Affordable Housing in the 21st Century

League of Women Voters Workshop
September 14, 2019

Erica Sims
President, HDAdvisors
What is Housing Virginia?

_Housing Virginia_ is a broad based, statewide nonprofit partnership of public and private organizations and committed individuals. We believe that all Virginians should have access to high quality, affordable housing in suitable locations.
What is “affordable”?  
As defined by HUD:

A home is affordable if the household pays no more than 30% of its gross income toward mortgage/rent and utilities.

Example:

Earn $35,000 per year.  
($35,000 / 12 months) x 30% = $875 / month

Households paying more than 30% of their income on housing expenses are “costburdened.”
It’s a Continuum

- Homelessness: Overcrowding, shelters, permanent supportive housing,
- Public Housing: Large projects or scattered site. No longer produced
- Rental Subsidized: Section 8, Low Income Housing Tax Credits, HUD, Inclusionary
- Buyer Assistance
- Market Rate
In **Virginia**, the Fair Market Rent (FMR) for a two-bedroom apartment is **$1,203**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **$4,009** monthly or **$48,109** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

<table>
<thead>
<tr>
<th>MOST EXPENSIVE AREAS</th>
<th>HOUSING WAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area</td>
<td>$32.02</td>
</tr>
<tr>
<td>Charlottesville, VA HUD Metro FMR Area</td>
<td>$25.48</td>
</tr>
<tr>
<td>Rappahannock County, VA HUD Metro FMR Area</td>
<td>$21.27</td>
</tr>
<tr>
<td>Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area</td>
<td>$21.23</td>
</tr>
<tr>
<td>King George County</td>
<td>$20.60</td>
</tr>
</tbody>
</table>

**THE RACIAL WEALTH GAP**

Eight generations slavery, the racial wealth gap is both yawning and growing.

The typical black family has just **1/10th the wealth** of the typical white one.

In 1863, black Americans owned one-half of 1 percent of the national wealth.

**Today it's just over 1.5 percent** for roughly the same percentage of the overall population.

In Richmond, black households own 3,600 fewer homes than in 2000.
Q: Why doesn't the market produce enough affordable housing where people want it?

Location, location, location...
The value of housing is tied to location. In desirable locations there is a limit to how much housing can be created. Some of this is due to regulation. Some of it is due to speculation (i.e., people holding units off the market hoping for windfalls). Some of it is just the limits of physical space.

Minimum costs/Low wages
The basic costs of construction (labor and materials) and the minimum safety and quality standards we have established create a lower limit on how little a housing unit can cost. Thanks to stagnation in the minimum wage, people at the lowest end of the income spectrum cannot afford even these minimum costs.

What the market will bear
Land prices are not determined only by demand for moderately priced residential housing, but also by demand for luxury residential housing and retail/commercial uses. Moderately priced housing, even if it is profitable, is not as profitable as those other uses, so the market alone will not build it where there is demand for other things.

Get in line
Because there is a limited supply of locations providing access to jobs, well-performing schools, and high-quality life, there are easily enough higher-income people and speculators to bid up prices in those areas beyond what the low- and even moderate-income people working there can afford.

Thanks to Eric Belsky, Dean Baker, and Jeff Lubell for helping us craft this Answer. The final result is only Shelterforce's. For examples of the price-wage mismatch, visit this Center for Housing Policy database: www.latr.org/go/costswages.
LOW-INCOME HOUSING TAX CREDIT (LIHTC)

> Authorized by Tax Reform Act of 1986
> Provides tax credit to developer in exchange for creating below-market rate rental units

> Where almost all new affordable rental housing comes from

> Administered by IRS; allocated by state housing finance agencies (via QAP - Qualified Allocation Plan)

> Tax credit generates equity needed to develop project

> When developer is nonprofit, tax credits are usually sold to private investors via syndication
A note about evictions

- Richmond has the second highest eviction rate in the country, 11% annually from 2000 to 2016, based on the Princeton University Eviction Lab analysis of millions of eviction case court records.

- Five of the top ten cities in the US with the highest eviction rates are located in the State of Virginia.

- Richmond, Roanoke, and Hampton Roads faced the highest rates of eviction, demonstrating a statewide challenge. High eviction rates are disproportionately found in minority communities, with more than 60% of all majority African American tracts facing eviction rates greater than 10%.
The face of affordable housing: Maggie Walker Community Land Trust

https://maggiewalkerclt.org/newsroom/homeowner-stories/
THREATS TO AFFORDABLE HOUSING

• Growing gap between quantity and need
• Deterioration of older housing stock
• Rising costs/ stagnant wages
• The shift from publicly subsidized housing
• NIMBYism

OPPORTUNITIES

• New federal policy focus?
• Increased consensus
• Local power/ control
• Public opinion
• Think about infrastructure/ new deal era policies – think housing
• Decreased costs through innovation
Virginia voters believe that housing is an important public policy issue that elected officials should address.

58% of Virginia voters agree that local governments should work to provide housing opportunities for families whose incomes are a barrier to finding quality housing, and 50% feel the same about state government. 57% are more likely to support a candidate for political office who makes housing affordability a priority.
THE NATIONAL LEVEL

In 2016, pollster Geoff Garin found that 39% of the electorate thought that housing was a “fairly serious” or “very serious” issue. Today, that number is 60%—a huge jump over one election cycle. Even more impressive, 75% of voters today say they would be more likely to vote for a candidate with a plan to make housing more affordable.

Elizabeth Warren American Housing and Economic Mobility Act
• $450 billion over ten years in the national Housing Trust Fund (HTF).
• Expand protections under the Fair Housing Act
• Incentives to remove regulatory barriers at local level
• Strengthen Community Reinvestment Act

Cory Booker, Kamala Harris, Bernie Sanders and Julian Castro also have plans.
TO GET INVOLVED

- Evictions
- Campaign for Housing and Civic Engagement – CHACE
- Advocate for more local, State and Federal funding
- Changes to zoning policy
- Combat NIMBYism
The Causes and Key Issues Driving the NIMBY Response

UNDERSTANDING NIMBY-ISM
“This is out of step with the residential nature of the neighborhood”

“I believe in protecting the single family neighborhood and this is a terrible imposition to place on the residents of this community”

“This calm, quiet happy place will become one of chaos, noise and crime potential”

“Criminals would be drawn to the area, potentially killing us and our children”
Chesterfield Planning Commission votes against B&B plan

Richmond Times-Dispatch (July 21, 2015)

Link: bit.ly/2BHS2YA
NIMBY = Not In My BackYard

- “Public Housing”
- “Low-Income Housing”
- “Homeless Shelter”
- “Section 8”
- “Supportive Housing”
- “Affordable Housing”
- “Rental Housing”
- “High Density”
- “Fair Housing”
- ANY HOUSING
What brings out a NIMBY response in a community?

At its core, NIMBYism is a fear response, both to the unknown and to the misunderstood.

In order to address these fears and misunderstandings, you will need to understand why a NIMBYist thinks this way.
What brings out a NIMBY response in a community?

In some cases, the fears are more transparent...

1. “[X] will bring crime to my neighborhood!”
2. “I don’t want to live near those people.”
3. “I bought my house/pay rent at full price – why should they get special treatment?”
What brings out a NIMBY response in a community?

...while in others, it’s a little more obscured by another issue.

1. “My property values will go down!”
2. “What about the traffic?”
3. “[X] will overcrowd the local school!”
4. “[X] will cause environmental problems!”
5. “[X] will put a strain on our public services!”
6. “[X] just doesn’t fit in with our community.”
Who do NIMBYs not want in their backyard?

NEW NEIGHBORS
Motivated by...
• Classism
• Racism
• Privacy

OUTSIDE DEVELOPERS
Motivated by...
• Fear of density
• Anti-growth
• Property values

BOTH
How is NIMBYism manifested?

COMMUNITY ACTIVISM

• Voicing opposition at meetings
• Letters of opposition
• Rallying neighbors
• Direct action
• Social media

INSTITUTIONALIZED NIMBYISM

• NIMTOO: *Not In My Term of Office*
• Uncooperative local staff
• Hostile elected/appointed officials