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Mr. Long concluded his presentation by emphasizing that because of the HRPDC's support of HRMMRS, the region is better prepared than most for mass casualty incidents. However, he reported that it has become increasingly challenging to maintain a high level of preparedness without additional funding. The trailers that house medical equipment and supplies are between 10 and 15 years old and will need replacement in the coming years. Also, to complete the MCI Transportation Plan, HRMMRS still needs to purchase four Medical Rapid Access Transport Units and two medical ambulance buses. Lastly, the HRMMRS needs to increase funding to resume quarterly training of the Strike Team.

For long-term sustainment of the HRMMRS program, Mr. Long requested that the Commission consider establishing \$350,000 of UASI grant funds to sustain HRMMRS, provide HRPDC support for HRMMRS grant projects submitted under the competitive SHSP grant, and lastly, reexamine sustainment funding per capita that has not increased since 2002.

*\*Commissioner Michael Stallings departed*

## **Hampton Roads Housing Market**

Vice-Chair Jenkins introduced Ms. Katherine Rainone, HRPDC Regional Economist, to brief the Commission on the state of the Housing Market in Hampton Roads.

Ms. Rainone presented data on trends in Hampton Roads home sales, values, prices, supply and demand, rental listings and prices, mortgage rates, and affordability.

### Hampton Roads Home Sales

Home sales in Hampton Roads have been at new extreme highs for approximately the past year, and since the housing and financial crisis in 2008, the housing market has been recovering steadily. The majority of sales have been in existing homes and sales of new homes have been relatively consistent. Sales briefly declined in the first few months of the pandemic but then soon increased dramatically and have been holding at record highs for all of 2021 and 2022. The increase in home sales is likely due to a combination of factors including the pandemic. People were spending more time at home, and many moved up their timelines to buy while interest rates were at record lows.

## Home Values

The home price index includes data from all 50 states and over 400 cities and provides a broad but accurate measure of how home prices are trending over time. House prices in the region, Commonwealth, and the nation have fluctuated over the past 15 years in the leadup to the housing crisis and subsequent recovery, but the index for all three has far surpassed the highs of the housing boom. The home price index for the United States increased by over 18% and for Hampton Roads by 14%.

## Hampton Roads Home Prices

The median sales price of homes in Hampton Roads over the past 20 years has been increasing slowly but somewhat steadily since the Great Recession reaching the same recent median price high in 2018 and increasing each year since then. The increase in median prices in 2020 and 2021 were much larger than in previous years, increasing by 8% and 10% respectively compared to a 3% annual increase in previous years.

## Hampton Roads Home Supply and Demand

As median home prices have been slowly increasing over the past ten years and throughout the pandemic, the number of days a home is on the market has been slowly declining. Almost immediately after the onset of the pandemic, the average number of days a home was on the market before being sold in Hampton Roads plummeted. The dramatic decrease is likely due to the decreased supply of homes on the market as well as increased demand. Housing supply has been falling in Hampton Roads since 2014, but the rate at which the supply has fallen increased significantly due to the pandemic and remains at record lows.

As of the week ending May 7, 2022, the Hampton Roads Metropolitan Statistical Area (MSA) ranked 93 out of 100 metro areas for year-over-year change in inventory, according to data from Realtor.com. Roughly 60% of the metro areas experienced increases in inventory when compared to the previous year, while the other 40% continued to see declines in inventory. Hampton Roads was near the bottom with 22.4% less inventory than the previous year.

The number of single-family permits issued monthly can be an indicator of new construction to come. After the financial crisis of 2008 and the Great Recession, single-family permits issued at record lows have slowly increased over time. However, since the onset of the pandemic, the trend has plateaued, which could be for a variety of reasons including economic uncertainty, a drastic increase in the cost of construction supplies, supply chain issues for construction materials, and a potential decrease in the availability of labor.

## Hampton Roads Home Rental Listings and Prices

The same trends in the market for home sales can translate to the market for rental units, and it remains difficult to find a place to live as an owner or renter in Hampton Roads. While the total number of rental listings has been declining slowly but steadily since 2015, the reduction in available units for rent in 2020 and 2021 was significant.

Rental prices across the country were increasing between 2.5% and 5% per year, but things changed dramatically in early 2020. Rental prices in Hampton Roads began increasing at a rate much higher than previously seen, and now are over 20% higher than before the pandemic. Similarly, the overall monthly rental prices in the United States are nearly 25% higher now than they were pre-pandemic. Renters are likely potential future home buyers, but if renters are now spending a larger amount on rent in addition to the rising costs of most other goods, that heavily impacts their ability to save cash for a potential down payment in the future.

### Mortgage Rates

Mortgage rates highly influence the housing market. The Federal Reserve raised interest rates twice in the past several months to combat inflation. Between May 2021 and May 2022, mortgage rates increased by 2.3 percentage points. This one-year increase in mortgage rates would add over \$400 to the monthly payment on a 30-year mortgage note, which is nearly \$5,000 a year on the average-priced home in Hampton Roads.

### Affordability

Housing prices tend to increase easily but are resistant to decrease. House prices were rising before the pandemic because of a lack of supply of homes for sale, and the demand was fueled by record-low mortgage rates and a strong economy. Raised interest and mortgage rates, elevated home prices, and plateaued new building permits signal no marked significant increase in future home supply. These indicators, combined with many more, indicate a reduction in overall housing affordability. Although, wages in the region are increasing for the first time in 20 years.

Ms. Rainone concluded her presentation by offering to answer questions.

Commissioner Dyer thanked Ms. Rainone for her presentation. He added that strong stormwater regulations are also contributing to raised home and rental prices in Virginia Beach. He referenced the offshore wind industry and a possible workforce influx in the future, and he emphasized the importance of concurrently considering housing availability and affordability. He urged proactive steps to increase the region's housing inventory and affordability as both impact residents' quality of life and company interest in relocating to Hampton Roads.

Commissioner Randy Keaton stated that all localities are facing dramatic increases in assessed valuations and he suggested tracking the increase in assessed valuations over the last five to ten years.

Ms. Rainone responded that she would look into assessed valuation data.

Mr. Geduldig-Yatrofsky said that at the end of the last CAC meeting, a CAC member commented on the relationship between affordable housing and mobile home parks. Mr. Geduldig-Yatrofsky mentioned that related media coverage seems to indicate an emerging crisis locally and across the country where mobile home parks are increasing in value because available land is becoming

scarcer in many urban areas. He commented it may lead to people being displaced. He asked if Ms. Rainone had looked into that aspect of the housing market and noticed any trends.

Ms. Rainone responded that the census data analyzed included the number of mobile homes per locality, but she indicated that the data did not signify any regional trends. She asked if Mr. Greg Grootendorst, HRPDC Chief Economist, had anything to add.

Mr. Grootendorst stated that mobile homes are one aspect of the housing market, but the bigger question is how to permit more houses. He indicated permitting more houses will increase supply and affordability altogether. He reported that the number of building permits in Hampton Roads has been below the long-term average for over a decade.

Mr. Crum asked if the CAOs in attendance would like to share high-level observations from their localities.

Commissioner Al Moor indicated that Suffolk continues to see new plans and phases of projects. He indicated that builders are anxious to provide products before interest rates increase further.

Commissioner Carol Steele shared that Gloucester County has experienced a significant increase in housing interest and large projects are currently underway.

Commissioner Chris Price stated that Chesapeake is still experiencing significant growth in permitting for infill single-family home development as well as mixed-use development.

Commissioner Patrick Duhaney shared that Virginia Beach is similarly experiencing an increase in permit activity. Commissioner Duhaney also commented that already high prices are being increased further by the cost of inflation and regulations. He added that there is also a renewed focus on more infill development in Virginia Beach.

Norfolk Deputy City Manager Patrick Roberts reported that in Norfolk, the demand for multi-family housing is still considerable, and he shared a recent statistic that there were as few as six vacant multi-family units available downtown. He added that the significant shortage in materials and labor may currently be regulating the demand for building permits.

Commissioner Duhaney added that Virginia Beach is struggling to fill open positions in permits and inspections, and the city is using online tools to try to expedite the process.

Commissioner Mary Bunting commented that because Hampton is nearly fully developed, the city over the last several years has been amassing land for redevelopment and have multiple parties interested in redevelopment parcels.

Commissioner Keaton commented that Isle of Wight County has also experienced a significant increase in housing interest and townhouse and apartment projects are currently underway.

Mr. Crum thanked the Commissioners for their information sharing and insights.

### **Three-Month Tentative Schedule**

Mr. Crum noted that no Commission meeting was scheduled in June and the next meeting was scheduled for July 21, 2022.

### **Advisory Committee Minutes**

Mr. Crum stated that the HRPDC Advisory Committee meeting minutes approved since the last Commission meeting were provided for information purposes.

### **Technical Committee Meeting Summaries**

Mr. Crum indicated that the summaries of HRPDC Technical Committee meetings held since the last Commission meeting were included in the agenda for information purposes.

### **For Your Information**

Mr. Crum referenced the correspondence of interest included for Commission member information, which included the following:

- Letter to GO Virginia (GOVA) Region 5 Council recommending approval of the Business Ready Sites in Hampton Roads GOVA grant application
- Memorandum of Agreement between the Hampton Roads Planning District Commission and the City of Suffolk, the County of Southampton, and the County of Isle of Wight regarding “HRPDC Universal Broadband for Suffolk, Isle of Wight, and Southampton 2022”
- Letter to Virginia Department of Housing and Community Development (DHCD) Office of Broadband regarding the HRPDC Universal Broadband for Suffolk, Isle of Wight, and Southampton 2022 (VATI #2022-022) Performance-Based Admin Budget

### **Old/New Business**

There was no old or new business.

### **Adjournment**

With no further business to come before the Commission, the meeting adjourned at 1:57 p.m.

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Andria P. McClellan  
Chair

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Robert A. Crum, Jr.  
Executive Director/ Secretary