those of legacy residents, may be experiencing displacement pressure associated with elevated housing prices.

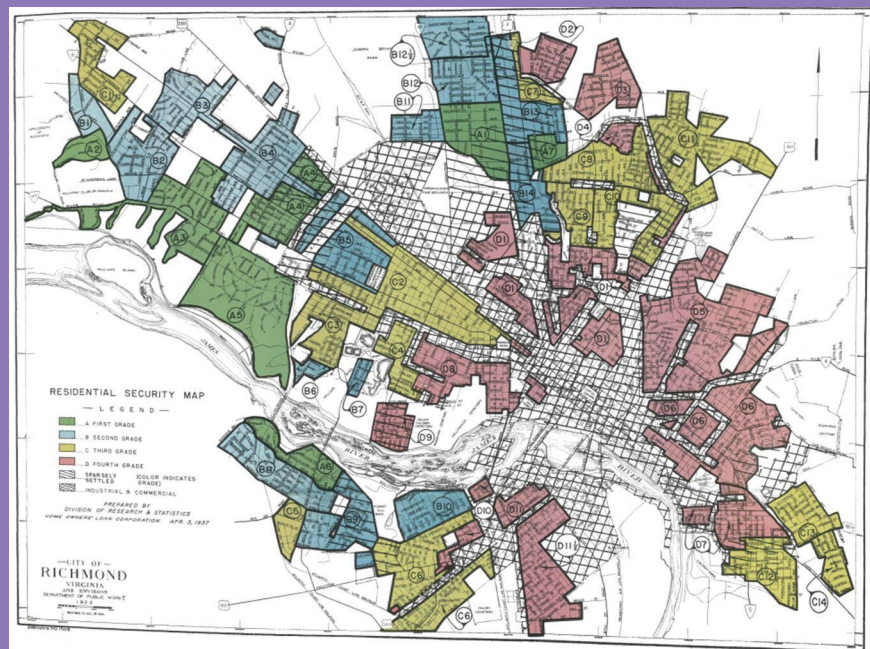
Negative or declining DRR values indicate that housing prices are not keeping pace with larger market trends, which in weak or fragile markets may signal housing market decline.

Neighborhood Transformation

Displacement Risk Ratio



Ref: Redlining Map



It takes a village to move mountains

- **Market Value Analysis** — Richmond Memorial Health Foundation
- **Richmond WORTH Collaborative** — LISC Virginia + Partners
- **Employer Assisted Housing Initiative** — Henrico County
- **PDC Housing Grant** — Virginia Housing + Partnership for Housing Affordability

W.O.R.T.H

Wealth Opportunities Restored Through Homeownership



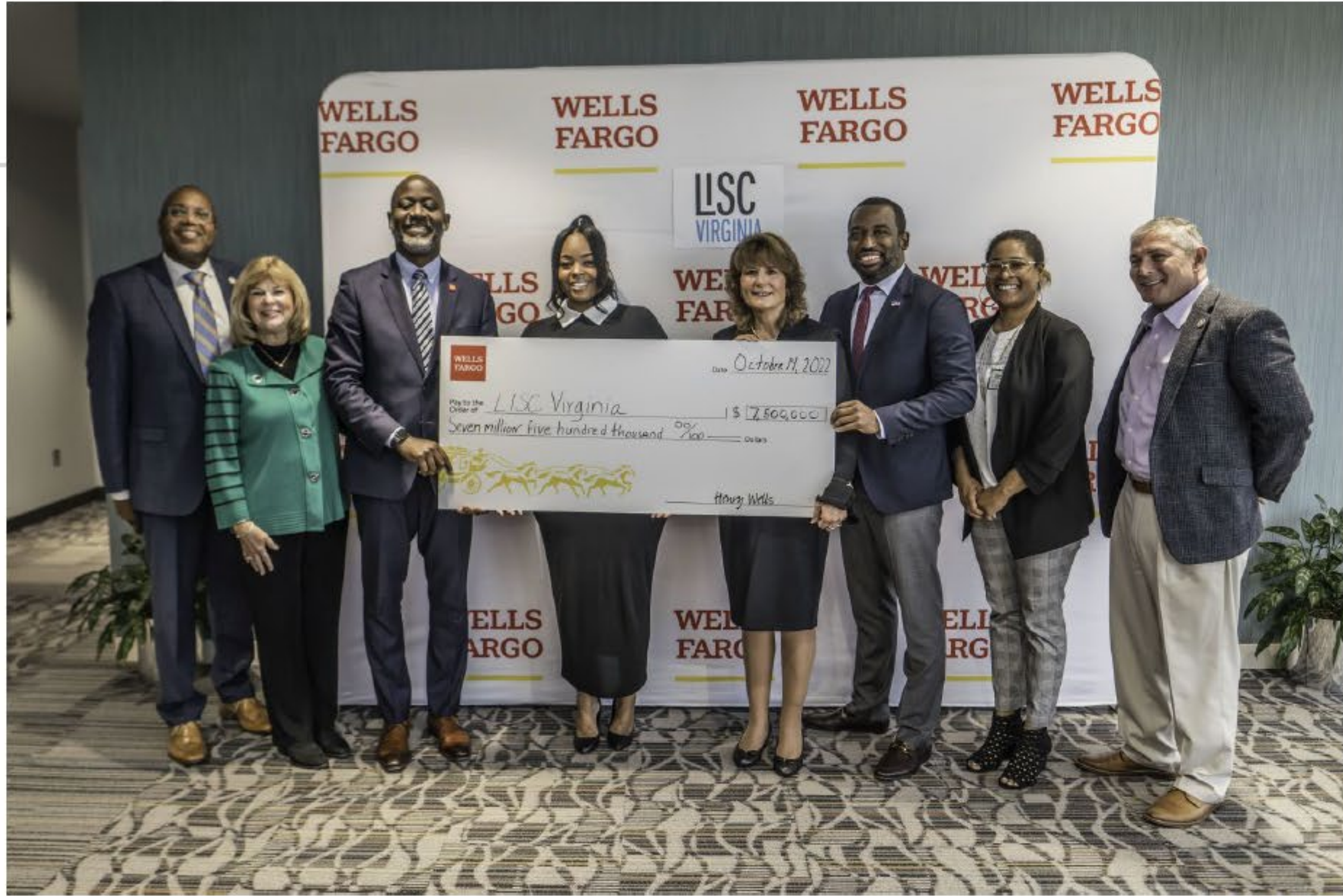
WELLS
FARGO

a call to action for our region

LSC
VIRGINIA

WORTH Challenge:

- Creating 5,000 new BIPOC homeowners by December 2025
- LISC Virginia received a planning grant and led the planning process for the Richmond region
- Richmond was one of 8 plans selected for a **\$7.5 million** implementation grant
- Funds support new and enhance existing programs and organizational activities.



Wells Fargo WORTH Initiative: Minimum Criteria

- Must address challenges that require longer-term systems changes
- At least 25% of the targeted 5,000 BIPOC homeowners created at 80% (AMI) and the majority up to 150% AMI
- Multi-Sector Collaborative. Each Collaborative member and partner organizations must have specific roles and responsibilities



Denial rates by race/ethnicity and locality

Denial rate by race/ethnicity and locality in 2020

	Black or African Ameri..	Hispanic or Latino	Asian	Joint	Another race/ multiracial	White, non-Hispanic
Chesterfield County	17%	15%	15%	9%	17%	7%
Colonial Heights City	14%	14%	8%	13%		9%
Henrico County	18%	13%	10%	12%	11%	7%
Hopewell City	19%	21%		30%		14%
Petersburg City	28%	28%	33%	13%	33%	13%
Richmond City	22%	11%	6%	10%	16%	7%

Source: 2020 Home Mortgage Disclosure Act data.

Note: The Richmond MSA AMI in 2020 was \$89,400. Denial rate is the total number of loans denied versus total number of loan applications excluded applications withdrawn or applications closed for incompleteness.

Top Barriers Identified

FINANCIAL

- Unfamiliar with lending products
- Unfamiliar with support products
- Require credit repair support
- Require savings
- Lack of upfront down payment

BELIEF-BASED

- Distrust of banking institutions
- Belief in ineligibility
- Lack of inventory in desired location
- Unaware of resources available
- Discouraged by long credit repair/savings plan

ENVIRONMENTAL

- Discrimination in lending
- Diversity of realtors is lacking
- Home values and inventory differ by geographic and neighborhood racial demographic

INVENTORY

- Tight inventory of housing stock
- Rapid price increases
- Increasing building costs
- Competition with cash buyers
- Lack of variety of product types

Solutions, Strategies, and Priorities



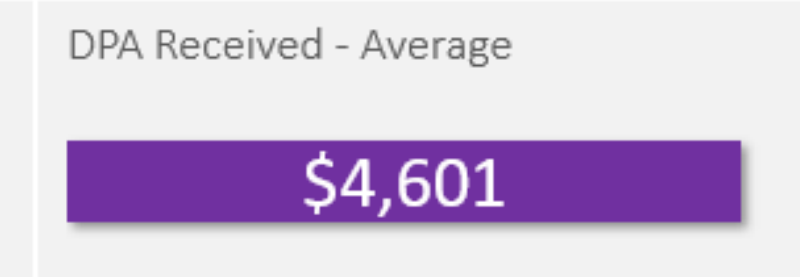
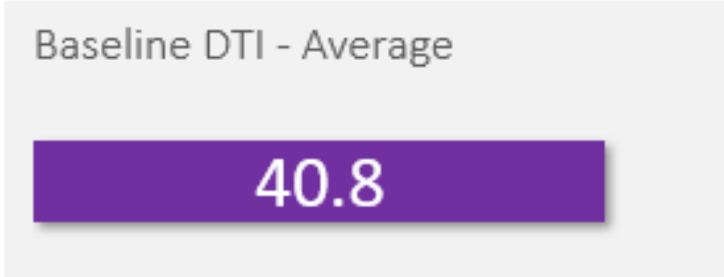
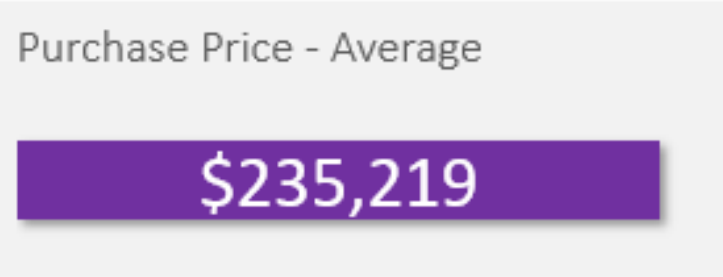
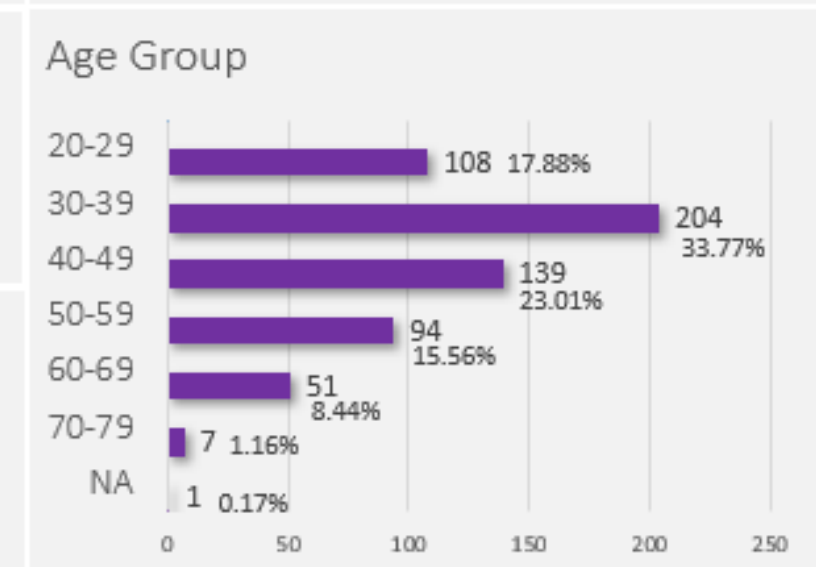
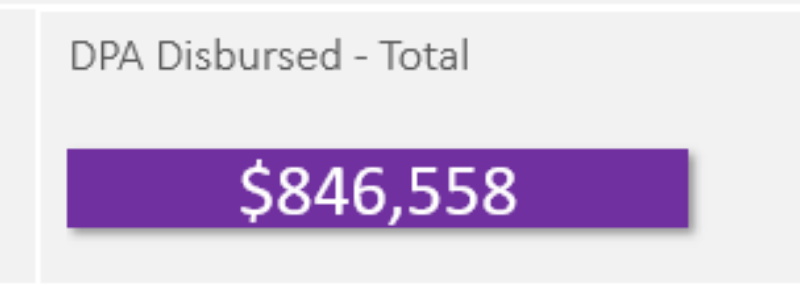
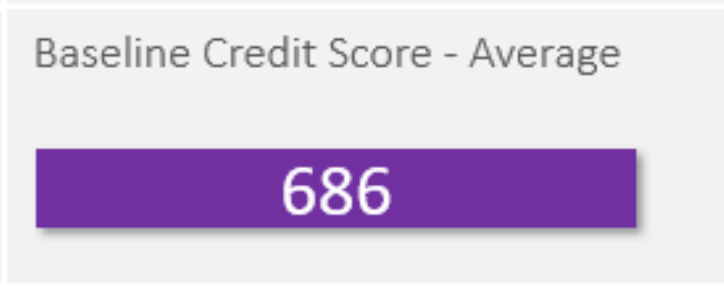
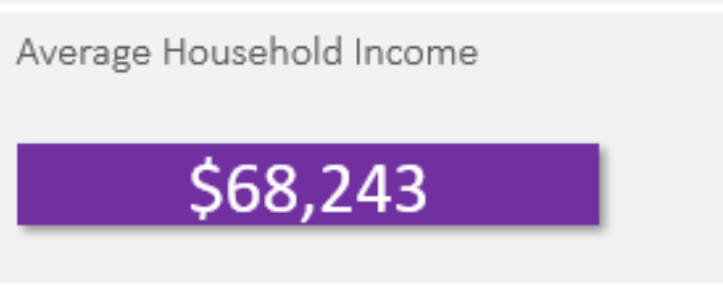
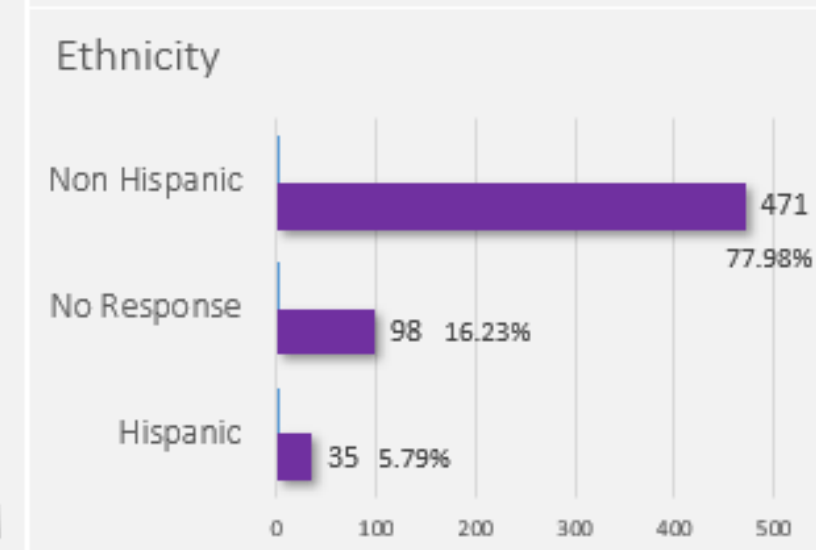
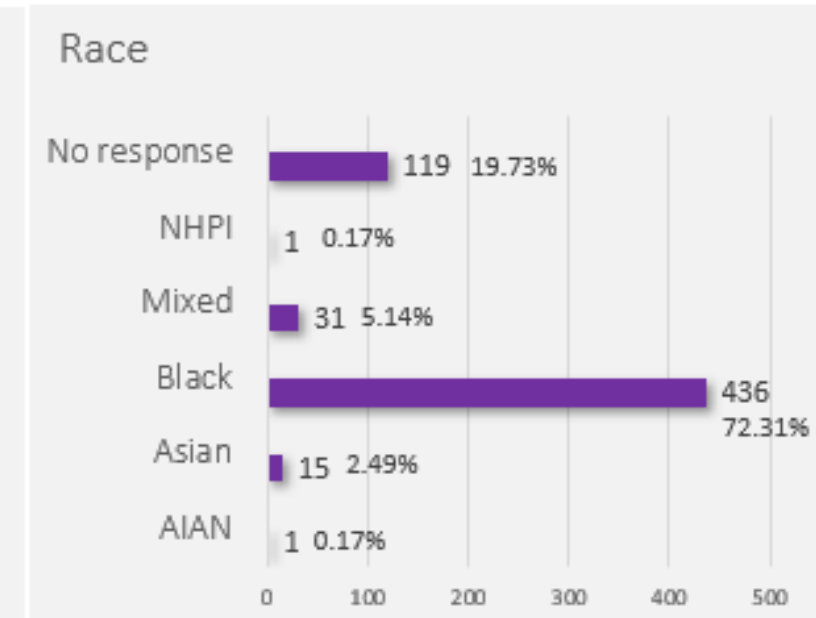
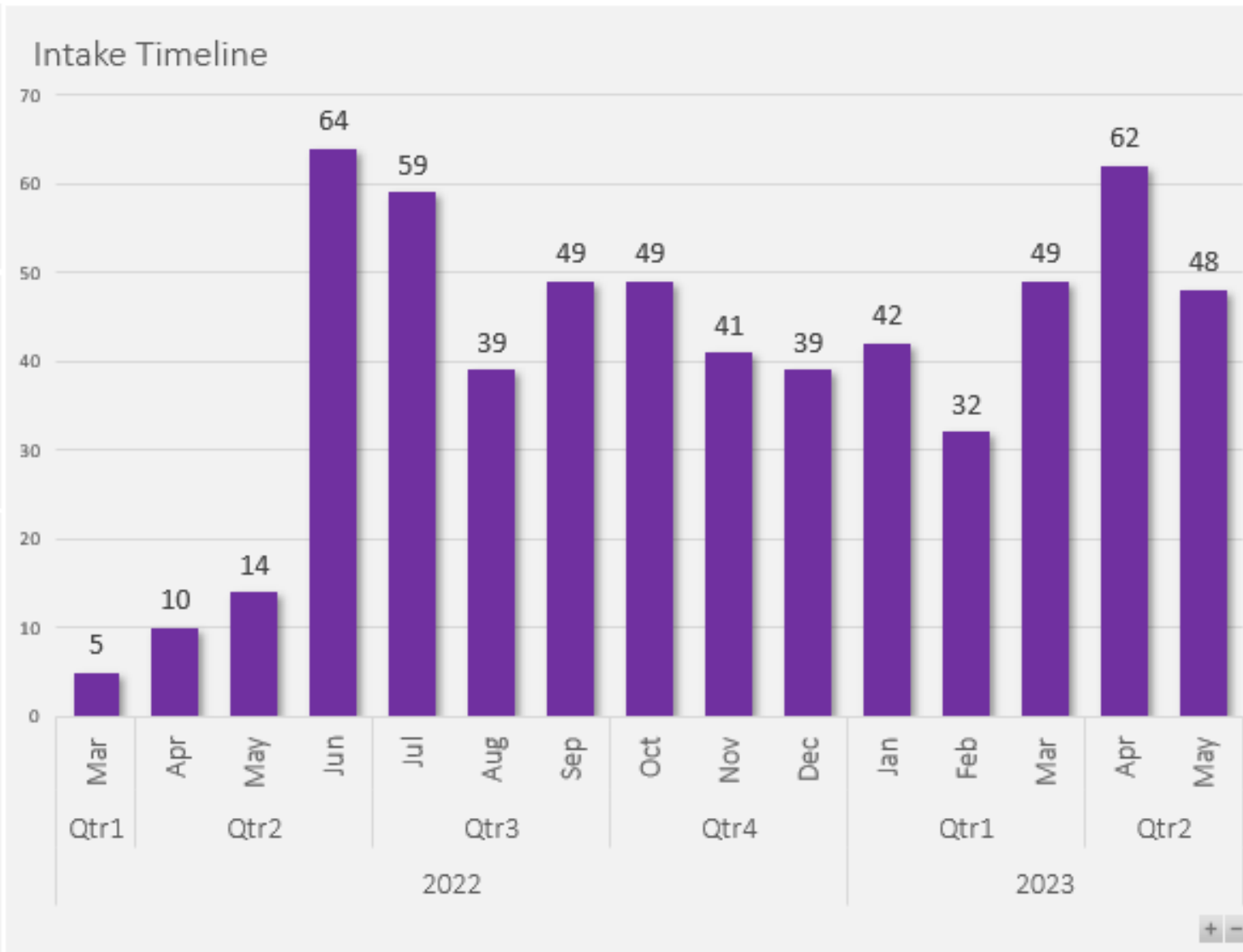
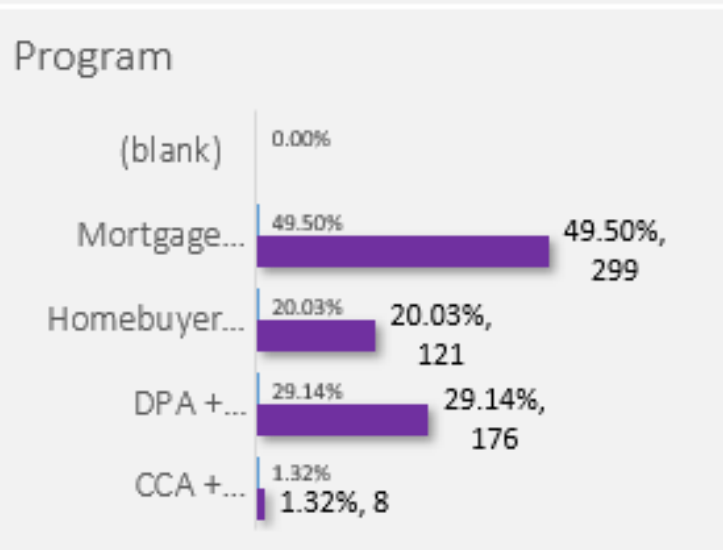
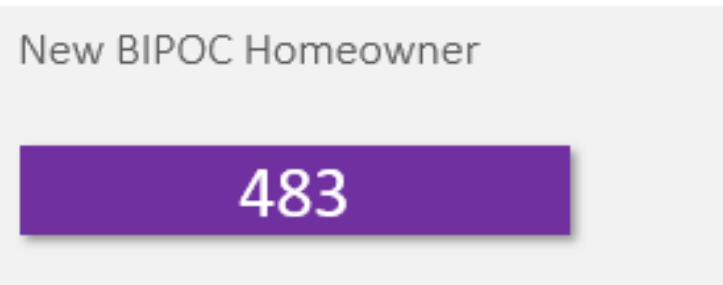
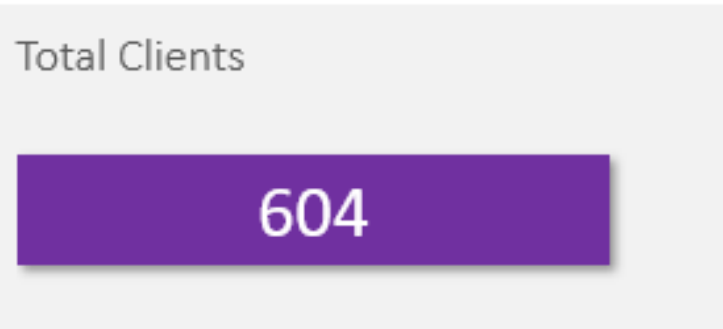
WORTH: Data / Technical Assistance

Organization

- BHC
- HOME
- SCDHC
- VH

Program

- CCA + Mortgage Financi...
- DPA + Mortgage Financ...
- Homebuyer Counseling
- Mortgage Financing



Employer Housing Forum :

Research Support



Wednesday, June 21

Greater Richmond Employer Housing Forum

How companies can support their employees and the community

RSVP TODAY

Partnership for Housing Affordability

chamber RVA

LISC VIRGINIA

PlanRVA

Henrico County VIRGINIA

Virginia Housing

The poster features a background image of a large, multi-story house with a porch. The text is overlaid on this image. The date 'Wednesday, June 21' is at the top right. The title 'Greater Richmond Employer Housing Forum' is in large yellow font. Below it is the subtitle 'How companies can support their employees and the community'. A yellow button with 'RSVP TODAY' is centered. At the bottom, there are six logos: Partnership for Housing Affordability, chamber RVA, LISC VIRGINIA, PlanRVA, Henrico County VIRGINIA, and Virginia Housing.

PlanRVA is where the region comes together to look ahead.

Richmond's Major Employers

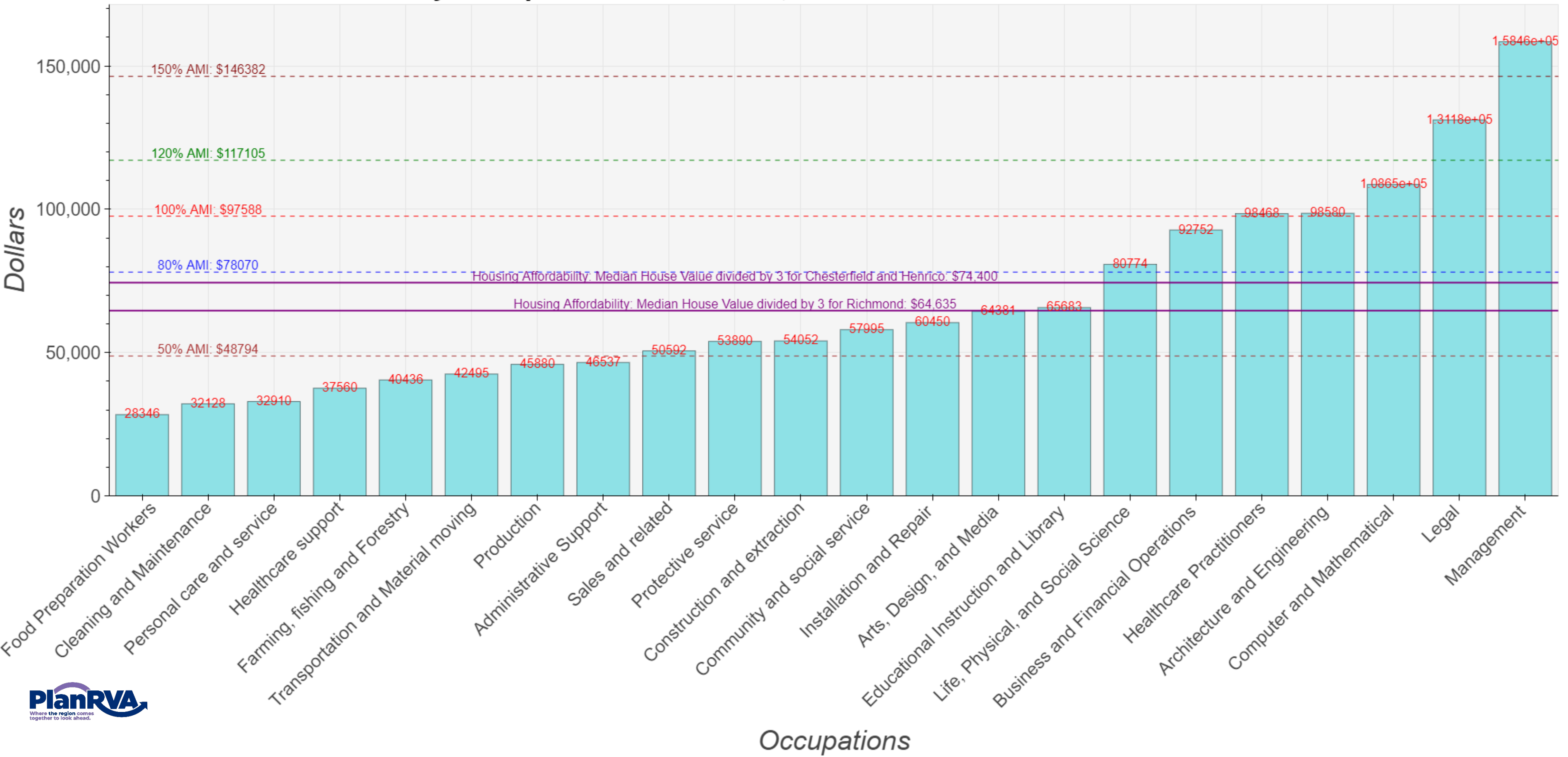
Company	Industry	Location	Employees
VCU Health System	Health care	Richmond City	13,500
Capital One Financial	Financial services, call center	Goochland	13,000
HCA Virginia Health System	Health care	Chesterfield	11,000
Bon Secours Richmond	Health care	Henrico	8,416
Virginia Commonwealth University	Public four-year university	Richmond City	7,832
Dominion Energy	Corporate HQ and energy	Richmond City	5,433
Truist	Banking	Richmond City	4,549
Amazon	Online retail	Chesterfield	4,100
Altria Group	Tobacco products, R&D	Henrico	3,850
Federal Reserve Bank Richmond	Federal reserve bank	Richmond City	2,700

Company	Industry	Location	Employees
Anthem Blue Cross	Health Insurance	Henrico	2,655
Wells Fargo	Banking	Richmond City	2,582
United Parcel Service	UPS Freight corp HQ	Richmond City	2,490
CarMax	Corporate HQ and used auto sales	Goochland	2,475
DuPont	Chemicals and fibers	Chesterfield	2,436
Bank of America	Banking and data center	Richmond City	1,921
Markel	Specialty insurance	Henrico	1,886
Verizon Communications	Telecommunications	Richmond City	1,700
University of Richmond	Private four-year university	Richmond City	1,578
General Dynamics	Call Center	Chesterfield	1,450

Source: Greater Richmond Partnership. [RVA Largest Employers April 2022-1.pdf \(grpva.com\)](#).

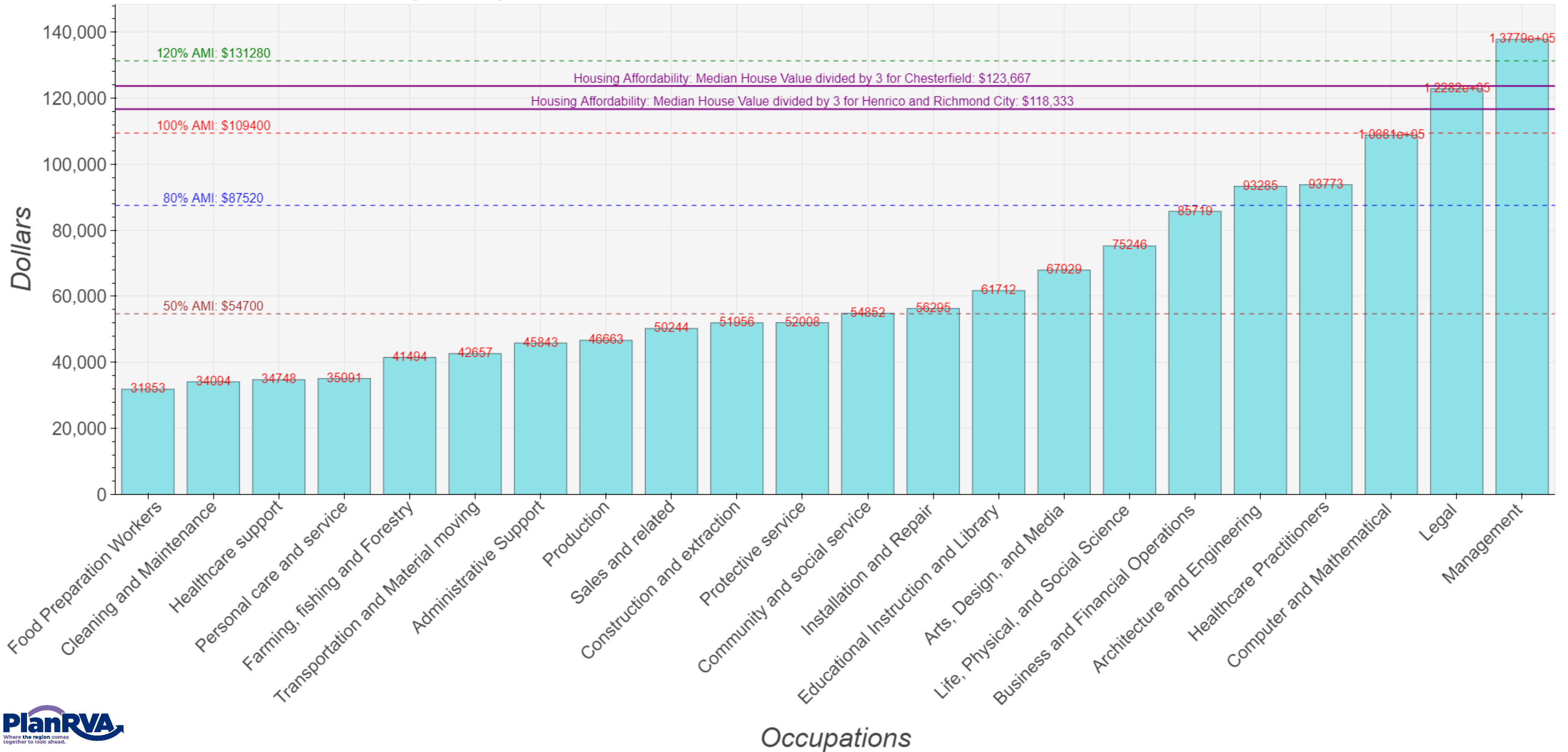
Affordability Gap 2017

Median Annual Income by Occupations - Richmond, VA: 2017



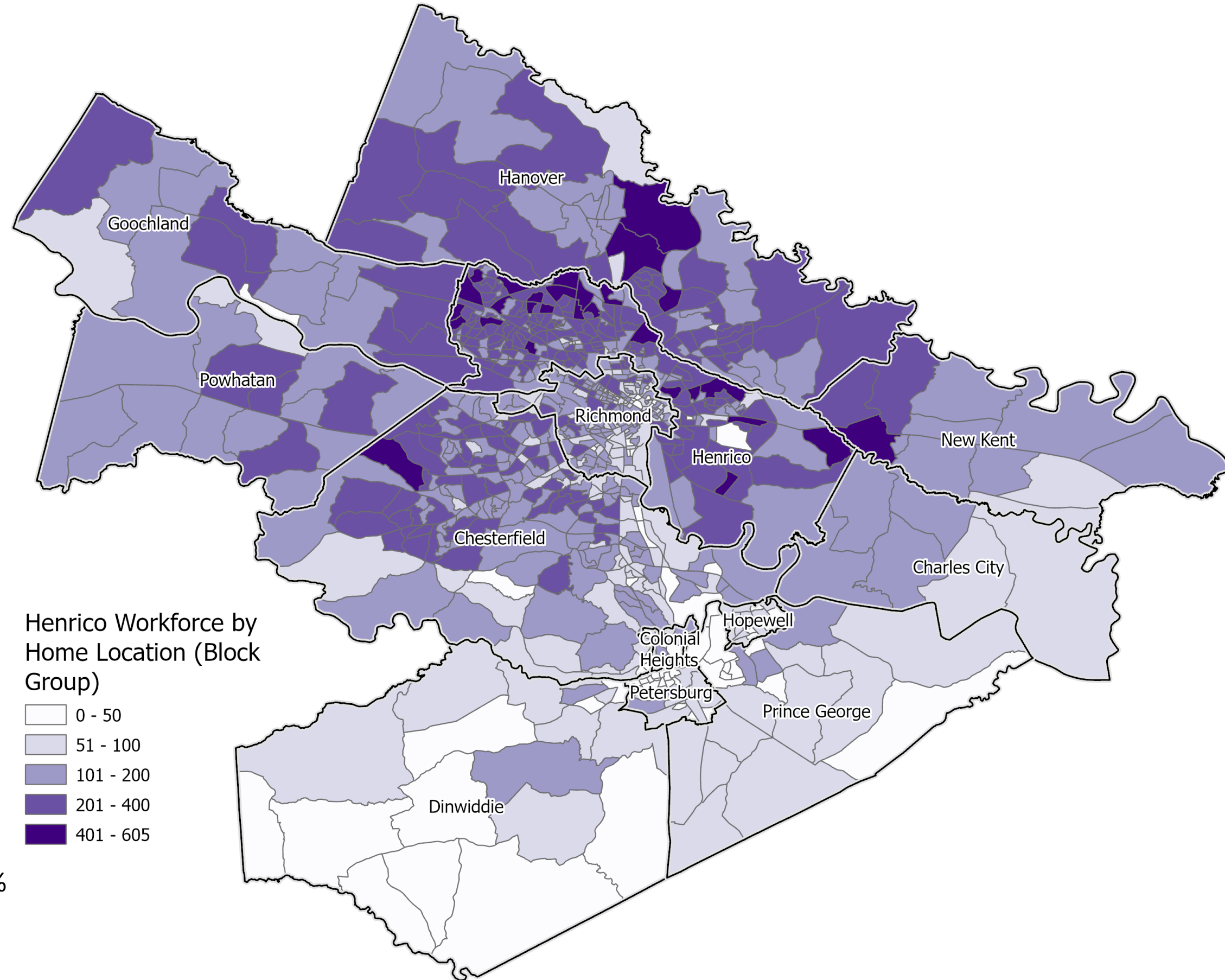
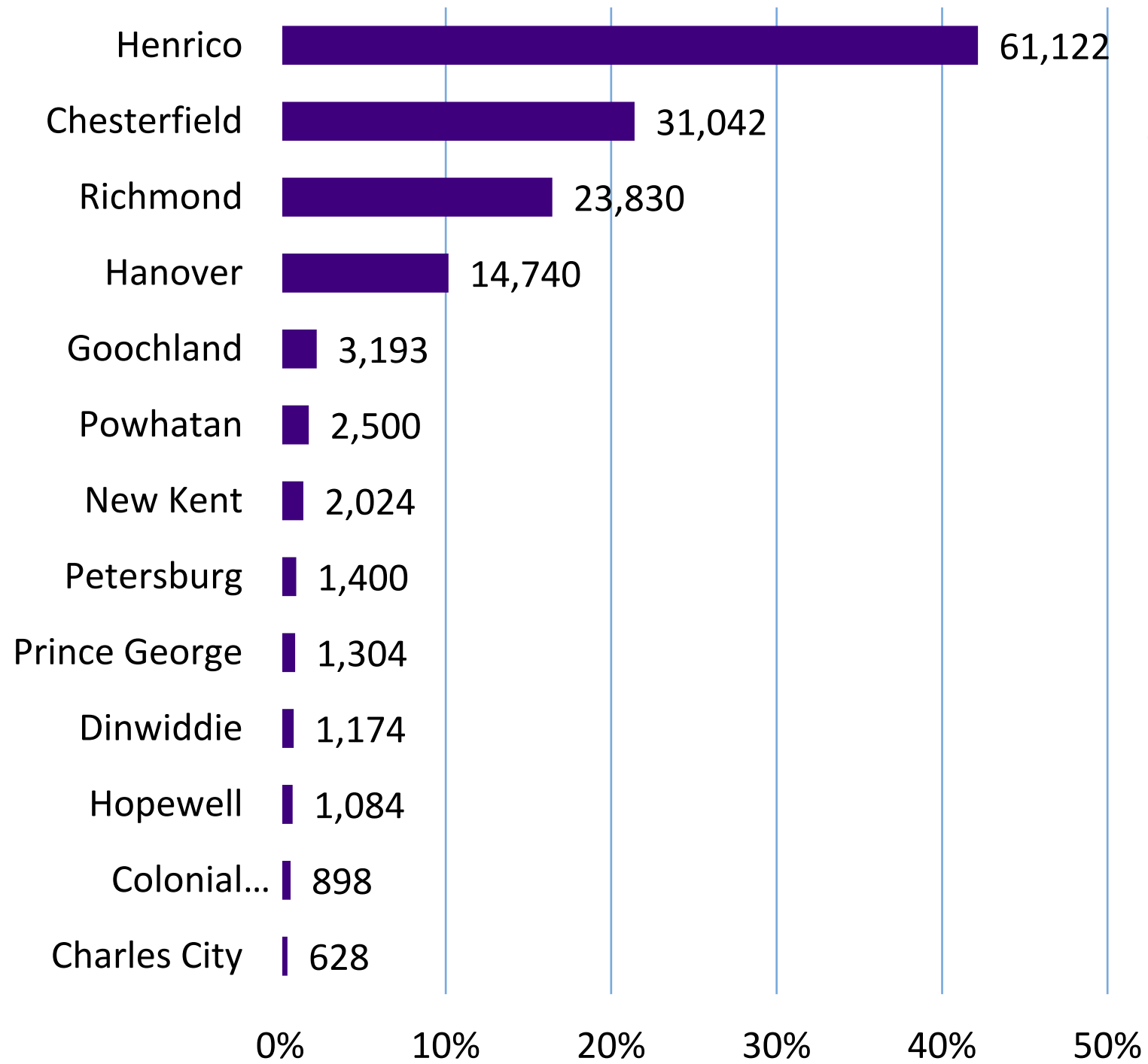
Affordability Gap 2022

Median Annual Income by Occupations - Richmond, VA: 2022



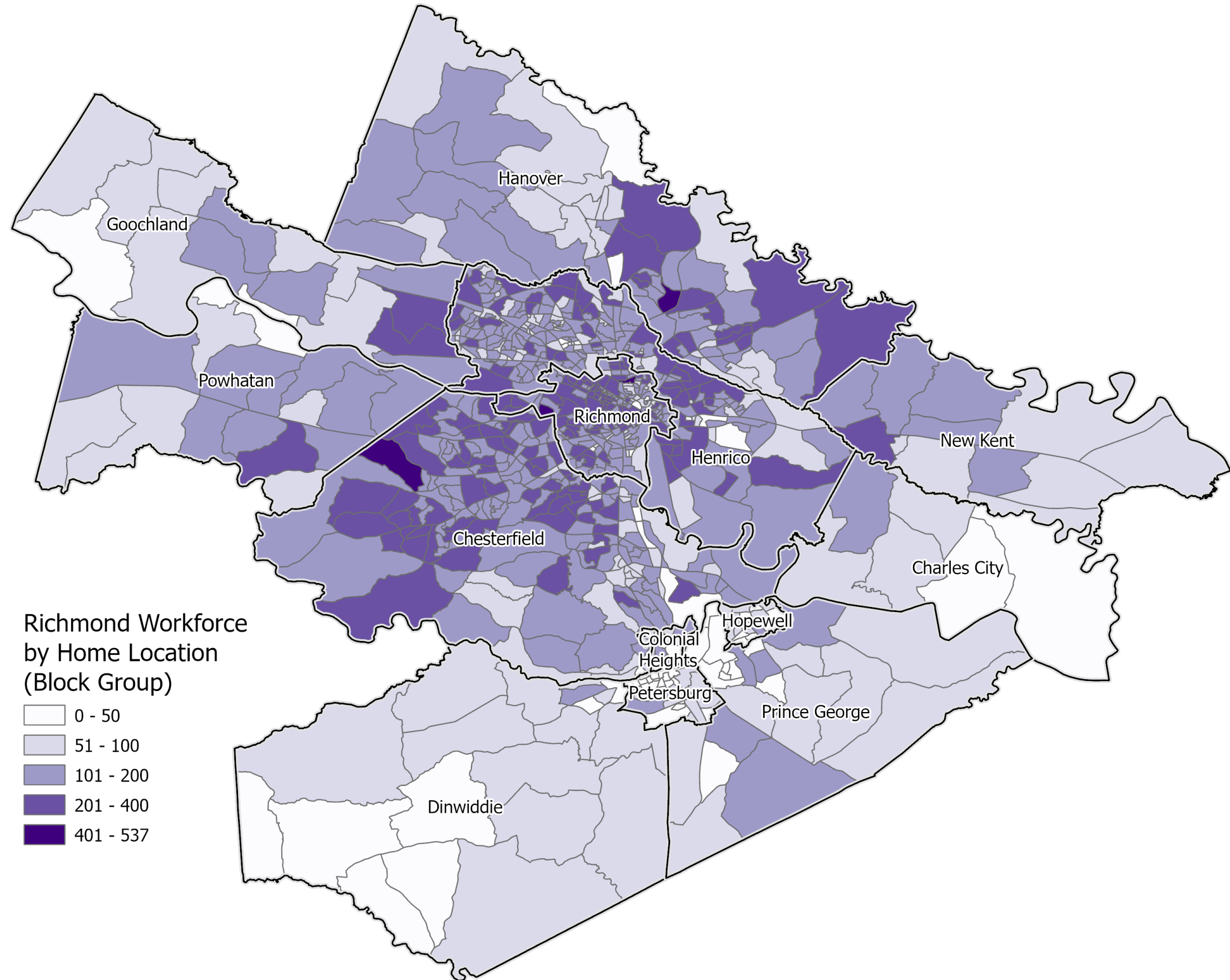
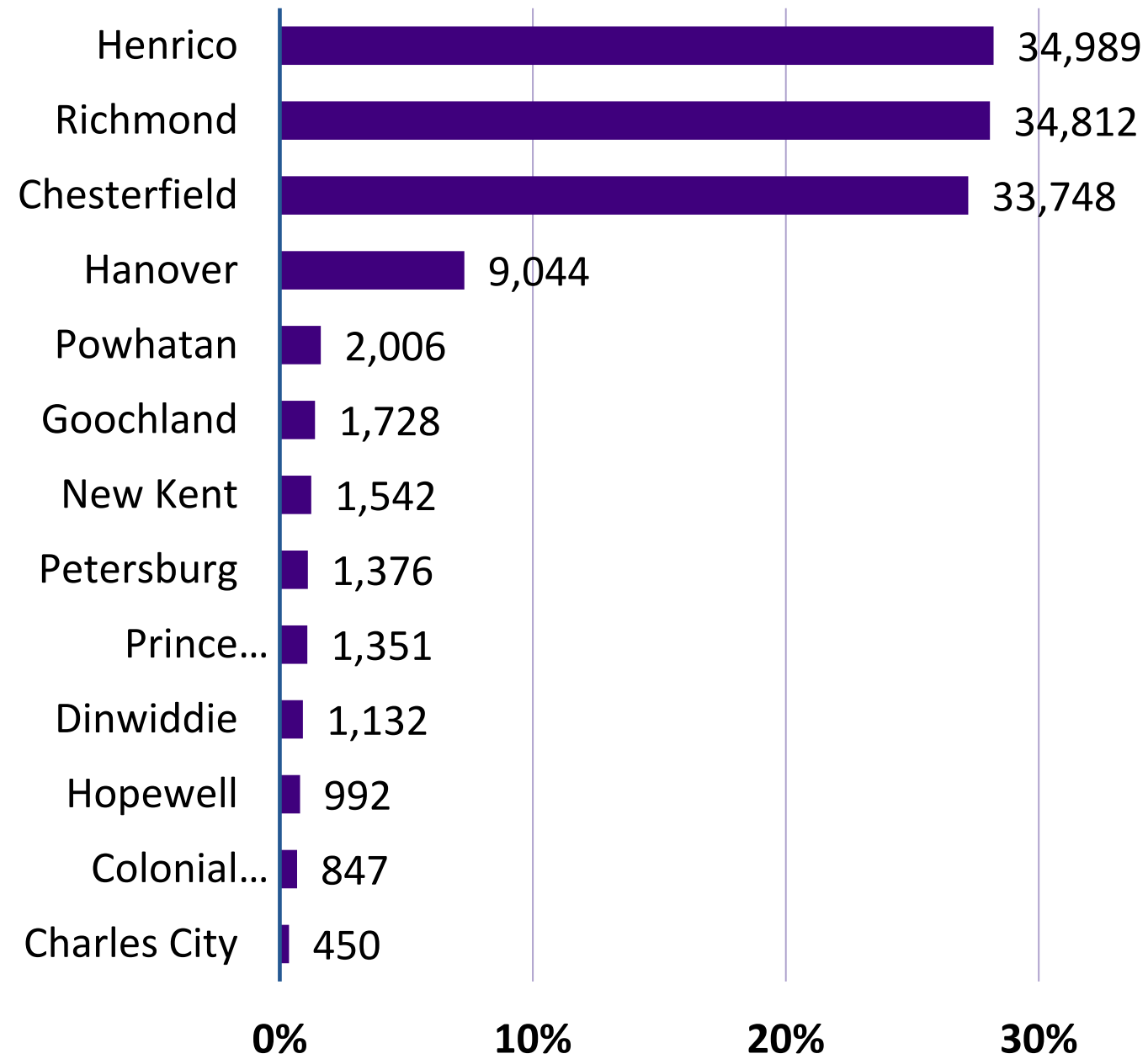
Jobs-Housing Imbalance : Henrico

PERCENT AND COUNT OF HENRICO'S WORKFORCE THAT LIVES ACROSS THE REGION



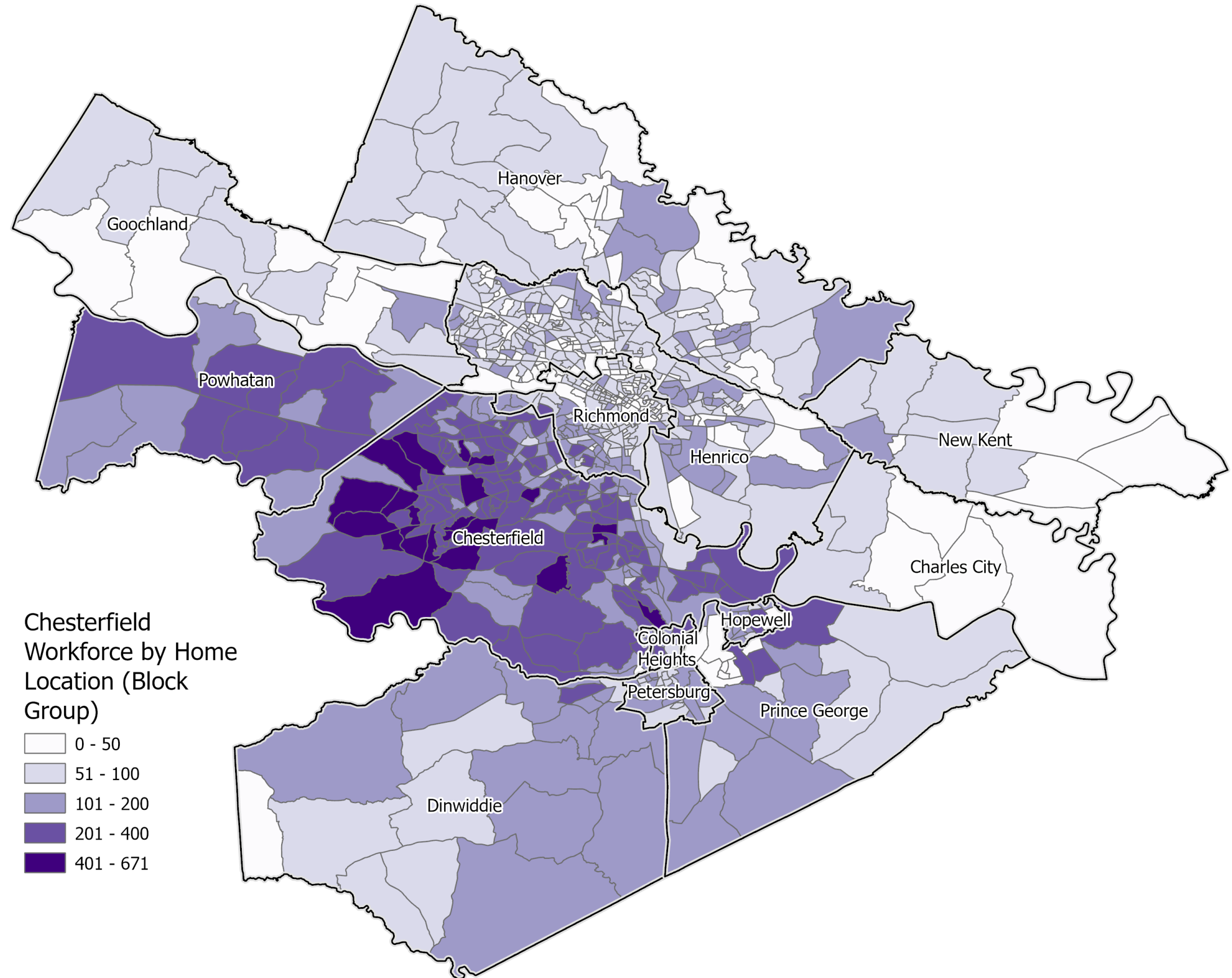
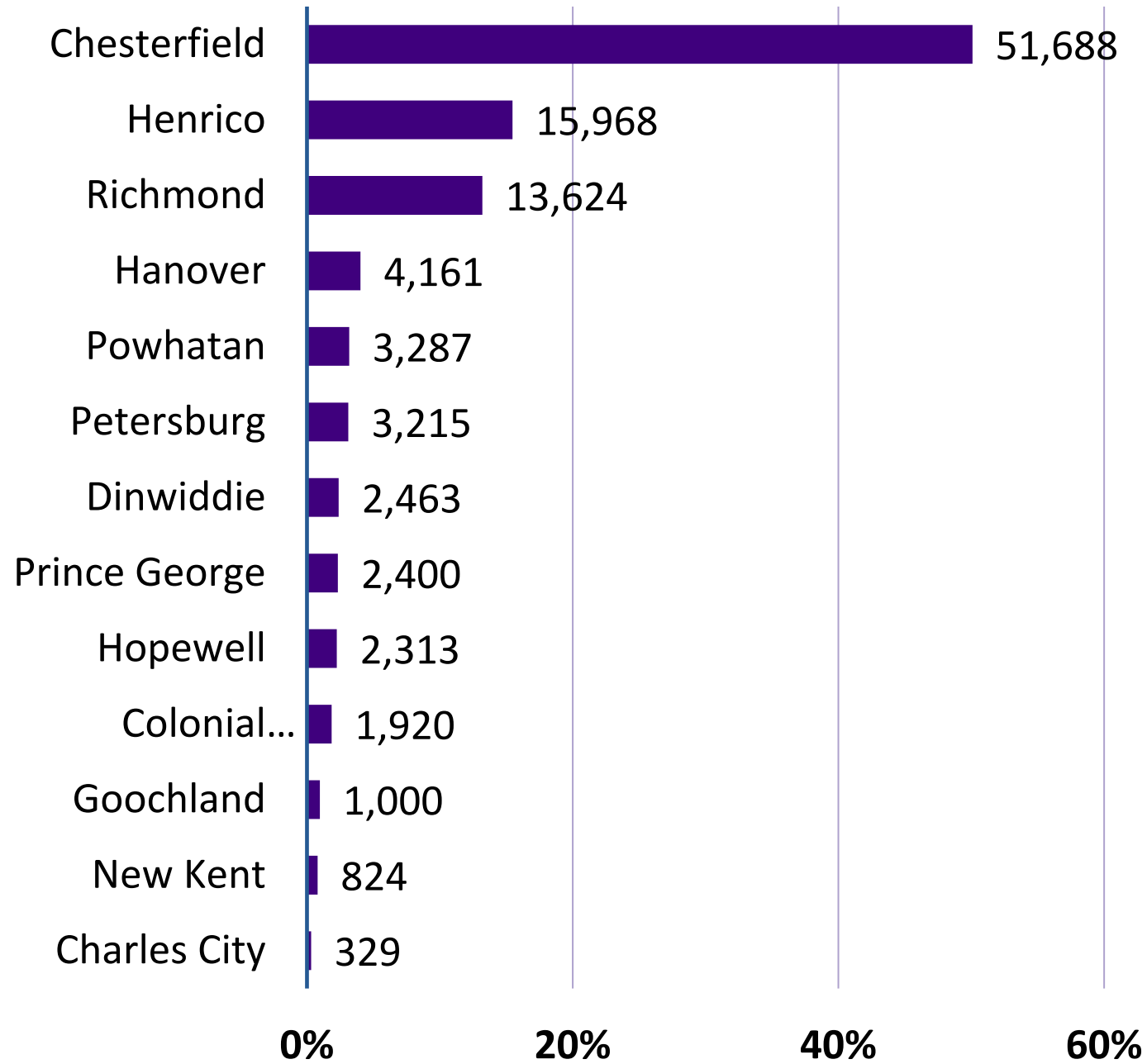
Jobs-Housing Imbalance : Richmond

PERCENT AND COUNT OF RICHMOND CITY'S WORKFORCE THAT LIVES ACROSS THE REGION



Jobs-Housing Imbalance : Chesterfield

PERCENT AND COUNT OF CHESTERFIELD'S WORKFORCE THAT LIVES ACROSS THE REGION



Our Role

- Provide research support
- Highlight affordability gap in the region.
- Dispersed workforce – long commutes: Jobs -housing imbalance.
- Lack of affordability negatively impacts regional economic competitiveness.
- Garner support for employer supported housing programs.

PDC Housing Grant:



- 11 Units completed
- About 22% of targeted homeowner units completed



PlanRVA is where the region comes together to look ahead.