

Norfolk Comprehensive Housing Study

2023



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Introduction

Study Overview

In response to the formation of the Norfolk Department of Housing and Community Development (NDHCD) in 2021 and their effort to focus resources to address housing needs in Norfolk, the City commissioned a Comprehensive Housing Study (the "Study"). The purpose of this Study is to identify current market trends and housing needs in Norfolk, assess existing capacity and programs in relation to those needs, and propose a series of goals to address those needs in a comprehensive way.

Ultimately, the City will use this Study in conjunction with a Strategic Plan to plan for partnerships, programs and funding to support a housing market that sustainably and equitably meets the housing needs of all community members in Norfolk.

A healthy housing market is made up of market, public, and nonprofit actors that work together to meet the needs of all households at all income levels. In a healthy housing market, the market meets the vast majority of existing and new households' needs for safe, quality homes. The market meets these needs by fostering the development of new homes and rewarding investments to maintain and adapt existing homes. In a healthy housing market, public and philanthropic dollars also play an important role in meeting the housing needs of the most vulnerable community members. This Study proposes a set of housing goals to guide the direction of the City and its housing partners' efforts to move toward a healthy housing market in Norfolk.

Approach

The City of Norfolk completed a comprehensive housing study in 2016, which revealed a number of demographic, housing market and affordability trends. While this Study builds on those findings, and many of those trends remain, it includes updated data analysis, interviews and market research to understand how and if housing needs are shifting in Norfolk.

The completion of this Study included the following steps:

- 1. Interviews with City staff, housing market participants and housing providers** to understand housing needs, market and economic trends and barriers to delivering housing and services in Norfolk.
- 2. Data analysis** using publicly available and third-party data sources to quantify housing market, demographic and affordability trends. This analysis draws on HR&A's professional expertise based on decades of experience studying housing markets across the country. Data sources include the US Census, American Community Survey (ACS), Public Use Microdata Sample (PUMS), Bureau of Labor Statistics (BLS), Lightcast, AirDNA, and others.
- 3. Review of existing studies** by researchers exploring market trends, housing needs, fair housing issues, City capacity, and other topics to build on research and findings completed to date.

Executive Summary

Introduction

The ability for all residents to access safe, high quality housing that they can afford is essential for a prosperous and equitable Norfolk. However, different households experience and are impacted by different housing challenges depending on their incomes, age, race and geographic location. This study identifies the range of housing challenges that are impacting residents as well as the different factors that are driving those challenges.

Key Findings

1. Stagnant growth, growing climate challenges and disinvestment are stressors that are contributing to weak housing market conditions.

Modest regional economic and population growth, combined with sharp competition with other jurisdictions in the region to attract new households, has resulted in stagnant population growth in Norfolk since 2010. During the past decade, Norfolk has experienced population growth of 1%, lagging behind the population growth of 6% in the region. **As a result, while there have been pockets of significant housing development and investment in a handful of neighborhoods, the housing market is stagnant or in decline in most neighborhoods.**

The vast majority of housing investment is occurring in a few neighborhoods, while many of the other neighborhoods continue to experience market-driven disinvestment and decline. As a result, Norfolk has an aging housing stock, with 80% of the city's homes built before 1990.

Despite this, Norfolk's housing stock plays a critical role in the regional housing market and economy. While Norfolk is home to 13% of the

region's population, it possesses a large portion (22%) of the region's affordable homes.

Though the total number of residents has not grown, there has been a modest shift from lower wage to moderate (\$50-\$75k) and \$100k+ households, likely driven both by wage increases and the loss of lower income households to other parts of the region and country.

Tenure has also shifted. Norfolk households—both new and existing—are increasingly renting rather than owning, particularly moderate- and higher-income households (\$50k to \$100k). This is reflective of both macroeconomic trends such as rising interest rates that drive decreasing homeownership access and local housing inventory trends: Norfolk's rental housing inventory has grown since 2010 while the for-sale inventory declined modestly during that period.

However, there are still over 30,000 homeowner households in Norfolk making less than \$35,000 annually, and their homeownership rate remains stable, unlike other groups. **The stability of these lower-income homeowners is a strength for Norfolk's housing market.**

Key Housing Market Trends

Norfolk has a more diverse existing housing stock than much of the region, with a mix of single-family, small multifamily, and large multifamily properties. For example, over a third of Norfolk's housing stock is rental housing with 2 or more units, the highest share in the region.

Norfolk's housing stock includes about 36,000 affordable rental homes, which makes up a large share of the region's affordable homes. These 36,000 affordable rental homes are both subsidized and unsubsidized (naturally occurring affordable housing, or NOAH).

Existing naturally occurring affordable housing is broadly distributed across the city in low to moderate density housing types. For instance, 24% of all rental housing units are 2-9 unit properties that are affordable to households making up to 75% of Norfolk's median household income or \$40k annually.

Missing Middle housing is a critical housing type in Norfolk that contributes to Norfolk's diverse housing stock. Missing Middle is a range of multi-unit or clustered housing types, compatible in scale with single-family homes. Fitting seamlessly into traditional single-family neighborhoods, they are large homes interspersed within single-family homes that are divided into two, three, four or more units. Missing Middle tends to be naturally affordable and cost-effective to develop within small-scale neighborhoods and can help meet the need for more housing choices at different price points for Norfolk residents.

While Norfolk has a disproportionate share of the region's subsidized affordable housing, the majority of the affordable homes, 75% (26,000 units), in Norfolk are naturally occurring affordable housing (NOAH). While recent rent growth is causing the NOAH housing stock to lose its affordability, this existing, diverse housing stock creates a strong base housing inventory that should be the focus of preservation and reinvestment efforts in Norfolk to support long-term affordability and growth.

While some of Norfolk's submarkets show signs of strength, development and reinvestment activity remains focused in a few neighborhoods. In most of the city's neighborhoods, the housing market is not strong enough to spur new investment in the maintenance or creation of homes. Limited regional growth and stagnant growth in Norfolk drive the weak housing market, exacerbated by increasing environmental challenges and persistent market-driven disinvestment in many parts of the city.

Environmental Challenges

Increasing flood risk is undermining Norfolk's housing market. Flooding contributes to housing quality issues, particularly for lower income households, further constrains the capacity of the housing ecosystem, and makes the economics of development less financially feasible.

Flood risk poses a threat to all renters and homeowners in Norfolk as the city continues to experience regular flooding that is projected to worsen in the coming decades. Rising costs of flood insurance and maintenance to repair home damage from storms is a challenge for market-rate housing, subsidized housing, and homeownership in Norfolk.

2. Concentrated poverty and racial segregation continue to undermine Norfolk's housing market and drive its affordability challenges

Within the Hampton Roads region, Norfolk and surrounding peers like Portsmouth and Hampton tend to be home to lower-income residents and households experiencing poverty. However, poverty in Norfolk is particularly acute compared to the region and state for all population segments. For example, households making below \$35k annually make up 31% of Norfolk's population, whereas households at that income level make up just 16% of Virginia Beach's population. This undermines the strength of Norfolk's housing market and drives affordability challenges.

Subsidized affordable housing in Norfolk is concentrated in high density (20+ units) buildings in more segregated and higher poverty areas, which is the product of historic policies on the siting of public housing stock and segregation. Recent policies and reinvestment are helping to deconcentrate the supply of subsidized affordable housing and deliver affordable housing to neighborhoods of opportunity.

With persistent poverty, especially relative to the region, rental affordability remains a challenge in Norfolk. The majority of low-income households struggle to afford their rent: 71% of renter households earning below \$50k are cost-burdened, paying over 30% of their income to cover rent, and 53% of households earning below \$35k are severely cost-burdened, paying above 50% of their income to cover rent. Recent rent increases due to housing market inflation have outpaced wage increases, exacerbating affordability challenges that have been persistent in Norfolk over time.

These trends have disparate impacts for different racial/ethnic and demographic groups. Households without a college education are disproportionately impacted by rental affordability challenges, a disparity that has remained persistent over the past 10 years. Black households disproportionately struggle to access high quality affordable rental housing as well as wealth building opportunities, a disparity that has endured over decades due to high costs relative to incomes, NIMBYism ("Not In My Backyard"), Fair Housing noncompliance from property managers and landlords, and mortgage denials. For instance, the mortgage denial rate for Black households is 16%, double the 8% denial rate for White households in Norfolk.

3. The scale of funding for housing is not enough to achieve the City's housing goals or to build the capacity of community partners.

Addressing the challenges described above requires a coordinated effort between the City's Department of Housing and Community Development, City Council and local partners, including the Redevelopment and Housing Authority, the Community Services Board and others. To make coordination more efficient, the City of Norfolk took the important step of consolidating housing development, fair housing compliance, and federal entitlement management within the newly formed

Department of Housing and Community Development.

However, the City still struggles with limited capacity due in part to uneven funding commitments. This is exacerbated by a lack of regional capacity, both in terms of regional coordination across jurisdictions to address regional housing challenges and partner capacity to implement housing programs.

In recent years, the City of Norfolk has been heavily reliant on federal funding sources, such as HOME Investment Partnership (HOME) and Community Development Block Grants (CDBG), to implement housing projects and fund local programs. **The City does not currently dedicate any recurring local funding sources for housing programs or incentives**, which limits the ability of the City to flexibly fund local programs based on local priorities. Additional dedicated local revenue will be needed to ensure that Norfolk can adequately deliver on its housing programs and build capacity of key partners.

Housing Goals

Based on these findings, this Study recommends the following goals to guide future housing policy, programs and investments in the City of Norfolk:

- 1. Create new affordable rental housing and homeownership opportunities** to address increasing affordability challenges faced by Norfolk's low- and very low-income households. The City has supplemented market-rate housing development by working with affordable housing developers to deliver quality affordable homes in recent years. It can continue to promote the development of affordable homes by subsidizing rental and homeownership development projects and enacting policies that incentivize affordable housing development.
- 2. Preserve existing affordable housing and strengthen neighborhoods.** The City has already taken steps to strengthen neighborhood markets by establishing repair programs and pursuing the development of small sites across

the city. By directing public investment into local neighborhoods, the City can encourage private investments in housing maintenance, repair, and construction to strengthen neighborhoods. Dedicating additional, recurring funding to these programs will help build capacity among local partners essential to executing on this work, including contractors and other community development non-profits. This work should be pursued in collaboration with community organizations and civic leagues who have deep local expertise and understanding of the needs in their community.

3. Deconcentrate poverty and facilitate mobility to areas of opportunity. The City of Norfolk should dedicate resources to promoting access to opportunity for all of its residents, especially those facing housing affordability challenges. The City should continue to focus on deconcentrating poverty by supporting households to move to higher-opportunity areas with greater access to quality schools, transportation, jobs, and other public amenities. This should include a citywide landlord program for Housing Choice Voucher (HCV) families that encourages local landlords to rent to HCV holders. For greatest impact, the City should leverage not just the housing stock available within Norfolk but also affordable housing stock across the region by supporting non-profit partners who can help residents access high opportunity neighborhoods regionally.

4. Build regional capacity and coordination around affordable housing and access to opportunity. Norfolk and Hampton Roads lack strong CDCs and nonprofits that primarily engage in housing preservation and development. Instead, the City relies on a few for-profit developers and a dozen or so service-oriented nonprofits with limited capacity. Additionally, the City is not always the optimal entity to lead these efforts given political and regulatory constraints. Many housing programs are better served by a nonprofit or CDC.

5. Dedicate ongoing, flexible funding for the City's housing priorities. The lack of recurring local funding for housing programs impacts NDHCD's ability to execute on high priority projects as they arise. Further, NDHCD is limited in its ability to respond to small but important funding requests as they come in because projects rarely meet the annual timeline of Federal funding allocation and funding may have already been allocated from a Federal source. Identifying sources and allocating recurring local revenue will be essential to fully funding existing programs and leveraging outside funding. When community partners, such as contractors, non-profit housing developers, and service providers can count on the availability of recurring local funding, they can hire and train the staff needed to advance projects more quickly and at a larger scale.

In summary, the City of Norfolk continues to face challenges in three areas: a weak housing market driven by stagnant growth, climate challenges and disinvestment; the concentration of poverty and racial segregation underpinning weak housing market dynamics and affordability challenges, and; insufficient funding to support its housing programs and build the capacity of community partners. The City has analyzed and described in detail the severity of these challenges in this Comprehensive Housing Study. In addition, the City has already begun to make progress and has developed a Strategic Plan that outlines clear strategies to mitigate and address these challenges. In direct response to the scale of these obstacles, the City will orient its efforts and engage its community partners around the five goals of creating new affordable rental and homeownership opportunities, preserving existing affordable housing and strengthening neighborhoods, deconcentrating poverty and facilitating mobility to areas of opportunity, building regional capacity and coordination around affordable housing, and dedicating ongoing flexible funding for the City's housing priorities.

Housing Affordability

Key Definitions: Housing Affordability

Addressing housing affordability issues requires first understanding what "affordability" means in Norfolk and how different households are impacted by housing affordability challenges. In a standard definition set by the U.S. Department of Housing & Urban Development (HUD), housing is "affordable" when housing costs are less than 30% of a household's income. While this definition is a helpful baseline standard, the reality is that "affordable" can mean very different things for different households.

- **Area Median Income (AMI)¹:** The midpoint income in a region, meaning half of all households make more and half make less (\$53k in Norfolk, \$75k in the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area).

Cost-Burdened Household

- : Spends over 30% of their income on housing.
- **Severely Cost-Burdened Household:** Spends over 50% of their income on housing.
- **Residual Income:** Income available to a household after paying for housing; covers healthcare, groceries, transportation, childcare, etc.

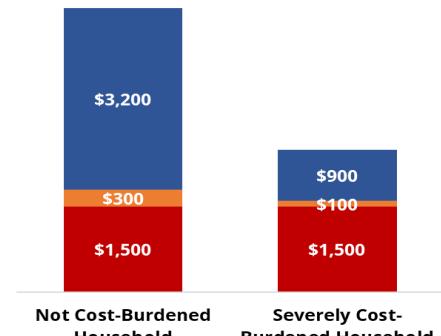
Why does housing affordability matter?

Households that pay more than they can afford for housing have less income to spend on other necessities. A household's residual income, or how much they have left over for other necessary expenses like food, childcare, health care and transportation, determines the quality of life that the household can sustain, depending on if their residual income can adequately cover their expenses. Residual income that falls short of a household's needs significantly harms their quality of life, shortens the length of their life and undermines the ability to prosper in the community they live in.²

In the example below, after deducting \$100 in taxes from their income and paying \$1,500 in rent, a household making an annual income of \$30,000 with a single earner employed as a customer service representative would have \$900 remaining per month, which might barely cover food, childcare, health care and car payments. Meanwhile, a household making \$60,000 per year as a police officer would have over \$3,000 of residual income per month after paying \$300 in taxes and \$1,500 in rent.

Monthly Residual Income by Household

■ Rent ■ Taxes ■ Residual Income



(Annual Income: \$60k) (Annual Income: \$30k) , this study uses AMI categories when describing housing affordability levels because federal housing programs, such as subsidized housing and public housing, utilize AMI limits to determine eligibility.

¹ This study refers to both Median Household Income (MHI) and Area Median Income (AMI). MHI in Norfolk is \$50,000, while 100% AMI for a 2-person household in the Norfolk MSA is about \$75,000. Most of the study uses MHI as a baseline for comparison because Norfolk's median household has a lower median income relative to

² FDR Library, Center on Budget and Policy Priorities

What does affordable housing look like?

Types of Affordable Housing



Graydon Avenue

Naturally Occurring Affordable Housing

Market-rate housing (for rent or purchase) that is priced at levels that are affordable to low- or moderate-income residents without any public subsidy. It tends to be older, smaller housing that is “naturally” affordable, including Missing Middle housing (pictured on the left). Norfolk has historically had a significant inventory of NOAH, which is the largest source of affordable housing in the city. NOAH is most vulnerable to disrepair, redevelopment pressure and price increases.



Market Heights Apartments

Subsidized Housing

Rental homes using different types of public subsidies to reduce the cost of development and place an income restriction on the housing. A common source of federal funding is Low-Income Housing Tax Credits (LIHTC), which secures long-term affordability for these sites. Subsidized rental homes also often receive local public funding through Norfolk’s Department of Housing and Community Development.



Diggs Town Apartments

Public Housing

Rental homes managed by the Norfolk Redevelopment and Housing Authority with substantial operating and capital funds historically provided by U.S. Department of Housing and Urban Development. Public housing serves very low-income households.



Gosnold Apartments

Permanent Supportive Housing

A rental home that includes health care and supportive services to help individuals and families lead more stable lives. Permanent supportive housing receives the highest amount of public funding and often serves the most vulnerable households, including those experiencing homelessness or mental or physical disabilities.

Housing affordability can be achieved through many different types of housing, and all types are important for meeting the diverse housing needs of Norfolk households. Some housing is affordable because the cost is subsidized through federal, state, or local funds. Other housing is affordable *without* subsidy because it is smaller, older or located in an area that is less expensive. Norfolk has and will continue to need a mix of housing types to meet the housing needs of a wide range of households.

What is the role of the City in housing affordability?

Several market and regulatory factors interact to impact housing affordability in Norfolk for both renters and homebuyers. The City can impact a portion of the factors that drive affordability, such as the cost of land, soft costs and the availability of funding.

The City influences the cost to build and operate housing, and thus the cost of housing for residents, in three key ways:

- The City influences the **regulatory environment** in which developers make decisions.
- The City **disseminates information** to developers, key service providers and residents.
- The City deploys **public funds** for infrastructure, amenities and affordable housing, all of which help shape the development environment.

This Study explores key affordability challenges, the impact of different market and regulatory factors on affordability, and the City's current efforts to address housing and affordability challenges.

Factors Impacting Housing Affordability

Cost Factor	Description	Degree of Local Influence
Hard Construction Costs	Cost of construction materials and contractors. The City can support reduced construction costs by allowing for housing types that cost less to build. For example, townhouses vs. detached homes.	Low
Financing	Banks will raise or lower interest rates and set financing standards that can quickly shift development costs.	None
Federal + State Regulations	Government regulations, such as state building codes, indirectly impact the cost of development as developers are required to meet certain requirements.	None
Public + Philanthropic Funding	Includes availability of funding from local, state, and federal governments and philanthropic organizations to close financing gaps that allow for affordability.	High
Soft Development Costs	Cities have meaningful influence over the costs that facilitate development, including architects, engineers, permitting fees, and lending fees.	Medium
Regional Demand	As more people desire to live in a region, due to job growth or quality of life, they create increased competition for homes, and higher prices.	Low
Regional Housing Supply	The City can permit more development and increase the supply of homes within city boundaries but has limited control of the regional housing supply.	Low-Medium
Land Costs	Many factors influence land costs. Proximity to desirable amenities and the overall supply of land are two prominent factors.	Medium

Existing Conditions

Housing Market: Stagnant growth, growing climate challenges and concentrated poverty contribute to stagnating housing market conditions, undermining Norfolk's strong existing housing stock.

Introduction

Norfolk has a strong existing housing stock with a wider range of housing types than most of the region. Homes in Norfolk are almost evenly split between renters and owners, with a slim majority (52%) of housing units being renter-occupied.

This housing stock is important for meeting diverse household needs and for supporting broad affordability in the market. However, the market is driving the vast majority of housing investment in a few neighborhoods, including Downtown Norfolk, Park Place and East Ocean View, while many other neighborhoods continue to experience disinvestment and decline.

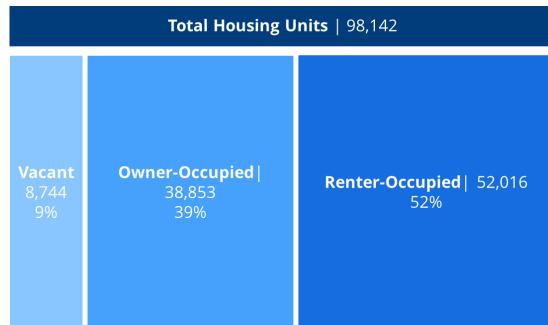
A number of stressors are undermining the health of Norfolk's housing market more broadly, including **stagnant economic growth, growing climate challenges and persistent poverty**.

Rental Home Types

Norfolk has a substantial and valuable stock of rental housing, much of which is affordable due to subsidy and housing type.

The overall renter-occupied housing stock is made up of diverse housing types with almost 50% of the rental housing stock as 2-20-unit, moderate density buildings (Figure 1). Single-family homes also make up a substantial portion of the overall rental housing supply (20%). Only 20% of Norfolk's rental homes are in large multifamily buildings.

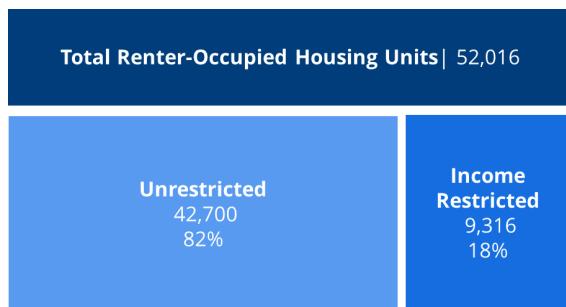
Figure 1. Overall Housing Landscape (2022)



Source(s): ACS 2020 5-year estimates, National Housing Preservation Database, 2022, Norfolk Department of City Planning, 2022

About 18% of Norfolk's rental housing is subsidized and therefore income-restricted, while the vast majority of Norfolk's rental housing is unsubsidized and not income-restricted (Figure 2). While higher income households can also access unsubsidized housing, lower cost unsubsidized housing is also a crucial source of affordable housing for moderate-income Norfolk families.

Figure 2. Renter-Occupied Housing Landscape (2022)



Source(s): ACS 2020 5-year estimates, National Housing Preservation Database, 2022, Norfolk Department of City Planning, 2022

Overview of Affordable Homes

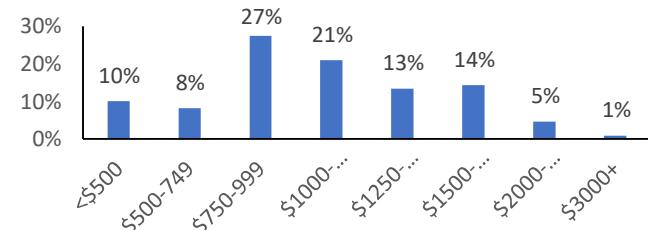
Despite having the most subsidized affordable homes in the region, the majority of Norfolk's affordable rental housing is actually unsubsidized. There are about 27,000 unsubsidized, naturally occurring affordable housing (NOAH) units affordable to households making 80% of median household income³ (\$42k), compared to about 9,300 total subsidized units. While subsidized units serve lower income households—generally those making less than 65% of median household income and those making very low-incomes—the NOAH stock offers a crucial source of affordable housing in Norfolk and is the foundation of affordability in the market. Of the unsubsidized multifamily rental housing (5+ units), the majority (88%, 13.8k units) is affordable to households making 80% of median household income (Figure 6).

Norfolk's unsubsidized affordable housing is made up of more diverse, moderate density housing types, while Norfolk's subsidized affordable housing stock is mostly located in high density multifamily buildings (Figure 4). 85% of subsidized rental housing units are in high density (20+ unit) multifamily buildings. In contrast, around 10,000 NOAH units are in moderate density buildings (2-9 units)⁴, and 2,867 NOAH units are single-family homes (Figure 5).

Different home typologies support different household needs based on the size and number of bedrooms. Norfolk's existing subsidized rental housing supply is skewed towards one- and two-bedroom homes, leaving just 16% of subsidized homes available for larger families. The unsubsidized renter-occupied multifamily housing stock is more diverse in terms of bedroom unit size, which means it can

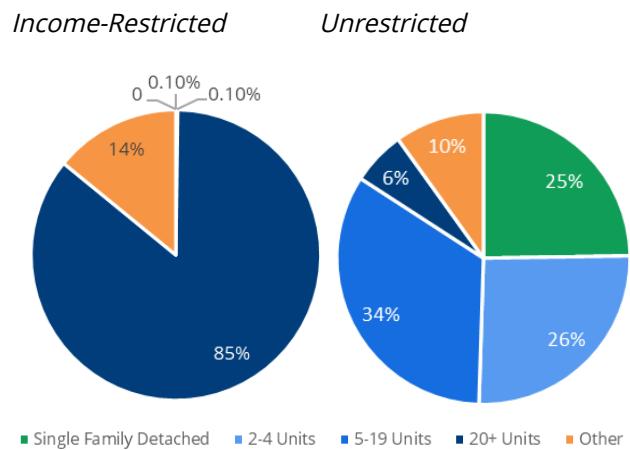
accommodate both small and large household sizes. Over 40% of available unsubsidized renter-occupied multifamily housing is 2-bedroom units, and about 30% are 3+ bedroom units.

Figure 3. Share of all Rental Housing by Rent (2020)



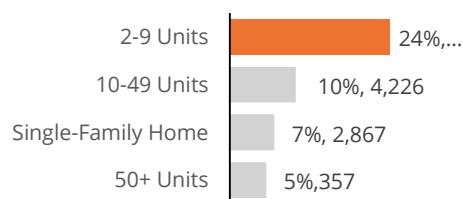
Source(s): PUMS

Figure 4. Rental Housing: Income-Restricted vs. Unrestricted (2021)



Source(s): PUMS, National Housing Preservation Database

Figure 5. Available NOAH Housing Units by Building Type (2020)



Source(s): PUMS

³ While there is not one definition for "Naturally occurring affordable housing", this Study assumes that NOAH is affordable to households making up to 80% of median household income without subsidy.

⁴ A small number of the affordable housing units in 2-9 unit buildings are federally subsidized.

Subsidized Affordable Housing Funding Sources

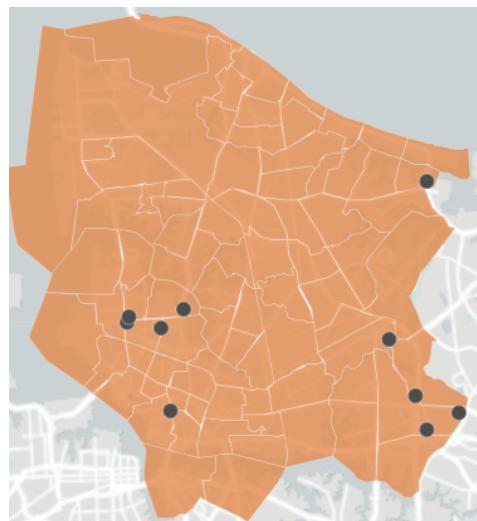
There are about 9,316 subsidized affordable homes in Norfolk funded through several federal program types (Figure 7). These homes support deeper affordability than naturally occurring affordable housing, with over 50% of the homes restricted for those making less than 65% of median household income.

Among the 9,316 federally subsidized homes, Low-Income Housing Tax Credit (LIHTC) and public housing are the most prevalent funding sources. Historically, these homes were concentrated in Berkley/Campostella, Bruce's Park/Broad Creek, and Suburban Acres (Figure 8).

Inclusionary Housing

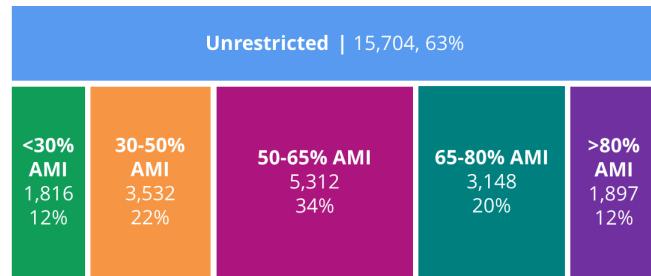
In recent years, Norfolk's City Planning Department has used Conditional Use Permits to negotiate affordable units in new market-rate development, increasing the supply of income-restricted housing. Ten percent of some market-rate buildings have been designated as inclusionary units in recent years, which has created 180 affordable units at 80% AMI (Figure 9, 10).

Figure 9. Geographic Distribution of Units Created by Inclusionary Requirements (as of 2022)



Source(s): City of Norfolk, Department of City Planning, 2022

Figure 6. Unrestricted Renter-Occupied Multifamily (5+) Units by Affordability Level (2021)



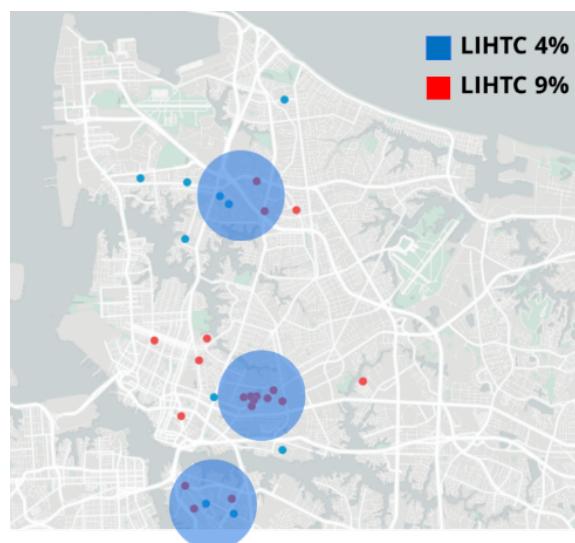
Source(s): ACS 2020 5-year estimates, National Housing Preservation Database, 2022, Norfolk Department of City Planning, 2022

Figure 7. Subsidized Units by Funding Type (2022)

Program Type	Units
Total	9,316
HOME	363
Mod Rehab	56
Project Based Vouchers	206
LIHTC 4%	1,927
LIHTC 9%	1,695
Other HUD Insured	966
Public Housing	2,589
Section 8 Only	1,514

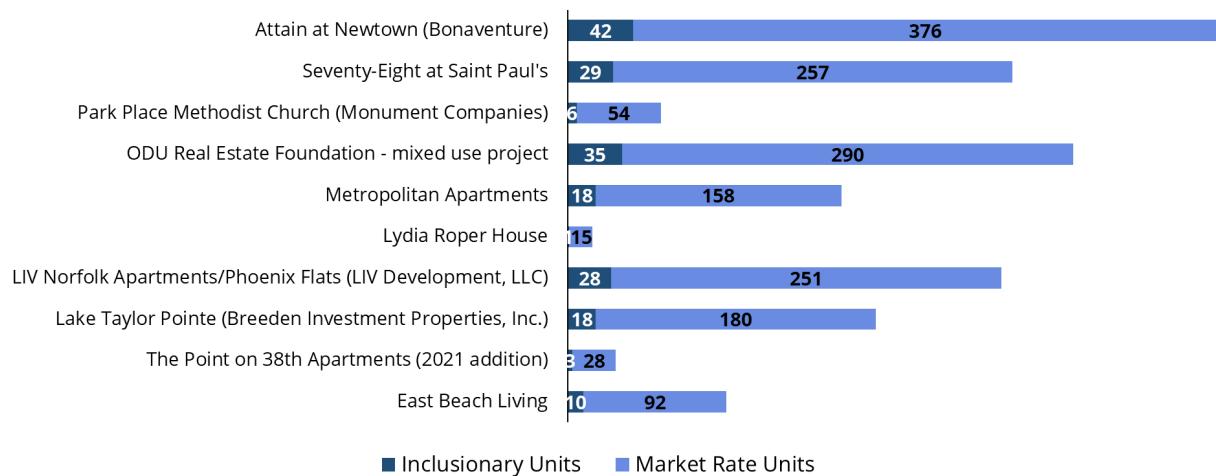
Source(s): National Housing Preservation Database, 2022

Figure 8. Geographic Distribution of Existing LIHTC Units (2022)



Source(s): National Housing Preservation Database, 2022

Figure 10. Affordable Units Created by Inclusionary Requirements (as of 2022)



Source(s): City of Norfolk, Department of City Planning, 2022

Short-Term Rental Housing

The supply of short-term rental (STR) housing has increased over the past few years in Norfolk, likely reducing the housing stock accessible to long-term renters⁵ and putting pressure on rental affordability. Entire-home STR listings have more than doubled (from about 400 to 800 listings) between 2019 and 2022 (Figure 11).

Demand for short-term rental housing that is listed on STR platforms has risen significantly over the past 2 years (Figure 12). Interviews suggest that part of this demand is related to the Navy's presence in Norfolk. Anecdotes from interviewees explain that the Navy often moves people between Little Creek and NATO headquarters and naval support entities for short periods of time.

STR housing has been concentrated along the northern shore of Norfolk and in Downtown Norfolk. Of the almost 1,000 STR listings in Norfolk, the majority are in Willoughby/West Ocean View, Ocean View, East Ocean View, and Ghent/Downtown Norfolk (Figure 13).

Figure 11: Short-term Rental Active Listings (2010-2020)



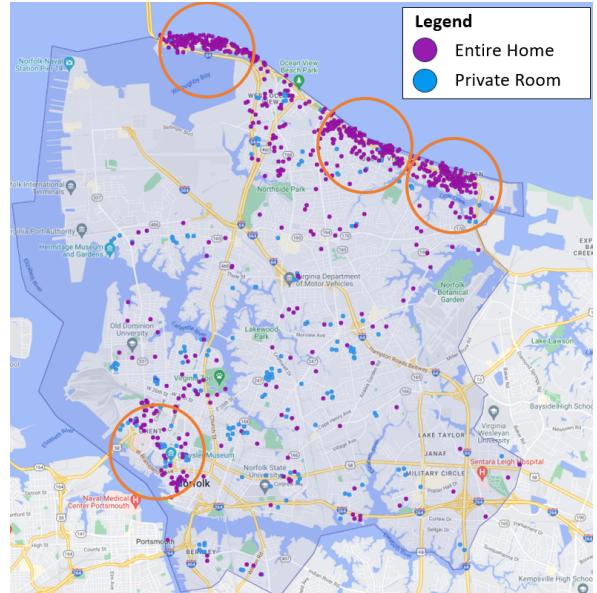
Source(s): AirDNA

Figure 12. Short-term Rental Demand (2010-2020)



Source(s): AirDNA

Figure 13. Short-term Rental Units (2022)



Source(s): AirDNA

⁵ Li, Hui and Kim, Yijin and Srinivasan, Kannan, Market Shifts in the Sharing Economy: The Impact of Airbnb on Housing Rentals (July 1, 2021). Management Science

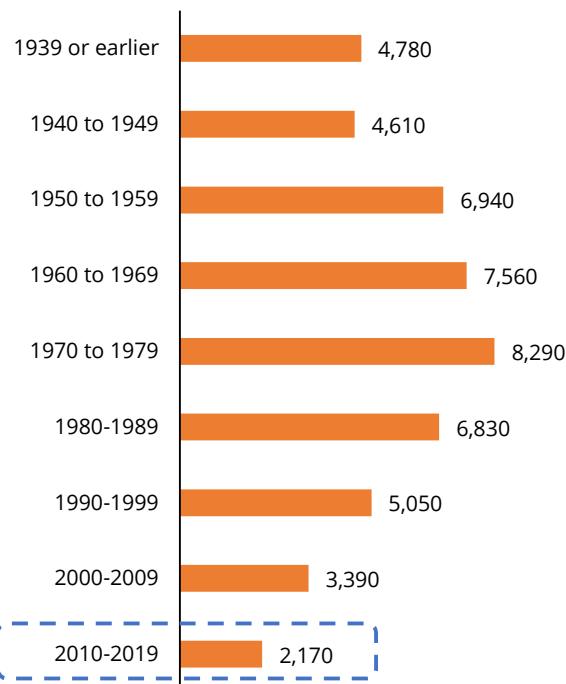
Changes in the Housing Stock

Norfolk has an aging housing stock, with the vast majority (80%) of housing units built before 1990 (Figure 14). This trend is in line with the Norfolk-Virginia Beach Metropolitan Statistical Area (MSA), the state, and the nation, which have all constructed less housing between 2010 and 2020 than in previous decades. However, Norfolk is unique in that its renter-occupied housing stock skews older than its peers (such as Hampton, Newport News and Virginia Beach). Norfolk's renter-occupied housing built in the past decade makes up a much smaller share of its total housing stock compared to the region and state.

The majority of Norfolk's rental housing stock that rents for less than \$1,000 per month was built before 1980 (Figure 15). This indicates that rental housing affordable to households below 100% median household income is likely to be over 40 years old and in greater need of rehab or repair compared to rental housing built in the past couple of decades. Maintaining the quality of these homes, without substantially increasing the price, is crucial for maintaining the benefits of the existing NOAH stock over time.

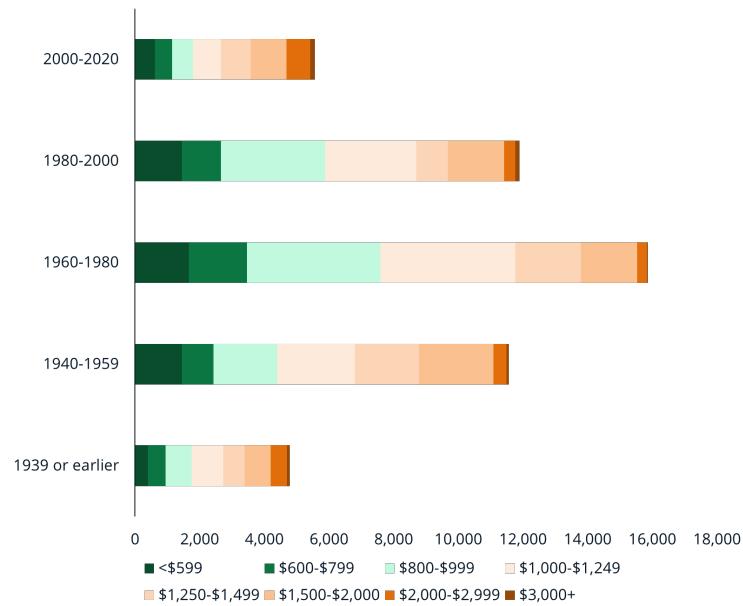
The rental housing stock built in the past 20 years is more evenly distributed across a range of price points, from low to high, rather than being heavily concentrated in affordable and deeply affordable housing. A much smaller fraction of housing renting below \$1,000 per month was built between 2010 and 2020 compared to any other decade, which marks a decline in the number of newer, more affordable rental housing. Almost half of this relatively newer housing rents at \$1,500 or above, which is affordable to higher-income (\$60k+) renter households in Norfolk.

Figure 14. Total Units in Norfolk by Decade Built (2020)



Source(s): ACS 2020 5-year estimates

Figure 15. Units by Rent and Decade Built (2020)



Source(s): ACS 2020 5-year estimates

Development Activity

The pace of development has slowed in the past decade compared to previous decades in Norfolk and the surrounding region (Figure 16).

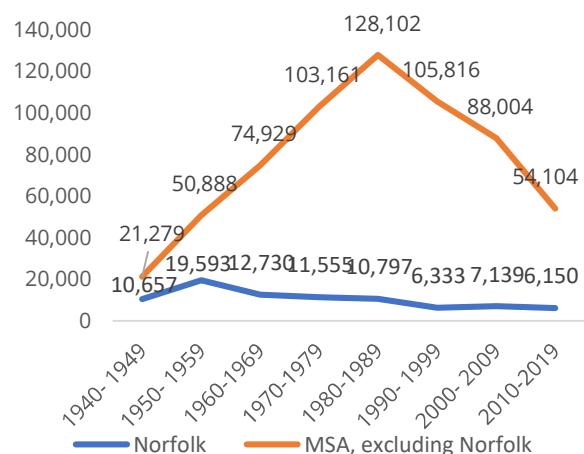
About 6,000 multifamily units have been delivered in Norfolk since 2012. This amount spiked in 2015, 2017, and 2022, but has remained low in other years (Figure 17). Historically, the pace of new development declined significantly in Norfolk after the Great Recession. Compared to the number of new housing units delivered in previous decades, Norfolk delivered about half the amount of new housing between 2010 and 2020 (Federal Reserve Bank of St. Louis [FRED], 2022; Figure 16).

Multifamily units built or converted in the past 5 years have been concentrated in Downtown Norfolk, East Ocean View, and near Old Dominion University (Figure 18).

Recent multifamily construction in Norfolk has tended to be large multifamily (100+ units) developments with average monthly rent about \$1,500, mostly 0-2 bedroom units, and no units with affordability restrictions. With no dedicated affordable units and monthly rents exceeding the rent level affordable to households earning 100% AMI or below, these buildings cater to residents making higher incomes. They are also less likely to accommodate families or larger households due to the low bedroom count.

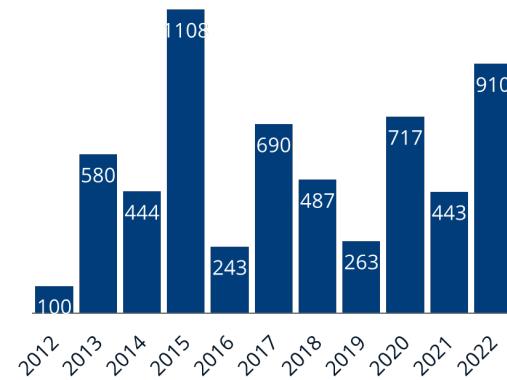
Despite the fact that many Norfolk households cannot afford these rents, these development projects are important for supporting growth in Norfolk. Development of a range of housing types at different price points—including new rentals at the top of the market—will support a healthy housing market in Norfolk.

Figure 16. Housing Unit Production by Decade (1940-2019)



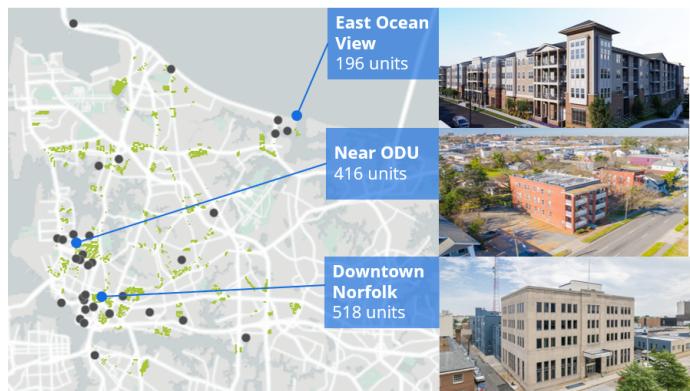
Source(s): ACS 5-Year Estimates

Figure 17. Multifamily Unit Production (2012-2022)



Source(s): Costar Group

Figure 18. Location of New Deliveries (2022)



Source(s): Costar Group 2018-2022

Housing Investment

Uneven market strength across Norfolk has led single-family residential building and renovation permits to concentrate in a handful of neighborhoods, affecting overall neighborhood housing quality (Figure 19). Neighborhoods receiving higher numbers of residential building and renovation permits are likely to have higher housing quality, which helps with the preservation of existing housing inventory, protects home values from falling, and attracts residents to stay in and move to these neighborhoods. Neighborhoods receiving fewer of these investments in single-family housing development and renovation are more vulnerable to low housing quality and housing disrepair given the context of Norfolk's aging housing stock.

The number of single-family residential building and renovation permits issued annually has increased over the past few years, which is a positive indicator for housing creation and preservation in Norfolk (Figure 20). The large jump from 2020 to 2021 and 2022 in the number of properties receiving single-family building and renovation permits shows the recent expansion of private investment in maintaining existing single-family housing or building new single-family housing in Norfolk.

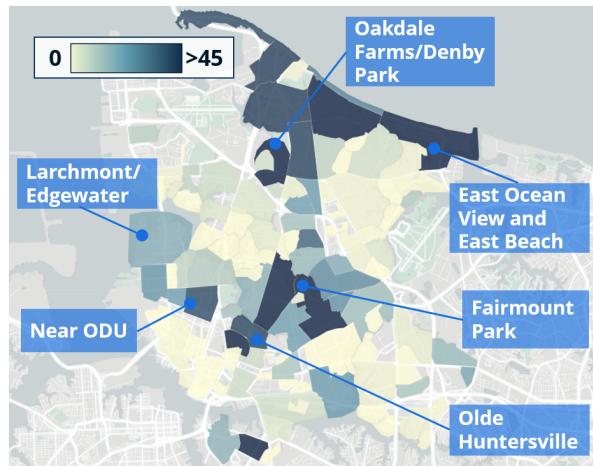
An aging housing stock and lack of investment in many neighborhoods disproportionately impacts lower income homeowners and renters. There are still over 30,000 homeowner households making less than \$35k in Norfolk who will continue to be burdened by poor housing quality and affordability challenges.

Interviewees across Norfolk's housing ecosystem emphasize a need for reinvestment in Norfolk:

"Many housing properties were built as war-time housing and are not well-maintained. They should've been torn down 20 years ago." - Homelessness services and supportive housing provider (Community Services Board)"

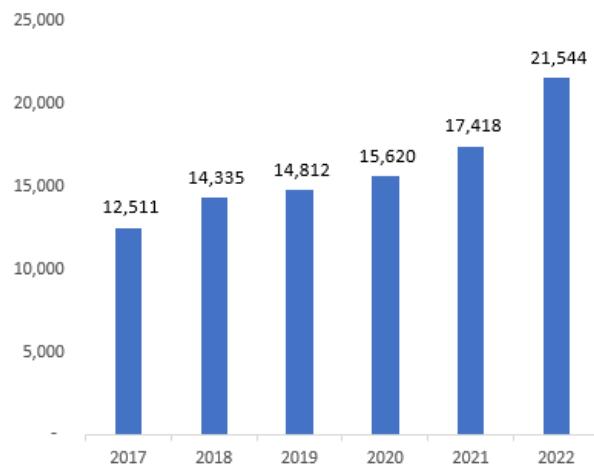
"Old Huntersville has experienced disinvestment and has fallen into disrepair. Houses were built at the turn of the century, so they need renovation [like insulation, energy efficiency, bathrooms on lower levels to accommodate seniors, HVAC, roof, home exterior investments]." - Olde Huntersville CDC Representative

Figure 19. Single-Family Residential New Construction Permits (2017-2022)



Source(s): City of Norfolk, Department of City Planning

Figure 20. Total Single-Family Residential Permits (2017-2022)



Source(s): City of Norfolk, Department of City Planning

Affordable Housing Development

Affordable housing unit deliveries have been modest (1,151 units total) in the past five years but peaked in 2022. (Figure 21) The units are somewhat concentrated near Downtown/St. Paul's but are more broadly geographically distributed than subsidized affordable housing has been historically in Norfolk (Figure 22).

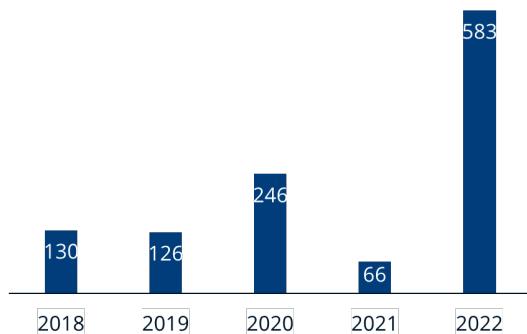
Virginia's Qualified Allocation Plan (QAP) sets the scoring criteria to guide how Low-Income Housing Tax Credits (LIHTC) are prioritized across different projects, a process that is competitive for 9% Credits. Generally speaking, Virginia's QAP incentivizes more deeply affordable units but disincentivizes projects that have more than 100 subsidized units per property, based on the scoring criteria. Virginia QAP scoring criteria also prioritizes development in high poverty neighborhoods, which conflicts with the City of Norfolk's goal of building affordable housing in high opportunity areas and deconcentrating poverty.

The City of Norfolk competes in the Tidewater MSA pool, a large geography that receives 17% of overall credits and includes high need across the region, making it a highly competitive process. There are a number of criteria that increase competitiveness for Tax Credits, including local contribution (capital or land), proximity to transit, and projects that combine 4% and 9% credits.

Based on conversations with affordable housing developers in Norfolk, while competition for 9% credits is a challenge, projects have been successful if they can use affordable land, particularly through land contributions from the City. However, they stress the importance of local financial contributions, which allows them to leverage low-cost financing from Virginia Housing as well as score more competitively for 9% credits.

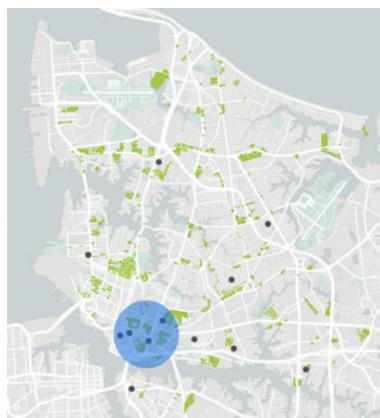
Further, navigating the financing structures and rezoning process, including substantial public opposition, for LIHTC projects requires high-capacity developers with deep experience in Norfolk.

Figure 21. Affordable Unit Production (2018-2022)



Source(s): National Housing Preservation Data, Costar Group 2018-2022

Figure 22. Affordable Unit Locations (2018-2022)



Source(s): Costar Group

Key Barrier: Current demographic, employment, and environmental trends are undermining the strength of Norfolk's housing market.

Population and Demographics

Norfolk's population has remained stagnant since 2010 and is projected to decline in the next several years. The population fell from 242,800 to 238,000 residents between 2010 and 2020 but has remained stable in the past couple of years (Figure 23).* In contrast, the Norfolk-Virginia Beach MSA and state experienced moderate population growth, 6% and 8% over the same time period (Figure 24).

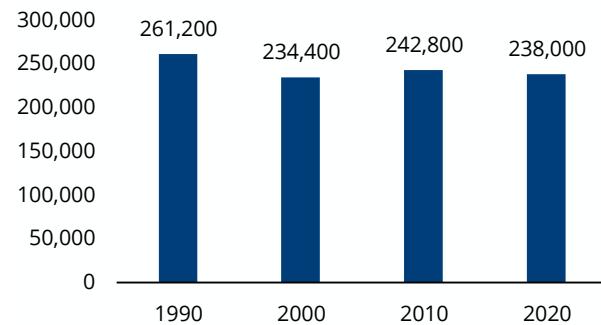
Income

Norfolk's median income is lower than that of the MSA and state, which hurts overall housing market economics. This is true of both renter households and owner households. The median income of renters in Norfolk continues to be 50% less than that of owners, a trend mirrored at the regional (Norfolk-Virginia Beach MSA) and state levels (Figure 25). Since 2010, Norfolk experienced a decrease in the numbers of owners and renters earning less than \$50k and an increase in the number of owners and renters earning above \$100k. The decrease in households earning less than \$50k is driven in part by population loss at those income levels and in part by inflation and wage growth, which moves households into higher income brackets.

Norfolk has struggled to retain middle income families, which is reflected by demographic trends. Households making between \$50k and \$70k saw a significant increase in the numbers of renters and a drop in the number of owners, who are likely looking to buy in other cities in the region. **Poor quality schools make it difficult to retain middle income households and attract companies.** Nine Norfolk public schools are currently identified for comprehensive or

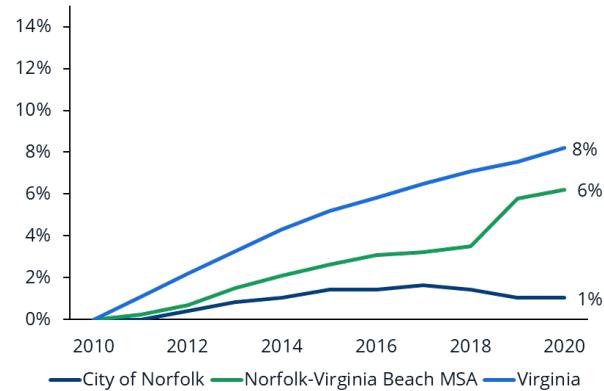
targeted improvement under the Every Student Succeeds Act (ESSA). Under ESSA, targeted improvement happens when certain subpopulations of students are underperforming while comprehensive improvement is for schools that are lower performing than the state.

Figure 23. Norfolk Population (1990-2020)



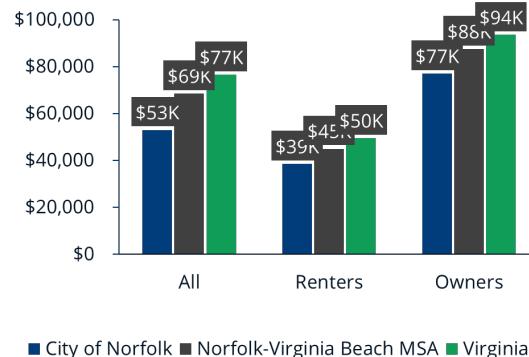
Source(s): US Census, 1990-2020

Figure 24. Comparative Population Growth (2010-2020)



Source(s): US Census, 1990-2020

Figure 25. Comparative Median Income by Tenure (2020)



Source(s): ACS 2020 5-year estimate

*More recent estimates suggest revised population projections, from 238,005 in 2020 to 245,406 in July 2024: <https://www.coopercenter.org/virginia-population-estimates>. The Housing Study uses ACS data for analysis and thus will not reflect this increase until its counts have been updated accordingly.

Educational Attainment

Much of Norfolk's population is skewed toward high school graduates and associate degrees, which constrains the earning potential for many residents in Norfolk and prospects for economic mobility. Over 70% of Norfolk's population over 25 years of age has an educational level below a bachelor's degree. Only 29% of Norfolk's residents hold a bachelor's degree or higher (Figure 26). This is only slightly higher than the regional population, but much lower compared to the neighboring Virginia Beach (Figure 27).

Population Change

While Norfolk's population has remained stagnant, population loss and growth has occurred unevenly across Census tracts, which reflects uneven housing market conditions (Figure 28).

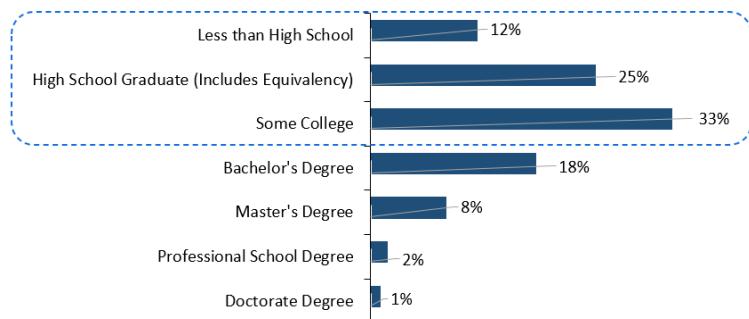
Population loss has been most dramatic in:

- Bel-Aire, Oakdale Farms,
- Monticello Village,
- Ingleside,
- Berkley, and
- Campostella.

Population growth has been observed in:

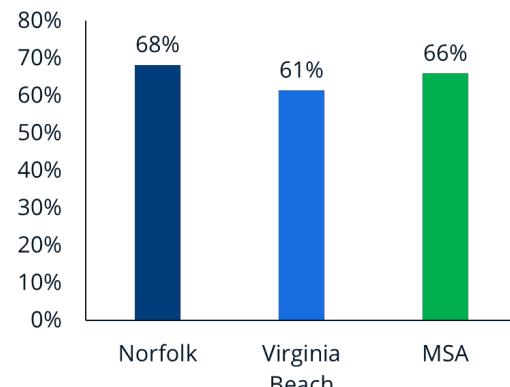
- Downtown Norfolk,
- Tidewater Gardens,
- Broad Creek,
- River Oaks, and
- East Ocean View.

Figure 26. Population Over the Age of 25 by Education Level (2020)



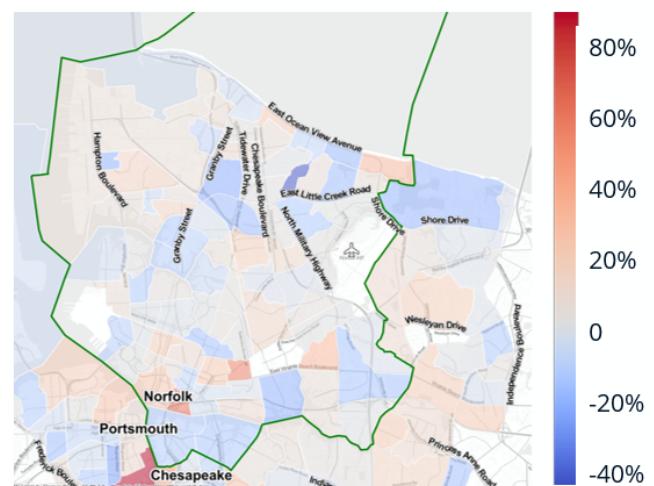
Source(s): ACS 2010-2020 5-year estimate

Figure 27. Population Over the Age of 25 with Less than a Bachelor's Degree (2021)



Source(s): ACS 2010-2020 5-year estimate

Figure 28. Population Change by Census Tract (2010-2020)



Source(s): ACS 2010-2020 5-year estimate.

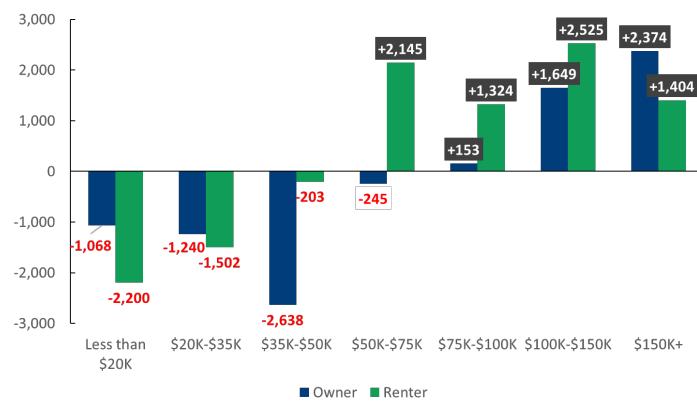
Norfolk experienced a drop in the number of owner households and renter households earning less than \$50k and an increase in the number of owners and renters earning above \$100k since 2010 (Figure 29). For instance, Norfolk experienced a net loss of over 2,600 homeowners in the \$35k to \$50k income range during this period. This trend can be attributed to both economic mobility for some households (wage growth) and lower income households migrating out of Norfolk.

Homeownership rates are declining for almost all income groups, in line with national trends. However, homeownership rates have stayed steady for households making below \$35k—lower income homeowners are a substantial and vulnerable population in Norfolk (Figure 30).

New homeowners have similar household incomes to existing homeowners, but a greater share are cost-burdened (Figure 31). This is likely due to the fact that it is more expensive to buy in to the market now than it has been historically (Figure 32).

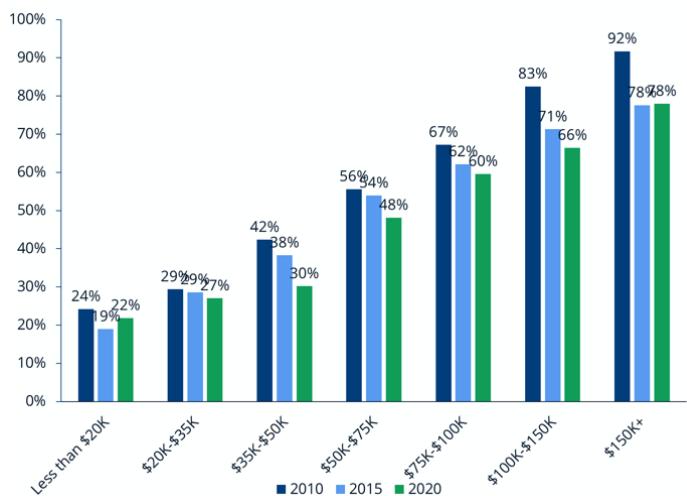
New renters in Norfolk have higher median incomes than existing renters but are still spending more than they can afford on rent, likely because they are more likely to move in to newer, higher cost housing (Figure 33). The increasing cost of housing relative to incomes also makes it more difficult for existing residents to move, as they would likely face increasing cost burden when doing so.

Figure 29. Changes in Households by Income and Tenure (2010-2020)



Source(s): ACS 2010-2020 5-year estimate

Figure 30. Homeownership Rate by Income (2010-2020)



Source(s): ACS 2010-2020 5-year estimate

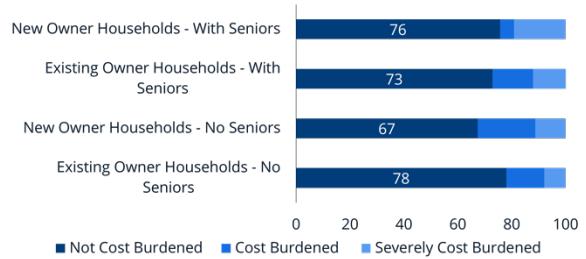
Figure 31. New vs. Existing Homeowners: Basic Statistics

	New Owners	Existing Owners
Total Households	4,596	31,011
Median Income	\$78,253	\$77,473
Share Non-White	35%	39%

Source(s): PUMS, 2020

The racial composition of Norfolk's population has stayed relatively constant (Figure 34), with White households and Black households making up most (85%) of the population. Norfolk's share of Black households is 10% higher than the MSA, and its share of White households is 14% lower than the MSA.

Figure 32. Cost Burden by Move Status and Presence of Seniors



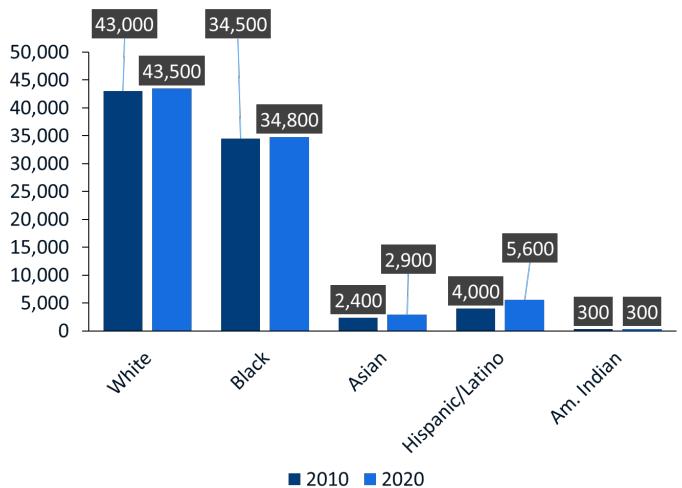
Source(s): PUMS, 2020

Figure 33. Norfolk New vs. Existing Renters: Basic Statistics

	New Renters (Moved in within last 2 years)	Existing Renters (Longer term residents)
Median Income	\$42,761	\$34,382
Share Cost Burdened	50%	48%
Share Non-White	59%	70%
Average Rent Paid	\$1,119	\$974

Source(s): PUMS, 2020

Figure 34. Households by Race/Ethnicity (2010-2020)



Source(s): ACS 2010-2020 5-year estimate

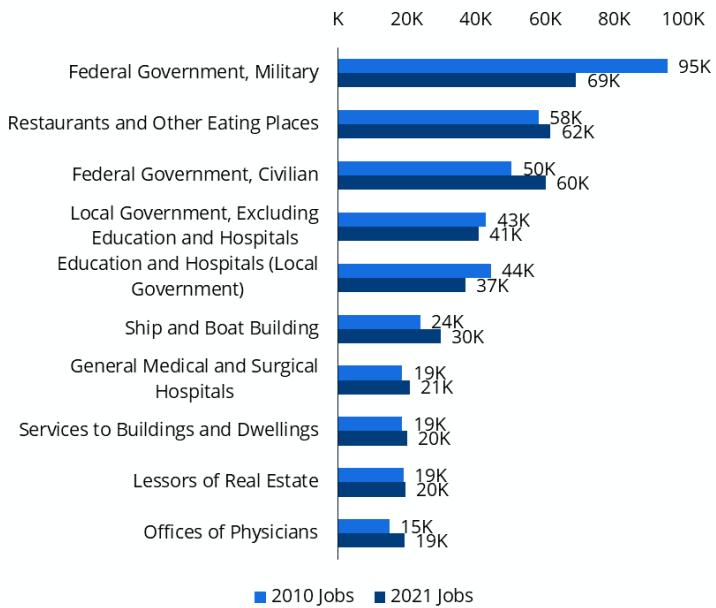
Employment Trends

Regional job trends will ultimately shift housing demand in Norfolk. Middle-income occupations with average wages between \$55K - \$83K (80% - 120% AMI for the MSA) are shrinking in the region. These include a decline of more than 26,000 positions in the military (nearly all of which were located in Norfolk) and 7,000 positions in education and hospitals (5,000 of which were in Norfolk). **Military jobs**, which are a large share of middle-income positions and support the region's maritime industry pipeline, **have not recovered to pre-pandemic levels (Figure 35).**

Norfolk's largest employing sectors are the military, restaurants, civilians working in the federal government, local government, ship and boat building, general medical and surgical hospitals, and building services.

Shrinking employment in middle-wage sectors coupled with employment growth in low- and high-wage sectors may increase demand for housing affordable at those income levels (Figure 36). The MSA's fastest growing sectors are the federal government (civilian), ship and boat building, and taxi and limousine services, which includes ridesharing services. Between 2010 and 2021, the federal government (civilian) added 9,700 jobs, the ship and boat building sector added 6,000 jobs, and the taxi and limousine services industry added 5,900 jobs.

Figure 35. Sectors with the Largest Employment in Virginia Beach-Norfolk-Newport News MSA (2021)



Source(s): EMSI 2010-2021, City of Norfolk

Figure 36. Average Income in High Employment Sectors in Virginia Beach-Norfolk-Newport News MSA (2021)

Federal Government, Military	\$72,000
Restaurants and Other Eating Places	\$25,000
Federal Government, Civilian	\$119,000
Local Government, Excluding Education and Hospitals	\$71,000
Education and Hospitals (Local Government)	\$67,000
Ship and Boat Building	\$94,000
General Medical and Surgical Hospitals	\$86,000
Services to Buildings and Dwellings	\$29,000
Lessors of Real Estate	\$66,000
Offices of Physicians	\$113,000

Source(s): EMSI 2010-2021

Flooding Challenges

Significant and increasing flooding is undermining Norfolk's housing market. Flooding contributes to housing quality issues, further constrains the capacity of the housing ecosystem, exacerbates racial inequities in Norfolk and makes the economics of development less financially feasible.

Flood risk poses a threat to all renters and homeowners in Norfolk as the city continues to experience regular flooding that is projected to worsen in the coming decades. By 2045, 1,000 of today's homes are at risk of chronic flooding (26 times per year) in Norfolk, which are worth a collective \$260M and house over 2,000 residents⁶. Rising costs of flood insurance and maintenance to repair home damage from storms is a challenge for all housing types in Norfolk.

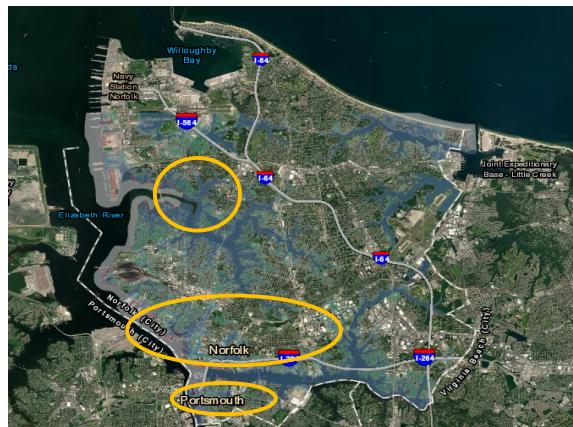
Norfolk's affordable housing stock is especially threatened by sea level rise and coastal flooding. A 2020 report ranks Norfolk as the 5th most vulnerable city in the United States in terms of affordable housing exposure to flooding⁷. It estimates that 710 housing units are exposed to coastal flooding risk per year—up 523% from the number of units at risk in 2000—and 134 of those units will likely experience at least 2 flood-risk events per year. About 6.7% of Norfolk's affordable housing stock and 72% of Norfolk's subsidized affordable housing stock (largely composed of LIHTC units and public housing) is threatened by flooding.

The city's public housing was built in high flood risk zones, and Norfolk continues to see affordable housing development in high-risk areas (Figures 37, 38). Tidewater Gardens public housing was built on what used to be Newton Creek, connected to the Elizabeth River. Since its construction, the Tidewater Gardens community

has experienced regular flooding for years from storm events. The City of Norfolk has responded with the St. Paul's redevelopment project to provide high quality housing for all income levels that is better protected from flooding.

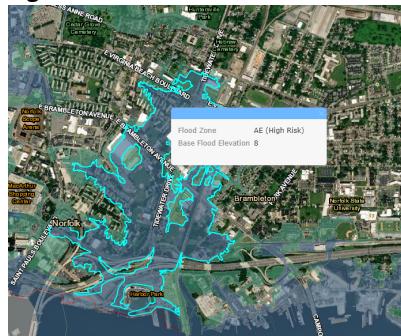
Stormwater management also poses a challenge for housing developers as an expensive and time-intensive requirement for building in Norfolk but is a necessary step for Norfolk in order to protect households from future flooding. Developers are required to conduct stormwater calculations and create plans for stormwater management as part of the development process, which discourages new developers from pursuing opportunities in Norfolk.

Figure 37. Norfolk Flood Zone Map and Affordable Housing Development Clusters (2017)



Source(s): City of Norfolk Flood Insurance Rate Map

Figure 38. Tidewater Gardens Flood Zone Map (2017)



Source(s): City of Norfolk Flood Insurance Rate Map

⁶ US Coastal Property at Risk from Rising Seas Database

⁷ Maya K Buchanan et al, Sea level rise and coastal flooding threaten affordable housing, 2020, Environ. Res. Lett.

Key Barrier: Current demographic, employment, and environmental trends are undermining the strength of Norfolk's housing market.

Homeownership Market Trends

Home values declined until around 2012, increased modestly in the following years and increased significantly during the COVID-19 pandemic, in line with regional and national trends (Figure 39). Median home values have reached the highest levels in the northeast and west sides of the city, but many neighborhoods have much weaker home values.

Property values exceed \$400k in a handful of neighborhoods (Figure 40), including:

- East Ocean View and East Beach
- Neighborhoods bordering the south of Norfolk Naval Station
 - Lochhaven
 - Meadowbrook
 - Riverfront
 - Larchmont-Edgewater
 - Lakewood
 - Ghent

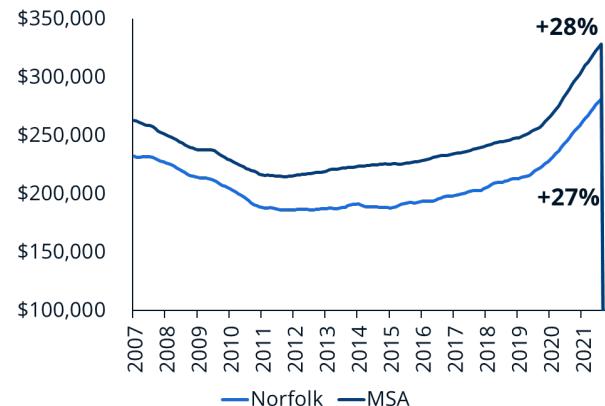
Growth in median home value has occurred unevenly across Census Tracts (Figure 41). Home values have risen most around:

- Neighborhoods below Norfolk Naval Station:
 - Lochhaven
 - Meadowbrook
 - Riverfront
 - Larchmont/Edgewater
 - Oakwood, Oakmont, Meadowbrook
 - Bruce's Park

Home values continue to fall in some neighborhoods (Figure 41), impacting the economic feasibility of development and rehabilitation there, including in:

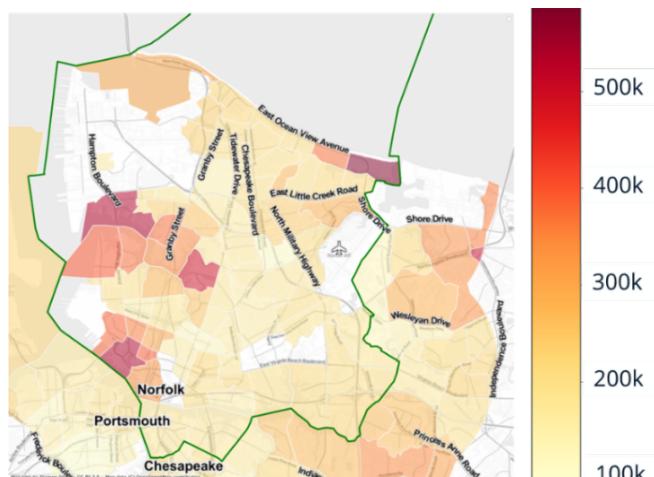
- Oakdale Farms/Denby Park
- Monticello Village
- Near Downtown Norfolk
- Broad Creek

Figure 39. Median Home Value (2007-2022)



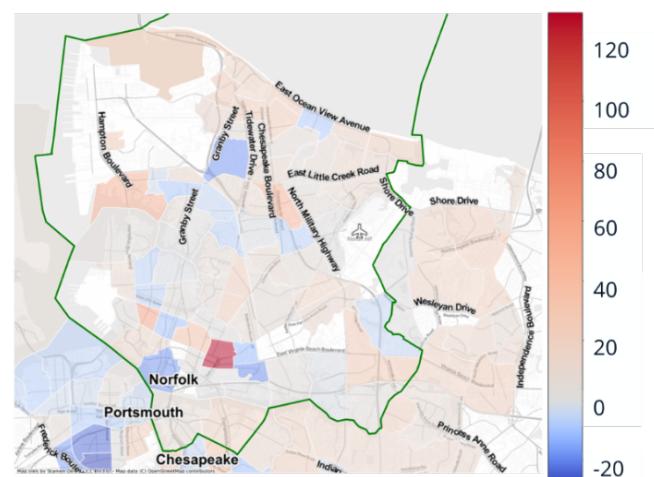
Source(s): Zillow, ACS 2010-2019 5-year estimate

Figure 40. Median Home Value by Census Tract (2020)



Source(s): ACS 2010-2020 5-year estimate

Figure 41. Change in Home Value by Tract (2010-2020)



Source(s): ACS 2010-2020 5-year estimate

Rental Market Trends

While rent in Norfolk remains lower than rent in the region, it has increased steadily since 2015 (Figure 42). Rent in Norfolk is rising at a similar pace as the region and state.

However, there has been a significant decline in units renting for less than \$875 per month (affordable to households at 70% median household income or approximately \$35,000 per year), in large part due to inflation and increased demand during the pandemic (Figures 43, 44). Between 2020 and 2023, the city, region, and state have similarly experienced a substantial rise in inflation, which has increased market rents.

Geographic Differences

Median rent levels are highest in neighborhoods around Norfolk Naval Station and Downtown Norfolk, largely due to significant demand from the Navy (Figure 45).

Rents are highest in the following neighborhoods:

- Bayview, Bel-Aire,
- Riverpoint, Belvedere,
- Cromwell Farms,
- Larchmont-Edgewater,
- Roland Park,
- Downtown Norfolk, and
- Freemason.

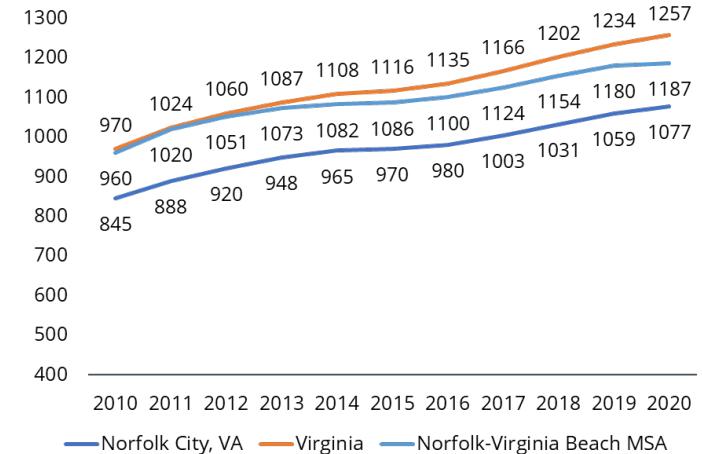
Increases in median rent have been concentrated in the following neighborhoods (Figure 46):

- East Beach, East Ocean View,
- Larchmont-Edgewater,
- Roland Park,
- Norview, Norview Heights
- Brambleton,
- Campostella and Campostella Heights

While both median rent and income have increased in Norfolk in the past 10 years, rent has grown at a slightly faster pace than

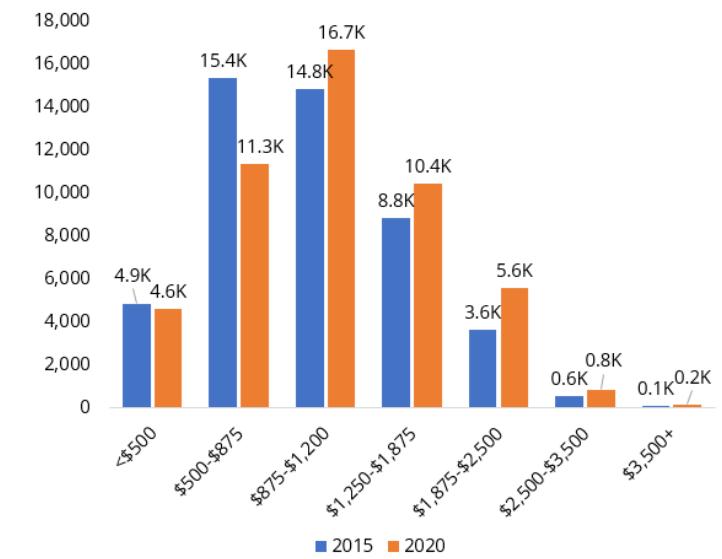
income (27% vs. 24%). With median rent growth outpacing median income growth, the demand for affordable housing is likely growing.

Figure 42. Comparative Regional Median Rent (2010-2020)



Source(s): ACS 2010-2020 5-year estimate

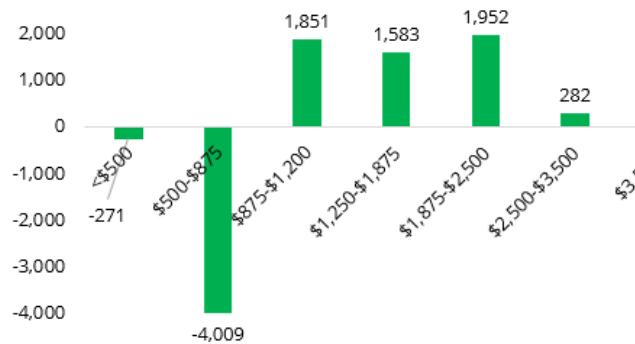
Figure 43. Number of Units by Rental Rate (2015-2020)



Source(s): ACS 2010-2020 5-year estimate

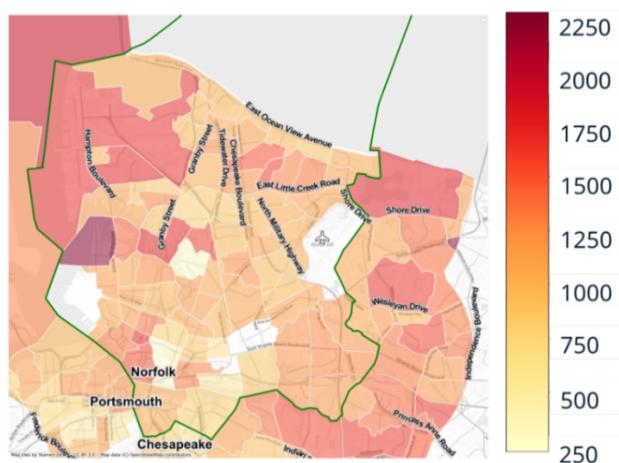
Note: Numbers rounded for illustration purposes.

Figure 44. Change in Units by Rent (2015-2020)



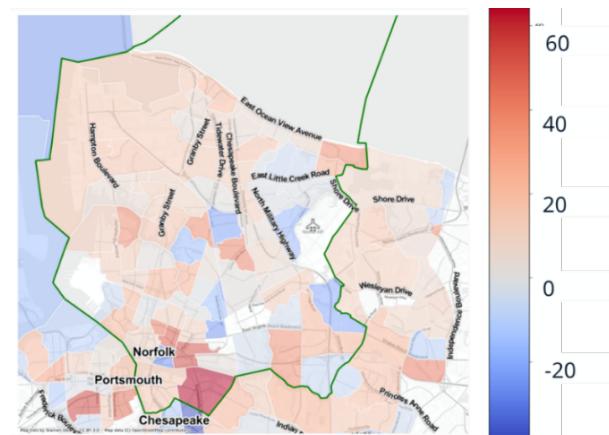
Source(s): ACS 2010-2020 5-year estimate

Figure 45. Median Rent by Census Tract (2020)



Source(s): ACS 2010-2019 5-year estimates

Figure 46. Change in Median Rent by Census Tract (2010-2020)



Source(s): ACS 2010-2019 5-year estimates

Housing Affordability and Access:

Concentrated poverty and racial segregation continue to undermine Norfolk's housing market and drive its affordability challenges.

Norfolk has major disparities in economic outcomes, housing access and opportunity between racial/ethnic and socioeconomic groups.

Regional Challenges

The Hampton Roads region faces many economic challenges, and Norfolk lags the region. Hampton Roads (Figure 47) overall has a weaker economy relative to other metro regions in Virginia, with several of its cities having high unemployment rates, lower educational attainment levels, and low household median incomes. Moreover, the region has recovered more slowly from the COVID-19 pandemic than other parts of Virginia.

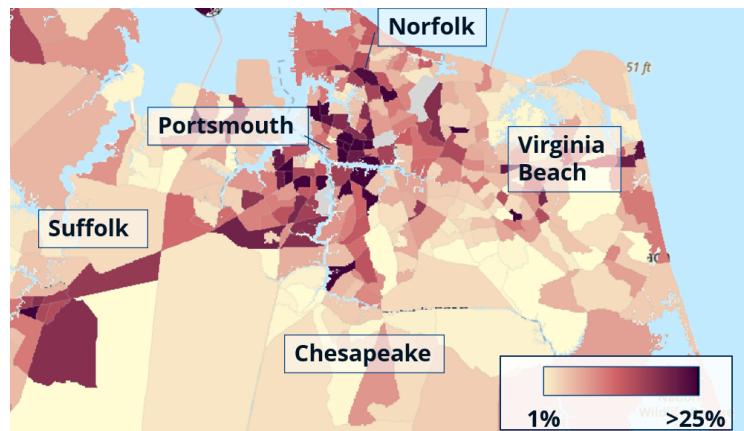
High unemployment and poverty rates are concentrated in Norfolk and surrounding peers like Portsmouth (Figure 48). These cities have elevated unemployment rates at or above 6%, much higher than the region and state average (4.6%). Norfolk and these cities also tend to be more concentrated with lower-income residents and households experiencing poverty. For example, households that make below \$35k of annual income make up 31% of Norfolk's population, whereas households at that income level make up a mere 16% of Virginia Beach's population.

Figure 47. Hampton Roads Region



Source(s): ESRI

Figure 48. Hampton Roads Region Poverty Rates by Census Tract

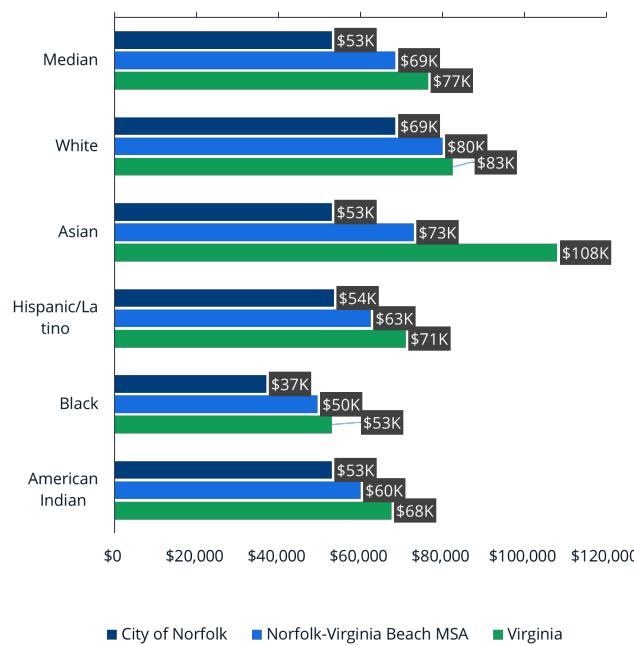


Source(s): ACS 2020 5-year estimate

Unequal Outcomes

All non-White racial/ethnic groups have lower incomes than White households, mirroring regional and state trends. Income levels for all racial groups in Norfolk underperformed compared to income levels in the MSA and state. White household income was higher than the median and Black household income was lower than the median, which is in line with the MSA and state (Figure 49).

Figure 49. Comparative Median Income by Race (2020)

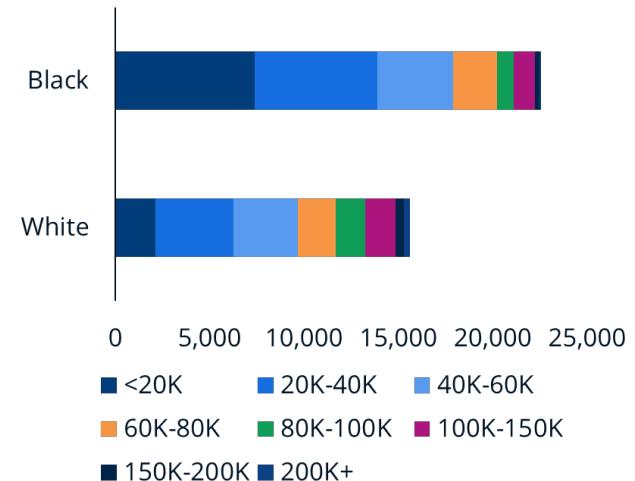


Source(s): ACS 2020 5-year estimate

Tenure by Race

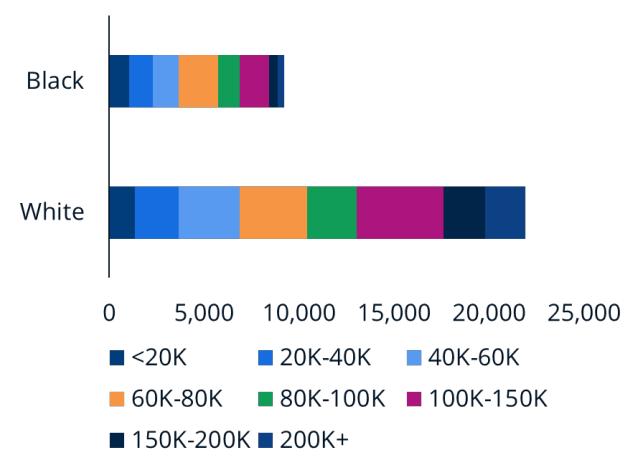
Black households are disproportionately renters with incomes below \$20,000 (Figure 50). There continues to be far more White than Black homeowners in Norfolk, and White homeowner household incomes skew higher than Black homeowner households (Figure 51).

Figure 50. Income Distribution of White and Black Renter Households (2020)



Source(s): PUMS, 2020

Figure 51. Income Distribution of White and Black Owner Households (2020)



Source(s): PUMS, 2020

Homeownership Affordability

Owner households in Norfolk making below \$50,000 are disproportionately burdened by housing affordability challenges (Figure 52).

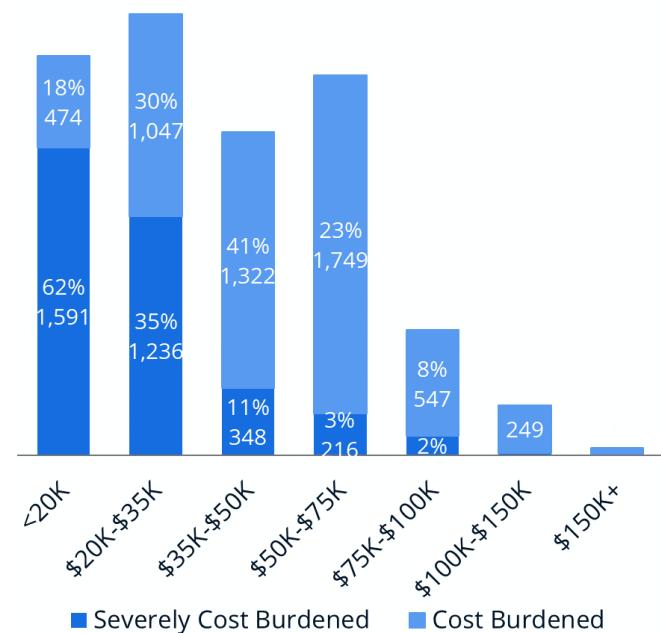
Almost 3,200 owner households making less than \$50,000 pay more than 50% of their income in housing expenses. About 6,000 households making less than \$50,000 pay over 30% of their income in rent.

Owners from Black and Hispanic/Latino backgrounds have continued to be the most disproportionately cost-burdened relative to other groups. The share of cost-burdened homeowners remains at 29% and 31% for Hispanic/Latino and Black households respectively, compared to 20% for White households (ACS 2020 5-year estimates). However, the share of cost-burdened owners fell significantly across all racial/ethnic groups from 2016 to 2020.

As opposed to other demographic groups, senior homeowner cost burden rates have not fallen and stayed stagnant at around 35%. Senior homeowners tend to live on fixed incomes and are very vulnerable to rising maintenance costs, rising utility costs or rising property taxes.

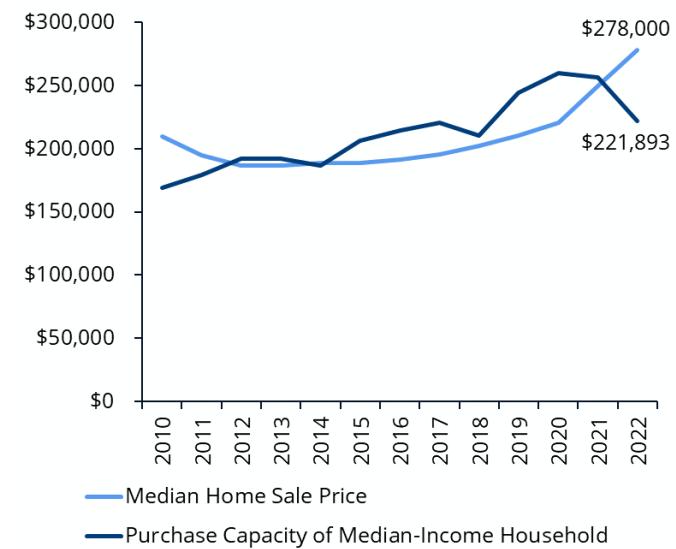
Recent increases in interest rates have impacted home purchase affordability for Norfolk's median household. The purchasing capacity of the median-income household was relatively in line with home prices until recently with inflated home values and rising interest rates (Figure 53). In 2022, the median household would need an additional \$56k in purchasing capacity, dependent on an increase in annual income and an increase in savings, to afford the median home sale price (\$278k).

Figure 52. Cost-Burdened Owner Households by Household Income (2020)



Source(s): ACS 2020 5-year estimates

Figure 53. Purchasing Capacity Over Time (2020)



Source(s): ACS 2020 5-year estimates

Rental Affordability

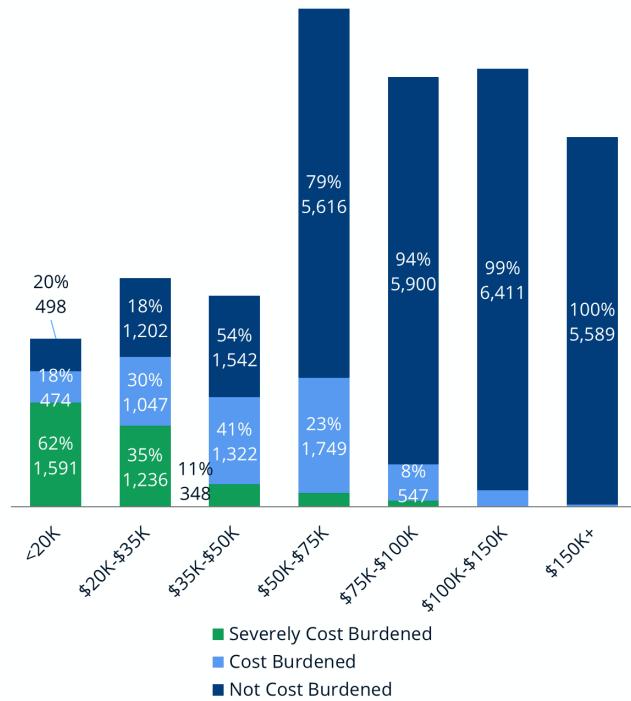
Households making less than \$40,000 annually in Norfolk are highly impacted by affordability challenges. There are currently over 10,000 households in Norfolk making less than \$40k that pay more than 50% of their incomes in rent. About 20,000 households making less than \$60k (45% of total renter households) pay over 30% of their incomes in rent (Figure 54).

The median gross rent has been consistently unaffordable for the median renter household, which makes about \$39k annually compared to \$77k for owner households, over time. The gap between median gross rent and the rent level affordable to the median household has ranged between \$100 to \$200 per month (Figure 55).

Half of all renter households in Norfolk are still cost-burdened or severely cost-burdened. Senior households and single-parent households are most impacted (Figure 56).

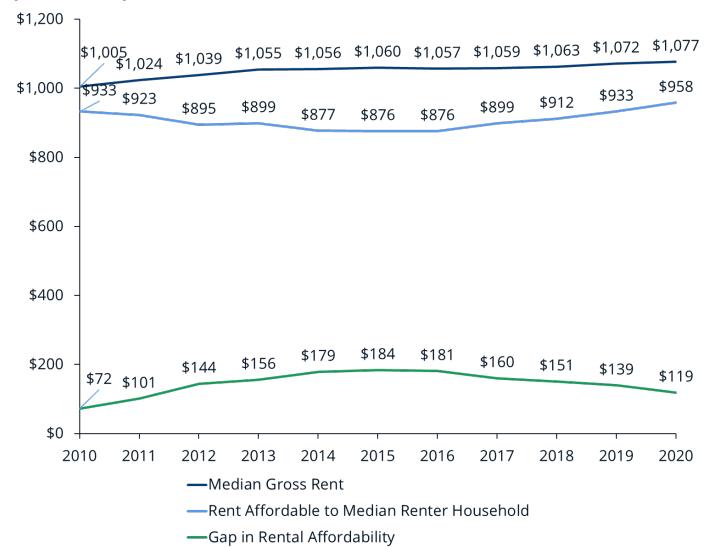
Note(s): The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened households as those “who pay more than 30% of their income for housing” and severely cost-burdened households as those “who pay more than 50% of their income for housing.”

Figure 54. Share of Cost-Burdened Renter Households by Income (2020)



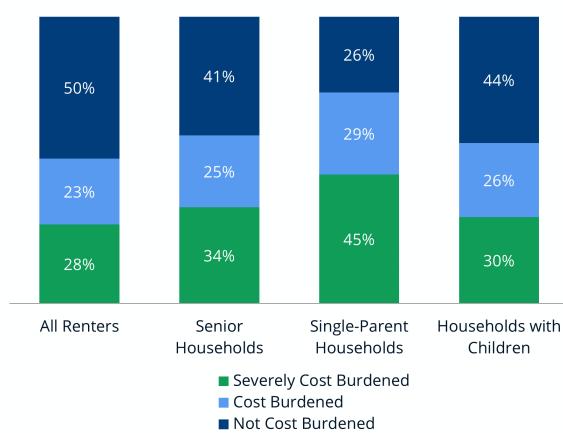
Source(s): ACS 2020 5-year estimates

Figure 55. Median Rent Compared to Affordable Rent (2010-2020)



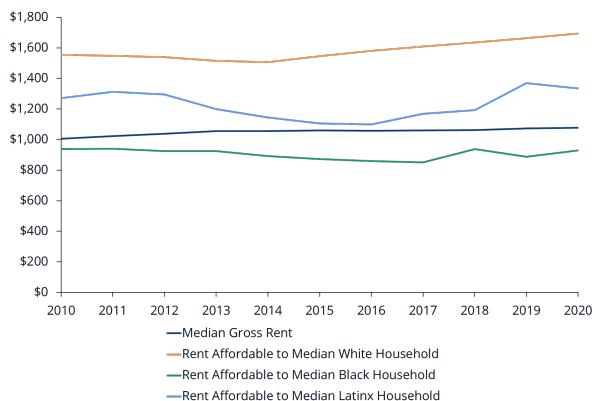
Source(s): ACS 2010-2020 5-year estimates

Figure 56. Share of Cost-Burdened Renter Households by Household Type (2020)



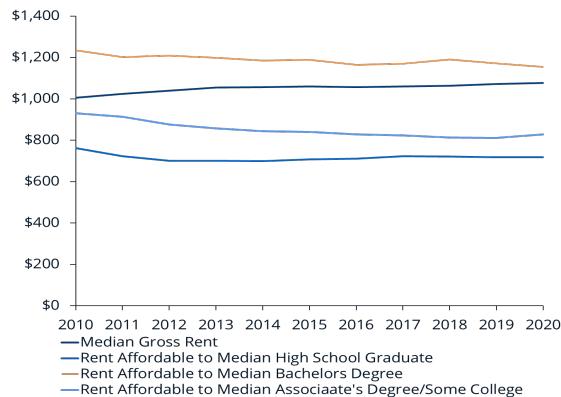
Source(s): ACS 2020 5-year estimates

Figure 57. Affordable Rent by Race/Ethnicity (2010-2020)



Source(s): ACS 2010-2020 5-year estimates

Figure 58. Affordable Rent by Education Level (2010-2020)



Source(s): ACS 2010-2020 5-year estimates

Disparities in Affordability by Race and Education Level

Black households are disproportionately impacted by rental affordability challenges, a disparity that has remained persistent over the past 10 years. Median rent in Norfolk exceeds the rent level that is affordable to the median Black household. The median White household can afford rent substantially above the median rent level and has been able to afford higher rents over time. The median Latinx household has also been able to afford the median rent (Figure 57).

Those without a college degree, which comprise about 70% of Norfolk's population over 25 years of age, are also particularly impacted by rental affordability challenges. Median gross rent continues to be least affordable for Norfolk's median high school graduate (25% of the city's population), and to a lesser degree, unaffordable for the median resident with an associate's degree/some college background. Those possessing a bachelor's degree or higher are more likely to be able to afford the median rent level in Norfolk (Figure 58).

Key Barrier: Disproportionately high poverty drives rental affordability challenges.

While the number of people in poverty in Norfolk has fallen by about 5% between 2016 and 2021, poverty in the city remains acute compared to the region and state for all population segments: children under 18, population ages 18 to 64, families with children, and population ages 65 and older. For most indicators, Norfolk has significantly higher rates of poverty than the Norfolk-Virginia Beach MSA, which exhibits levels of poverty similar to Virginia, although Portsmouth and Newport News also struggle with high poverty rates. The child poverty rate in Norfolk is especially high: 27%, or about double the level of child poverty in Virginia (Figure 59).

Due to low incomes, households struggle to pay local housing costs. 9,220 households earning up to 38% MHI can only afford rents of \$500 or less, but there are just 4,581 housing units affordable to these households (Figure 60A). Norfolk has a shortage of rental homes affordable to households earning less than \$35K, or 66% of MHI (rental units up to about \$875 per month) (Figure 60B). Norfolk also lacks homes with rents above \$2,500, though higher income households can afford more moderate homes.

Within Norfolk, poverty is concentrated in several Census tracts (Figure 61). The neighborhoods falling within the Census tracts with the highest poverty rates—over 50% of residents—include Tidewater Gardens, Calvert Square, and Young Terrace, due in large part to the historic location of public housing.

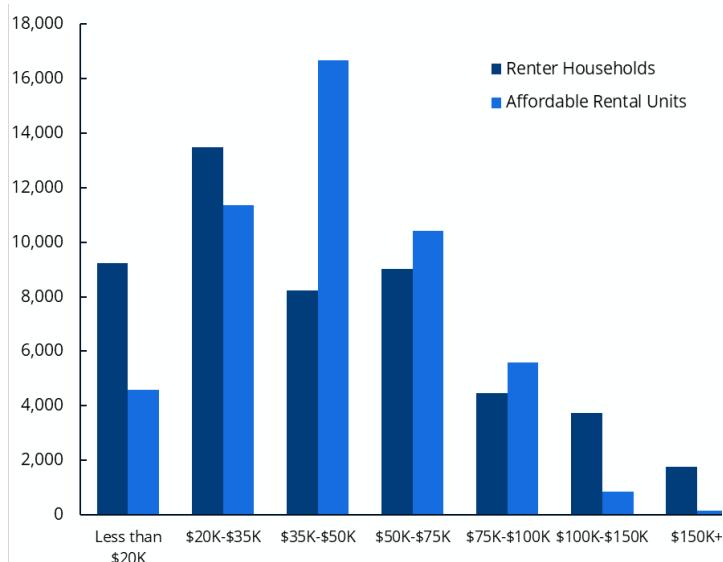
A comparison of the distribution of poverty rates in Norfolk and the percentage of Black residents (Figure 62) shows that areas with high poverty overlap with areas with higher shares of Black residents. This illustrates the legacy of decades of structurally racist policies like redlining, segregation, and disinvestment in public housing.

Figure 59. Poverty Rate by Population Segment (2020)

	City of Norfolk	Norfolk-Virginia Beach MSA	Virginia
Children Under 18	27.3%	15.9%	13.1%
Population Age 18 to 64	15.8%	9.7%	9.5%
Families with Children	12.69%	7.98%	6.76%
Population Age 65 and Over	11.6%	7.0%	7.5%

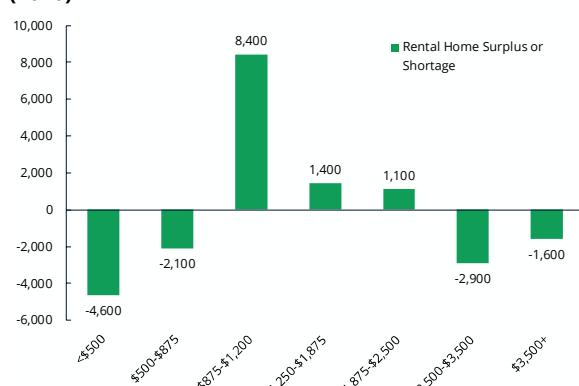
Source(s): ACS 2020 5-Year Estimates

Figure 60.A. Rental Units Affordable to Households by % of Median Household Income Level (2020)



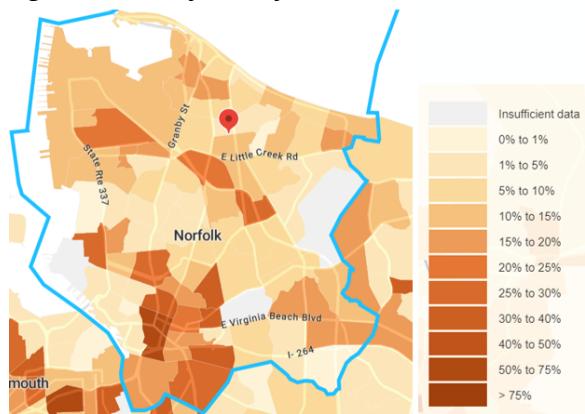
Source(s): ACS 2020 5-Year Estimate

Figure 60.B. Rental Home Surplus or Shortage by Rent (2020)



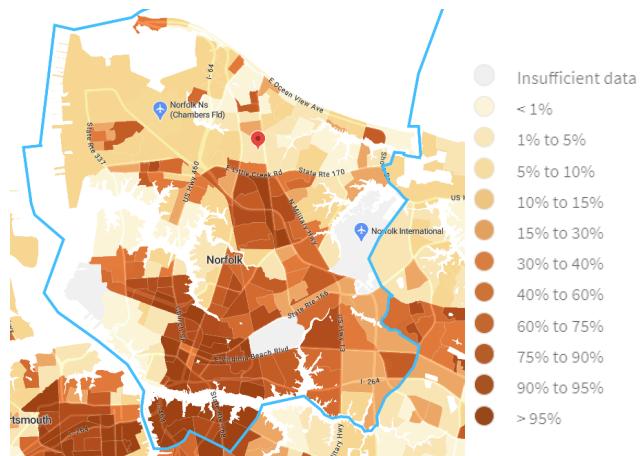
Source(s): ACS 2020 5-Year Estimate

Figure 61. Poverty Rate by Census Tract (2020)



Source(s): ACS 2020 5-Year Estimate

Figure 62. Percentage of Black or African American Residents Alone (2020)



Source(s): ACS 2020 5-Year Estimate

Key Barrier: Norfolk contains a large share of the regional's federally subsidized affordable homes, further concentrating regional poverty in the city.

While Norfolk is home to 13% of the Hampton Roads region's population, the city possesses a disproportionately high amount of the region's subsidized affordable housing (Figure 63).

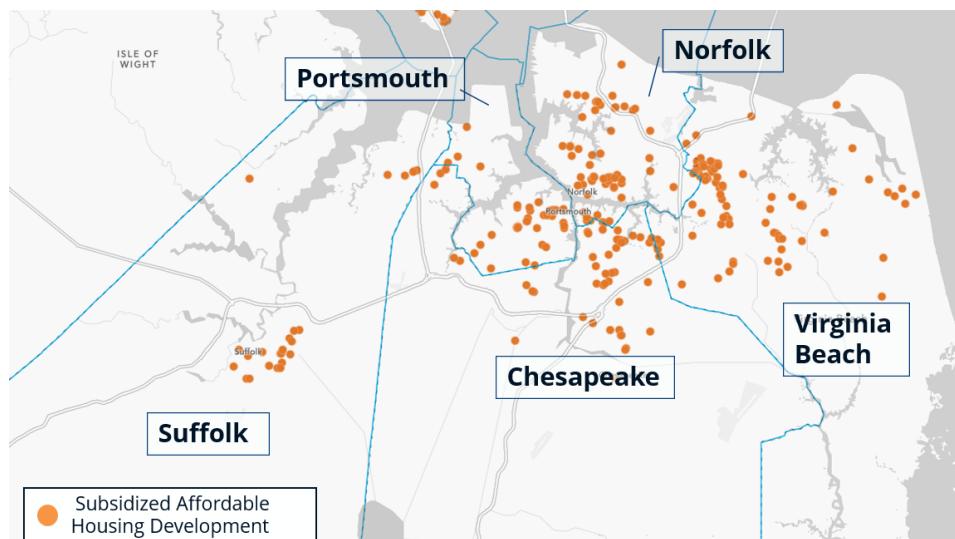
22%

Of the region's subsidized affordable homes are located in Norfolk

13%

Of the region's population reside in Norfolk

Figure 63. Hampton Roads Federally Subsidized Affordable Housing (2023)



Source(s): National Housing Preservation Database

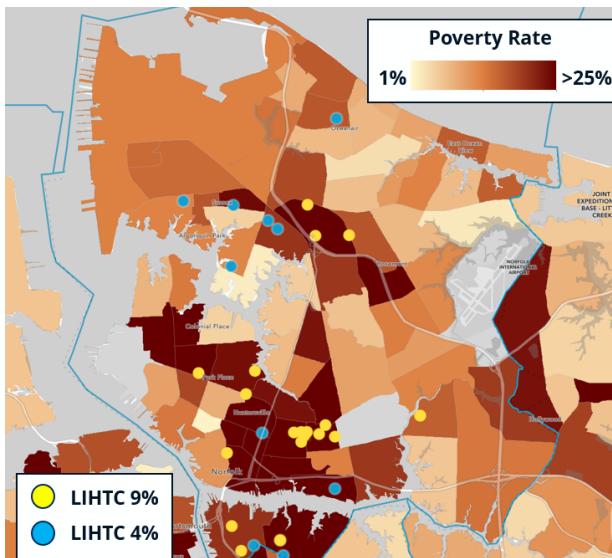
Figure 64. Regional Public Housing Inventory (2022)



Source(s): Department of Housing and Urban Development

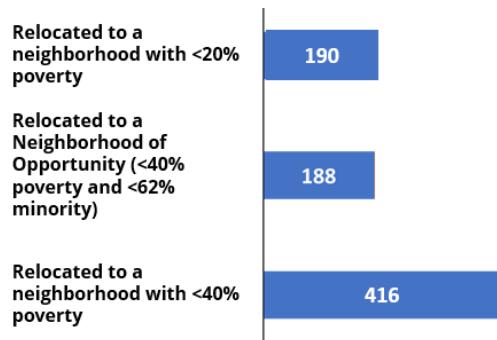
Source(s): City of Norfolk Department of Housing and Community Development

Figure 65. Norfolk Affordable Housing Development (2018-2022)



Source(s): City of Norfolk Department of City Planning, ACS 2020 5-year estimates

Figure 66. Tidewater Gardens Residents Housing Relocation Outcomes (as of 10/31/2022)



Cities across the region historically have not built public housing, which has put disproportionate pressure on Norfolk's public housing stock (Figure 64). This, coupled with declining Federal funding for public housing over many decades, has also contributed to the lack of access to opportunity for those seeking deeply affordable housing. From the 1950s onward, federal housing policies led to the construction of public housing in Norfolk that was segregated along racial lines and disconnected from cultural and economic opportunities. Conditions in Norfolk's current public housing communities—Diggs Town, Grandy Village, Oakleaf Forest, Young Terrace, Calvert Square, and Tidewater Gardens, which is currently being developed into a mixed-income community —remain similar today, but the City has taken steps to reinvest in public housing and distribute new LIHTC housing more evenly across the city (Figure 65). LIHTC projects provide critical rental housing that is affordable to low- and very low-income households.

Resistance to new affordable housing in higher opportunity neighborhoods, driven in large part by the public's association of affordable housing with disinvested housing stock, continues to be a barrier for siting new affordable housing in areas of opportunity.

Despite these conditions, the City has successfully helped over 600 residents of Tidewater Gardens to move to lower poverty areas in Norfolk and neighboring cities (Figure 66).

Poverty is also highly concentrated within the city, in part because the subsidized affordable housing stock is highly concentrated in larger multifamily buildings (Figure 67). 85% of subsidized rental homes are in high density (20+ unit) multifamily buildings, which tend to be located in neighborhoods with high poverty rates.

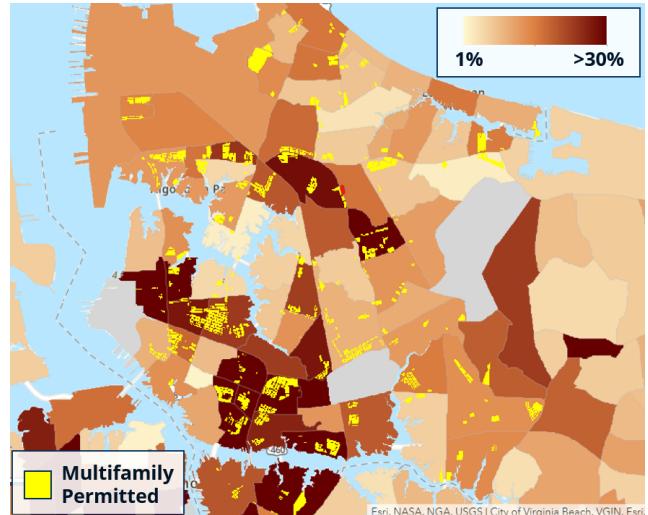
Multifamily zoning is a barrier to the construction of affordable homes in high opportunity, low poverty neighborhoods in the city. As shown in Figure 65, the majority of multifamily zoning areas are clustered in neighborhoods with poverty rates exceeding 20%.

Interviews with individuals who are part of Norfolk's housing ecosystem underscored that housing development has historically contributed to concentrated poverty but can be a pathway to distributing more equitable access to opportunity. They identified widespread zoning for single-family housing across the region as a major barrier and have found it easier to build affordability-restricted housing in low-income neighborhoods.

Interviewee Quotes:

- *"There's a need to spread affordable multifamily housing throughout the city. It seems unfair to continue to concentrate."*
- *"Concentration of poverty in Norfolk is in part related to housing stock – we need housing close to healthcare and education opportunities."*
- *"The path of least resistance for new LIHTC housing construction is in low-income neighborhoods."*
- *"We'd like to see projects built throughout the city, but most of the city is zoned for single-family housing"*

Figure 67. Norfolk Affordable Housing Development (2018-2022)



Source(s): Norfolk Department of City Planning, ACS 2020 5-year estimates

Key Barrier: High eviction rates put pressure on housing services.

Those who do not have access to affordable housing are at risk of forced relocation due to eviction, as Norfolk, in line with the Hampton Roads region, is among the worst areas nationwide for evictions of rental tenants. Eviction filings made by landlords in Norfolk are similarly elevated among peer cities such as Virginia Beach, Hampton, Newport News, Chesapeake, and Portsmouth (Figure 68).

The recent eviction moratorium and related renter protections expired as of July 1, 2022, leaving more households at risk of being displaced through eviction. During the COVID-19 pandemic, eviction numbers had fallen due to special protections for renters: landlords could not evict tenants for non-payment of rent, unless they gave a 14-day notice informing the renter of Virginia's Rent Relief Program (RRP), applied for rent help through this program, and did not receive funding through the RRP. The extension of the 5-day to a 14-day requirement for landlords to provide notice to renters in danger of being evicted significantly helped renters by providing at-risk residents a chance to have another pay period to catch up on rent payments and stabilize their housing situation. With the expiration of this policy, more households are likely to be vulnerable to being evicted.

While eviction filings do not always lead to forced removal of a tenant, they harm tenants who try to find new housing; eviction filings become part of the public record and are available to potential future landlords, who may deny housing to people based on past eviction filings even though they were not evicted. Between January 2022 and September 2022, Norfolk observed 3,788 eviction filings.

The City of Norfolk's Department of Neighborhood Services is leading the city's efforts to prevent evictions for eligible households through its eviction prevention center.

Figure 68. Eviction Filings During the COVID-19 Pandemic (1/1/2022 to 9/7/22)

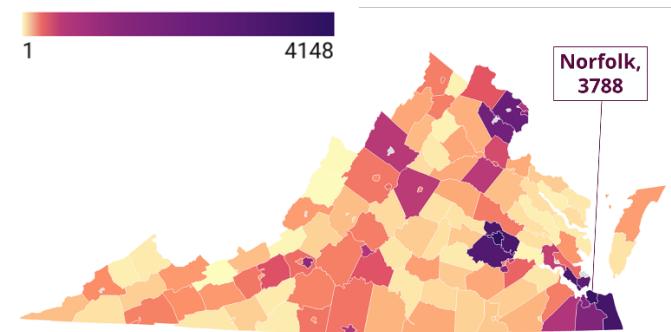
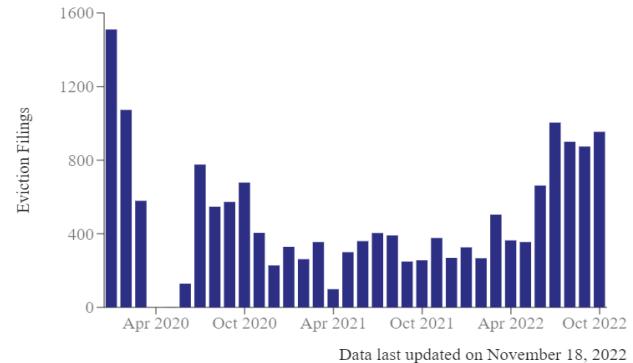


Figure 69. Monthly Eviction Filings (2020-2022)

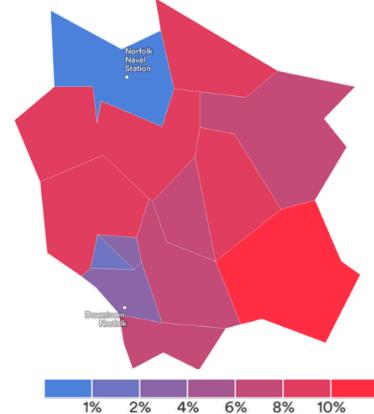


Source(s): Legal Services Corporation

Figure 70. Norfolk Eviction Data (2018)

Overall Eviction Rate	7.9% (+6.14% US average)
Evictions Per Day	10.9
Eviction Judgments	4,000
Eviction Filings	9,800
Eviction Filing Rate	19.5%
Households Threatened	6,500
Households Threatened Rate	13.3%

Figure 71. Eviction Rate by Zip Code (2017-2019)



Figures 70 and 71 Source(s): Eviction Lab (2018), New America (2017- 2019)

Homelessness

The number of individuals experiencing homelessness has been stable in recent years, but the average duration of homelessness has increased.

To address homelessness, the Norfolk Community Services Board's Housing and Homeless Services division runs a number of homelessness services programs. They manage the only street outreach program in the city, which is funded for single adults, but this program's reach has been reduced in recent years. In addition, they also operate permanent supportive housing (PSH) programs that provide housing subsidies and supportive services. The Norfolk Community Services Board also runs an emergency homeless shelter that serves about 100 persons per day, not including overflow and day services. While the City-run shelter has been reformed to be more accessible and low-barrier for households, there is a scarcity of family shelters in Norfolk.

Housing service providers expressed challenges with finding transitional and permanent supportive housing:

- *"We don't have enough apartments to put people in."*
- *"Even if someone gets a voucher and is sitting in a supportive housing unit, there is nowhere for them to leave to."*
- *"People cannot find enough units that are affordable enough or didn't choose units because they were located in a poor area."*
- *"Good housing is in high-income areas that are not affordable to most people in Norfolk. We've had problems putting clients in poor neighborhoods with low economic opportunity, bad access to employment, high crime, and poor schools."*
- *"Housing-based vouchers have a preference for individuals leaving public housing, but we want to see vouchers that prioritize ending homelessness."*
- *"The majority of beds are for single adult men, and there is a need for single women and families on the street."*
- *"We need to have enough transitional housing for people to get into affordable housing."*

Figure 72. Persons Experiencing Homelessness in Norfolk, Suffolk, Chesapeake (2017-2021)



Source(s): Norfolk Community Services Board, Southeastern Virginia Homeless Coalition, 2017-2021

Figure 73. Average Length of Homelessness (2017-2021)



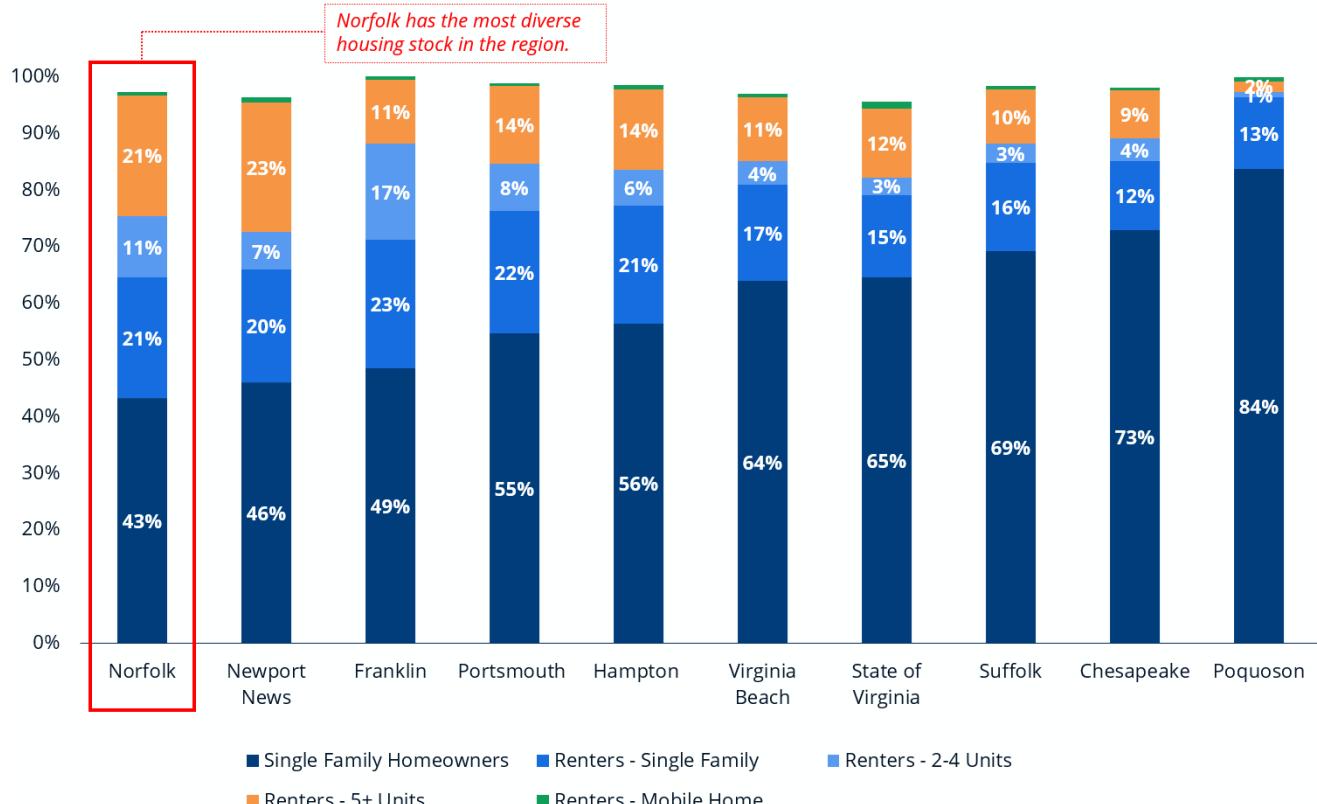
Source(s): Norfolk Community Services Board, Southeastern Virginia Homeless Coalition, 2017-2021

Key Barrier: Structural barriers, such as land use and zoning conditions, NIMBYism, mortgage access, and fair housing noncompliance, serve as obstacles to a healthy housing market that offers broader access to opportunity

Regional Land Use

Regional land use limits opportunities for higher density, lower cost housing types across the regional housing market (Figure 74).

Figure 74. Share of Homes by Tenure and Building Size (2021)



Source(s): ACS 2021 5-year estimates

Land use patterns in the region dictate a predominance of single-family homes, which generally cost more to build and purchase or rent than multifamily housing types. Because Norfolk is part of a regional job and housing market, it is impacted by the land use patterns of surrounding cities. Multifamily rental housing is scarce in higher income parts of the Hampton Roads region and concentrated in higher-poverty cities like Norfolk, Hampton, Newport News, and Portsmouth. Meanwhile, over 70% of households in Chesapeake and Poquoson are single-family homeowners.

Interviewees identified this as a barrier to finding high quality, affordable housing opportunities across the region and one of the reasons that affordable housing continues to be concentrated in Norfolk. For example, Continuum of Care partners and homeless service providers tend to look for housing in Norfolk because there are more housing options in their clients' price range relative to the rest of the region, but this puts pressure on existing resources, schools and other important services that are already highly burdened.

NIMBYism

Widespread public opposition to building affordable housing in Norfolk, especially in neighborhoods of opportunity, reinforces inequitable housing outcomes. It is extremely difficult to bring affordable housing to neighborhoods that enable greater access to employment opportunities, cultural and education resources, and other social determinants of community health and wellbeing.

Neighborhoods and civic leagues are able to delay or halt development review processes by issuing oral or written statements of opposition at Planning Council or City Council. Many multifamily projects have to apply for a conditional use permit (CUP), and neighborhood meetings are a prerequisite to a CUP application. When these projects face opposition at neighborhood meetings, developers are unable to acquire a CUP and cannot move forward with developing multifamily housing.

Interviews with local government entities, housing providers, and housing developers reveal the deep antagonism of community members to bringing more affordable housing in their neighborhoods.

Interview Quotes:

"NIMBYism has killed more deals compared to any other factor when it comes to affordable housing."

- Affordable Housing Developer

"Civic leagues threaten affordable housing developers, threaten the City, Virginia Housing HUD, etc. If a Councilperson shows up at a civic league meeting, it helps."

- Affordable Housing Developer

"The path of least resistance is in low-income neighborhoods."

- Affordable Housing Developer

Fair Housing Challenges

Fair Housing noncompliance produces barriers to access both rental housing and homeownership in Norfolk. The Fair Housing Act prohibits discrimination and intimidation of people in their homes in all housing transactions, including rent and sale of housing and mortgage loan provision. Though Fair Housing mandates equal access to rental housing and homeownership, deep economic and racial segregation persists in Norfolk.

Property owners' resistance to accepting vouchers limits the rental housing available to voucher holders. Interviews with housing service providers in Norfolk reveal challenges with placing residents experiencing housing insecurity into permanent supportive housing and affordable rental housing:

Interview Quotes:

"Landlords are charging triple deposits, requesting 2 to 3 months of rent, generally for both voucher holders and non-voucher holders because of poor credit and rental history. Requesting more than double rent is not legal anymore, so landlords ask for a double deposit and the last month's rent to get triple the rent upfront."

- *The Planning Council*

"Some people have had emergency housing vouchers for a year. We can't find enough affordable units and landlords will not participate."

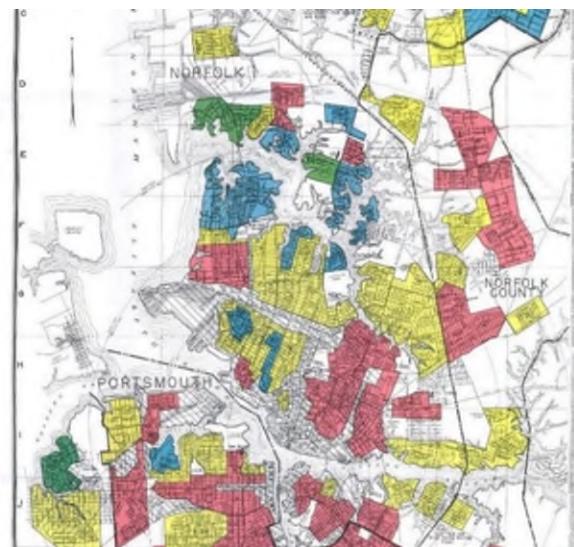
- *The Planning Council*

In response to Norfolk's Fair Housing challenges, the City of Norfolk released an Analysis of Impediments to Fair Housing report in 2022 to address "many of the patterns of segregation today [that] match historic redlining from as early as the 1930s" (Figure 75). This report outlines 7 main barriers to fair housing and proposes recommendations that address each barrier.

Impediments to Fair Housing:

1. Affordable Housing
2. Housing Age and Quality
3. Diversity of Housing Types
4. Accessible Housing
5. Home Lending Disparities
6. High Eviction Rates
7. Environmental Health and Climate Justice
8. Fair Housing Policy and Compliance

Figure 75. Federal Home-Owners' Loan Corporation Redlining Map of Norfolk



Source(s): Mapping Inequality, University of Richmond

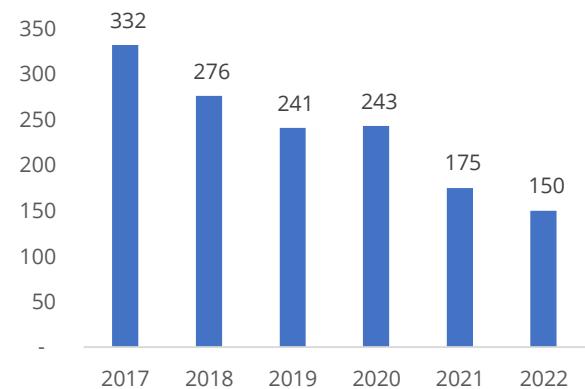
Mortgage Access

Non-White households experience the highest home mortgage loan denial rates. These disparities are most severe for Black households and occur across all income levels (Figure 76). Disparities in home mortgage loan access disproportionately affect non-White households and households earning less than \$50k (Figure 77).

Credit scores are disproportionately creating a barrier to homeownership access for non-White households. Credit history is the greatest barrier to homeownership access, followed by debt-to-income ratio and completeness of application (Figure 79).

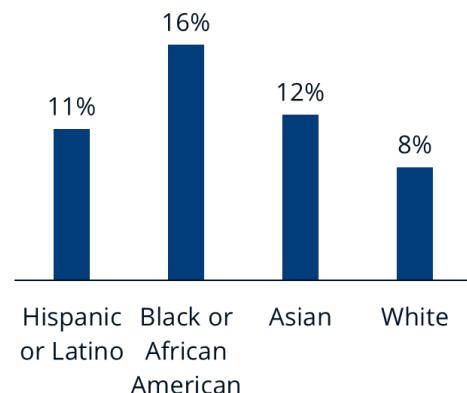
Even when housing gets built, Black and Asian households in particular struggle to purchase these homes. While over 1,400 new single-family homes have been built or are in the process of being built in Norfolk since 2017 (Figure 78), non-White households are disproportionately excluded from the opportunity to purchase these new homes as they face higher home mortgage loan denial rates.

Figure 78. New Single-Family Construction



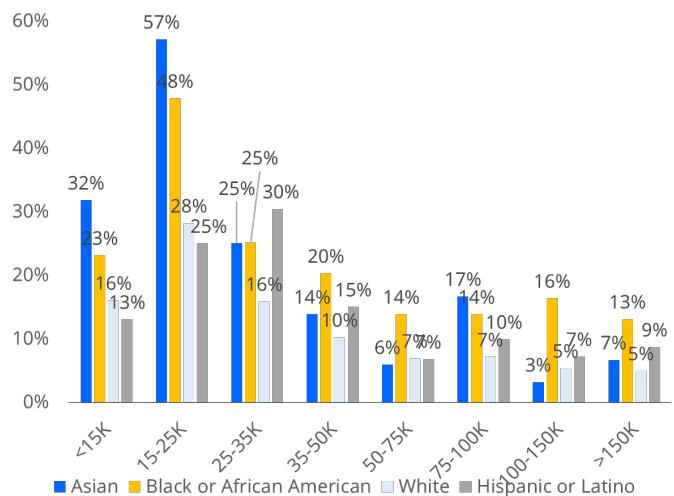
Source(s): City of Norfolk Permit Data

Figure 76. Mortgage Denial Rates by Race and Ethnicity in Norfolk (2021)



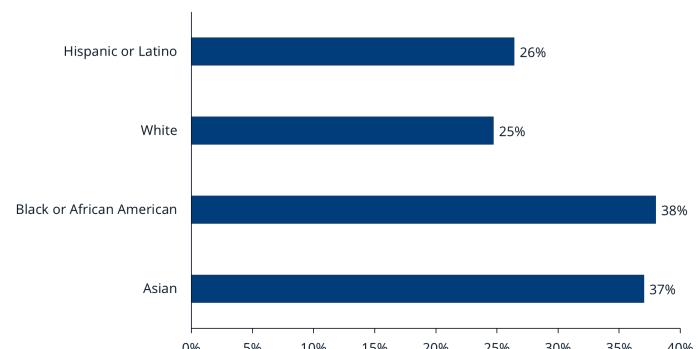
Source(s): Home Mortgage Disclosure Act Data, 2021

Figure 77. Denial Rates by Income Bracket and Race in Norfolk (2021)



Source(s): Home Mortgage Disclosure Act Data, 2021

Figure 79. Home Mortgage Loan Denial Due to Credit History by Race in Norfolk (2021)



Source(s): Home Mortgage Disclosure Act Data, 2021

Capacity and Funding: Norfolk and the Hampton Roads Region face limited and fractured capacity across the housing ecosystem. Inconsistent and inadequate local funding commitments undermine the ability of the City to build additional capacity and flexibly fund local priorities.

Introduction

The City of Norfolk is one of many actors that impact housing affordability. State, City and local community partners all play a role in Norfolk's housing ecosystem. The City of Norfolk offers housing and services to the community through different departments. In 2021, the City created the Norfolk Department of Housing and Community Development to oversee both development and housing programs, but some responsibilities still remain outside the department. Specifically, the Community Services

Board oversees support for individuals experiencing homelessness, and the Redevelopment and Housing Authority oversees Housing Choice Vouchers, among other responsibilities. Community partners also provide important funding and implementation support, through needed housing services, like the Continuum of Care or community-based housing repair programs, and the development of both market-rate and affordable housing.

Norfolk Housing Ecosystem: Sample Developers and Community Partners



Programs and Capacity

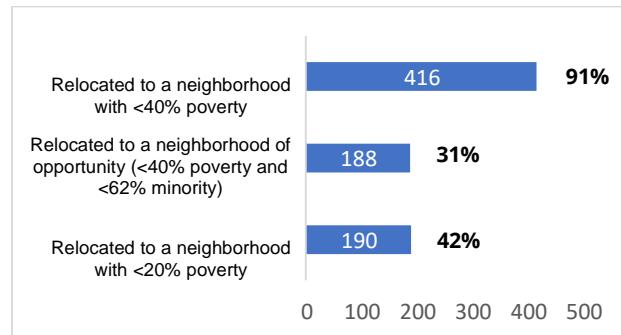
As detailed in Figure 81, the City of Norfolk has a large number of responsibilities and programs spread across the Department of Housing and Community Development, the Redevelopment and Housing Authority and the Community

Services Board, some of which are under-funded or on pause. These programs also cover a wide range of housing challenges without sufficient funding or support to be deeply impactful at the individual program level. Interviews with City

staff and housing developers revealed that uneven local funding commitments, as described in the following chapter, make it difficult for the City to build internal capacity and to build strong partnerships with local/regional organizations and developers who can provide needed housing and services. This impacts the development pipeline, as outside developers lack expertise and the City support needed to navigate the complex web of regulations and processes associated with new construction and redevelopment. Further, interviewees highlighted that there are simply not enough contractors working in Norfolk to scale up the number of projects occurring simultaneously, particularly for rehab programs.

Though many of its programs have achieved limited impact due to insufficient funding and capacity, the City has demonstrated its ability to dedicate significant resources to larger-scale housing programs through its \$3M annual commitment to People First, where it has successfully supported residents of Tidewater Gardens to move to lower poverty areas in Norfolk. In partnership with Urban Strategies, a nonprofit leader in community development, the City of Norfolk created People First to connect Tidewater Gardens residents experiencing relocation to services, community resources, and opportunities across four areas: economic mobility, education, health and wellness, and housing stability. As of October 2022, People First supported 188 Tidewater Gardens residents to move to neighborhoods of opportunity (defined as areas with less than a 40% poverty rate and less than a 62% minority population), out of the 485 residents who relocated with a Housing Choice Vouchers (Figure 80).

Figure 80. Tidewater Gardens Resident Housing Relocation Outcomes (10/31/2022)



Source(s): Norfolk Department of Housing and Community Development

Figure 81. Existing Housing Programs in Norfolk

Program	Responsibility	Cost	Purpose
HomeNet & Homeward Norfolk	Norfolk Redevelopment and Housing Authority	\$64,000 per unit	Down Payment Assistance for households below 120% AMI
Federal Program Management	Norfolk Housing and Community Development	-	Administration of the City's HUD entitlement and community development grant programs and oversight of grant compliance
Choice Neighborhoods	Norfolk Redevelopment and Housing Authority, NDHCD, Urban Strategies, Inc.	\$30M, plus \$10M in supplemental funding	Implementation grant for the St. Paul's Area following a Choice Neighborhoods Planning Grant
Renovate Norfolk	Norfolk Housing and Community Development	\$36,000 per unit; \$500,000 total	Owner Occupied Rehabilitation (OOR) for single-family detached properties for <80% AMI, with a maximum of \$50,000 per unit
Strengthening Neighborhoods	Norfolk Housing and Community Development	\$40,833 per unit	External façade OOR for properties in targeted neighborhoods at 80-120% AMI, with a maximum of \$50,000 per unit
			Forgivable loan for rehab of rental properties in targeted neighborhoods (inactive and will be launched as a grant program within the next year)
Vacant City-Owned Residential Land Auction	Norfolk Housing and Community Development	\$0, excluding staff and marketing costs	Auction of vacant residential land to be put to productive use and to increase the number of owner-occupied housing units in Norfolk.
Street Outreach	Norfolk Community Services Board, Housing and Homeless Services Division	\$35,000 from Environmental, social and Homeless Services and governance (ESG) budget, with supplemental funding from the City	Direct outreach to individuals experiencing homelessness to provide direct services, serve as navigators in the housing process, and provide short-term case management
Emergency Shelter Operations	Norfolk Community Services Board, Housing and Homeless Services Division	\$2.2M annually	Operation of 100-bed emergency shelter for single adults

Regional Capacity

Norfolk is part of a regional housing ecosystem, which includes the independent cities of Norfolk, Portsmouth, Newport News, Chesapeake, Hampton, Virginia Beach, and Suffolk. Despite being part of a regional jobs and housing market, each city approaches the provision of housing and related services separately, with some independent partners, like the Continuum of Care, operating across the region.

As a region with substantial housing need, interviews reveal that there are not enough high-capacity partner organizations to execute on local housing programs in Norfolk, as many steps

of the housing development, preservation and service provision processes lag behind residents' needs. Furthermore, the lack of coordination and funding across the region to support the development of affordable housing in high opportunity areas both inside and outside of Norfolk puts disproportionate pressure on Norfolk's affordable housing stock as Norfolk contains a disproportionately larger fraction of the region's affordable homes. The stress on Norfolk's affordable housing stock is compounded by the regional land use challenges described on page 39, which hinder the region's ability to provide housing at a lower cost.

Figure 82. Funding as of FY 2022

Funding Source	Type	FY 2022 Amount	Frequency	Administrator(s)
CDBG	Entitlement	\$4,554,454	Ongoing	NDHCD
ESG	Entitlement	\$384,637	Ongoing	NDHCD
HOME	Entitlement	\$1,246,498	Ongoing	Norfolk Redevelopment and Housing Authority (NRHA), NDHCD
Housing Opportunities for Persons With AIDS (HOPWA)	Entitlement	N/A	N/A	N/A
General Obligation Funds	Local	\$924,847	Ongoing	NDHCD
Penny Tax or Other Tax	Local	\$3,958,500	Ongoing	NDHCD
Housing Bond	Local	N/A	N/A	N/A
Capital Improvement Funding (ARPA)	Federal	\$1,000,000	One-time	NDHCD
Capital Improvement Funding (St. Paul's)	Local	\$108,000,050	One-time	NDHCD, Storm Water, Utilities, Transit
Capital Improvement Funding (Owner-Occupied Rehab)	Local	\$200,000	One-time	NDHCD
Capital Improvement Funding (Strengthening Neighborhoods)	Local	\$7,400,000	One-time	NDHCD
Choice Neighborhoods Initiative	Federal	\$40,000,000	One-time	NDHCD, NRHA
Community Projects Funding	Federal	\$2,900,000	One-time	NDHCD
BUILD Grant	Federal	\$14,400,00	One-time	NDHCD, Transit
HOME - ARP	Federal	\$4,517,686	One-time	NDHCD
Reconnecting Communities	Federal	\$1,600,000	One-time	NDHCD, Transit

Local Funding

The City of Norfolk relies on three primary funding types to fund its housing programs, including **Federal entitlements** (recurring), **local fund allocations** (both recurring and one-time), and **one-time federal funds** (one-time), such as the Choice Neighborhoods Grant. In general, recurring local fund allocations are used to fund the administration and operations of the Department of Housing and Community Development and the Community Services Board , while more substantial programs or projects have generally relied on one-time local or federal funds.

On an ongoing basis, the City is highly dependent on CDBG and HOME entitlements to run programs (Figure 82), which come with strict rules and regulations about how the money can be used. In fact, all of the City's recurring funding for housing other than St. Paul's redevelopment and Strengthening Neighborhoods (which uses local funding), is coming from federal entitlements, which lack the scale and flexibility needed to have real impact and build needed capacity amongst community partners.

The lack of recurring local funding for housing programs impacts NDHCD's ability to execute on high priority projects as they arise. Further, NDHCD is limited in its ability to respond to small but important funding requests as they come in if the funding hasn't already been allocated from a Federal source.

Identifying sources for and allocating recurring local revenue will be essential to fully funding existing programs and leveraging outside funding. When community partners, such as contractors, non-profit housing developers, and service providers can count on the availability of recurring local funding, they can hire and train the staff needed to advance projects more quickly and at a larger scale.

Ultimately, there are three primary benefits to dedicated local funding for housing:



Flexibility: Local funds do not come with administratively burdensome (expensive) and inflexible federal requirements. They can be adapted to address local priorities and address gaps in what federal funds pay for.



Efficiency and Capacity: Because a significant portion of the administrative costs of most housing programs are fixed, the more funding that is run through them the more efficient they can be. Also, with an ongoing source of funding, community nonprofit organizations, local contractors, and other important partners can scale up their operations and increase both their ability and efficiency within Norfolk and the region.



Leverage: Local housing funds allow cities, and their nonprofit partners, to pursue competitive federal housing and philanthropic grants (lead remediation, Choice Neighborhoods, energy efficiency, 4% LIHTC, etc.) and increase the impact of local funds.

Strategic Plan

Introduction

In response to the findings of the Comprehensive Housing Study and other studies documenting housing and economic development needs in Norfolk (see Appendix), this Strategic Plan is intended to guide NDHCD's policy, program, and funding priorities over the next 5 years, from 2023 to 2028. In addition to guiding NDHCD's actions, this Plan also considers the vital role of local and regional partners and strategies that build the capacity of these partners, who will play an important role in executing the Plan's recommendations. Each of the strategies described in this Plan includes a series of policies, each of which will require further implementation steps, dedicated staff time, partnerships, and in some cases additional funding.

The Department of Housing and Community Development is committed to fostering diversity, equity, and inclusion in every aspect of our work. We believe that everyone deserves equal access to safe, affordable housing and vibrant communities. We actively seek to eliminate discrimination, promote fairness, and create opportunities for all, regardless of race, ethnicity, gender, sexual orientation, age, ability, or background. We are dedicated to listening to the diverse voices of our community members, collaborating with them, and continuously striving to build a more inclusive and equitable future for everyone we serve. Each of the strategies in our plan embodies this ethos and aims to advance diversity, equity, and inclusion in deep collaboration with our community partners.

The Strategic Plan includes 5 core strategies:

1. Create new affordable rental housing and homeownership opportunities

to address increasing affordability challenges faced by Norfolk's low- and very low-income households.

Key Partners:

- Housing developers
- Norfolk Redevelopment and Housing Agency (NRHA)
- Nonprofit organizations

2. Preserve existing affordable housing and strengthen neighborhoods

to maintain and improve the existing housing stock, promote housing quality, and ensure long-term affordability for existing renters and homeowners while strengthening neighborhood housing markets.

Key Partners:

- Housing developers
- Nonprofit organizations and faith community
- Housing contractors

3. Deconcentrate poverty and facilitate mobility to areas of opportunity

to help Norfolk households access quality housing in high opportunity neighborhoods across the region and promote economic opportunity for Norfolk's low-income residents.

Key Partners:

- Affordable housing developers
- City of Norfolk Department of City Planning
- City of Norfolk Department of Economic Development
- Landlords
- Norfolk Redevelopment and Housing Authority
- Regional nonprofit organizations

4. Build regional capacity and coordination around affordable housing and access to opportunity

to ensure that the City and its partners are able to execute housing policies and

programs with efficiency, scale, and significant impact.

Key Partners:

- Regional nonprofits focused on developing affordable housing or operating housing programs
- Regional housing partners, including local governments
- Housing developers
- Housing contractors and builders
- Real estate community
- NRHA
- Virginia Housing (state financing agency)

5. Secure dedicated, ongoing, and flexible funding for housing to meet Norfolk's funding needs for existing programs and to unlock funding from private and mission-motivated partners for long-term implementation of this Strategic Plan.

Key Partners:

- Housing advocates
- Community Development Financial Institutions (CDFIs)
- Mission-driven partners, including philanthropies, subject-matter experts, foundations, and corporations

1. Create New Affordable Rental Housing and Homeownership Opportunities

NDHCD will continue to support the development of new affordable rental and homeownership opportunities, which is essential to increasing housing stability, improving access to opportunity and building wealth for Norfolk's low- and very low-income households. Persistent poverty, especially relative to the broader Hampton Roads region, means that many Norfolk households still struggle to afford their homes. The majority of low-income households struggle to afford their

rent and experience significant housing cost burden, demonstrating a need for greater rental affordability. And while affordability has always been a challenge in Norfolk for people with low- and very low-incomes, recent increases in rent and home prices due to housing market inflation have outpaced wage increases, exacerbating affordability challenges and increasing the urgency of Norfolk's existing efforts to create high quality affordable rental and homeownership opportunities.

NDHCD support for mixed income affordable housing development in areas of opportunity is crucial to ensuring that affordable housing gets built. Overall, the pace of new housing development has slowed in the past decade compared to much of the surrounding region. Further, recent market-rate multifamily construction in Norfolk has tended to be large multifamily (100+ units) developments with average monthly rent around \$1,500, mostly 0-2 bedroom units, without affordability restrictions. With no dedicated affordable units and monthly rents exceeding the rent level affordable to households earning 100% AMI or below, these buildings cater to residents making higher incomes. They are also less likely to accommodate families or larger households due to the low bedroom count.

Despite the fact that many Norfolk households cannot afford these rents, these development projects are important for supporting growth in Norfolk. Development of a range of rental and for-sale housing types at different price points—including new rentals at the top of the market—will support a healthy housing market in Norfolk.

To complement market-rate housing development, NDHCD has achieved success working with affordable housing developers to deliver quality affordable homes funded by Low-Income Housing Tax Credits (LIHTC), with some located in areas of opportunity where feasible. Some recent examples of LIHTC developments include:

- Market Heights (164 units, built in 2022),
- Riverside Station (236 units, built in 2022),
- The Retreat at Harbor Point (246 units built in 2020), and
- Ashton Apartment Homes (118 units built in 2022).

NDHCD can continue to play a primary role in promoting affordable housing development by providing subsidies (both capital subsidy and land contributions) for both rental and homeownership development projects and enacting other policies that incentivize the development of affordable housing units alongside market-rate units. NDHCD will support this strategy through prioritizing affordable housing investments in mixed-income projects in areas of opportunity, using public land as a direct contribution to affordable housing development and increasing local funding for housing to leverage federal, philanthropic and private funding for housing.

Strategies

- **Support mixed-income development in areas of opportunity.** Areas of opportunity provide access to certain amenities or community resources that can help increase economic mobility, and they are neighborhoods characterized by minimal residential segregation, quality primary schools, and low poverty rates.⁸ However, privately-owned land costs tend to be higher in areas of opportunity, increasing the cost to build affordable housing. NDHCD will develop a policy to prioritize giving financial support to projects that include a mix of market-rate and dedicated affordable housing in areas of opportunity to increase

project feasibility and promote economic diversity.

- **Establish a policy for public land disposition and performance-based grant awards.** Public land disposition is a powerful tool for increasing access to opportunity because, through selling land at a discounted price in exchange for affordability, it can help offset the higher land costs of building in areas of higher opportunity. Public land disposition proceeds should be used to subsidize development or, when land isn't available in higher opportunity areas, purchase land in other high opportunity areas. NDHCD will support a City policy for public land disposition and support setting regulations through the City's performance-based grant awards to favor projects in areas of high opportunity and create a preference for missing middle properties.
- **Leverage Federal funds. Norfolk relies on a combination of federal and local funds to advance its affordable housing priorities. NDHCD aims to improve its use of existing federal funding and use local funding to match or leverage federal funding on projects that compete for federal funding opportunities.** Local funding contributions are a powerful tool to increase the feasibility of affordable housing development and to increase competitiveness of these projects for federal funding. In the long term, NDHCD will continue to advocate for a local Housing Trust Fund, which it can establish and use in part to fill the last gap in affordable housing projects and unlock a greater amount of federal, philanthropic, and private funding.

Goals

⁸ While different organizations define “areas of opportunity” differently, many agree on common features. The definition in this report draws from those

created by the Federal Housing Finance Agency, Enterprise Community Partners’ Opportunity360, and Harvard University’s Opportunity Insights

- Support 250 new, affordable and replacement multi-family residential units in Norfolk per year, contingent on additional funding
- Provide homebuyers with financial assistance, per year, contingent on additional funding
- Transition some city-owned non-buildable lots to private ownership, per year
- Support the creation of new single-family homes through the disposition of city residential vacant lots, per year
- Provide assistance to developers and property owners during project review to minimize review time
- Create rental units dedicated to people who are homeless or at-risk of homelessness.
- Provide assistance to developers and property owners during project review

2. Preserve Existing Affordable Housing and Strengthen Neighborhoods

Preserving existing affordable housing is critical for maintaining housing stability and housing affordability for existing low- and middle-income renters and homeowners in Norfolk, particularly in neighborhoods that see less market activity and private investment. Uneven market strength across Norfolk has led single-family residential building and renovation permits to concentrate in only a handful of neighborhoods, while other neighborhoods see reduced housing quality over time. Both renovations and new construction promote overall housing quality and neighborhood market strength, which helps with the preservation of existing housing inventory, protects home values from falling, and attracts residents to stay in and move to these

neighborhoods. Neighborhoods receiving fewer of these investments in single-family housing development and renovation are more vulnerable to low housing quality and housing disrepair. An aging housing stock and lack of investment in many of Norfolk's neighborhoods disproportionately impacts lower income homeowners and renters.

NDHCD has already taken steps to strengthen neighborhood markets by establishing repair programs and pursuing the development of small sites across the city to help strengthen neighborhood housing markets. By directing public investment into local neighborhoods, the City can encourage private investments in housing maintenance, repair, and construction. In addition, maintaining income restrictions for homes that have received public investment is crucial for ensuring that income-restricted, affordable options remain in neighborhoods where the City is investing to improve overall housing quality.

The capacity of local contractors is essential to completing these projects at scale. Dedicating additional, recurring funding to these programs will help build capacity among local partners essential to executing on this work, including contractors and other community development non-profits. This work will be pursued in collaboration with community organizations and civic leagues who have deep local expertise and understanding of the needs in their community. NDHCD can support this strategy by extending affordability periods on multifamily properties, targeting and expanding owner occupied and rental rehabilitation programs to improve housing quality and appearance and supporting efforts to increase demand and competitiveness for middle neighborhoods.

Strategies

- **Extend affordability periods on multifamily properties.** The affordability period is the length of time that a recipient of federal funds or other types of funds must

preserve affordability for units assisted by the funds in the form of rent restrictions or occupancy income restrictions. For City programs, NDHCD will advocate for permanent affordability and extend affordability periods to ensure homes created and subsidized through funding programs stay affordable.

- **Target and expand owner occupied and rental rehabilitation programs to improve housing quality and appearance.** Owner-occupied rehabilitation programs help maintain housing quality and promote neighborhood market strength by ensuring that income-qualifying homeowners can make necessary repairs to make their homes safe. Rental rehabilitation programs help building owners make improvements to existing rental buildings and increase the supply of safe, decent, and affordable housing for lower income households by making improvements to the existing rental housing stock. NDHCD will continue to support these programs through low-cost loans or forgivable loans or grants for qualifying homeowners (often low-income households and low- to moderate-income seniors) to make necessary repairs to major systems and property owners of smaller rental properties with moderate repair needs.
- **Support efforts to increase demand and competitiveness for housing in middle neighborhoods.** Middle neighborhoods are characterized by middle income families (80-120% AMI), naturally occurring affordable housing, and population stability. Through neighborhood-specific interventions, NDHCD will support the City to make targeted improvements to areas in Norfolk that have the potential to become stronger housing markets and attract greater investment, with an added focus on majority-minority middle neighborhoods. For example, NDHCD can

use CDBG and HOME funds to fund sidewalk and street improvements and open space to improve the built environment around where housing will be built to improve neighborhood quality. NDHCD should prioritize middle neighborhoods through its other funding programs like downpayment and rental assistance. NDHCD should continue to identify these neighborhoods, give existing programs a strategic geographic focus and use CDBG and HOME funds in target neighborhoods on other needed improvements.

Goals

- Complete 26 owner-occupied rehabilitations per year, contingent on additional funding
- Complete 15 rental property unit rehabilitations, per year, contingent on additional funding
- Add Virginia Department of Professional and Occupational Regulation (DPOR)-certified lead abatement contractors for rehabilitation programs
- Add additional nonprofit partners to support the rehabilitation space
- Extend the affordability of income-restricted units currently part of the City of Norfolk's affordable housing stock

3. Deconcentrate Poverty and Facilitate Mobility to Areas of Opportunity

Initiatives to deconcentrate poverty and promote movement to areas of opportunity are an important tool to promote economic mobility for Norfolk's low-income residents. Within the Hampton Roads region, Norfolk and surrounding peers like Portsmouth and Hampton tend to be home to lower-income residents and households experiencing poverty. However, poverty in Norfolk is particularly acute compared to the region and state for all population segments. This

undermines the strength of Norfolk's housing market and drives affordability challenges for both rental housing and homeownership. These challenges are exacerbated by structural barriers, such as land use and zoning conditions, NIMBYism, mortgage access, and fair housing noncompliance.

Poverty is highly concentrated within the city, in part because the subsidized affordable housing stock is highly concentrated in larger multifamily buildings. 85% of subsidized rental homes are in high density (20+ unit) multifamily buildings, which tend to be located in more segregated and higher poverty areas, the product of historic policies on the siting of public housing stock and segregation. Recent policies and reinvestment are helping to deconcentrate the supply of subsidized public and affordable housing and deliver affordable housing in neighborhoods of opportunity. NDHCD can support this strategy by continuing to undertake master planned redevelopments of obsolete public housing developments, expanding housing choice with tenant mobility programs and landlord engagement, and combating housing discrimination.

Strategies

- **Continue to undertake master planned redevelopments of obsolete public housing developments.** Public housing developments built decades ago have fallen into disrepair and are outdated as contributors to neighborhoods of concentrated poverty, which isolate residents from community resources and networks that exist in neighborhoods of higher opportunity. Building on its work in the St. Paul's Transformation, NDHCD will continue to support the planning for and redevelopment of outdated public housing communities to better meet the needs of existing residents. Norfolk will continue its focus on both people and place by providing supportive services for residents during the redevelopments through the City's People First initiative.
- **Promote housing choice with tenant mobility programs and landlord support.** Housing choice supports economic mobility and opportunity for families with low incomes who have historically been excluded from housing in well-resourced neighborhoods by helping them access and transition to safe, healthy, and economically vibrant communities. To support this process, the City's tenant mobility program through the People First initiative, executed for the St. Paul's Transformation Project in partnership with Norfolk Redevelopment and Housing Authority and the community development organization Urban Strategies, Inc., has provided financial assistance and counseling support as households move from areas of concentrated poverty to areas of opportunity both within and outside of the City of Norfolk. In addition, NDHCD aims to partner with a strong nonprofit organization that can conduct landlord outreach and mediate between the voucher program and landlords. Landlord support is another important way to promote housing choice because it expands the supply of quality, affordable rental homes that are available to renters with Housing Choice Vouchers through the education, engagement, and incentivization of landlords.
- **Combat housing discrimination.** Fair Housing law requires equal access to rental housing and homeownership, yet housing discrimination persists in housing transactions through the refusal to rent to those with housing vouchers, home sales, home appraisals, and home mortgage loan provision². To combat housing discrimination, NDHCD will provide resources to educate Norfolk's residents and community partners about Fair Housing information and processes and support

community partners with a record of practicing Fair Housing efforts.

Goals

- Complete revitalization of Tidewater Gardens, including: 260 extremely low-income and low-income replacement units, 238 low-income affordable units and 214 market-rate units.
- Commence public engagement and master planning process for Calvert Square and Young Terrace public housing communities
- Conduct outreach and education campaign sessions/workshops around Affordable Housing 101
- Provide more diverse housing opportunities and encourage mobility among low-income residents from Tidewater Gardens with 30% of former Tidewater Gardens residents moving to neighborhoods of opportunity.
- Complete rental testing and lending/sales fair housing testing investigations, per year
- Conduct information outreach and education programs (printed materials, workshops, community-based outreach) on fair housing compliance annually
- Investigate and advocate for the expansion of the landlord incentive program citywide; Increase number of participating landlords
- Establish a consolidated housing information database on the City's website

4. Build regional capacity and coordination around affordable housing and access to opportunity.

Building regional capacity and coordination around affordable housing is a fundamental step toward advancing local affordable housing priorities because the City relies deeply on its nonprofit, developer, and contractor partners to

execute and scale up its policies and programs. Currently, Norfolk and Hampton Roads lack strong community development corporations (CDCs) and nonprofits that primarily engage in housing preservation and development. Instead, NDHCD relies on a few for-profit developers and a dozen or so service-oriented nonprofits with limited capacity. Additionally, the City is not always the optimal entity to lead these efforts given political and regulatory constraints. Many housing programs are better served by a nonprofit or CDC.

NDHCD can execute this strategy by advocating for and supporting one or more strong regional nonprofits that develops affordable housing and provides services, providing technical assistance to developers, builders, and nonprofits, and creating and implementing policies that encourage economic inclusion in the housing market ecosystem.

Strategies

- **Support one or more strong regional nonprofits that develops affordable housing and provides services.** The City of Norfolk relies on community partners to develop or execute affordable housing programs that they fund. Predictable and ongoing funding helps community partners plan for and build their capacity to execute programs. NDHCD will advocate for and collaborate with philanthropic, public and corporate entities to support a strong regional non-profit that can play a critical role in providing affordable housing and services regionally.
- **Financially support technical training for developers, builders, and nonprofits.** By providing assistance funding for a partner organization to provide educational resources, planning documents, and trainings, NDHCD can reduce barriers to affordable housing development for its smaller-scale partners. This investment can help small developers, builders, and

nonprofits build experience in developing a variety of affordable housing types as a step toward building longer-term development capacity.

- **Create and implement policies that encourage economic inclusion.** NDHCD depends on developers and contractors to execute its housing development and repair programs and will enact policies to ensure that the businesses receiving contracts with the City are reflective of the economic, gender, and racial diversity of Norfolk's community. The NDHCD will also advocate for additional internal capacity to source services from small, women, and minority owned (SWaM) contractors as well as assist SWaM businesses in developing their capacity to become reliable community partners to support the City's housing activities.

Goals

- Through partner agencies, provide technical assistance to SWAM Builders/Developers, per year, contingent on additional funding
- Secure 12% minority-owned and 13.3% women-owned business participation on city contracts related to the St. Paul's Transformation project.

5. Secure dedicated, ongoing, and flexible funding for housing.

NDHCD will work to secure dedicated, ongoing, and flexible funding for housing to enhance its ability to respond to urgent housing project needs, fund a wider range of affordable housing activities, and support the long-term operations of its community partners. The lack of recurring local funding for housing programs impacts NDHCD's ability to execute on high priority projects as they arise. Further, NDHCD is limited in its ability to respond to small but important funding requests as they come in because

projects rarely meet the annual timeline of federal funding allocation and funding may have already been allocated from a Federal source.

Advocating for the City to allocate recurring local revenue and establish a Housing Trust Fund will be essential to fully funding existing programs and leveraging outside funding. When community partners, such as contractors, non-profit housing developers, and service providers can count on the availability of recurring local funding, they can hire and train the staff needed to advance projects more quickly and at a larger scale. NDHCD can support this strategy by advocating for the HTF and ultimately supporting an allocation plan that prioritizes gap funding and other housing initiatives in alignment with this Strategic Plan. Further, NDHCD can use this to leverage private resources through partnerships with housing advocates and financial institutions, including community development financial institutions (CDFIs).

Strategies

- **Support the creation of a Norfolk Affordable Housing Trust Fund for gap financing and other housing initiatives.** Housing Trust Funds are a source of flexible local funding that does not carry federal restrictions and can be used to support a variety of local affordable housing priorities. They can help fill the last gap in affordable housing projects and unlock federal, philanthropic fundings. Creating a Housing Trust Fund will also require a plan for administration and oversight of funds.
- **Leverage private resources by partnering with housing advocates and financial institutions, including CDFIs.** The City of Norfolk depends on lending institutions as a major partner to help households access affordable housing, provide affordable products like repair loans to help households maintain housing stability, and to assist with the financing of affordable housing developments. NDHCD will continue to build

partnerships with these institutions, especially CDFIs that are designed to provide financing and other services to underserved markets.

Goals

- Advocate for the City to dedicate \$5-6 million in seed funding for a Housing Trust Fund
- Until recurring funding sources are identified, plan to deploy approximately \$875,000 in funds per year across the programs identified
- Advocate for the City to identify and dedicate \$4-5 million annually in recurring funding to sustain the Trust Fund

Roles and Responsibilities of City Departments

Within the City of Norfolk, NDHCD is one of many departments that plays a role in influencing housing affordability. NDHCD was created to oversee development and housing programs, but many housing programs and services are offered through other departments and agencies, including City Planning, Neighborhood Services, Human Services, Resilience, Emergency Preparedness and Response, Economic Development, and Norfolk Redevelopment and Housing Authority.

City Planning: The Department of City Planning is responsible for developing and implementing short and long-range plans, studies, goals and policies—developed with the community and approved by City Council—that reflect the needs of the residents and city. It analyzes and plans for the equitable, resilient, balanced, and sustainable use of the city's land and can influence zoning and land use regulations to help meet the City's housing needs.

Neighborhood Services: The Department of Neighborhood Services runs the Norfolk Eviction Prevention Center, connecting Norfolk residents facing eviction with funding and resources to

mitigate immediate relief needs and stabilize households to reduce long-term risk of housing insecurity. In addition, it works with property owners to address code violations, providing a timeline to resolve the issue and improve the quality of life in their neighborhood. It establishes and enforces standards for homeowners on home maintenance. The Department of Neighborhood Services also administers Norfolk's rental inspection program. Its goal is to raise the quality of rental units and increase the accountability of absentee landlords to provide quality, safe rental housing.

Economic Development: The Department of Economic Development runs economic development programs, including commercial corridor programs, the attraction and retention of other commercial amenities that improve quality of life, and small business assistance in partnership with DEI. Targeting these revitalization efforts in community corridors connected to distressed neighborhoods is an essential part of strengthening neighborhoods in Norfolk.

Human Services: The Department of Human Services is committed to improving the lives of children, families, and communities through comprehensive services that support the well-being of Norfolk citizens, including the senior tax relief home ownership program to allow seniors to age in place.

Resilience and Emergency Preparedness and Response: The Office of Resilience works to define and communicate what a resilient Norfolk looks like, and coordinates between the city and its partners to build a resilient Norfolk. The Department of Emergency Preparedness and Response ensures the city is safe, secure, and prepared in its approach to incident mitigation, preparedness, response, and recovery. Together, they work to build awareness of flood risks and mitigation opportunities.

Norfolk Redevelopment and Housing Authority (NRHA): NRHA provides quality

opportunities that foster sustainable mixed-income communities as the largest redevelopment and housing authority in Virginia. It provides HUD Section 8 Housing Choice Voucher and Public Housing program assistance in Norfolk.

Timeline

The Strategic Plan presents an extensive roadmap for strengthening neighborhoods, addressing concentrated poverty and racial segregation and building up flexible funding and regional capacity to execute housing programs and services in Norfolk. Across the 5 overarching strategy areas, the Plan encompasses dozens of different policies and programs. Given that the City of Norfolk has limited funding and staff capacity, it must prioritize a few strategies for near-term implementation and designate the remaining strategies for medium to long-term implementation. Therefore, NDHCD has categorized the strategies described in the Plan by time period (see the chart below).

The City of Norfolk's ability to execute these strategies is contingent on the availability of funding, political support, community partnerships and internal staff capacity within NDHCD and the City of Norfolk. As such, no one strategy is guaranteed to be implemented if external factors do not align with them (e.g., if there is insufficient dedicated, flexible funding or if there is no community partner that is able to administer a home renovation program). The table below indicates the expected timing of each strategy and whether it is conditional on additional funding or community partnerships.

	Strategies	Needs Additional Funding	Needs Community Partner	FY 2024 On-going	FY 2024 Short-term	FY 2025-26 Medium-Term	FY 2027+ Long-term
1	Create New Affordable Rental Housing and Homeownership Opportunities						
1.1	Support mixed-income developments in areas of opportunity					Y	
1.2	Establish a policy for public land disposition (PLD) and performance-based grants (PBG)				PLD	PBG	
1.3	Leverage federal funds				Y		
2	Preserve Existing Affordable Housing and Strengthen Neighborhoods						
2.1	Extend affordability periods on multifamily properties	X					Y
2.2	Target and expand owner occupied and rental rehabilitation programs to improve housing quality and appearance	X					Y
2.3	Support efforts to increase demand and competitiveness for housing in neighborhoods in transition.			Y	Y		
3	Deconcentrate Poverty and Facilitate Mobility to Areas of Opportunity						

3.1	Continue to undertake master planned redevelopments of obsolete public housing developments						
3.2	Promote housing choice with tenant mobility programs and landlord support						
3.3	Combat housing discrimination						
4	Build regional capacity and coordination around affordable housing and access to opportunity.						
4.1	Support one or more regional nonprofits that develops affordable housing and provides services						
4.2	Provide technical assistance to developers, builders, and nonprofits	X					
4.3	Create and implement policies that encourage economic inclusion.						
5	Secure dedicated, ongoing, and flexible funding for housing						
5.1	Support the creation of a Norfolk Affordable Housing Trust Fund for gap financing and other housing initiatives.	X	X				
5.2	Leverage private resources by partnering with housing advocates and financial institutions, including CDFIs.		X				

Appendix

Studies Reviewed

1. 2016 Norfolk Housing Study
2. 2022 Impediments to Fair Housing

Interviews

Organization	Person(s) Interviewed
Old Huntersville CDC	Beatrice Garvin-Thompson; Non-profit Developer
City of Norfolk Department of Economic Development	Sean Washington; Director of Economic Development Robert Sharak; Bureau Director
City of Norfolk City Manager's Office	Larry "Chip" Filer, Ph.D., Former City Manager
City of Norfolk Deputy City Manager	Trista Pope
City of Norfolk Department of City Planning	George Homewood; Former Director Paula Shea; Acting Director
City of Norfolk Department of Housing and Community Development	Megan Erwin; Director of Community Development Marcia McGill; Director of Housing Development
Norfolk Redevelopment and Housing Authority	Ronald Jackson; Former Director Mike Clark; Interim Executive Director, Operations LaShawn Fortes; Community Economic Development Director
The Franklin Johnston Group (Affordable Housing Developer)	Tom Johnston; Chief Development Officer Murray Kirk; Senior Vice President, Design and Construction
Lawson Companies (Affordable Housing Developer)	Freddie Fletcher; Senior Development Manager William Sexuaer; Acquisition Associate
The Planning Council (Continuum of Care)	Jo Ann Short; President/CEO Julie Dixon; Senior Director of Planning and Program Development
Virginia Supportive Housing	Allison Bogdanovic; Executive Director
City of Norfolk Community Services Board	Sarah Paige Fuller; Director

Median Household Income vs. Area Median Income

This study refers to both Median Household Income (MHI) and Area Median Income (AMI). MHI in Norfolk is \$50,000, while 100% AMI for a 2-person household in the Norfolk MSA is about \$75,000. Most of the study uses MHI as a baseline for comparison because Norfolk's median household has a lower median income relative to many other cities in the Hampton Roads and is a more accurate midpoint income representation for the average resident in Norfolk than AMI, which is the midpoint income for the region. However, this

study uses AMI categories when describing housing affordability levels because federal housing programs, such as subsidized housing and public housing, utilize AMI limits to determine eligibility.

Housing Affordability Chart

2022 Income Range and Area Median Income ⁹	Example Occupations and Salaries	Affordable Rent ¹⁰	Number of households (2020)	Maximum Home Purchase Price and Down Payment Amount ¹¹
Less than \$20k, <30% AMI	Individual with part-time employment; individual with significant disability; senior with fixed income	Up to \$500	15.9k	Income insufficient to purchase a home
\$20k to \$35k, 30% to 50% AMI	Fast Food Worker—\$22k Retail Salesperson—\$27k Nursing Assistant—\$31k Construction Laborer—\$33k	\$500 to \$875	14.2k	Up to \$60k, \$12k Down Payment
\$35k-\$50k, 50% to 70% AMI	Repair Worker—\$42k Secretary—\$40k Heavy Truck Driver —\$43k	\$875 to \$1,250	11.8k	\$60k to \$130k, \$12k to \$26k Down Payment
\$50k-\$75k, 70% to 100% AMI	Real Estate Agent—\$57k Police Officer—\$53k HR Specialist—\$68k Accountant—\$73k	\$1,250 to \$1,875	17.4k	\$130k to \$250k, \$26k to \$50k Down Payment
\$75k to \$100k, 100% to 133% AMI	Registered Nurse—\$80k Business Operations Specialist—\$82k Civil Engineer—\$82k	\$1,875 to \$2,500	11.0k	\$250k to \$370k, \$50k to \$75k Down Payment
\$100k to \$150k, 133% to 200% AMI	Financial Advisor—\$120k Lawyer—\$110k Software Developer—\$106k	\$2,500 to \$3,750	11.2k	\$370k to \$610k, \$75k to \$122k Down Payment
\$150k+, Above 200% AMI	N/A	N/A	7.9k	Above \$610k, Above \$122k Down Payment

⁹ Area Median Income in the Metropolitan Statistical Area for a 2-person household

¹⁰ Inclusive of monthly rent, utility payments, and other housing costs

¹¹ This estimate of home purchase price assumes a 30-year fixed rate mortgage with a 20% downpayment, 0% mortgage insurance premium, 0% upfront mortgage insurance premium, and 80% loan to value ratio.

Glossary of Terms

American Rescue Plan Act (ARPA)

The Coronavirus State and Local Fiscal Recovery Funds (SLRRF) program authorized by the 2021 American Rescue Plan Act, delivered \$350 billion to state, territorial, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The legislation and subsequent guidance from the US Department of the Treasury made clear that the funds could be directed to several housing-related uses, providing an opportunity for the continuation of existing housing programs or launch larger-scale and innovative housing solutions.

Area Median Income (AMI)

Area Median Income (AMI) represents the midpoint in the distribution of household incomes within a certain geographic region. HUD publishes annual AMI levels for regions, adjusted for family size. The HUD-provided AMI is used to determine applicants' eligibility for both federally and locally funded housing programs where participation is dependent on income levels. The Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro Fair Market Rents (FMR) Area contains the following areas: Currituck County, NC; Gloucester County, VA; Isle of Wight County, VA; James City County, VA; Mathews County, VA; York County, VA; Chesapeake city, VA; Hampton city, VA; Newport News city, VA; Norfolk city, VA; Poquoson city, VA; Portsmouth city, VA; Suffolk city, VA; Virginia Beach city, VA; and Williamsburg city, VA.

Cost Burden

A household is considered cost burdened when 30% or more of household income is spent on gross housing costs (can apply to renters or homeowners).

Emergency Solutions Grants (ESG)

In 2012, the HEARTH Act revised the Emergency Shelter Grants Program to create the Emergency Solutions Grants (ESG) Program. ESG is a formula grant that provides funding for homeless outreach, emergency shelter rehab or conversion, homelessness prevention, and rapid rehousing to help homeless individuals or families living in shelters. Eligible ESG recipients generally consist of metropolitan cities, urban counties, territories, and states. Metropolitan cities, urban counties, and territories may provide Emergency Shelter Grants Program funds for projects operated by local government agencies and private non-profit organizations. Local government grantees must match grant funds with an equal amount of funds from cash or in-kind sources.

HOME Investment Partnership (HOME)

HOME Investment Partnership (HOME) was authorized by the federal government in 1990. It is a federal block grant to participating jurisdictions, which then use the funds to provide affordable rental and homeownership housing to low- and moderate-income families. When HOME funds are used for rental activities, at least 90% of the units must be occupied by households with incomes at or below 60% of AMI, with the remaining 10% to be occupied by households with incomes at or below 80% of AMI. In rental properties with five or more HOME units, 20% of the units must be set aside for households with incomes at or below 50% of AMI. Depending on the amount of HOME subsidy per unit, HOME funding applies 5- to 20-year affordability restrictions on units.

HOPWA

Under the HOPWA Program, HUD makes grants to local communities, states, and non-profit organizations for projects that benefit low-income persons (earning less than or equal to 80% of AMI) living with HIV/AIDS and their families. Two types of grants are made under the HOPWA program: HOPWA formula grants and

HOPWA competitive funds. HOPWA funds may be used for a wide range of housing, social services, program planning, and development costs.

Housing Choice Vouchers (HCV)

The Section 8 Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses, and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Low-Income Housing Tax Credit (LIHTC)

The Low-Income Housing Tax Credit Program is a federal program that provides a dollar-for-dollar tax credit to support the development of affordable rental housing. The LIHTC program distributes federal income tax credits to developers through state housing finance agencies, which are responsible for determining which projects receive tax credits under Virginia's allocation. There are two general types of credits that can be awarded. 9% credits are higher-value credits that cover a greater percentage of projects' development costs and are awarded on a competitive basis. 4% credits are lower-value credits that cover a lower percentage of projects' development costs and are generally awarded to any projects that meet specific programmatic requirements and are financially feasible. 4% credits are usually paired with tax-exempt bond financing to make up the difference.

Multifamily Housing

For the purposes of this document, multifamily housing is defined as a residential building consisting of more than five housing units.

Project-Based Section 8 Vouchers

The Project-Based Section 8 Program, as it is now known, was established in 1974. HUD entered into Housing Assistance Payments (HAP) contracts with private owners to serve low-income tenants. Under these contracts, tenants pay 30% of their adjusted monthly income for rent and utilities and HUD pays the owner the difference between the tenant's payment and the agreed-upon contract rent. New residents of Project-Based Section 8 units can have incomes of no more than 80% of AMI, and 40% must have incomes below 30% of AMI.

Public Housing

Public housing is a type of affordable housing that has been traditionally owned by a local government agency or authority. In most places, this is a public housing authority. HUD provides federal aid to local housing authorities to operate housing for residents, who pay rents that they can afford. In the United States today, there are approximately 1.2 million households living in public housing units, managed by some 3,300 housing authorities (HUD).

Qualified Allocation Plan (QAP)

Per federal requirements, the Virginia Housing Development Authority develops an annual Qualified Allocation Plan (QAP) to competitively allocate LIHTC across Virginia. This includes geographic and income-specific requirements. VHDA can only allocate credits in conformance with the QAP.

Quality Housing

Quality housing is defined as housing that meets local building standards to obtain a certificate of occupancy and/or federal Housing Quality Standards (HQS).

Section 202 (Direct Loans)

The Section 202 Program was authorized by the federal government in 1959. While the program has evolved over the years, it has either provided direct loans or capital advances from the federal government for the low-income senior housing development. From 1959 to 1990, the program provided below-market-rate direct loans, generally at a 3% interest rate for up to 50 years, to nonprofit organizations. In addition, from 1974 to 1990, these loans were subsidized further by Project-Based Section 8 contracts. In 1990, the funding moved from below market-rate direct loans to capital advances.

Section 202 and 811 (Project Rental Assistance)

The Section 202 Program (Supportive Housing for the Elderly) provides capital and operating funds to nonprofit organizations that develop and operate housing for seniors with very low-incomes, while the Section 811 Program (Supportive Housing for Persons with Disabilities) provides funding for the development and operation of housing for low-income people with significant and long-term disabilities. Each of these programs provides project rental assistance contracts, which subsidize the operating expenses of these developments. Residents pay 30% of their adjusted income towards rent, and the PRAC makes up the difference between rental income and operating expenses. Severe Cost Burden A household is considered severely cost burdened when 50% or more of household income is spent on housing costs (can apply to renters or homeowners)

Supportive Housing

Supportive housing is affordable housing that also includes support services designed to help tenants stay stably housed and build necessary life skills. Supportive housing can be designed either to be permanent or temporary for residents, with temporary housing targeted towards individuals who may be able to transition to traditional housing without support services over time. Supportive housing has been a successful tool to house populations that may be difficult to serve with traditional housing, such as chronically homeless adults.

U.S. Department of Housing and Urban Development (HUD)

The U.S. Department of Housing and Urban Development (HUD) is the federal agency charged with overseeing affordable housing and community development programs related to home ownership, low-income housing assistance, fair housing laws, homelessness, aid for distressed neighborhoods, and housing development.

Virginia Housing Development Authority

Virginia agency that finances affordable housing opportunities through the sale of tax-exempt bonds and management of federal tax credit programs, the federal HOME project, Virginia Housing Trust Fund, and other programs.

Zoning

A planning tool used primarily by local governments, zoning regulates buildings' use, size, and shape, and other factors, such as parking, signage, accessory structures, and landscaping.