

# FACT SHEET

## 2024 Funding for Affordable Housing

### **Problem:**

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. According to the Joint Legislative Audit and Review Commission (JLARC), approximately 29 percent (~905,000) of households were cost burdened by housing as of 2019. With thousands of families on backlogged waitlists for public housing programs, ***Virginia must address its housing supply and affordability crises.***

Home prices in Virginia have risen 28 percent over the past four years, while median household incomes have only risen an estimated 6 percent (not accounting for inflation). High home ownership costs have forced many Virginians to rent, however Virginia's statewide shortage of at least 200,000 affordable rental units makes finding housing difficult for low to middle-income Virginians. The Virginia Association of Realtors also reported an 11.3 percent increase in rents over the past year, which is only expected to rise.

### **Solution:**

VICPP advocates greater budget investment into community-based programs that will increase housing supply and assist low-income Virginians.

#### ***Build more affordable housing units.***

VICPP supports the Virginia Housing Alliance proposal to invest in Virginia's Housing Trust Fund (VHTF) to build affordable housing and help prevent homelessness. Although the most recent budget has allocated \$75 million over the 2022-2023 biennium,

these funds aren't enough to cover the immense costs of housing development (exponentially increased due to supply-chain issues and inflation).

Virginia's current shortage requires a major increase in housing supply that cannot be achieved with the funds currently allocated.

#### ***Fund the Housing Stability Program.***

Both JLARC and a General Assembly housing studies authorized in 2020 recommend the creation of a state administered rental voucher program. Such a program would provide long-term rental assistance to ensure housing costs for low-income Virginians do not exceed 30 percent of their actual income. An investment of \$45 million would be able to support a pilot program of 1,000 households in four localities, and more funding would help in reducing Virginia's statewide unit shortage.

#### ***Fund down-payment assistance.***

First time homebuyers with low incomes often struggle to pay the down payment. VICPP advocates a down payment assistance program that helps cover this major cost barrier, especially for those transitioning out of subsidized housing.

#### ***Increase Virginia Eviction Reduction Program (VERP) funding.***

VERP is a pilot program in its fourth year dedicated to preventing eviction through short-term financial assistance to at-risk renters or homeowners. Though only a pilot, it has helped thousands of Virginians stay in their homes, and also reported lower eviction rates in the localities where it took effect. VERP is currently allocated about \$3.3 million annually. Its successful record warrants additional funds.