

**City of Richmond DRAFT Application:  
US Department of Housing & Urban Development  
Pathways to Removing Obstacles to Housing Grant**

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# **Vacancy to Occupancy Program**

**October 10, 2023**

**DRAFT**

## Exhibit A: Executive Summary

Richmond has a legacy of public policies that were designed to exclude Black, Brown, and Indigenous community members from accessing housing opportunities. It is easily seen as one drives West to East or North to South, moving from neighborhoods of long-standing prosperity to neighborhoods that have yet to fully recover from red-lining and disinvestment. 19.8% of Richmond’s residents live in poverty; a number that is nearly double the national average of 11.5% and more than double that of the City’s surrounding counties.<sup>1</sup> And that poverty—which is disproportionately shouldered by our City’s children, senior citizens, and residents of color—is heavily concentrated in the East End, South Side, and eastern portion of North Side.

Modern-day Richmond is experiencing a growth in population unseen since the 1880s.<sup>2</sup> From 2000 to 2019, the City grew by 17%. That trend has continued in the post-pandemic years as residents from larger metropolitan areas flock to Richmond, attracted by the City’s diverse economy; nationally renowned art, food, and outdoor recreation scene; and central East Coast location. But while that growth has led to a 6.9% decrease in poverty since 2012,<sup>3</sup> the change has not benefitted all of the City’s residents equally.

Housing costs in Richmond have significantly outpaced income growth for low- and very-low income households and the development of new housing stock has not kept pace with population growth. As a result, Richmond has disproportionately high eviction rates, compounding rising homelessness, and severe displacement pressures for residents in many neighborhoods. Richmond needs an additional 16,680 units to meet the needs of households making under 80% of the Area Median Income (AMI). Rising unaffordability, poverty, and evictions are particularly concentrated in segregated, under-resourced neighborhoods, deepening the historic inequities Black and Brown Richmonders have experienced for centuries.

In recent years, the City has undertaken a comprehensive approach to ensuring that every Richmond family can access housing that is affordable, resilient, safe, and near the community assets they need. Guided by the City’s award-winning masterplan, post-pandemic equitable housing plan, climate equity action plan, and continual conversations with community members, Richmond has made significant progress in mapping community needs and taking strides toward

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<sup>1</sup> In 2022, the poverty rates for the counties surrounding the independent city of Richmond were 7.0% County of Henrico and 7.4% for Chesterfield County. *QuickFacts*, U.S. Census Bureau, <https://www.census.gov/quickfacts/fact/table/henricocountyvirginia,chesterfieldcountyvirginia/PST045222>.

<sup>2</sup> *Richmond 300: A Guide for Growth*, at 4.

<sup>3</sup> In 2012, the poverty rate in the City of Richmond was 26.7%. *Percent of Population Below the Poverty Level (5-year estimate) in Richmond city, VA*. FRED. <https://fred.stlouisfed.org/series/S1701ACS051760>.

becoming a City where all people can access quality housing in well-resourced areas of opportunity. To meet the need for affordable housing, the City has established the goal of creating 10,000 new affordable units, including 200 for-sale units, over the next 10 years. Thanks to roadmaps created by the above-described plans; pro-affordable housing amendments to the City's Zoning ordinance; integration of affordable housing goals into economic development projects; and the commitment of local, state, federal, and private funding, the City has contributed to the creation of over 1,900 affordable units between 2017 and 2020. And an additional 2,463 units are in the process of being developed.<sup>4</sup>

Richmond's Vacancy to Occupancy Program will be one facet of the City's broader work to create 200 new units affordable to families making less than 100% AMI. The Program will empower low-income residents to become homeowners in well-resourced areas of opportunity, while also reducing blight. The goal of the initiative is to acquire, rehabilitate, and sell at least to 25 vacant units by September 2029, converting them into permanently affordable units for sale to first-time homebuyers. In order to increase housing choice and deconcentrate poverty, the program will focus on units in low-poverty neighborhoods; units that are located within a quarter mile walking distance to public transportation or a park or greenspace; and units in the fastest growing neighborhoods. Additionally, this will help ensure that these units are the most resilient and sustainable housing options available to the community, further reducing utility burdens, and ensuring community members on the frontlines of climate change have the most resilient housing in Richmond. \$4,000,000 from the U.S. Department of Housing & Urban Development's Pathways to Removing Obstacles to Housing Grant (HUD PRO Housing) will enable Richmond to seed a revolving loan fund that will create affordable for-sale units in highly-desirable locations.

As the City of Richmond enters its third century, it has the opportunity ensure growth benefits all its residents and that public institutions redress harms created by past public policy. Support from H.U.D. will enable the City to amplify limited local resources as it works enact its vision that "Richmond is a city where all people can access quality housing choices."

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<sup>4</sup> These are ARPA funded projects with a set completion date of 2025.

## Exhibit C: Need

### I. The City of Richmond, Virginia has a considerable need for affordable housing

Today's Richmond faces an affordable housing crisis inherited from an intentionally discriminatory system and exasperated by contemporary circumstances unique to our city. Guided by community-informed, equity-driven plans, the City has taken its first steps to creating 10,000 affordable housing units, including 200 units affordable to low and moderate-income homebuyers, by 2030.

### II. Under the Administration of Mayor Levar Stoney, Richmond has taken meaningful action to identify, address, mitigate, and remove barriers to affordable housing production and preservation.

#### a. Through a community-driven planning process, Richmond has created plans for Equitable Development and, more specifically, affordable housing.

Since 2017, Richmond has developed and begun implementing two key plans that guide the City's efforts to make housing more accessible to low-income residents: *Richmond 300: A Guide for Growth* and *One Richmond: An Equitable Affordable Housing Plan*. Both plans were developed with significant community input; center equity and sustainability; lay out actionable steps to address land-use and procedural issues; and describe what investments will be needed to ensure an increase in the availability of affordable and desirable housing for decades to come.

***Richmond 300: A Guide for Growth*** (*Richmond 300*),<sup>5</sup> is the first comprehensive update to the City's Master Plan in almost two decades. The plan was unanimously adopted by City Council in 2020, after two and a half years of stakeholder engagement. Over 8,500 residents participated in over 100 *Richmond 300*-sponsored meetings and over 220 meetings with community organizations; the review of and response to over 2,100 comments to the draft plan; and the participation of 209 people who served on working groups and 21-member Advisory Council.

In 2021, *Richmond 300* won the prestigious Daniel Burnham Award for a Comprehensive Plan from the American Planning Association (APA). "Recognizing the city's history of racist policies that left many residents distrustful of the planning process, Richmond's planning team took special care to ensure all Richmonders can see their influence *Richmond 300*." - the APA

<sup>5</sup> *Richmond 300: A Guide for Growth*, the City of Richmond, Virginia (Sept. 29, 2020), <https://www.rva.gov/economic-development/richmond-300>.

At the heart of the Master Plan is a city-wide vision that “In 2037, Richmond is a welcoming, inclusive, diverse, innovative, sustainable, and equitable city of thriving neighborhoods, ensuring a high quality of life for all.”<sup>i</sup> That broad vision is further articulated by five “topic visions” that lay out goals, objectives, and strategies. One of those five is a vision for “**Inclusive Housing**” in which “Richmond is a city where all people can access quality housing choice. By preserving and increasing housing options, Richmond supports existing and new residents, regardless of income. As the city grows, Richmond provides options to existing residents, preventing involuntary displacement and reducing disparities. Housing is the foundation of inclusive Richmond neighborhoods that are walkable with adequate linkages to services, goods and open spaces.”<sup>ii</sup> The vision specifies actionable goals relevant to this application, including:

- Objective 14.3: Create 10,000 new affordable housing units for low- and very low-income households over the next 10 years.
- Objective 14.4: Increase the number of mixed-income communities along enhanced transit corridors.
- Objective 14.5: Encourage more housing types throughout the city and greater density along enhanced transit corridors and at Nodes by amending the Zoning Ordinance.
- Objective 14.8: Develop inclusionary and equitable housing options for our gentrifying neighborhoods to prevent involuntary displacement.
- Objective 14.9: Assist households that desire to age in place in their neighborhoods.<sup>iii</sup>

Richmond 300 also lays out six “Big Moves” that provide a roadmap for immediate next steps: Expand Housing Opportunities; Re-Write the Zoning Ordinance; Re-Imagine Priority Growth Nodes; Provide Greenways & Parks for All; Reconnect the City; and Realign City Facilities. Each of those “Big Moves” incorporates a vision of “Inclusive Housing.” The goal of the “**Expanding Housing Opportunities**” Big Move is to “encourage the development of housing options throughout the city to expand the geography of opportunity by deconcentrating poverty.” Here, the City recognizes that although “Richmond offers many housing options . . . the city is intensely segregated by socio-economic status and race.”

In 2022, the City adopted *One Richmond: An Equitable Affordable Housing Plan (One Richmond)*<sup>6</sup> to further develop strategies for accomplishing the vision and objective established by *Richmond 300*. Extensive consultations with community members and the City’s elected leadership informed the plan. *One Richmond* reiterates themes central to Richmond’s approach to housing: the need to address the impacts of historical, racist public policies that led to concentrated poverty; the importance of ensuring growth benefits all residents, no matter their income; and the urgent need for more the City to spur the creation of affordable housing units. Specific objectives that are relevant to this application include:

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<sup>6</sup> *One Richmond: An Equitable Affordable Housing Plan*, the City of Richmond, Va. (Feb. 22, 2022), <https://richmondva.legistar.com/LegislationDetail.aspx?ID=5392229&GUID=E85C7E12-BBB3-4146-A076-221AC4018CE8&Options=ID|Text|&Search=%22one+richmond%22>.

- Amend zoning code to allow for accessory dwelling units in all residential zoning districts; greater density along transit corridors and at activity centers
- Create and/or preserve 200 new affordable housing units by 2024 for residents facing displacement
- Encourage the development of small multi-family buildings (2- to 4-unit buildings) within one half mile of enhanced transit corridors.
- Establish a City-Employee Homeownership Program
- Create a homeownership program for public housing residents
- Streamline the City’s Blight Program process whereby vacant buildings can be acquired by the City and then transferred to non-profits to rehab into affordable homeownership.

Lastly, in 2023, the City adopted *RVAgreen 2050*.<sup>7</sup> This Climate Equity Action Plan envisions a city where “all Richmonders, regardless of their identity or neighborhood, thrive in a climate-resilient and climate neutral community.” It was developed through the input of over 5,700 community members, who answered surveys, attended events, and served on advisory groups. In particular, the City’s Office of Sustainability proactively reached out to and learned from “Frontline Communities,” where poverty is concentrated and the effects of climate change are felt first and worst. *RVAgreen 2050* layers community resiliency data and strategies to the affordable housing plans established by *Richmond 300* and *One Richmond*. *RVAgreen 2050* also includes “Affordable Housing” as one of seven community identified priorities, and indicates how many of the over 150+ action items might be related to addressing this issue.

**b. Richmond has taken meaningful steps to implement its equity-centered plans.**

Guided by *Richmond 300* and *One Richmond*, the City has made significant strides in removing barriers to affordable housing and encouraging the creation of new housing accessible to low and moderate-income people. Since 2017, the City has created many affordable units – putting it well on the way to meeting the goal of creating 1,000 new affordable units a year for the next ten years.

**i. Richmond has amended its zoning ordinance to be friendlier to affordable housing development.**

Since 2022, Richmond has amended its Zoning Ordinance to be more conducive to the creation and preservation of affordable housing in well-resourced neighborhoods. First, the City amended its Zoning Ordinance to allow for accessory dwelling units in all residential zoning districts, in order to expand housing choice for residents. Second, Richmond eliminated all parking restrictions to encourage density in well-resourced neighborhoods. Lastly, the City now limits short term rentals in residential neighborhoods to an owner’s primary residence, ensuring housing in the most desirable neighborhoods in the City remains available to residents. Before these changes were recommended to and eventually adopted by the City Council, City staff

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<sup>7</sup> *RVAgreen 2050*, the City of Richmond, Va. (Feb. 13, 2023), <https://www.rvagreeen2050.com/>.

engaged with over 2,302 residents on proposals in public hearings, focus groups, surveys, telephone town halls, and meetings with community organizations.

Richmond has also taken the first steps to comprehensively re-write our Zoning Ordinance in a way that will encourage the development of affordable housing throughout all areas of the City. The aim of the re-write is to repeal the current Euclidean ordinance and replace it with a form-based Zoning Ordinance that will focus on the physical form of the City to include walkability and additional types of housing. The City is in the final phases of selecting a consultant for this work, and aims to begin the process in early 2024.

ii. **The City now integrates affordable housing goals into its economic development projects.**

To support the creation of more affordable housing in well-resourced neighborhoods, the City has required affordable housing be included in its marquee economic development projects.

On May 8, 2023, Richmond’s City Council unanimously approved a development agreement for a new **“Diamond District”**—that includes a plan to create at least 560 affordable housing units. The Diamond District is a \$2.44 billion redevelopment of 67.57 acres of under-developed, publicly owned property into a mixed-use, mixed-income neighborhood planned to begin in 2024 and be completed by 2035<sup>8</sup>. While these acres are contiguous to one of the best-resourced neighborhoods in Richmond, the land is currently made up almost entirely of commercial property and parking lots. The redevelopment will transform the space into a walkable neighborhood, anchored by an 11-acre park and a minor-league baseball stadium, with retail and office space. Phase 1 of the redevelopment will be completed by 2028, and includes the construction of the baseball stadium, mixed-used buildings, part of the park, and at least 194 affordable units.

The affordable units must be of a size substantially similar to , and be located within the same buildings as market rate units. In response to community input and in-line with the City’s goals of promoting homeownership for all families, the development agreement also requires the developer to establish a \$1,000,000 fund to assist low-income families with the closing costs associated with buying affordable housing units within the Diamond District.

<p>At least 560 new affordable units in a new mixed-income, multi-use neighborhood</p> <ul style="list-style-type: none"><li>• 452 low-income and rent-restricted units</li><li>• 13 units for households earning between 60% and 70% AMI</li><li>• 95 units for households earning ≤ 30% AMI</li></ul>
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Richmond is the process of pursuing a second large-scale redevelopment of publicly owned property, in the heart of the city’s downtown business and educational district. Our **“City Center”** redevelopment will transform 9.4 acres of

<sup>8</sup>*Diamond District Redevelopment Project Development Agreement*, the City of Richmond, Va. (2023), (Exhibit F, p.245), [https://www.rva.gov/sites/default/files/2023-04/DiamondDistrict\\_DA\\_wExhibits\\_230424.pdf](https://www.rva.gov/sites/default/files/2023-04/DiamondDistrict_DA_wExhibits_230424.pdf).



vacant properties into a mixed-use innovation district with a hotel, new public spaces, office, educational, research, and mixed-income residential development, all adjacent to the City's award-winning Bus Rapid Transit system<sup>9</sup> and other multimodal transportation hubs. While the project is in the phase of reviewing proposals from potential developers, the inclusion of affordable rental (30-110% of AMI) or for-sale housing (as low as 70% AMI) is a key criterion for the selection of a developer.<sup>10</sup>

iii. **The City has and will continue to make significant direct investments in local funding to the development and preservation of affordable housing.**

In addition to centering the creation of affordable housing in our land-use and economic development policies, Richmond has made significant investments of City funding to do the same. Over the next ten years, Richmond plans to spend at least **\$10 million a year to promote the creation and preservation of housing units affordable to low-income families**. This planning has been included in the City's five-year Capital Improvement Plan for Fiscal Years 2024–28, which was adopted by City Council on May 8, 2023.<sup>11</sup>

In addition to the first \$10 million described above, which is in the City's FY'24 Budget, the City included \$1.4 million for a **first-time homebuyer's loan program** for city employees. The City's Department of Housing and Community Development is currently developing the particulars of the program. This is one facet of the City's broader plan to empower 200 new low- and moderate-income homebuyers.

Richmond also chose to dedicate \$20,000,000 of the funding it received from the American Rescue Plan Act to the creation of affordable housing units.

One of the City's key anti-displacement programs is a **tax relief program** that reduces real estate taxes between 25% and 100% for qualifying elderly and permanently disabled homeowners. To qualify, households must make less than \$60,000 a year and have assets worth less than \$350,000. Since 2021, Richmond has dedicated over \$12 million to this tax relief program, which is optional for Virginia localities to implement. The City has committed approximately \$5 million in Fiscal Year 2024 to ensure the program continues to support elderly and disabled residents be able to afford to stay in their homes. Richmond and other Virginia localities are currently prohibited by state law from give similar tax relief to low-income homeowners. In 2023, the City drafted legislation and worked with its representation before

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<sup>9</sup> *ITDP Awards Bronze Standard BRT Rating to Richmond GRTC Pulse*, Institute for Transportation & Development Policy (June 25, 2019), [https://www.itdp.org/wp-content/uploads/2019/06/FINAL-Richmond-GRTC-Pulse-Bronze-release-6.26.19\\_.pdf](https://www.itdp.org/wp-content/uploads/2019/06/FINAL-Richmond-GRTC-Pulse-Bronze-release-6.26.19_.pdf).

<sup>10</sup> More information about the project is available at "City Center," [www.rva.gov/citycenter](http://www.rva.gov/citycenter).

<sup>11</sup> *Capital Improvement Plan: Fiscal Years 2024-28*, the City of Richmond (May 8, 2023), [https://rva.gov/sites/default/files/2023-06/FY2024%20-%20FY2028%20Adopted%20Capital%20Improvement%20Plan%20-%20City%20of%20Richmond%2C%20Virginia\\_0.pdf](https://rva.gov/sites/default/files/2023-06/FY2024%20-%20FY2028%20Adopted%20Capital%20Improvement%20Plan%20-%20City%20of%20Richmond%2C%20Virginia_0.pdf).



Virginia’s General Assembly to advocate for the ability for localities to be able to implement tax relief for long-time, low-income homeowners. Although the legislation received some bipartisan support, it failed to pass the House of Delegates.

**iv. Richmond is proactively addressing blight and investing in public infrastructure in low-income neighborhoods.**

Since 2017, the City has brought about the improvement of 136 vacant properties through its **Derelict Building Program**. This program allows local governments in Virginia to insist improvements be made by the owners of residential or nonresidential buildings that are in such a state that they might endanger the public’s health, safety, or welfare, and which have been vacant, boarded up, and not lawfully connected to utilities for a continuous period more than six months. After the City notifies owners that that their building qualifies, owners submit work-plans to the City for approval and monitoring. The City provides technical assistance to owners, to help them develop plans and navigate the permitting process. While there is no requirement that rehabbed properties be affordable, the program has improved health and safety in the City’s lowest income neighborhoods.

Under this Mayor’s Administration, the City has also convened an internal taskforce to ensure property owners are meeting their obligations to maintain properties. The group, which includes officials from the First Department, the Building Inspector’s Office, the Department of Emergency Management, and others, has taken a data-driven approach to determining which properties receive disproportionate complaints or calls for emergency service. The team then works across departments to bring about efficient, thorough, and on-going compliance. This approach has brought needed improvements to neighborhoods that had been “written off.” This reflects the City’s commitment to ensuring all neighborhoods receive public attention and resources.

**III. Richmond has a significant need for affordable housing, especially in well-resourced areas of the City.**

On April 10, 2023, Richmond’s Mayor and City Council formally declared a housing crisis within the City.<sup>12</sup> While housing in Richmond may appear “affordable” in comparison to some larger cities, that appearance ignores the reality that Richmond has far too few units accessible to the 19.8% of Richmonders who live in poverty; that there is deeply-entrenched segregation between wealthy and low-income neighborhoods; and that recent economic trends are making housing more expensive across the City.

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<sup>12</sup> *A Resolution to Declare a Housing Crisis in the City of Richmond*, the City of Richmond, Va. (April 10, 2023), <https://richmondva.legistar.com/LegislationDetail.aspx?ID=6112907&GUID=93BD96AB-6A5A-40B4-A50B-A29A36C706FA&Options=ID|Text|&Search=2023-R019>.

- a. **Although housing in Richmond is relatively cheap compared to larger cities, the City has a high level of poverty and few accessible housing options for individuals living in poverty.**

Richmond needs an additional 16,680 affordable units to ensure every household that makes under 80% of the AMI is not cost-burdened.

19.8% of Richmond’s residents live in poverty; a number that is nearly double the national average of 11.5%. And 74.8% of those households are housing cost burdened. **Almost 35% of the City's households earn less than \$25,000 per year**, which is 34% of the Area Median Income (AMI). An income of \$25,000 per year supports an affordable rent of only \$625 per month or \$729 per month for a mortgage.

50.22% of Richmond households who rent & 39.62% of Richmond households who own their homes are cost-burdened.

74.8% of households in poverty are housing cost-burdened.

In 2021, the American Community Survey found that the median rent in Richmond was \$1,132. For the average Richmond household, that rent represents an untenable 31.2 % of their income. But that price is simply prohibitive for the 35% of Richmond households who make less than \$25,000; paying \$1,132 a month in rent would leave them with only \$126.75 a week to meet all of their other needs. In 2019, Richmond had less than one affordable unit per household for those making 80% of the HAMFI. This misalignment between a third of Richmond resident’s incomes and what the market has to offer, contributes to remarkably high eviction rates.

In 2018, the New York Times<sup>13</sup> highlighted **Richmond’s unfortunate distinction of having the second highest eviction rate in the nation.** The article highlighted ground-breaking research conducted by Matthew Desmond, the Pulitzer Prize winning author *Evicted: Poverty & Profit in the American City*. That research found that in 2016, 1 in 9 Richmond renter households was issued eviction judgments, a rate nearly five times the national average and the second highest in the nation. While there was a brief reprieve from evictions during the peak of the COVID-19 pandemic thanks to a statewide moratorium on evictions and federal, state, and local funding to support families, eviction rates in most of Central Virginia have now rebounded to pre-pandemic levels. Within the City of Richmond, some progress has been made thanks to efforts by community-based organizations and the creation of the first of its kind City of Richmond Eviction Diversion Fund.<sup>14</sup> Richmond families experienced 92% of the number of evictions in the first half of 2023 as they did in the first half of 2019. This is in stark contrast to families in the counties surrounding Richmond: Henrico County had 104% and Chesterfield had 141% as many evictions in the first half of 2023 as they did in the first half of 2021. However, the City is

<sup>13</sup> Emily Badger & Quoc Trung Bui, *In 83 Million Eviction Records, a Sweeping and Intimate New Look at Housing in America*, N.Y. Times (April 7, 2018), [nytimes.com/interactive/2018/04/07/upshot/millions-of-eviction-records-a-sweeping-new-look-at-housing-in-america.html](https://www.nytimes.com/interactive/2018/04/07/upshot/millions-of-eviction-records-a-sweeping-new-look-at-housing-in-america.html).

<sup>14</sup> The City of Richmond’s Eviction Diversion Program has prevented over 1,500 evictions since its inception in 2019. In Fiscal Year 2024, the City committed another \$800,000 to the program.

hampered in its efforts to combat evictions by limited local resources, and by state laws that provide weak protections for tenants and forbid localities from passing more protective ordinances.

Energy burden is also a contributor to Richmond's high eviction rate. Energy burden represents the percentage of annual income that a household or individual pays for energy consumption. A household is considered in "high burden" if they spend more than 6% of their annual income on energy bills - Richmond's average energy burden is 8.47%. This is nearly three times higher than the energy burden for households that are not low-income which is approximately 3%. In Richmond, the energy burden for White residents is 4.1% while it is 13.03% for Black residents, further proof of the ongoing impacts of historical racist planning policies. Many households in Richmond lack central air conditioning. In the face of increasing extreme heat events caused by climate change, this lack can pose health risks. In addition, these households may be spending more on electricity bills if they use window or portable air conditioning units. As Richmond continues to experience more dangerous heat, households may be forced to choose between staying safe by using air conditioning and running a high energy bill, and the ability to pay their monthly rent.

Richmond's high eviction rate compounds the rapidly rising rate of homelessness in the City, which jumped 121% between 2022 and 2023. Those who are evicted are 16% more likely to become and stay homeless within two years of being evicted than those with similar socioeconomic characteristics who have never been evicted.

Homeownership is similarly unattainable to the many Richmond families who are low-income. To afford the median home in Richmond (\$236,000), a household must make 170% of the AMI (approximately \$93,500 per year). As a result, in 2021, 27.67% of Richmond homeowners pay more than 30% of their income for housing, and another 11.95% pay 50% or more of their income.

**b. Poverty is highly-concentrated in segregated, under-resourced neighborhoods in Richmond.**

In Richmond, poverty remains highly concentrated in areas that, historically, were red-lined and under-invested in. Minority racial and ethnic groups are also concentrated in these same neighborhoods. In particular, the City's East End and large portions of the South Side have yet to recover from a historically racist, discriminatory system that intentionally kept our city's Black, Brown, and Indigenous community members from accessing fair housing opportunities. As a result, Richmond's neighborhoods that are majority Black or Latino face eviction rates as high as 30%, while the eviction rates in majority white neighborhoods are less than five percent.

Today, most of the City’s affordable housing is in these poorly resourced and segregated neighborhoods. According to the 2017 Market Value Analysis by the Reinvestment Fund shown, households earning as high as \$72,000 (120% of the AMI at the time) could only afford to live in the lowest housing markets in the Richmond region;

whereas, in comparable regions (such as Akron and Pittsburgh), moderate income households are able to afford housing in the middle housing markets, as well as the low housing markets. This means that in Richmond low- and moderate-income households must live in concentrated pockets of poverty in the East End and South Side.

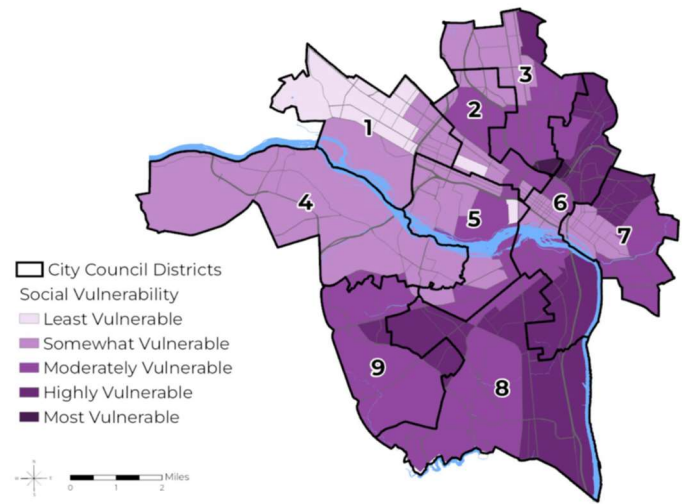


Figure 3.6. Social Vulnerability to Climate Change (RVAgreen 2050 Climate Equity Index, 2019)

These neighborhoods are also home to most of the City’s lowest-performing schools, highest rates of violent crime, and worst health inequities. The City’s 2023 Climate Equity Action Plan, *RVAgreen 2050*, also found that these low-income, racially segregated neighborhoods experience the impacts of climate change more acutely than wealthier neighborhoods. The plan mapped social vulnerability<sup>15</sup> and vulnerability to climate change and found that individuals in the East End, much of South Side, and the eastern parts of North Side, are impacted the first and worst by heat, flooding, pollution, and other factors of climate change and environmental justice. Although this Administration has committed significant resources to improving access to green space, transportation, and other community infrastructure for families in these neighborhoods, the City by itself does not have sufficient resources to make up for the historical disinvestment in Richmond’s Black neighborhoods.

Across the City, Black and Brown Richmonders experience worse housing outcomes and pressures than their white counterparts. While the median income in 2021 was \$76,300 for White households, it was only \$36,749 for Black households. Among those who have 0-100% of the AMI, about 66% of residents of color experience one or more severe housing problems (high housing costs, overcrowding, or a lack of kitchen or plumbing facilities), while just 34% of white residents experience a severe housing problem. And only 38% of Black Richmonders own their homes, in contrast to 53% of white Richmonders. More alarming is the growing homeownership gap between White and Black home buyers, as the City has 3,600 fewer Black homeowners than

<sup>15</sup> The City developed its mapping of “social vulnerability” using the demographic variables from the U.S. Centers for Disease Control (CDC) Social Vulnerability Index, as well as additional factors appropriate to the specifics of our locality informed by best practices research, examples from peer cities, and data at the census tract level in Richmond.

it did in 2000. Much of this loss has occurred in historical Black neighborhoods that are facing gentrification.

The segregation of poverty is exasperated by the fact that Richmond is an independent city—meaning that it is not a part of the counties that surround it. While the City of Richmond has a 19.8% poverty rate, the counties that border it have significantly lower poverty rates and higher AMIs: Henrico is 55% white, approximately 7% of its residents are in poverty and has an AMI of \$76,345; Chesterfield is 66.7% white, approximately 7.4% of its residents are in poverty and has an AMI of \$88,315. Richmond offers many public services not found in neighboring counties, including guaranteed shelter during inclement weather and an eviction diversion fund. A 2022 Market Value Analysis of housing in the Richmond *region* found that the majority of the housing affordable to low-income families is located within the City, as opposed to within the counties the border the city. In many ways, Richmond serves as the hub of housing resources for the region, despite having only its own tax base to support those efforts.

**c. Richmond is not as affordable as it was even a few years ago, and economic trends indicate it will become even less so.**

Richmond continues to be known as a great place to live. In 2022, the Richmond metro area was ranked by Zillow as the second most popular area in the country for prospective home buyers. Today, **98% percent of all housing units in the City of Richmond are occupied.** With a less than two percent vacancy rate families looking to move to the city or to a better resourced area within the City are hard pressed to find any housing, much less affordable units. Between 2009 and 2019, Richmond City’s population grew by 13%. The Richmond Metro area, which includes the City of Richmond and 16 surrounding cities and counties, is seeing the fastest growth rate in the state. This rise in population is largely attributed to an exodus of residents from Northern Virginia, one of the wealthiest regions in the country. Since the mid-2010s, migration from Northern Virginia to the Richmond area has risen nearly 40%. Among those who made this move, “90% bought higher-priced three- and four-bedroom homes, which make up about one-third of the area’s total housing stock.”<sup>16</sup> This rapid population growth and influx of wealth has driven up the cost of housing in the City of Richmond.

This is demonstrated by record high tax assessments driven by high demand and a limited housing supply. Between 2020 and 2021, tax assessments increased nearly 14% across the City. **Richmond saw the starkest increases in tax assessments in a few of the City’s historically black neighborhoods, which experienced increases ranging from 25 to 40%.** As a result, many long-time homeowners are struggling to afford the taxes required to stay in their homes. And while the City

In 2022, Richmond had 3,600 fewer Black homeowners than it did in 2000.
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<sup>16</sup> Sean Jones, *Population Push: More people are moving from Northern Virginia to Richmond for cost of living*, Richmond Times Dispatch, (March 10, 2023). [https://richmond.com/business/local/commute-washington-richmond-interstate-95/article\\_6b7a79a4-bdb3-11ed-b8d5-1b91a4ea9855.html](https://richmond.com/business/local/commute-washington-richmond-interstate-95/article_6b7a79a4-bdb3-11ed-b8d5-1b91a4ea9855.html).

has provided on-going tax relief for elderly and disable residents and one-time rebates for all homeowners, it is barred by Virginia state law from providing tax relief specifically to low-income homeowners.<sup>17</sup>

Richmonders across all incomes are struggling to find housing they can afford. From 2000 to 2016, the proportion of housing-cost-burdened households (spending more than 30% of income on housing) increased from 33 to 42%. Since 2017, every area of the City has seen at least a 12% percent increase the sale price of homes, with significantly larger increases in the East End, South Side, and the eastern part of the North Side of the City. This can be attributed to not only the influx of wealthier individuals that began even before the COVID-19 pandemic, but also to the City's unusually old housing stock. The median home in Richmond was built in 1958, about 24 four years earlier than the national average. More than two-thirds of Richmond's public housing units were built before 1964. This also means that this stock of housing is more vulnerable to the impacts of climate change, such as an increase in severe storms, drought, flooding, and wind damage, and these are the community members least equipped to repair their homes if damaged.

These trends have put unprecedented pressure on low- and very low-income households.

**IV. Richmond faces several key barriers in its efforts to promote access to affordable housing, including a large stock of vacant properties; increasing risk of involuntary displacement; limited local resources; and constraining state law.**

The City of Richmond faces several key barriers in its efforts to promote access to affordable housing.

**a. Vacant properties**

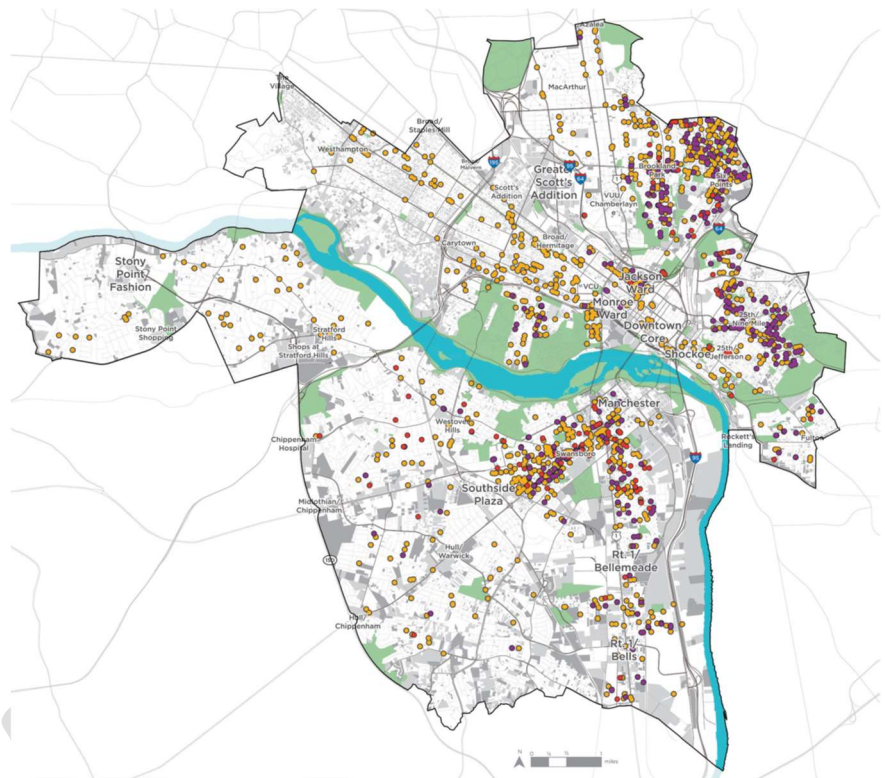
There is a large number of vacant properties spread throughout the City, which contribute to blight where affordable housing is currently exists and represent a missed opportunity to expand affordable housing in well-resourced neighborhoods. As of April 2023, the City has catalogued 776 vacant properties. In a 2020 field survey the City found that most of the vacant buildings in the City were residential structures and that 7.7% of vacant properties had been abandon. In addition to the vacant structures, there was 3,595 acres of vacant land within the City at that time.

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<sup>17</sup> As discussed below, Richmond has and will continue to actively lobby the state General Assembly for the ability to implement programs to promote the creation and preservation of affordable housing, including tax relief for long-time, low-income homeowners who face displacement from their neighborhoods.



The City's data shows that vacant properties are most heavily concentrated in the parts of the City that are home to most of the City's affordable housing units: the East End, South Side, and Eastern North Side. Specifically, neighborhoods in the three least wealthy housing market categories have an average residential vacancy rate of 4.9%, with rates as high as 8.5% in much of South Side and the East End. In contrast, areas in the three wealthiest housing markets have an average vacancy rate of .83%. These vacant properties negatively impact public health and safety in the City's lowest income neighborhoods.

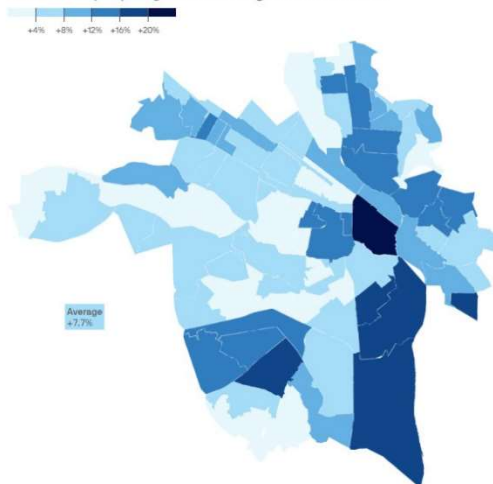


Although the vacant properties are most heavily located in the low-income neighborhoods without many resources, there are many exceptions to this pattern. For example, the Monroe Ward of the City is in the City's downtown core, walking distance to City's business center, Virginia Commonwealth University, the State Capitol, and the bustling arts district. As of 2020, 49% of the Monroe's Ward's land is vacant or underdeveloped (where the building is less than twice the value of the land). Another example is seen in the Brookland Park neighborhood, where there are a considerable number of vacant properties despite a recent influx of families drawn to the neighborhood's historic architecture, large park, and recently revitalized commercial district. Lastly, there are many examples of vacant properties that exist in highly desirable pockets of areas that are generally poorly resourced. In the East End, for example, vacant parcels along one commercial corridor are within a quarter of a mile of several bus lanes, a full-sized grocery store, and a library, and within half of a mile of one of the City's most desirable neighborhoods, which has a premier park, an elementary school renovated in 2021, and a hub of middle to high-income restaurants and retail. As the figure shows, vacant properties not only contribute to blight in low-income areas, they represent a missed opportunity for affordable housing in the City's best-resourced neighborhoods.

Unfortunately, the City's ability to force owners to rehabilitate vacant properties is strictly limited by the State of Virginia. As a locality in a Dillion Rule state, Richmond only has the powers expressly granted to it by the Commonwealth of Virginia. This has significantly hampered the City's ability to innovate, as reflected in *One Richmond* and *Richmond 300's* goals of lobbying the Commonwealth for new powers. For example, the City is prohibited from



Richmond property value change, 2023 to 2024



Data: City of Richmond; Maps: Axios Visuals

passing an inclusionary zoning ordinance. In terms of blighted vacant properties, the Commonwealth currently limits localities to charging only \$100 for a blighted property—a penalty so low it is not an effective deterrent. The Commonwealth also narrowly defines which properties can be considered “derelict,” such that a local government can force an owner to make repairs to it. Many of the 776 vacant properties on Richmond’s registry do not meet the definition, leaving the City without the authority to force improvements.

**b. Residents in Richmond’s low-income neighborhoods are increasingly at-risk of being involuntarily displaced, without having new, affordable options to go to.**

Richmond’s growth is not benefiting all its residents. The fastest growing neighborhoods are the City’s East End, South Side, and eastern North Side—the same neighborhoods where most of the City’s affordable housing is (or was until recently) located. Figure linked below<sup>18</sup> shows the historic growth of property values in these neighborhoods. The City is experiencing a significant a rise in the number of residential properties being bought by institutional investors, as opposed to residents.

As the City loses affordable housing units in previously affordable neighborhoods, it is not gaining them commensurately in other neighborhoods.

While the City is committed to trying to close the market shortfall of units affordable to families at or below 100% AMI, it cannot afford to do so without the support of partners. As described above, the City of Richmond has nearly twice as many residents living in poverty as the national average. This tax base limits the City’s financial capacity.

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<sup>18</sup> Karri Peifer, *Where Home Values Went Up in Richmond*, Axios (Sept. 11, 2023), <https://www.axios.com/local/richmond/2023/09/11/home-values-richmond-increase-tax>.

## Exhibit D: Soundness of Approach

### I. Richmond's vision for its Vacancy to Occupancy Program is that the program will empower Richmond families of limited means to buy homes in neighborhoods rich with opportunity.

#### a. Summary of Richmond's Vision

Richmond's Vacancy to Occupancy Program will empower low-income residents to become homeowners in well-resourced areas of opportunity, while also reducing blight. The goal of the initiative is to acquire and rehab at least 25 units by September 2029, converting them into permanently affordable units for sale to households who earn 80-100% of AMI. The program will focus on three components:

1. **Acquisition of vacant properties**, with a focus on units in low-poverty neighborhoods; units that are located within a quarter mile walking distance to public transportation or a park or greenway; and units in the fastest gentrifying neighborhoods;
2. **Rehabilitation or Construction of Permanently Affordable Units**, with the potential for accessory dwelling units for rent and additional homeowner income when properties are large enough to accommodate a second unit<sup>19</sup>; and
3. **Sale to low-income, first-time homebuyers.**

The Vacancy to Occupancy Program will be just a single component of citywide efforts to create and fill 200 units of new housing affordable to low-income, first-time homebuyers in the next ten years. In addition to developing for-sale units accessible to families below 100% AMI, the City directly funds and provides HUD entitlement funds for programs that provide personal financial education, homebuyer's counseling, and down payment and closing costs assistance. The City is proud to partner with community organizations who have already begun this work to ensure that there is a pool of households who have the needed education and financial resources to buy units.

Richmond, as a local government and a broader community, has several other on-going and new initiatives that will complement the Vacancy to Occupancy Program. First, the City has begun implementing a program to provide \$1.4 million in support to low- to moderate-income City employees to buy their first homes. The City is also in the final stages of forming a five-year partnership with Local Initiatives Support Corporation Virginia (LISCVA) to leverage dollar for dollar another \$50 million in funding. The City is also supporting the local public housing

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<sup>19</sup> On September 25, 2023, the City passed legislation allowing all property owners in residentially zoned district the ability to add an accessory residential unit by right.

authority, Richmond Redevelopment and Housing Authority's newly created homeownership program, which provides mortgage loans based upon on-time rental payment history instead of credit score. The City is also collaborating with community organizations working to promote homeownership and expand housing choice for low-income residents in numerous other ways, including advocating for reform of Virginia state law.

While the City is working to create synergy amongst these initiatives, the crux of them all is the significant need for funding to add to the City's stock of for-sale housing units at prices affordable to families at or below 100% of the AMI. Funding from the HUD PRO grant would enable the City of Richmond to seed a revolving loan fund, which would finance the creation of the needed units.

#### **a. Specifics of Implementation**

Richmond's Vacancy to Occupancy Program will be a revolving loan fund used to develop permanently affordable housing units on properties that are currently vacant lots or vacant buildings. Richmond plans to roll out the Vacancy to Occupancy Program gradually, so that the fund is replenished. The program will make use of the City's existing Vacant Building Registry, which has 776 properties on it as of April 2023.<sup>20</sup>

Within three months of receiving funding from HUD PRO, Richmond's Community Development (HCD)<sup>21</sup> and Property Management and Code Enforcement (PMCE)<sup>22</sup> leadership teams will determine a list of priority vacant buildings to target for acquisition. Priority will be given to units that:

- A. are in low-poverty census block;
- B. are within a quarter mile walking distance to public transportation;
- C. are within a quarter mile walking distance to a park or greenway; or
- D. are in the top quartile of fastest gentrifying census blocks.

Staff will then evaluate "priority properties" based on anticipated costs of rehabilitation or construction and time needed for completion, to ensure the most efficient use of funding. This evaluation will include determining which "priority properties" qualify for development incentives, such as historic tax credits, that will off-set costs. Properties will also be more highly rated if they have the potential for more than one unit on the property, as this could save costs for the development of each unit.

To acquire and sell the properties, HCD will employ a third-party organization(s). By using an external entity to contact and work to negotiate the purchase of the properties the City lessens the

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<sup>20</sup> The City will compare its existing registry with other lists of vacant addresses, including HUD's Aggregated USPS Administrative Data on Address Vacancies, to ensure a comprehensive catalogue.

<sup>21</sup> The HCD Team is the City's lead agency responsible for promoting affordable housing creation and preservation throughout the City, including the management of HUD funding.

<sup>22</sup> The PMCE Team leads the City's code enforcement work, maintains the Vacant Building Registry, and operates the City's Derelict Building Program.

risk that property-owners want exorbitant sales prices because they perceive that the City has unlimited coffers.

To renovate currently vacant buildings or construct new units on vacant lots, the City will issue a Notices of Funding Availability (NOFA) inviting bids for developers. The City has on staff an experienced Homeownership Program Manager, who will coordinate and monitor the work. The City's Planning and Development Review team will work closely with the Homeownership Program Manager to ensure the timely review of permits and inspections.

Richmond will ensure that the properties remain permanently affordable by requiring the recipient of the funds record a deed of trust to secure the funds provided by the City.

The City plans to acquire, rehabilitate, and sell properties gradually to replenish the revolving loan fund. In the first two years, the City would purchase at least ten properties, with the goal of having sold at least three properties by the end of the second year and the remaining seven by the end of the third year. By September 2029, the City would have created at least 25 new units for-sale at prices accessible to households making 80–100% AMI, with the hopes of leveraging some of the funding from the City's employee home buyer program, RRHA's homebuyer program, or LISC for additional down payment assistance to make homes accessible to households making even less.

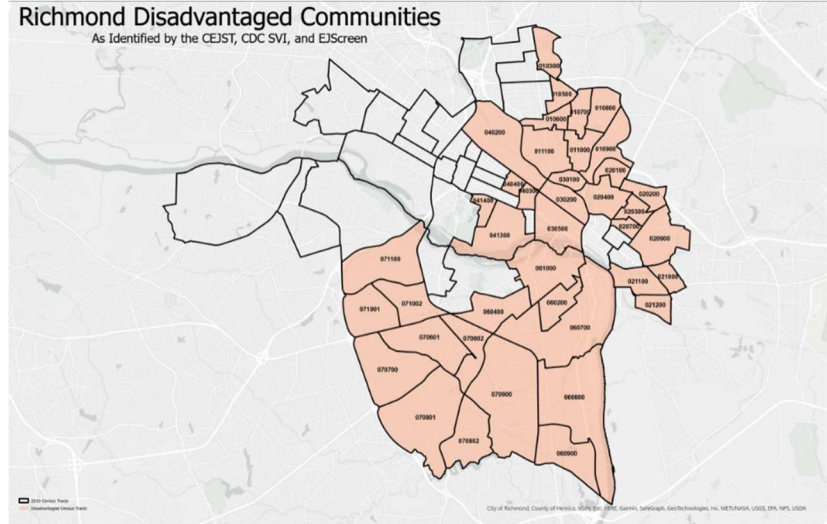
## **II. Geographic Scope**

Richmond's Vacancy to Occupancy Program will be implemented throughout the City of Richmond. As described above, one of the key goals of the Program is to create more homeownership opportunities in well-resourced areas. Figure [to be added] shows how in [date] vacant properties were located in most neighborhoods of the City, although they were concentrated in the lower-income neighborhoods of the East End, South Side, and the eastern North Side. The City will target properties in low-poverty census blocks; in census blocks where property values are rapidly increasing; or in areas of middle or low-income neighborhoods that are well-resourced (as defined as within a quarter mile walking distance to public transportation or park).

The City of Richmond has a population of approximately 226,000, of which nearly 70% of residents live within what is considered a "disadvantaged community" (Figure below) as identified by one or more of the following Justice40 related government indexes:

- CEQ Climate and Economic Justice Screening Tool ("disadvantaged communities")
- CDC Social Vulnerability Index ("high vulnerability"/75<sup>th</sup> percentile or higher overall vulnerability)
- EPA EJScreen (Demographic Index, based on % low-income and % people of color; 75<sup>th</sup> percentile or higher)

These approximately 145,000 individuals experience increased exposure and sensitivity to the impacts of climate change, as well as reduced access to parks, green spaces, and the urban tree canopy. On average, more than half (52.07%) of individuals in CEJST “disadvantaged communities” tracts fall below 200% of the Federal Poverty Line. Many of these disadvantaged communities are



at or above the 70-80 percentile for Particulate Matter 2.5, People of Color, and Air Toxics Cancer Risk, according to the EJScreen. The CDC identifies that many or most of these communities are at the highest vulnerability for Housing Type/Transportation, Socioeconomic Status, and Overall Social Vulnerability. This project would broadly consider the ways in which the City can reduce the disproportionate impacts seen by Justice40 screening tools.

### III. Stakeholders

[Will be included following public comment and community engagement period.]

### IV. **Richmond’s Vacancy to Occupancy Program will affirmatively further fair housing by decreasing the concentration of poverty and reduce segregation by creating for-sale housing in well-resourced areas of opportunity within the City.**

Richmond acknowledges the history of intentionally racist, discriminatory laws, policies, and financial systems in our community, and is committed to redressing the lasting harms caused by that systemic oppression. Because marginalized residents have historically been denied access to housing choice, they continue to suffer from inequitable access to nutritious foods, employment, wealth-building opportunities, and many other community resources that allow families to have a high quality of life. Today, there are too few affordable units in the parts of the City that are home to these resources.

Richmond’s Vacancy to Occupancy Program aims to make homeownership in well-resourced areas accessible to families at or below 100% AMI. The program will create permanently affordable units in areas that are already well-resourced. As described above, the City is defining a “well-resourced” area as one located in a low-poverty census block; within a quarter mile

walking distance to public transportation or park; or in the top quartile of fastest gentrifying census blocks.

The first category, “low-poverty” census blocks, cover areas of the City that were not historically red-lined and that have received disproportionate investments of public funding. The City’s best schools are located in low-poverty census blocks, which also have lower levels of crime and less susceptibility to heat.

The second category, “walking distance to public transportation or park,” creates the potential for units that are in less wealthy areas but that are near amenities that support well-being. Easy access to public transit allows residents to reach resources located in other areas of the City. This is especially the case since Richmond’s bus system adopted a Zero Fare Pilot program, allowing all passengers to ride for free from March 2020 through at least June 2025. Parks and greenways can help reduce chronic conditions disproportionately experienced by low-income population (e.g. asthma, diabetes, obesity); create community gathering places; and reduce heat-island effects seen most starkly in high-poverty neighborhoods. For this reason, the City’s Masterplan (*Richmond 300*) set the goal of 100% of Richmonders living within a 10-minute walk of a park by 2037.

The last category, in the top quartile of fastest gentrifying census blocks, helps ensure that development is benefitting families of all incomes. Properties in these neighborhoods are considerably cheaper than properties in many low-income census blocks, enabling the City to ensure the affordability of the units and to develop more units. At the same time, these “up and coming” areas have organically attracted many of the resources that make wealthier areas attractive. Creating permanently affordable units in these areas helps to counter the displacement pressure experienced by households who live nearby.

While each of these three categories ensures units will be created in desirable locations, the variety creates more choices for households.

## **V. Budget & Timeline**

Richmond is applying for \$4 million to support its Vacancy to Occupancy Program and will contribute \$2 million of its own funding to the program, for a total of \$6 million in certain funding. While not certain, and therefore not included in the Budget below, the City anticipates reaching a five-year partnership with Local Initiatives Support Corporation Virginia (LISCV) to leverage another \$50 million in funding that would support down payment assistance for low-income, first-time homebuyers. Similarly, the City will apply for funding available through the Commonwealth of Virginia to offset the costs of rehabilitating properties, as well as explore any additional potential funding becoming available through the Inflation Reduction Act.

By September 2029, the City would have created at least 25 new units for-sale at prices accessible to households making 80–100% AMI.

## **Exhibit E: Capacity**

The City of Richmond has been a faithful steward of federal grant funding since 1975 when the City first received Community Development Block Grant (CDBG) funds from the U.S. Department of Housing (HUD) to implement housing and community development programs. In 1989, the City began receiving ESG funds to meet the needs of homeless individuals and families. Then, in 1993, the City began receiving HOME funds, which can only be used for housing activities were first received. Finally, the City added HOPWA to its portfolio, a fund that addresses the housing needs of individuals and families affected by HIV/AIDS. Each of these programs is overseen by the City of Richmond, Department of Housing and Community Development (HCD).

HCD includes an 18-member team, led by Sherrill Hampton as Director. Sherrill has over 28 years of experience in affordable housing and community development and has worked with both rural and urban jurisdictions as well as with state, regional, and local nonprofits and/or housing authorities in Alabama, the District of Columbia, North Carolina, South Carolina, and Richmond, Virginia. Ms. Hampton received her undergraduate degree in Social Science from Claflin University, Orangeburg, South Carolina, and a law degree from the University of South Carolina, Columbia, South Carolina.

HCD also manages a portion of the City's American Rescue Plan Act (ARPA) funding for affordable housing. The City has made sixteen ARPA awards relating to multifamily and single-family new construction and preservation activities, along with housing-related services. The senior management in HCD also includes Merrick Malone, the Senior Manager of Housing Finance & Development, and Michelle Peters, the Deputy Director. Merrick has over 30 years of experience in housing finance and real estate development. Before coming to the City of Richmond, Merrick held positions as DC's Deputy Mayor for Economic Development and Director of Housing & Community Development, and as Director of Capital Programs at the DC Housing Authority. Merrick received his law degree from Georgetown University. Michelle Peters has 20 years of experience in zoning administration, planning and community development. She holds a Master's degree in Urban & Regional Planning from Virginia Commonwealth University.

## **Exhibit F: Leverage**

Richmond is applying for \$4,000,000 from HUD PRO. The City intends to commit an additional \$2,000,000 in local dollars to support the initiative.



## Exhibit G: Long-term Effect

### I. Richmond will create permanently affordable housing units in well-resourced areas of the City.

By September 2029, the Vacancy to Occupancy Program will have purchased, rehabbed, and sold at least 25 units at a rate affordable for households making 80-100% of the HFAMI. This will be a staggered process beginning with a demonstration project of 10 units and followed by a larger-scale implementation. By continually re-investing monies from each home back into the program, the City will seed future acquisitions, rehabilitations, and sales. Completed homes will be located in areas of the City have the resources needed for well-being and economic success.

The success of the Vacancy to Occupancy Program will be measured both quantitatively and qualitatively after the 10-unit Demonstration Initiative and after the completion of 25 units. The success of the program will be measure using the metrics of the number of new units created; the number of units created in low-poverty areas; the HFAMI of households units are sold to;<sup>23</sup> the number of individuals in protected classes who purchase a home through the program; and increased access to high-quality and well-maintained community assets as measured by community assets; as well as qualitative surveys of households.

Richmond's Vacancy to Occupancy Program centers on increasing housing choice. While all units will be created in desirable locations, the City is taking a three-pronged approach to choosing locations: low-poverty census blocks; locations within a quarter mile walk to public transportation or parks; and the top quartile of fastest gentrifying census blocks. This three-pronged approach recognizes that where a household desires to live will vary with households' needs. While low-poverty census blocks tend to have more community assets, many residents may prefer to remain in less wealthy neighborhoods where their families, jobs, and communities exist. This three-pronged approach balances the need to deconcentrate affordable housing with the need to counter the displacement pressure being felt by many residents in historically low-income and segregated neighborhoods.

By focusing affordable housing development in areas that are in rapidly gentrifying areas with high growth potential, we will reduce the effect of displacement due to gentrification by protecting housing affordability. Reducing displacement will also help to reduce eviction rates by stabilizing community growth. This development will further reduce housing cost burden among residents in the City by creating long-term affordable homeownership. Finally, this program works to ameliorate historical inequities by deconcentrating poverty and desegregating the City.

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<sup>23</sup> While all units will be sold to households making no more than 100% HFAMI, ideally the program supports some households making as little as 60% HFAMI. This is an aspiration for the Program, which will be possible depending on market factors (e.g. the cost of acquisition and rehabilitation) and collaboration with complementary programs (e.g. down payment assistance).

As defined by the World Health Organization (WHO), social determinants of health are “the conditions in which people are born, grown, work and age” and the “fundamental drivers of these conditions.”<sup>24</sup> Of particular note is the impact of socioeconomic factors, their interconnection with access to safe, stable, and affordable housing, and the access individuals do, or do not have to schools, green space, pedestrian infrastructure, health care, grocery stores, and other important community assets and locations. Physical health outcomes, including chronic disease, cancer, and mortality rates can be linked to access to community assets.<sup>25</sup> As a result, the City has identified properties that are vacant and (a) within quarter mile from public transportation to ensure that a reduction in housing cost does not create unintended transportation costs or (b) within quarter mile of parks or greenspace. Positive externalities experienced by increasing access to community assets can be measured by allostatic load. This is measure reflects “the physiologic changes across different biological regulatory systems in response to chronic social and environmental stress.”<sup>26</sup> Individuals who experience high levels of social and environmental stress, due to socioeconomic factors including housing cost and location are more likely to experience several negative physiological outcomes. Those who have a low socioeconomic status, and or live in a high-minority community, are less likely to have access to facilities such as schools, recreation centers, parks, fitness centers, among others. However, among those who do have access to at least one physical activity facility are 5% less likely to be overweight, and those who have access to 7 facilities are 32% less likely to be overweight.<sup>27</sup> By strategically identifying and investing in properties that increase access to public transportation and greenspace, residents will reap the benefits of associated positive externalities from improved social determinates of health.

By 2030, Richmond is working to create:  
10,000 new housing units, including 200 new for-sale units, affordable for low- and very low-income households.

The Vacancy to Occupancy Program will achieve at least 12.5% of the City’s for-sale goal.

Founded in the *RVAgreen 2050: Climate Equity Action Plan 2030*, the City of Richmond is committed to mitigating environmental risks and promoting community resiliency by investing in buildings and energy, community, the environment, transportation and mobility, and waste reduction and recovery.<sup>28</sup> Climate change has already arrived in Richmond and is the greatest threat to people of color and low-income individuals. To combat this growing crisis the City plans to achieve a 45% reduction in greenhouse gas emissions by 2030, and net zero emissions

<sup>24</sup> World Health Organization, Commission on Social Determinants of Health. Closing the gap in a generation: health equity through action on the social determinants of health. CSDH final report. Geneva: WHO; 2008.

<sup>25</sup> Galea S, Tracy M, Hoggatt KJ, Dimaggio C, Karpati A. Estimated deaths attributable to social factors in the United States. *Am J Public Health* 2011;101:1456-65.

<sup>26</sup> (p. 24) <https://journals.sagepub.com/doi/epdf/10.1177/00333549141291S206>

<sup>27</sup> <https://cdr.lib.unc.edu/concern/articles/k06989868> (p. 5)

<sup>28</sup> <https://www.rva.gov/sites/default/files/2023-01/FullDocumentRVAgreenClimateEquityActionPlan2030.pdf> (p. ES-4)

by 2050 from the 2008 baseline.<sup>29</sup> The rehabilitation of existing homes helps further this goal by making the structures, and the land they sit on, more energy efficient and resilient. For example, replacing windows to reduce heating and cooling loss, planting native flora to reduce the urban heat effect, and upgrading outdated appliances with more energy efficient alternatives. All strategies are then evaluated using the SMARTIE model, strategic, measurable, ambitious, realistic, time-bound, inclusive, and equitable.<sup>30</sup> Additionally, increasing the number of households who can access public transportation or walk to community assets within their own neighborhoods helps to achieve these goals. Finally, creating units in low-poverty areas gives low-income residents access to parts of the City that are less prone to the heat-island effect. Once fully implemented, RVAgreen 2050 will provide a 22% reduction in energy burden growth through 2050, reducing inequitable energy costs in Richmond. Specifically, 24 of the approximately 150 action items within the plan were identified to have a direct impact on alleviating the housing affordability crisis in the City. Since its adoption in February of 2023, 12% of the plan has been completed to date.

The acquisition, rehabilitation, and resale program will complement work the City has already begun to create more affordable housing units and to empower families of all incomes to be able to access those units. These objectives were established the community-driven plans *Richmond 300: A Guide for Growth* and *One Richmond: An Equitable Affordable Housing Plan*. By developing and successfully implementing the Vacancy to Occupancy Program we will progress towards these objectives by:

- Creating more units affordable to low-income households (Objective 14.3);
- Increasing the number of mixed-income communities along enhanced transit corridors (Objective 14.4);
- Developing an inclusionary and equitable housing options for our gentrifying neighborhoods to prevent involuntary displacement (Objective 14.8); and
- Assisting households that desire to age in place in their neighborhoods (Objective 14.9).

## II. Potential Roadblocks

The City of Richmond has become an increasingly popular place to move, driving up development and driving down vacancies. In 2021 the City's housing vacancy rate fell to just 2%.<sup>31</sup> This has created a highly competitive development market in which private developers have the opportunity to make a significant profit by developing market rate housing.

Richmond's housing market is experiencing unprecedented participation by institutional investors, who are increasingly buying properties that were previously owned by residents. In 2022, 9.5% of all home sales in Richmond were sold by owner-occupants to investors and 5.5% of sales were sold by investors to investors. Among homes in the bottom half of the cost

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<sup>29</sup> <https://www.rva.gov/sites/default/files/2023-01/FullDocumentRVAgreenClimateEquityActionPlan2030.pdf> (p 2-3)

<sup>30</sup> <https://www.rva.gov/sites/default/files/2023-01/FullDocumentRVAgreenClimateEquityActionPlan2030.pdf> (p. ES-9)

<sup>31</sup> <https://data.census.gov/table/ACSCP1Y2022.CP04?q=vacancy+rate+richmond,+virginia>

distribution, those affordable at 200% of the median income, 8-25% of homes were sold by owner-occupants to investors and an additional 6-14% of sales were sold by investors to investors.<sup>32</sup> This creates competition between the City of Richmond and its partners, and outside side investors to secure properties for development and rehabilitation.

This competition is compounded by limited funding. Since 2017 the City of Richmond invested [ ] in public funding for the development and rehabilitation of affordable housing. However, at the same time [ ] was invested by private entities for the development of housing at all income levels. To account for this the City has, and will continue to, leverage private funding to support affordable housing. To do this the City aims to leverage up to \$20 million of private funding for every dollar of public funds invested.<sup>33</sup> This is done through the collaborative partnerships with local housing developers. However, there is not currently significant local or state legislation which protects or requires the development of affordable housing alongside the development of market rate housing.

### III. Scalability & Replicability

This project is scalable across multiple dimensions. The acquisition, rehab, and resale steps will all require the partnership of local experts in real estate, renovation, and mortgage management. Throughout the life of the program each of these steps will be scaled up as more units are purchased, rehabbed, and sold. This program is also scalable as additional funding is acquired and allocated in the future. In future years, the City can leverage portions of the \$10 million per year that is planned for affordable housing in the City's 2024-2028 Capital Improvement Plan.<sup>34</sup> The City is also in the final stages of forming a five-year partnership with Local Initiatives Support Corporation Virginia (LISCVA) to leverage dollar for dollar another \$50 million in funding. These long-term funding sources ensure the long-term sustainability and scalability of this program. However, there are a finite number of vacant properties that fit the scope of this program and a limited number of owners of vacant properties who are willing to sell.

This program is also replicable in localities around the United States, taking into account adjustments for their unique needs, abilities, and resources. Similar examples of the “acquisition, rehab, resale” model have been implemented in Rhode Island, Chicago, Illinois, Detroit, Michigan, Hemet, California, New Mexico, and many others.

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<sup>i</sup> *Richmond 300: A Guide for Growth*, at 20.

<sup>ii</sup> *Richmond 300: A Guide for Growth*, at 22.

<sup>iii</sup> *Richmond 300: A Guide for Growth*, at 149–55.

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<sup>32</sup> <https://acrobat.adobe.com/link/review?uri=urn%3Aaaid%3Ascds%3AUS%3Aa08dd7a5-0bf2-3576-ab50-f6f2c891f538> (p. 78,92)

<sup>33</sup> [https://www.rva.gov/sites/default/files/2021-02/20200928\\_Informal-An\\_Equitable\\_Affordable\\_Housing\\_Plan\\_Draft.pdf](https://www.rva.gov/sites/default/files/2021-02/20200928_Informal-An_Equitable_Affordable_Housing_Plan_Draft.pdf)

<sup>34</sup> *Capital Improvement Plan: Fiscal Years 2024-28*, the City of Richmond (May 8, 2023), [https://rva.gov/sites/default/files/2023-06/FY2024%20-%20FY2028%20Adopted%20Capital%20Improvement%20Plan%20-%20City%20of%20Richmond%2C%20Virginia\\_0.pdf](https://rva.gov/sites/default/files/2023-06/FY2024%20-%20FY2028%20Adopted%20Capital%20Improvement%20Plan%20-%20City%20of%20Richmond%2C%20Virginia_0.pdf).