Affordable Housing – Addressing Virginia’s Crisis

**Problems:** Low-income families, and even some moderate-income families, struggle to find affordable housing in Virginia. According to the National Low-Income Housing Coalition, 71 percent of very low-income Virginians spend more than half their incomes on housing. In the first round of federal rescue funds, no money was dedicated to building new affordable housing units. Although there was additional rental assistance available to families during the pandemic, that assistance will be ending soon. Thousands of families are on waitlists for public housing or Section 8 vouchers with little hope for help anytime soon. Families living on the financial edge can be thrown into homelessness with one minor crisis.

The Virginia United Ways identified housing as a particular concern in its 2020 ALICE in Virginia: A Financial Hardship Study. The ALICE (Asset Limited, Income Constrained, Employed) looks at working families who struggle to make ends meet despite having one or more family member being employed. The report says, “In Virginia, rising costs in urban areas — notably, the metropolitan areas of Alexandria and Arlington — are due to rapid population growth and increasing demand for low-cost, urban rental units (especially among millennials and seniors). For example, between 2000 and 2018, there was an 88 percent decline in affordable rental units in Alexandria. And while the overall cost of living in rural America is lower than in metro areas, expenses — especially housing — are rising at similar rates in both areas.”

Home ownership is an important way to help families stabilize their housing costs, build wealth, and transfer wealth to future generations. People who have been discriminated against in terms of acquiring or keeping a home lose opportunities to build wealth for themselves and future generations. Past discriminatory government policies, such as redlining, race-restricted deeds, and “urban renewal” projects that destroyed Black neighborhoods, as well as predatory and usurious lending practices by many financial institutions, such as sub-prime mortgages, have created a crisis in homeownership for people of color. The gap between Black and white homeownership in Virginia is now larger than it was in 1960 – 48 percent of Black Virginians own homes, compared to 73 percent of non-Hispanic white Virginians.

**Solution:** VICPP is supporting a three-prong approach to addressing Virginia’s crisis of affordable housing. Money should be set aside in the budget to:

- **Build more affordable housing units.** VICPP supports the Virginia Housing Alliance proposal to invest in Virginia’s Housing Trust Fund to build affordable housing and prevent homelessness. This investment would lead to approximately 20,000 new affordable rental units and 1,100 new homeownership opportunities. Budget request: $300 million.

- **Provide rental assistance.** Families need support to be able to rent housing on the private market. Given the limited supply of public housing, nonprofit housing, and Section 8 vouchers (the federal rental assistance program), Virginia should develop its own rental assistance program to support low-income families. Budget request: $150 million.

- **Pilot a Restorative Homeownership Program.** The Virginia Poverty Law Center has worked with nonprofit groups to create a Restorative Homeownership Pilot Program that will develop a model for how Virginia can assist low- and moderate-income people whose families have been victims of past housing discrimination to become homeowners. The proposed pilot program will be in Richmond, which includes rural, urban, and suburban localities, and where there is a clear documented history of government-backed and systemic housing discrimination. Budget request: $10.5 million.