



Commonwealth of Virginia
Office of the Governor

Executive Order

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NUMBER FORTY-TWO (2024)

CATALYZING HOUSING DEVELOPMENT FOR CRITICAL WORKFORCE AND ECONOMIC DEVELOPMENT NEEDS WITH INTERAGENCY COLLABORATION

By virtue of the authority vested in me as Governor, I hereby issue this Executive Order to strengthen our Commonwealth's support of Virginia's economy by aligning economic development with housing plans and development, including the provision of housing for workforce needs.

Importance of the Initiative

Since 2022, because of our efforts to improve Virginia's ability to compete for private sector jobs and capital, Virginia now ranks among the top ten states for overall job growth¹ with nearly 250,000² more jobs filled today and more than \$85 billion in new capital commitments from employers locating or expanding operations in the Commonwealth.³ In a reversal of recent net migration trends, more people are moving into the Commonwealth of Virginia than are moving out.⁴

Maintaining Virginia's economic growth requires increased housing development⁵, yet the housing market has been constrained by limited supply⁶, burdensome regulation⁷, increasing construction costs,⁸ and high interest rates.⁹

Virginia is lagging in housing supply to adequately meet sustained employment growth recorded in the past few years.

According to analysis from Virginia Housing and the Virginia Economic Development Partnership (VEDP), Virginia's metro areas are building new units at a lower rate compared to metro areas in economic competitor states. Metro areas outside of Virginia have not only outpaced housing stock growth in Virginia's metro areas, but they are also outpacing the Commonwealth's metro areas in issuing permits for new residential units.

In aggregate, Virginia has a housing supply of approximately 3.6 million units,¹⁰ short of total housing demand of 4.1 million units.¹¹ Virginia needs to build another 550,000 units to meet current demand, as well as 30,000 per year to match the state's growth.

Housing development in Virginia is proceeding at half the rate of job growth. For workforce housing specifically, the current estimated shortfall is 41,000 homes.¹² Virginia's economic growth demands more supply of housing, especially workforce housing.

We must further our efforts to increase the supply of housing, especially workforce housing, reduce regulatory burdens which drive up the cost of construction, and align housing development with economic growth.

The Virginia Business Ready Sites Program administered by the Virginia Economic Development Partnership has begun to incorporate housing supply into their analysis and will now require economic development organizations seeking grant funding to provide housing plans for nearby localities to be prepared to develop sufficient housing in support of resulting jobs.

We have improved our building codes—our Administration, led by the Department of Housing and Community Development, has reduced the cost of new home construction by approximately \$24,000 per unit.¹³

Additionally, through the Virginia Permitting Transparency system, formalized by Executive Order 39 (2024), the improvement in state permit processing time delivers real results for housing construction. For example, new housing developments often require state environmental permits from the Virginia Department of Environmental Quality (DEQ). DEQ is now clearing permits 70 percent faster on average than before the start of our Administration.¹⁴

Localities, which control zoning and planning, and where control of the vast majority of housing development permits and regulation resides, must drive similar processing time improvements.

We have prioritized infrastructure investments that support housing as well, including delivering broadband to over 130,000 previously unserved homes and businesses—a nation-leading figure.¹⁵

And, finally, today, our Administration announced the all-new Workforce Housing Investment Program, administered by Virginia Housing, which will invest \$75 million over five years with the potential to catalyze \$750 million and 5,000 units of workforce housing development near major announcements of new jobs.

The Workforce Housing Investment Program will catalyze investment in housing construction for Virginia families near reliable, high-paying jobs. Virginia Housing will provide loans, loan subsidies, and grants up to \$3 million to localities and non-profits to develop housing for workers earning 80-120 percent of area median income, and 150 percent in rural areas. To be

eligible for investment, a locality must be within a 30-minute drive of a business adding new jobs: 100 for a non-distressed locality, 50 for a distressed locality, and 25 for a double distressed locality.

Virginia must not only continue to support the supply of affordable housing, but also accelerate the development of workforce housing statewide to support the employees filling new jobs.

Economic development for new and expanding business sites must consider all aspects of necessary site infrastructure, including housing for workers and their families. Business site investment decisions shall include nearby localities' plans to foster housing development with economic growth.

To formalize and make permanent our practice of aligning housing support with economic site development investment, this Executive Order integrates the provision of housing for critical workforce needs with economic development by adapting how the state invests in business-ready sites, pairing those investments with housing plans in nearby communities.

Directive

Accordingly, pursuant to the authority vested in me as Chief Executive Officer of the Commonwealth and pursuant to Article V of the Constitution of Virginia and the laws of the Commonwealth, I hereby direct the Virginia Economic Development Partnership and the Department of Housing and Community Development to develop a Memorandum of Understanding with the Virginia Housing Development Authority to do the following:

1. Integrate housing plans into the Virginia Business Ready Sites Program by requiring localities applying for funds to include a housing plan to match the job potential of each site.
2. Collaborate on the Virginia Workforce Housing Investment Program.

¹ U.S. Bureau of Labor Statistics, "Labor Area Unemployment Statistics," <https://www.bls.gov/lau/>.

² U.S. Bureau of Labor Statistics, "Current Employment Statistics Survey," <https://www.bls.gov/ces/>.

³ Virginia Economic Development Partnership database of assisted and unassisted new jobs announced since 2022.

⁴ U.S. Census Bureau, "State to State Migration Flows," <https://www.census.gov/data/tables/time-series/demo/geographic-mobility/state-to-state-migration.html>.

⁵ Chmura Economics, "Housing as an Economic Development Strategy for Virginia," virginiahousing.com.

⁶ Virginia REALTORS, "Virginia Home Sales Report: September 2024" virginiarealtors.org/research/reports/

⁷ The Pew Charitable Trusts, "How Restrictive Zoning in Virginia Has Hurt Housing Affordability," <https://www.pewtrusts.org/en/research-and-analysis/articles/2024/01/22/how-restrictive-zoning-in-virginia-has-hurt-housing-affordability>.

⁸ National Association of Homebuilders, "Material Costs Affect Housing Affordability," <https://www.nahb.org/advocacy/top-priorities/material-costs>; Federal Reserve Bank of St. Louis, "Producer Price Index by Commodity: Inputs to Industries: Net Inputs to Residential Construction, Goods," <https://fred.stlouisfed.org/series/WPUIP2311001>.

⁹ U.S. Consumer Financial Protection Bureau, “Data Spotlight: The Impact of Changing Mortgage Interest Rates,” <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-the-impact-of-changing-mortgage-interest-rates/>; Federal Reserve Bank of St. Louis, “30-Year Fixed Rate Mortgage Average in the United States,” <https://fred.stlouisfed.org/series/MORTGAGE30US>.

¹⁰ CoreLogic Market Trends, <https://www.corelogic.com/real-estate/housing-trends/>.

¹¹ Analysis performed by the Department of Housing and Community Development utilizing data from CoreLogic, the American Community Survey, and Comprehensive Housing Affordability Survey.

¹² Analysis performed by the Department of Housing and Community Development utilizing data from sources including CoreLogic, the American Community Survey, and Comprehensive Housing Affordability Survey.

¹³ Analysis performed by the Department of Housing and Community Development.

¹⁴ Virginia Department of Environmental Quality, “Virginia Permit Transparency and Permitting Enhancement and Evaluation Platform,” <https://www.deq.virginia.gov/get-involved/virginia-permit-transparency-and-permitting-enhancement-and-evaluation-platform>.

¹⁵ Data from Virginia Office of Broadband.

Effective Date

This Executive Order shall be effective upon its signing and shall remain in force and effect unless amended or rescinded by a future executive order or directive. Given under my hand and under the Seal of the Commonwealth of Virginia, this 14th day of November, 2024.




Glenn Youngkin, Governor

Attest:



Kelly Gee, Secretary of the Commonwealth