State Housing Stability Fund Budget Amendment

To provide targeted, long-term rental assistance to stabilize low-income Virginians, reduce evictions, and create a pathway out of poverty

Budget Language

This budget amendment establishes the Virginia Housing Stability Fund (VHSF), which will provide long-term rental assistance to low, very low, and extremely low-income renters to enable them to afford housing costing 30% of their income. In the first year, a stakeholder group will develop recommendations for the program. $73M in the second year will fund long-term rental assistance for 4,500 households.

The Goal

The federal Housing Choice Voucher Program is proven to prevent eviction, lift folks out of poverty, and reduce racial disparities in housing instability. A state-funded housing voucher program will help bridge the gap between our shortage of 200,000 affordable homes and the estimated 347,000 Virginians who qualify for the federal voucher program, but are unable to receive one due to limited federal funding.

The Need

- Only one-in-five eligible Virginia households are able to receive a federal housing voucher to subsidize their rent due to federal funding constraints.
- The average wait time for a federal housing voucher in Virginia is currently 35 months—8 months longer than the national average.
- 85% of extremely low-income (ELI) renters in Virginia are cost burdened and 71% of them are severely cost burdened.
- Being an extremely low-income, cost burdened renter increases the risk of eviction, adversely impacts children's ability to perform in school, and can negatively impact parents' mental and physical health.

Share of Cost Burdened Renter Households in Virginia

- Cost burdened (spending over 30% of income on rent)
- Severely cost burdened (spending over 50% of income on rent)
- All Renters: 50% (531,667 households)
- 20% (212,667 households)
- 85% (205,593 households)
- 71% (171,731 households)
- Extremely Low Income Renters (voucher eligible)
Two recently released reports illustrate support for a statewide voucher program

- The recently released JLARC report — Affordable Housing in Virginia 2021 — identifies a shortage of 200,000 affordable homes across the state and estimates that addressing the unmet housing needs of all extremely or very low income households in Virginia could cost $5 billion annually. The report recommends the creation of a statewide voucher program to address the unmet needs of Virginia’s lowest income households.
- The unreleased HB854 housing study, authorized by the General Assembly in 2020, will also recommend the creation of a state administered voucher program.

Virginia has the infrastructure

Virginia has built award winning infrastructure to meet the state’s housing needs during the COVID-19 pandemic and has been recognized nationally for doing so. This existing infrastructure, which supports Virginia’s Rent Relief Program (RRP), will provide insight into how to create a similarly successful infrastructure for a state rental voucher program. Moreover, the success of Virginia’s RRP stems largely from the desire of all constituents — housing developers, housing providers, tenants and tenant advocates — to work together with the Department. This synergy will continue and produce an efficient and effective state voucher program as long as Virginia doesn’t needlessly delay the work on this essential program.

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