



# *Housing as an Economic Development Strategy for Virginia*



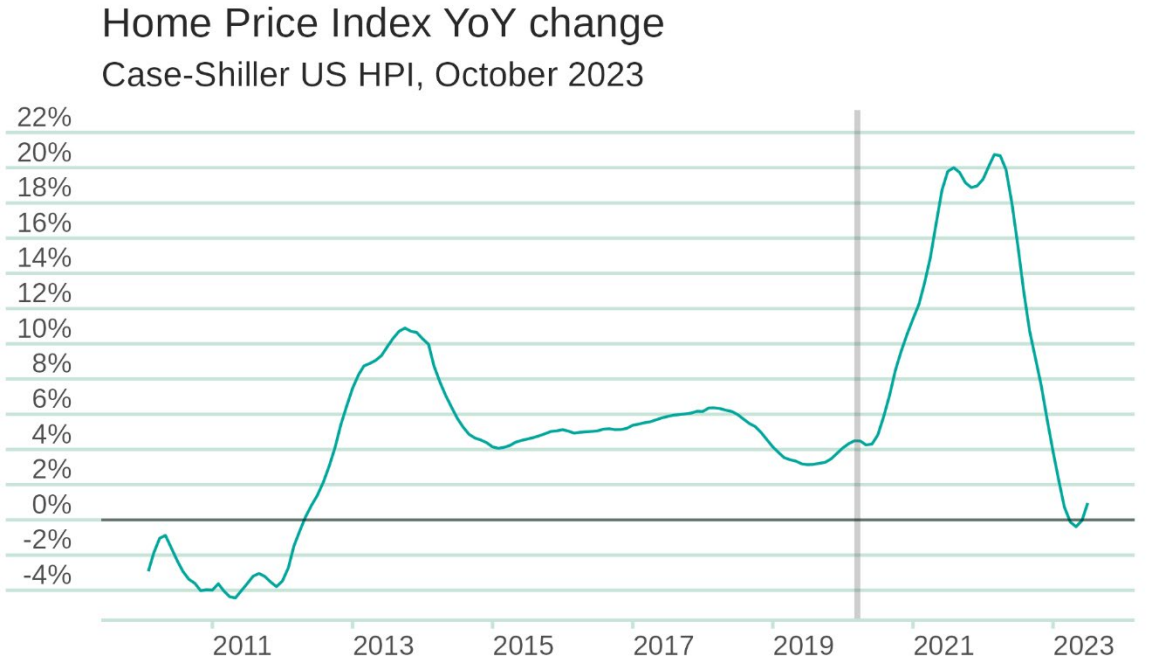
Virginia  
Housing

50 YEARS

# ► Housing and Economic Competitiveness

The current housing crisis:

- **High prices**
- High borrowing costs
- Low supply

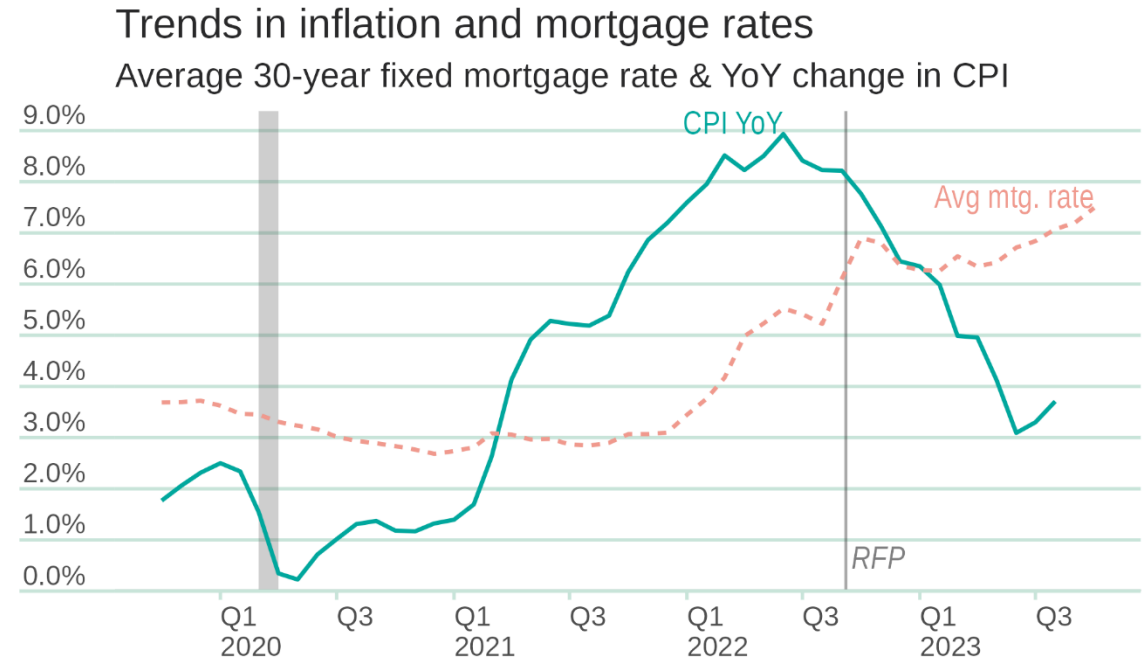


Source: S&P Dow Jones Indices LLC

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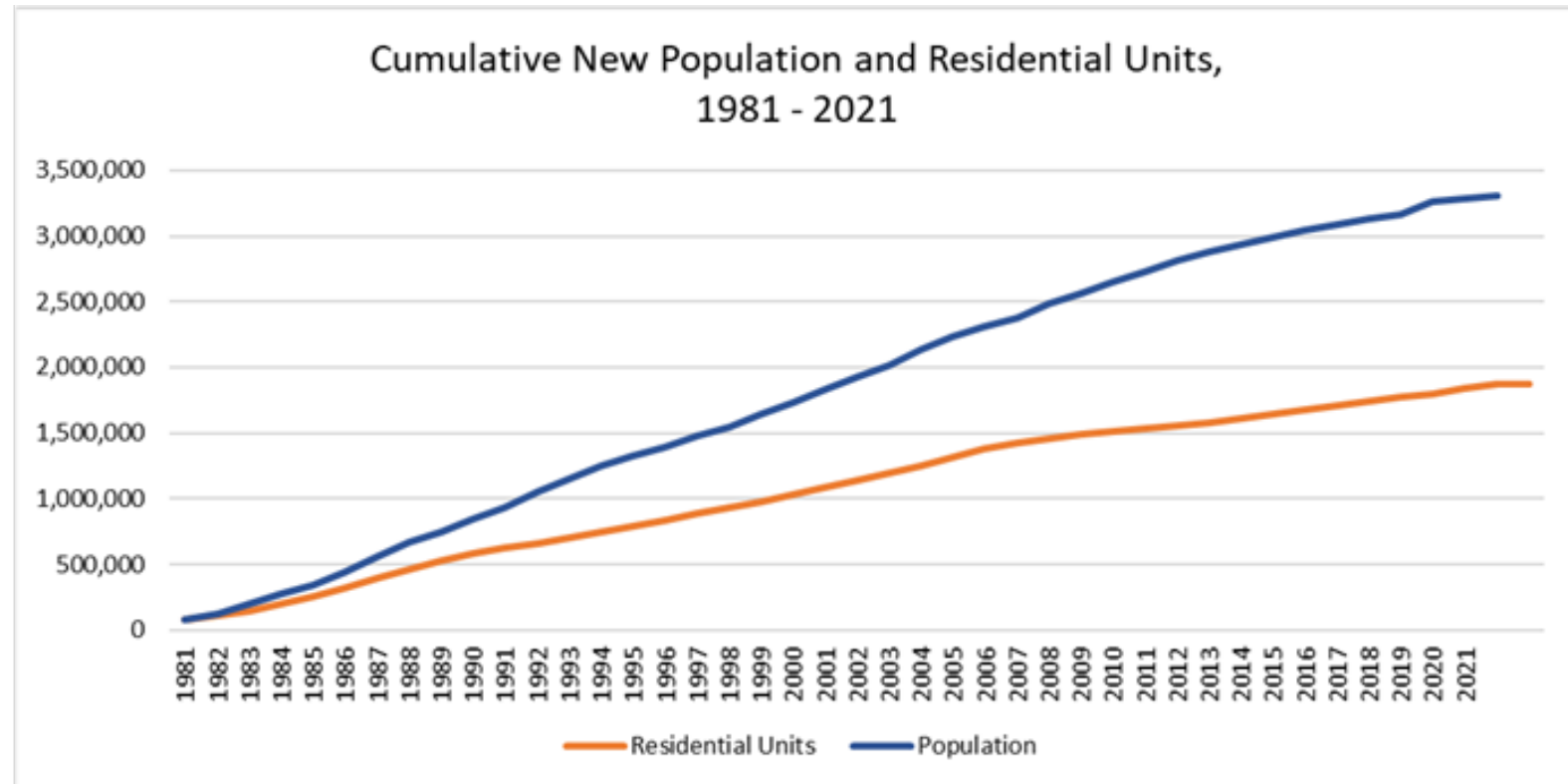


Sources: U.S. Bureau of Labor Statistics; Freddie Mac

# ► Housing and Economic Competitiveness

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# Primary Goals

1. To understand the role of housing in local and state economic competitiveness through interviews and focus groups.
2. To document examples of other regions or states integrating housing and economic development strategies.
3. To identify next steps in aligning economic development and housing needs and goals.



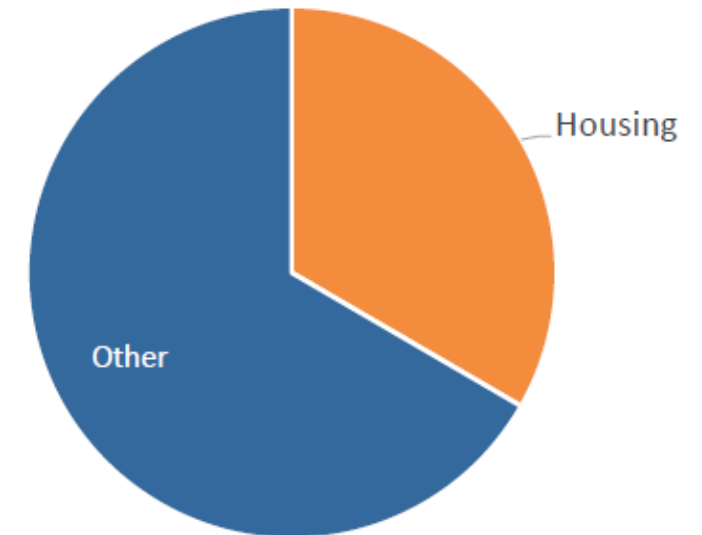
# Findings

# Housing and Economic Development are Intricately Connected

*Inadequate housing supply hampers workforce mobility, limits job opportunities, and negatively impacts a state's economic competitiveness.*

- Virginia is projected to add more than 140,000 new jobs by 2033 (conservative baseline)
- Housing affordability is needed to attract and retain the needed workforce to fill these jobs
- Cost of living is heavily driven by housing and rental prices
- Currently, Virginia ranks #12 among states with the highest median home price value

Housing Represents about 1/3 of the Market Basket Used to Track Inflation



# Most stakeholders believe housing has a critical role in economic development

Housing is important to retain population and workforce

Housing is emerging as an issue for economic development but secondary to workforce and sites

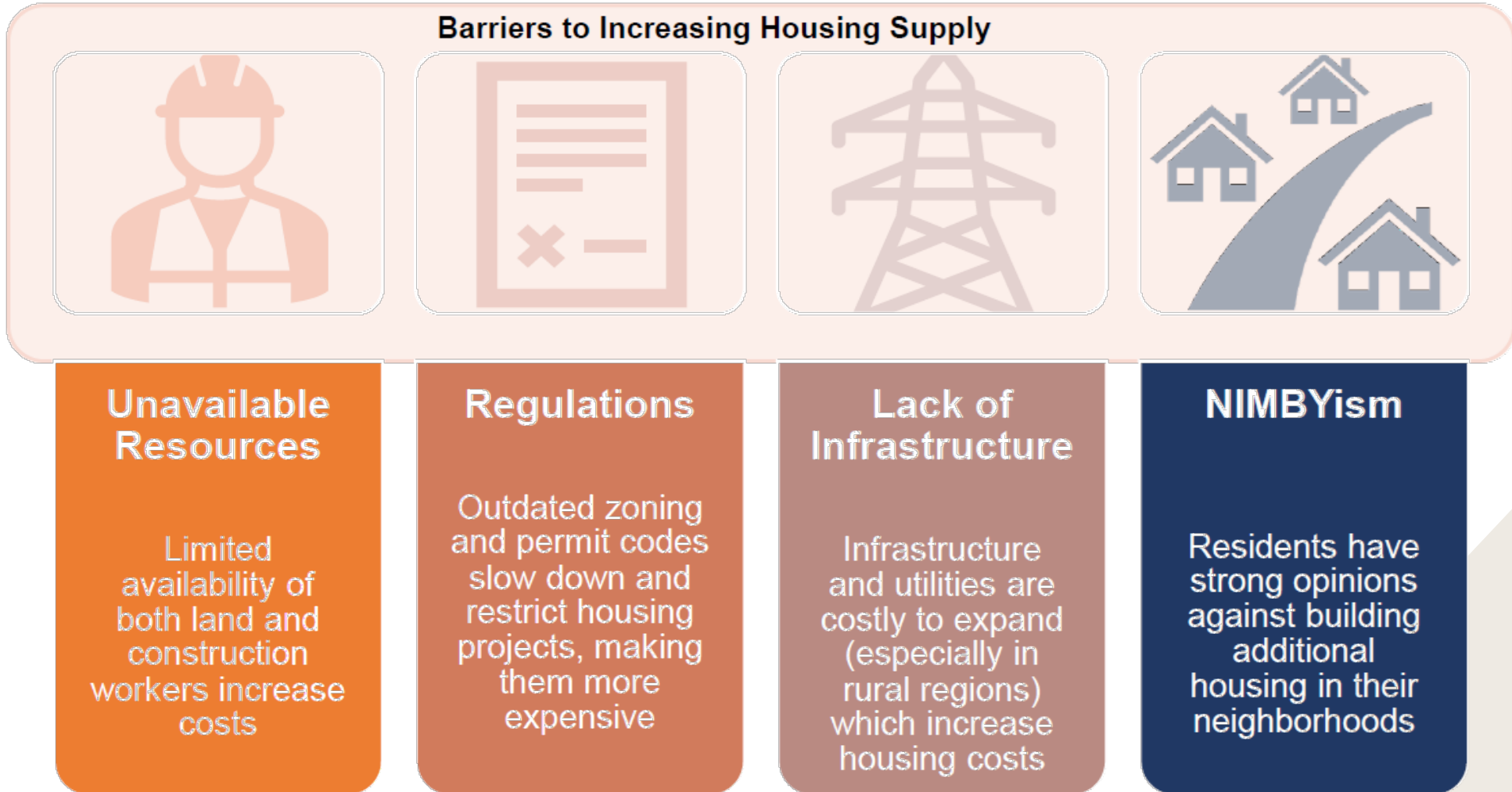
Housing is an important component of site preparation, and communities need to be able to show a plan is in place for housing

Housing availability is a question in a majority of RFPs and local employers are actively engaging to ensure housing for employees

*“Housing and economic development are one and the same.”*




# Regions share common barriers to increasing housing supply




# Regions face different challenges

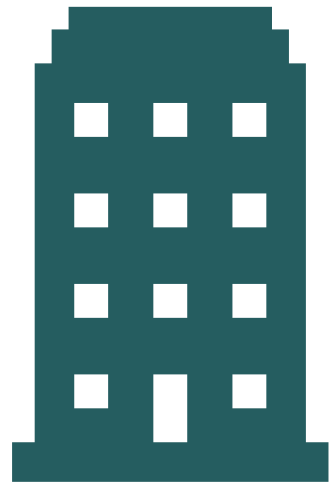
- Topography + fiscal concerns limit water/sewer infrastructure along I-81 corridor
- Aging infrastructure and housing stock does not meet the needs of new and expanding businesses in slow-growth regions (Southside and Southwest)
- High-growth areas see rising commute times as workers move outwards, declining quality of life
- Urban centers are maxed out, putting new pressure on surrounding counties who may not have infrastructure (GO Virginia Region 6)

# ► What others are doing

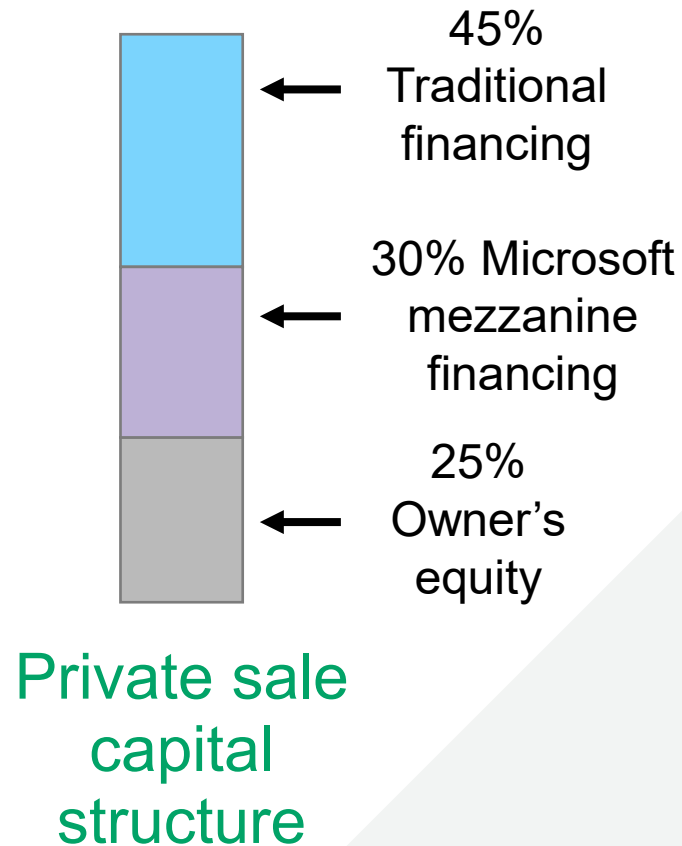
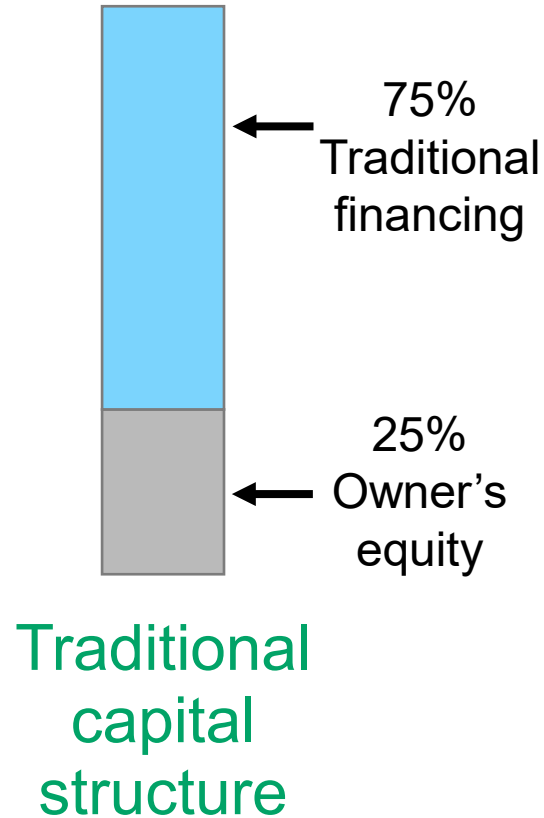
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- **Ohio** is trying to connect regional employment growth projections with housing needs, aiming for one construction permit for every new job.
  - **Georgia, Connecticut, Nebraska, and North Carolina** are supporting workforce development housing, rural workforce housing, and rural neighborhood revitalization efforts

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- Rezoning efforts at state (**CA, CT**) or local (**Atlanta**) level have reduced barriers to development, increased housing density, and encouraged production of affordable units.
  - Collaborations between large corporations and states (e.g., **Apple and CalHFA, or Microsoft and WA-HFA**) have led to creative financing mechanisms and new housing units.

# Mezzanine Financing



New multifamily development



- ▶ Microsoft's investment is subordinated to senior loan
- ▶ Traditional investors maintain profits (potentially) at Microsoft's expense



## *Mortgage Assistance Contribution*


- ▶ Apple contributed \$15.9 million to CalHFA's down payment assistance program
- ▶ Served 2,556 households (avg \$622 / household)
- ▶ Provided additional benefits to teachers, veterans, and firefighters, making up 10% of borrowers






# **What Virginia Housing is already doing**




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- **Coordinating** programs administration with other State Agencies to increase production
    - Workgroup to align housing development with economic growth
    - Petersburg Initiative
  - **Sponsoring and participating** in the planning and execution of regional housing summits across the Commonwealth
  - **Providing** grants to foster discussion and collaboration among regional and local actors (PDC model)

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- **Increasing production of affordable and workforce rental units:**
    - Full overhaul of Qualified Allocation Plan
    - Pilot program to fast-track production
    - HOTC allocation to new production
    - Mixed use/mixed income program to develop affordable- and workforce-housing

- **Increasing homeownership opportunities for low- and moderate-income FTHB:**
  - New MRB program to better assist FTHB in obtaining below-market interest rates
  - Increase of sales price and income limits in our homeownership program (Living environment Pillar)
  - Dedicated staff focusing on outreach to employers to explore collaborations




# Recommendations for next steps in Virginia

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- **Virginia** must expand availability and Reduce Barriers, including:
    - Update zoning for housing innovation in growth plans
    - Foster construction workforce participation
    - Develop additional financing options
    - Lower the cost of regulation
  - **At every governance level**, incorporate economic development goals in housing plans and housing in economic development plans

- Empower a **regional** approach:
  - Housing markets and labor sheds don't stop at municipal boundaries
  - To meet the needs of Virginians, efforts to address this housing crisis must continue to foster regional collaboration



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- Increase engagement with **Private Employers:**
    - Encourage Public Private Partnerships (PPPs)
      - Facilitate collaborative efforts between state, localities, and employers in the form of PPPs that can be used to develop key infrastructure, assist with financing, or directly construct housing.
    - Promote Virginia as a leader in housing innovation and attract businesses that support innovation

# Thank You.

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Virginia Housing

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