



THE FIRST MEETING OF THE VIRGINIA HOUSING COMMISSION IS APRIL 16TH AT 1:00 P.M. IN SENATE ROOM C, GAB

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VHC UPDATES

The first interim meeting of the Virginia Housing Commission will be held April 16th at 1:00 p.m. in Senate Room C of the General Assembly Building.

At the meeting, the areas of study and workgroup memberships will be announced.

ENDORSED LEGISLATION PASSED BOTH CHAMBERS

1) Continuation of the Virginia Eviction Diversion Pilot Program:

SB 50 (Locke) and HB 477 (Coyner)

2) Foreclosures on Common Interest Communities:

SB 341 (Surovell) and HB 880 (Bulova)

3) Vacant and Derelict Building Registration:

SB 48 (Locke)

4) Local Funding for Community Revitalization:

SB 49 (Locke) and HB 478 (Coyner)

VHC endorsed bills continue to the Governor's desk for action.

VIRGINIA ZONING BASICS

Zoning is one of local government's most important functions in Virginia. Locality comprehensive plans guide their zoning and outline a community's goals for how each area will develop.

Localities in Virginia have the right, by ordinance, to classify locality territory into different zoning districts that may regulate, restrict, permit, or prohibit certain uses, building regulations, and more (§ 15.2-2280).

The main zoning designation types in Virginia are:

- residential,
- commercial,
- industrial,
- agricultural,
- recreational,
- transportation,
- mixed-use,
- and special purpose zones which are designated for specific uses such as schools and government buildings.

Those categories can also be separated into sub-categories, like those separating residential zones into single-family or apartments. Here are some examples:

- R-5: This designates a single-family residential district.
- R-2: This designates a residential district intended to accommodate low to moderate population densities
- A-5: This designates an agricultural district.
- M-1 and M-2: These designations refer to light and heavy industrial use districts.
- R-43: In Richmond this is a multi-family residential district.
- RR-3: In Amelia this is a rural residential district.
- C-1: In Arlington this refers to a local commercial district.

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- ROS: In Roanoke this is a recreation and open space district
- R-5D: In Virginia Beach this is the Residential Resort District

When drawing zoning districts, localities must consider things like the character of property, the locality comprehensive plan, growth change, transportation, housing, schools, conservation, etc. (§ 15.2-2284).

In housing, zoning allows localities to regulate the amount of housing in an area as well as specific requirements for things like height and appearance.

Property owners **do not need to rezone their property** to build on or utilize land in a zoning district where that type of construction or usage is already allowed.

For example, if someone wants to build a house in an R-5 district, they may do so without a zoning or review process. This is called by-right, meaning no discretionary approval is required.

However, a building permit still needs to be issued before new construction can begin – this is a separate process.

Uses in a zoning district are divided into **by-right** uses and uses that require a special use permit, which are generally subjected to certain standards or conditions to ensure the use is appropriate to the area.

A **special use zoning** permit allows a piece of property or land to be used in a way that differs from the normally accepted use in that zoning area. Special use permit applications must proceed through public hearings like rezoning procedures.

All proposed zoning amendments or reenactments must go to the local planning commission for recommendations, then the locality governing body must hold at least one public hearing prior to the adoption of the rezoning.

Upzoning is a term used to describe changes to a zoning code that relax restrictions to increase the amount of development allowed in the future, while downzoning is the opposite.

Downzoning is the process of changing a zoning ordinance to increase regulations or restrict certain development.

A rezoning is the reclassification of a parcel of land from one zoning district to another zoning district.

The Code of Virginia requires all rezoning applications to proceed through advertised hearings with Planning Commissions and Boards of Supervisors in localities.

Conditional zoning is a type of rezoning in which the applicant, like a developer, voluntarily proffers the conditions in which the property may be developed.

Proffered conditions can include things like building design, limiting types of uses, providing cash payments for public improvements, etc.

The Board of Zoning Appeals of each locality hears and decides upon zoning matters including:

- 1) use permit applications requesting modifications to the requirements of certain ordinances,
- 2) variance petitions,
- 3) applications to allow construction on lots that do not conform to minimum dimensional standards, and
- 4) administrative decisions of the zoning administrator made pursuant to the zoning ordinance (§ 15.2-2309).

A **variance petition** is an application for a reasonable deviation from the regulations in a zoning district. These can occur when the strict application of the zoning ordinance would restrict proper utilization of the property.

As shown in the Code of Virginia, the Commonwealth places the essential responsibility of land use planning and management in local government. While local zoning maps vary locality to locality, the process remains the same.

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2023 Housing Starts Wrap-Up: Mixed Trends

After three months of gains, U.S. Single-family homebuilding starts dropped 4.3% month-over-month in December 2023 to an annual pace of 1.46 million from 1.53 million in November 2023. However they remained 7.6% higher than in December 2022.

While single-family housing starts fell, there was an increase in apartment construction. Single-family home construction fell by the most since July 2022, after a surge in November 2023. Single-family starts, which account for the bulk of homebuilding, fell 8.6% and multifamily starts for buildings with five units increased 7.5% to a five month high of 417,000.

Building permits rose 1.9%, signaling an increased level of future construction. Notably, permits for homes with two to four units, rose 10.6%. This suggests building will increase in 2024.

Housing completions in December 2023 rose 8.7% above the November 2023 rate and 13.2% above the December 2022 rate.

Despite the industry appearing to scale back on new projects, a survey from the National Association of Home Builders from January 2023 showed confidence among single-family builders rose significantly in January. One potential cause for the rise in confidence is the decline of the 30-year fixed mortgage rate.

While the results are mixed, the data shows increased building permits but decreased housing starts. However, both rates were higher than the economists' estimates for that time period.

2023 Total Estimates

Overall, an estimated 1,413,100 housing units were started in 2023, a 9.0% decline from the 2022 estimate.

The estimated number of housing units authorized by building permits fell 11.7% in 2023 to 1,469,800.

However housing completions rose 4.5% in 2023 to 1,452,500. The completion rate was notably higher in December 2023 and in 2023 overall, which could indicate potential opportunities in the housing market going forward.

US Single-family housing starts fall in January 2024

In January 2024 single-family homebuilding decreased 4.7% from the December 2023 estimates. Many experts attribute this to harsh weather conditions, but an increase in permits may suggest a potential rise in the first few months of 2024.

Despite the overall 14.8% decrease in housing starts and 4.7% decline in single-family starts, the National Association of Home Builders reported confidence among single-family builders rose to an 18-month high in February 2024. The potential rebound as temperatures rise in addition to the expected drop in interest rates could have inspired this rise in confidence.

The number of permits as a whole increased year over year in January 2024 by 8.6% despite decreasing 1.5% from the December 2023 rate. Permits for future construction of single-family homes increased 1.6% and starts for housing projects with five units or more plunged 35.8% in January 2024. Overall, multifamily building permits dropped 9.0% that month.

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FEATURED NEWS ARTICLES

Local experts forecast improved housing market for 2024

High prices, high interest rates, and low inventory kept many buyers out of the market in 2023. However, experts are optimistic that 2024 will show a stronger market. Virginia Realtors also predict a gradual rebound in home sales activities this year as construction rates increase and mortgage rates are lowered.

Gen Zers can't afford to buy houses in greater Richmond

The median home price in the greater Richmond area was around \$382,000 last year. Due to these rising prices, it has become increasingly hard for young adults to enter the housing market. The average age of home buyers has increased with wealthier baby boomers making up the largest percentage of homebuyers nationwide in 2023. Part of the problem is a significant influx of new residents to the area, with Richmond's suburbs growing the fastest.

New population estimates show a rural renaissance while Fairfax County loses big

According to the Weldon Cooper Center for Public Service, most of Virginia's rural counties are now seeing more people moving in than moving out. People are moving out of Northern Virginia and Hampton Roads at historically unprecedented rates. Fairfax County hasn't seen a population loss since the 1830s, and now its losses are outpacing many other areas of the Commonwealth. Richmond experienced the biggest population gain compared to Virginia's other localities. Many credit these changes in population to the pandemic and the rise in the number of remote workers.

Build-to-rent trend comes to Shenandoah Valley housing market

Increases in home prices and interest rates have slowed new home sales. As a result, more builders have begun shifting to other projects to tap into the rental market with built-to-rent properties. These projects are typically made up of townhomes, and detached homes designed to provide much of the same quality of life as living in single family homes. Nationwide, the number of completed build-to-rent units increased by 52% between 2021 and 2022.

NoVa, Hampton Roads housing markets show positive signs

Despite seasonal slowdowns, the Northern Virginia and Hampton Roads housing market showed encouraging signs in January. Inventory grew slightly as interest rates lowered and optimism in the market increased.

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