



**Building for
Balanced Housing in
Southwest Virginia**

The Need

A wave of job creation commitments from large manufacturers promises to transform Southwest Virginia, a region that has experienced substantial job losses and population contractions in recent years.¹ Proposed developments such as Hard Rock Hotel and Casino Bristol will provide over 3,700 permanent jobs in the coming years – the largest job growth the region has seen in decades. However, an inadequate supply of safe and affordable housing in the region could prevent this potential from becoming fully realized.² **The Southwest is experiencing a minimum estimated gap of 8,600 safe and affordable housing units, a number which will almost certainly rise as demand for workforce housing grows.**³

Despite substantial need, during the first half of 2023, multifamily permits in Southwest Virginia decreased by 18% compared to the first half of 2022.⁴ Our communities are already lagging behind most of the state in the issuance of new residential building permits, so taken in sum, housing production has not kept pace with current or future demand.⁵ Regional non-profit developers are not equipped to address the worsening housing shortage. This is particularly true for rural nonprofit developers who can be the sole producers of new, affordable units in much of their service areas.

Having affordable housing near employment centers is key to sustainable economic growth.

The lack of adequate housing inventory will hamper the overall development of Southwest Virginia. The limited supply of affordable housing means that incoming residents who are better positioned to compete for these units could displace long-time residents, thrusting many locals into housing insecurity. This gap could also mean that employers are unable to attract talent, eliminating hundreds of thousands in potential earnings.

Our communities urgently need more housing options for middle and lower-income families. But in this largely rural region, housebuilding proves unprofitable and requires deep subsidy to be successful. Because of how homes are valued in rural communities, the cost to build a single-family home often exceeds its appraisal value. Similarly, rental housing is more difficult to finance in rural areas because of lower rent prices that make it difficult for those projects to generate enough income to cover operating expenses. **There must be swift and concerted action to increase the supply of workforce housing in the region and push the housing market toward equilibrium.**

Housing Snapshot

Identifying high-need areas within the Fahe footprint^{6,7}

Roanoke

is lacking 3,569 rental units for households at and below 30% of area median income

Wythe

is lacking 920 rented units & 150 owned units

Bristol

is lacking 610 rented units & 210 owned units

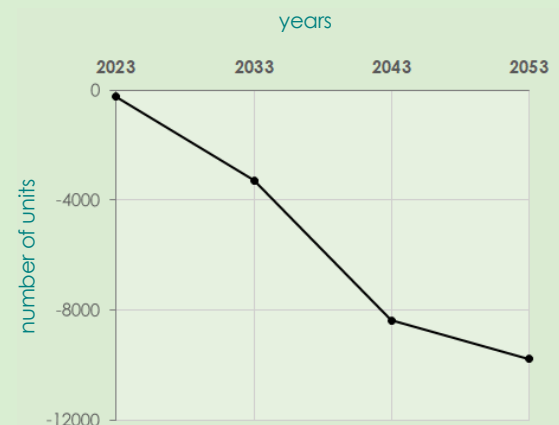
the Twin County Region

is lacking 190 rented units & 80 owned units

Advancing Housing Equity in Rural Communities.

USDA's Section 515 program is an important rental housing resource for rural communities. However, mortgage maturity projects show our state is on track to lose close to 10,000 units by 2050.⁸

Potential loss of Section 515 units over next 30 years



The Opportunity

By investing in workforce housing, Southwest Virginia can set itself up for sustainable growth amid these advancements in job creation. This injection can also create improved economic and social outcomes in the region by



Enhancing economic development

Investments in housing produce a multiplier effect felt in the broader economy. In Arlington, building 100 rental homes generated \$11.7 million in local income, \$2.2 million in taxes, and 161 local jobs in the first year.⁹



Bolstering workforce development

Access to affordable housing near places of employment is key to a healthy and productive workforce. Nationwide, the shortage of affordable housing costs \$2 trillion a year in lower wages and productivity.¹⁰



Minimize the threat of substandard housing

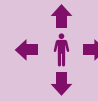
More than half of housing units in Southwest Virginia are over 40 years old, and many don't meet current efficiency and safety standards.¹¹ Developing new housing with state subsidy can create better health and life outcomes for children, seniors, and families.¹²

Sources

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3. Mel Jones. "Housing Affordability Gap Analysis." Virginia Center for Housing Research at Virginia Tech, 2023.
4. U.S. Census Bureau; Building Permit Survey, 2022-2023 Permits by Metropolitan Area. Tables 202308 & 202209; generated by Fahe.
5. Permits for New Multifamily Housing Units Slowing Down in Virginia in 2023." Virginia Realtors, June 20, 2023.
6. "Citywide Housing Study: City of Roanoke, Virginia." RKG Associates Inc and JM Goldson Community Preservation + Planning prepared for Roanoke Valley-Alleghany Regional Commission, December 2020.
7. "Mount Rogers Regional Housing Study." S. Patz & Associates Inc prepared for Mount Rogers Planning District Commission, March 2023.
8. Public and Affordable Housing Research Corporation and National Low Income Housing Coalition, National Housing Preservation Database. Accessed by Fahe in November 2023.
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10. Aaron Shroyer and Veronica Gaitán. "Four Reasons Why Employers Should Care about Housing." Housing Matters: Urban Institute, September 11 2019.
11. "2019 Community Needs Assessment." People Inc, 2020.
12. "A Place to Call Home: The Case for Increased Federal Investments in Affordable Housing." National Low-Income Housing Coalition, 2017.
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Housing Matters.

Employers know the availability of affordable housing is key to a healthy workforce.¹³



58% of larger companies report having lost employees due to a lack of nearby affordable housing.



67% of larger companies report that a lack of nearby housing has made it more difficult to retain talent.



Employees making less than \$50,000 are more likely to move closer to work if affordable housing is available.

About Our Coalition

For over 40 years, the Fahe Virginia Members have delivered safe, quality housing, community services, job training, and opportunity to our neighbors across the state.

Between 2018 and 2021, Virginia Members leveraged \$215,770,058 in public and private funding to build or rehabilitate 11,365 units of housing for 32,579 of our neighbors and loved ones. With continued investments, we are confident we can continue to promote safe and affordable housing for years to come.

Fahe is a consortium of nonprofit housing experts, including 6 groups serving Southwest Virginia.

- + Appalachian Community Action and Development Agency
- + Bristol Redevelopment and Housing Authority
- + Community Housing Partners
- + HOPE/Open Door Community
- + People Inc. of Virginia
- + Southeast Rural Community Assistance Project