



**Virginia
Housing
Commission**

2023 Annual Report

2023 Virginia Housing Commission Executive Summary

The Virginia Housing Commission had a very productive interim with three full Commission meetings and ten Workgroup meetings.

The Commission has endorsed four pieces of legislation each of which will be carried by both a Senator and Delegate during this year's General Assembly Session. They include: 1.) a bill concerning the foreclosure requirements for Common Interest Communities, 2.) a bill to extend the court pilot program for those persons risking eviction, 3.) the registration of derelict structures (permissive to all localities), and 4.) the expansion of the Commonwealth's authorization for localities to establish a Community Revitalization Fund.

Workgroup members discussed seventeen pieces of legislation that had been referred to the Commission during the 2022 General Assembly Session ([see bill matrix](#)). These range from zoning to the registration of derelict structures as well as workforce and affordable housing needs.

Additionally, the Commission both as a full Commission, and in workgroups, heard about housing facts from many pertinent and informative speakers including developers, local governments, non-profit entities and economists. Workgroup membership (both housing stakeholders and legislators) and the material they discussed is available under the [Members and Staff tab](#) on the Commission's website.

New initiatives such as a newsletter and a presence on social media were implemented during 2023. The newsletters are [archived](#) on the Commission's website.

The Chair position was held by Delegate Danny Marshall and Senator Mamie Locke served as Vice-chair of the Commission. New highly talented staff was hired by the Commission to assist the director, Elizabeth Palen.

The director spoke at several conferences throughout the interim and the staff attended topical educational seminars.

The final report on the Eviction Diversion Court Pilot Program was submitted to the Virginia General Assembly in November, 2023. A slight increase in the usage of the program was noted since the interim report submitted the previous year; subsequently, a bill to continue the program an additional year has been recommended by the Commission.

Several presentations were given by the Commission staff including a well-received presentation on creative bond financing methods for housing development. It provided insights into what other States are exploring to fill financing gaps in development and also outlined different types of bond financing options.

Commission staff conducted a literature review and studied other statewide policies to assess the impact of local zoning preemption and development incentives on local housing construction. The Commission will continue to monitor this topic as the impact of reforms become more apparent.

The Commission will continue to monitor and study housing needs in the Commonwealth in the up-coming year. The website contains the Commission's [reports](#) as well as those of partner agencies. Please access the website for [meeting times and dates](#).

Topics studied next year may be in response to a fall in mortgage interest rates and an expansion of the residential housing market, a continued interest in local zoning and the inclusion of ADUs. The Virginia Housing Commission will offer opportunities to discuss and hear experts on many of these issues. The Commission anticipates the first meeting of 2024 to take place the week of the reconvene session.

A handwritten signature in black ink, appearing to read "Elizabeth A. Palen", is written over a light yellow rectangular background. A horizontal line is drawn above the signature.

Elizabeth A. Palen

Director Virginia Housing Commission

Table of Contents

<u>Executive Summary</u>	2
<u>Virginia Housing Commission Members</u>	4
Workgroup Members	
<u>Real Property, Community Development, and Best Land-Use Practices</u>	5
<u>Local Land Use and Community Living</u>	6
<u>Landlord and Tenant Law, Real Estate Law, and Affordable Housing Solutions</u>	8
<u>Short-Term Rentals</u>	10
Meeting Agendas and Summaries	
April 14, 2023: <u>Full Virginia Housing Commission</u>	11
May 16, 2023: <u>Real Property, Community Development, and Best Land-Use Practices Workgroup</u>	16
May 16, 2023: <u>Short-Term Rentals Workgroup</u>	24
May 17, 2023: <u>Local Land Use and Community Living Workgroup</u>	29
May 17, 2023: <u>Landlord and Tenant Law, Real Estate Law, and Affordable Housing Solutions Workgroup</u>	37
July 19, 2023: <u>Real Property, Community Development, and Best Land-Use Practices Workgroup</u>	44
August 21, 2023: <u>Landlord and Tenant Law, Real Estate Law, and Affordable Housing Solutions Workgroup</u>	51
August 21, 2023: <u>Local Land Use and Community Living Workgroup</u>	56
August 22, 2023: <u>Full Virginia Housing Commission</u>	62
December 5, 2023: <u>Real Property, Community Development, and Best Land-Use Practices Workgroup</u>	69
December 6, 2023: <u>Local Land Use and Community Living Workgroup</u>	73
December 6, 2023: <u>Landlord and Tenant Law, Real Estate Law, and Affordable Housing Solutions Workgroup</u>	80
December 19, 2023: <u>Full Virginia Housing Commission</u>	85

Virginia Housing Commission Membership 2023

Commission Members

Delegate Daniel W. Marshall III, *Chair*

Senator Mamie E. Locke, *Vice Chair*

Delegate David L. Bulova

Delegate Carrie E. Coyner

Delegate Hyland F. "Buddy" Fowler Jr.

Delegate Briana D. Sewell

Senator George L. Barker

Senator Ghazala F. Hashmi

James Forest Hayes, Governor Appointee

Joshua Goldschmidt, Governor Appointee

Laura Lafayette, Governor Appointee

Real Property, Community Development, and Best Land-Use Practices

Membership 2023

House Members

Delegate Daniel W. Marshall III, *Chair*

Senate Members

Senator Ghazala Hashmi

Governor Appointees

Joshua Goldschmidt

Stakeholder Members

Cathy Binder, King George County Board of Supervisors

Andrew Clark, Homebuilders Association of Virginia

Chip Dicks, Virginia Association of Realtors

Michelle Gowdy, Virginia Municipal League

Greta Harris, Affordable Housing Developer

Bryan Horn, Department of Housing and Community Development

Joe Lerch, Virginia Association of Counties

Preston Lloyd, Williams Mullen

Duanne Miller, Lenowisco Planning District Commission

Jonathon Ridout, HHHunt

Nichole Riley, Virginia Economic Development Partnership

Mike Schnurman, Henrico County

Lee Vogler, Danville City Council

Jerri Wilson, Newport News

Local Land Use and Community Development Membership 2023

House Members

Delegate David L. Bulova, *Chair*

Delegate Carrie E. Coyner

Delegate Hyland F. "Buddy" Fowler Jr.

Delegate Briana D. Sewell

Senate Members

Senator Mamie E. Locke

Senator George L. Barker

Governor Appointees

Joshua Goldschmidt

James Forest Hayes

Stakeholder Members

Bismah Ahmed, Apartment and Office
Building Association of Metropolitan
Washington

Laura Bateman, Virginia First Cities

Andrew Clark, Homebuilders
Association of Virginia

Tyler Craddock, Virginia Association of
Housing and Community Development
Officials

Michelle Gowdy, Virginia Municipal
League

Randy Grumbine, Virginia Manufactured
and Modular Housing Association

Bryan Horn, Department of Housing and
Community Development

Joseph Hudgins, Independent Insurance
Agents of Virginia

Mike Inman, Community Associations
Institute

Erin Kormann, Virginia Association of
Realtors

Brian Koziol, Virginia Housing Alliance

Joe Lerch, Virginia Association of
Counties

Christie Marra, Virginia Poverty Law
Center

Anna Salzberg, Wetland Studies and
Solutions

Pia Trigiani, Community Associations
Institute

Mike Urban, Virginia Housing
Development Authority

Jerry Wright, Community Associations
Institute

Landlord & Tenant Law, Real Estate Law, and Affordable Housing Solutions

Membership 2023

House Members

Delegate Carrie E. Coyner, *Chair*

Delegate David L. Bulova,

Delegate Briana D. Sewell

Senate Members

Senator Mamie E. Locke

Senator George L. Barker

Governor Appointees

Joshua Goldschmidt

James Forest Hayes

Laura Lafayette

Stakeholder Members

Bismah Ahmed, Apartment and Office
Building Association of Metropolitan
Washington

Fred Bryant, Virginia Housing
Development Authority

Andrew Clark, Homebuilders
Association of Virginia

Tom Fitzpatrick, Housing Opportunities
Made Equal

Troy Garrett, Virginia Association of
Housing & Community Development
Officials

Michelle Gowdy, Virginia Municipal
League

Randy Grumbine, Virginia Manufactured
and Modular Housing Association

Kelly Harris-Braxton, Virginia First Cities

Bryan Horn, Department of Housing and
Community Development

Kelly King Horne, Homeward

Erin Kormann, Virginia Association of Realtors

Brian Koziol, Virginia Housing Alliance

Joe Lerch, Virginia Association of Counties

Christie Marra, Virginia Poverty Law Center

Renee Pulliam, Thalheimer Realty

Elizabeth Steele, GRS Title Services

Short-Term Rentals

Membership 2023

House Members

Delegate Daniel W. Marshall III

Delegate Hyland F. “Buddy” Fowler Jr.

Senate Members

Senator George L. Barker

Senator Ghazala F. Hashmi

Stakeholder Members

Bonnie Brown, Deputy Director of Community Development and Deputy City Attorney for the City of Hampton

Andrew Clark, Homebuilders Association of Virginia

Vincent Frillici, Airbnb

Michelle Gowdy, Virginia Municipal League

Paul Grossman, Cape Charles Town Council Member

Parker Hannahs, Virginia Beach

Erin Kormann, Virginia Association of Realtors

Joe Lerch, Virginia Association of Counties

David Skiles, VRBO

Terrie Suit, Virginia Association of Realtors

Eric Terry, Virginia Restaurant Lodging and Travel Association

COMMONWEALTH OF VIRGINIA

DELEGATE DANIEL W. MARSHALL, III
SENATOR MAMIE E. LOCKE
ELIZABETH A. PALEN, Executive Director



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VIRGINIA HOUSING COMMISSION

AGENDA

Virginia Housing Commission
Wednesday, April 12, 2023, 8:30 a.m.
House Room 2, The Capitol

- I. Welcome and Call to Order
Delegate Danny Marshall, Chair

 - II. Presentation
 - Introduction of Speaker
Renee Pulliam, Vice President, Director of Operations, Thalhimer

 - Adaptive Reuse and Regency Square
Mark Slusher, Principal, Thalhimer Realty Partners

 - III. Overview of Session Bills
Work Plan for the 2023 Interim
Elizabeth Palen, Executive Director, Virginia Housing Commission

 - IV. Adjourn
-

DELEGATE DANIEL W. MARSHALL III
DELEGATE DAVID L. BULOVA
DELEGATE CARRIE E. COYNER

SENATOR MAMIE E. LOCKE
SENATOR GEORGE L. BARKER
SENATOR GHAZALA F. HASHMI

JOSHUA GOLDSCHMIDT
JAMES FOREST HAYES
LAURA LAFAYETTE

DELEGATE HYLAND F. FOWLER Jr.
DELEGATE BRIANA D. SEWELL

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Virginia Housing Commission
Wednesday, April 12, 2023, 8:00 a.m.
House Room 1, The Capitol

Introduction:

Delegate Danny Marshall, Chair, called the meeting to order at 8:00 a.m.

Members present: Delegate Marshall, Delegate David Bulova, Delegate Carrie Coyner, Delegate “Buddy” Fowler, Delegate Sewell, Senator Mamie Locke—Vice Chair, Senator George Barker, Senator Hashmi, Joshua Goldschmidt, Laura Lafayette

Members absent: James Forest Hayes

The meeting began with a presentation and discussion followed by a work plan for the Virginia Housing Commission.

Materials presented at the meeting are accessible through the [Commission’s website](#).

Presentations:

Introduction of the Speaker

Renee Pulliam, Vice President, Director of Operations, Thalhimer Realty Partners

Ms. Pulliam introduced **Mr. Slusher**, whose presentation on the redevelopment of Regency Mall including 300 new apartments.

Adaptive Reuse and Regency Square

Mark Slusher, Principal, Thalhimer Realty Partners

Mr. Slusher provided background and information on the Thalhimer Realty Partner's purchase of Regency Square Mall eight years ago.

- The goal for the Regency Square Mall redevelopment was to create a higher density walkable community in suburban Henrico County consisting of apartments, experimental retail, sports venues, and other business.
- The mall improvements values will increase tax revue from \$ 100,000 (2015) to an estimated \$ 1.8 million by 2026.
- Regency Square Mall was redeveloped to have outward facing businesses, such as restaurants and medical buildings, visible from the road.
- The former Macy's Department Store was repurposed into a 50-meter swimming pool for the NOVA Swim Club. An indoor pickleball court will be unveiled this week.
- There is also a 50,000 square foot school for builders and welders on the first floor of the former mall.

Mr. Slusher asserted that there is a "Secret Sauce" to redevelopment of repurposed property such as Regency Mall:

- 1) Public/private partnership
- 2) Experienced leadership with vision
- 3) Urban density
- 4) Walkable design

Laura Lafayette, Governor appointee, asked if the surrounding neighborhood supported the redevelopment. **Mr. Slusher** answered that the community supported increasing the density of the area particularly due to the length of Regency Mall's decline.

Delegate Marshall asked if Thalhimer is interested in projects like their redevelopment of Regency Square Mall in other areas. **Mr. Slusher** responded that Thalhimer Realty Partners would be interested in such projects.

Delegate Bulova asked what policies could be implemented to support the success of similar projects in other areas. **Mr. Slusher** stated help on the county level has been sufficient. He continued on to share the Regency Mall redevelopment was an "easier" project because it was repurposing existing infrastructure.

Discussion ensued concerning the different types of governments in counties, cities, and towns.

Senator Locke and **Senator Barker** commented that differences exist in governments of towns and cities versus cities.

Mr. Slusher responded that the Richmond City Boulevard project was eight times the size of the Regency Mall redevelopment project, proving such developments may occur anywhere. He continued that political motivations are what prevent development from occurring.

Delegate Marshall, at **Senator Barker's** request, asked the Commission to research the regulatory differences in various types of localities.

Overview of Session Bills and a Work Plan for the 2023 Interim

Elizabeth Palen, Executive Director, Virginia Housing Commission

Ms. Palen introduced **Jessica Hoff**, the new research analyst for the Commission, and she noted **Mary Richerson** will be leaving her work at the Commission to work as the senior pastor of a church in Virginia.

Ms. Palen reported on the state of housing in Virginia.

- Home showings are up 20% since the beginning of 2023 while mortgages are up 19% to an average rate of 6.42% as of March 24, 2023.
- Jonathan Miller of Miller Samuel Real Estate Appraisers and Consultants said:
 “Buyers are no longer able to overpay, and sellers are unwilling to lower their prices or even sell.”
- According to the National Association of Realtors, at the end of past February, the US had a 2.6-month supply compared to a healthy housing market which has a four-to-five-month supply.
- Close to a million units of multi-family housing are under construction, which is the largest construction since 1973.
- According to Robert Dietz, the Chief Economist of the National Association of Home Builders, the rental rates are at a national median of 1,350/month which is a 2.6% increase from 2022.
- It is important to note that while a 2.6% increase seems reasonable, in 2022 there was a 17.6% increase in rental rates which comes to a total 20.2% increase.

Ms. Palen presented the bills and workgroups for the interim.

Workgroups:

- o Real Property, Community Development and Best Land-Use Practice chaired by Delegate Marshall.

- Short-Term Rentals co-chaired by Laura Lafayette and Lee Vogler.
- Local Land Use and Community Living chaired by Delegate Bulova.
- Landlord Tenant Law, Real Estate Law, and Affordable Housing Solutions chaired by Delegate Coyner.

Delegate Marshall presented the mission state of the Virginia Housing Commission, as is posted on the Commission website.

Ms. Palen commented that the website will be updated with all meetings and agendas as they are scheduled.

Public Comment:

No public comment was offered.

Conclusion:

The meeting was adjourned at 8:51 a.m.

The Full Commission will meet on August 22, 2023, at 10:00 a.m. in House Room 1 of the Capitol.

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

AGENDA

Real Property, Community Development and Best Land-Use Practice Workgroup
House Room 1, The Capitol
Tuesday, May 16, 2023 - 10:00 a.m.

- V. Welcome and Call to Order
Delegate Danny Marshall, Chair

 - VI. Introductions

 - VII. Discussion concerning the Creation of Affordable Housing and Development Processes referencing the following bills:
 - (1) HJ 507 Increase Supply of Affordable and Workforce Housing,
D. Marshall, 2023

 - (2) HB 1413 Industrial Development Authorities to Promote Affordable Housing,
D. Marshall, 2023

 - (3) HB 2045 Zoning for Housing Production Act,
B. Carr, 2023

 - VIII. Public Comment

 - V. Adjourn
-

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Real Property, Community Development and Best Land-Use Practice Workgroup
Tuesday, May 16, 2023, 10:00 a.m.
House Room 1, The Capitol

Introduction:

Delegate Daniel W. Marshall, III, Chair, called the meeting to order at 10:00 a.m.

Members present: Delegate Danny Marshall, Senator Ghazala Hashmi, Joshua Goldschmidt, Bryan Horn, Cathy Binder, Andrew Clark, Chip Dicks, Michelle Gowdy, Greta Harris, Joe Lerch, Preston Lloyd, Duane Miller, Mike Schnurmann, Lee Vogler, Jerri Wilson

Members absent: Tommy Arnold, Jonathon Ridout, Nicole Riley

The meeting began with introductions and opening remarks followed by discussion of the Creation of Affordable Housing and Development Processes from HJ 507, HB 1413, HB 2045.

Discussion concerning the Creation of Affordable Housing and Development Processes referencing the following bills:

Delegate Marshall: Last August a report from the Virginia Association of Realtors on the state of housing throughout the Commonwealth determined the average house sale in Northern Virginia was \$750,000. At the time of the report, there was only a nine-month supply of residential building lots throughout the state.

Last year Kia corporation looked at a site in the Danville/Pittsylvania County area. Kia wanted to employ approximately 8,000 to 9,000 employees. There was a need for housing within a 30-45 miles radius for 17,000 people which was not available. Housing stock is directly impacted by the lack of trades people to build houses.

HJ 507: Increase Supply of Affordable and Workforce Housing, D. Marshall 2023

- There is a need for affordable housing for all price points.
- Jobs are being created without housing to accommodate employees.
- There is an inability for localities to afford the updating or creation of infrastructure.

Bryan Horn, Virginia Department of Housing and Community Development: Lack of housing supply is problem at all price points which can only be solved by increasing supply. This can be done by making the process of turning land into residential land faster and more predictable.

Several members expressed concern about the lack of housing in their communities; especially when localities are working on economic development and do not have housing to shelter incoming workers.

Duane Miller, Southwestern Virginia: There is in-migration to Southwestern Virginia but there isn't enough housing stock to meet the demand.

Delegate Marshall: There are 1,000 new jobs being created in Danville, but the housing stock cannot support the influx of new workers.

Jerri Wilson, Newport News: Newport News has a land shortage as 92% of land in the area has been built upon. An additional stress on housing are the 1,000 to 1,500 sailors and 700 new airmen expected in the region.

Delegate Marshall asked the Commission to investigate other states' best practices on addressing housing in areas with increases in service members.

Greta Harris, Better Housing Coalition shared the status of affordable housing in Central Virginia.

Greta Harris: In Central Virginia there has been a 40% increase in the need for affordable housing in the last five years. At the same time, the cost of delivering affordable housing units has increased by more than fifty percent. Land, capital, and policy regulations are driving up the cost of housing as well as material and labor.

Both localities and the Commonwealth have surplus land which is not driving local tax revenue. Policies are needed to encourage land-use for housing development.

She mentioned the need for wrap-around services and continual funding to keep single-family housing viable.

Delegate Marshall asked the Commission to investigate how much surplus land is available in localities and the Commonwealth as a whole.

Duane Miller: It is important to consider land which appears available, especially in Southwestern Virginia, may be owned by coal or gas industries.

Several workgroup members, **Cathy Binder, Joe Lerch, and Greta Harris** expressed concerns about the cost of infrastructure related to new housing developments.

Cathy Binder, King George County: King George County struggles to improve and create the infrastructure, water, sewer, transportation, schools, to support housing developments.

Joe Lerch, Virginia Association of Counties (VACo): Addressing stormwater regulations adds cost to infrastructure.

Greta Harris: Improving infrastructure needs to include Virginia's older and historic cities. For instance, in Petersburg—where affordable housing is needed—developments are difficult to construct because the infrastructure is old and needs to be replaced which not only includes water and sewer but roads and sidewalks as well.

Lee Vogler and Greta Harris mentioned educating the public is an important aspect to creating affordable housing as members of communities, where affordable housing is being brought into their neighborhood, express concern.

Lee Vogler, Southside: There is a need to better educate communities. Let the communities know where affordable housing is being developed, and who qualifies for affordable housing. The Danville Redevelopment and Housing Authority mentioned that only 16% of their clients are unemployed yet the public perceives this number to be far greater.

Greta Harris: Better Housing Coalition has been working in affordable housing development work for 35 years providing housing to over 20,000 lower income individuals. Every development we've built has been met with concern by the community. Studies have shown the arguments against affordable housing, including an increase in crime and a decrease in property values, to be false.

Andrew Clark, Preston Lloyd, and Joshua Goldschmidt discussed the need for creating predictability and decreasing the timeline of the development process. This includes investigating state agencies to determine common delays.

Joshua Goldschmidt, Governor Appointee: Recommended the Commission study Henrico County's process for creating developments because of its predictability.

Discussion ensued on the role of comprehensive plans.

Preston Lloyd, Williams Mullen: Development should be formed by a clear comprehensive plan. The counties that are best at executing a well-crafted comprehensive plan are thoughtful on how it is executed by a locality.

Michelle Gowdy, Virginia Municipal League (VML): Comprehensive plans are so detailed they have become too burdensome for small localities to comply. Comprehensive plans should return to their essential aspects to drive development where infrastructure can support growth.

The discussion turned to costs and funding of infrastructure. Currently, infrastructure costs are put on developers and end-use buyers impacting housing affordability.

Chip Dicks, Virginia Association of Realtors: Localities don't have the ability to pay for infrastructure aside from assigning infrastructure costs to a house. In most localities, one-third of a house's price is infrastructure costs. This directly relates to the increased cost of housing.

Delegate Marshall: Reimbursable agreements worked well in the past. Developers would create infrastructure for their developments, i.e. roads built to VDOT regulations, rather than cities funding infrastructure without the guarantee of development. Developers were reimbursed by the state once the developers built a certain number of houses.

Chip Dicks: State infrastructure costs are assigned to a house's price. Rather than tax dollars funding DEQ/VDOT services these agencies are funded by fees.

Michelle Gowdy: The current costs of infrastructure are unsustainable for localities. There needs to be a more efficient infrastructure system.

Preston Lloyd: There is an interplay between growth and infrastructure costs. Comprehensive plans include Suburban Service Area maps that show areas in the jurisdiction where infrastructure exists or areas the locality is prepared to create infrastructure. If growth and development occur in areas with infrastructure or where it is less expensive to create infrastructure the costs should decrease.

Delegate Marshall and Chip Dicks will collaborate on the direction the Commission will take in investigating infrastructure costs.

Several members discussed the possible use of impact fees.

Joe Lerch: Investigate impact fees as a potential alternative to the proffer system. When changes to zoning ordinances are made the incoming development pays for infrastructure when there are available lots without infrastructure fees

Delegate Marshall: The difficulty with impact fees, as seen in Northern Virginia, is the cost. The fee to develop one lot can be \$25,000 to \$30,000 or more.

Greta Harris: Cost increases in market rate developments are put on the end-user which is limited in affordable housing. Strategies should be tiered depending on the market of developments.

HB 1413: Industrial Development Authorities to Promote Affordable Housing, D. Marshall 2023

- How could unconventional spaces for housing be turned into viable housing supply?
- Should localities finance infrastructure costs through revenue bonds?

Delegate Marshall provides background information of the grading of land from tier 1-5 based on the “readiness” of the land for development. The goal is to decide if Industrial Development Authorities (IDAs) or Economic Development Authorities (EDAs) can become part of residential housing rather than inventing a new system.

Delegate Marshall queried the members on if/how IDAs could help the development of housing stock.

Andrew Clark: There is a need to clarify the authority given to IDAs/EDAs.

Preston Lloyd: IDAs can drive grant money to support localities in creating stronger comprehensive plans that include areas of expected development and infrastructure plans.

Lee Vogler: IDAs/EDAs could support development of mixed-use projects. IDAs could redevelop large vacant commercial spaces like malls.

Delegate Marshall: Developments can convert existing buildings, malls, mills, warehouses, into housing or commercial spaces with assistance from historic tax credits.

Mike Schnurman, Henrico County: Large commercial spaces are common but not in every locality. The Regency development was successful because of the preexisting utility infrastructure. Developers were able to create a mixed-use development.

Henrico County has had some success with Commercial Development Authorities (CDAs) but not in all areas. It is important to remember the risk associated with funding developments. In the past, local governments supported development of office parks which once developed then became vacant.

Delegate Marshall and **Greta Harris** spoke on where affordable housing should be located.

Delegate Marshall: Affordable housing should be near schools and public transportation.

Greta Harris: Housing and economic development are connected. Anchor institutions like hospitals and schools are lacking housing for their workforce. The lack of housing makes it difficult for these institutions to attract staff.

She requested clarification on affordable housing real estate taxes. Current legislation provides localities with the option to provide an abatement for affordable housing. This affects the

operation of affordable housing developments with income restrictions because the cost to maintain them is high.

Chip Dicks discussed the creation of a new bond to help finance infrastructure costs of developments that would shift the financial burden from developers and the end use owner to IDAs and EDAs.

Chip Dicks: Currently, infrastructure is paid through interest paid by private homeowners or a commercial developer.

Cities have the authority to have revenue bonds without referendums while counties need to have a referendum to have revenue bonds.

If we expand the power of EDAS in the Economic Development Act to include residential development and authorize EDAs to give funding for development, EDAs can issue revenue bonds guaranteed by a Special Purpose Entity (SPE). Then take out a Lloyds of London insurance policy to collateralize for catastrophe situations.

The bond revenue is partially the differential in land value once a lot is given infrastructure and becomes shovel ready. Municipal revenue garnered from parking meters, taxes, fines, fees, etc can be added into the revenue for the bonds.

The bonds would allow localities to fund infrastructure at lower costs which could remove 2.5 basis points from market-rate interest rates.

Delegate Marshall asked how IDA/EDA would service the debt—making the payments required—when development has not begun.

Chip Dicks: Bonds would be sold to buyers committed to paying a certain rate when a development is delivered with infrastructure. The contract with the developer is financeable through the infrastructure authority.

Preston Lloyd asked if the possibility of appropriation of taxes paid on the bond would affect bond rating.

Chip Dicks: Rating agencies understand such funds are subject to appropriation.

The Virginia Association of Counties and Virginia Municipal League streamline the bond process for smaller projects by creating one set of costs making it efficient for localities to create bonds.

Senator Hashmi expressed concern that removing IDAs/EDAs from housing authorities would create tension.

Andrew Clark, Michelle Gowdy, and Joe Lerch shared they have not heard that concern.

HB 2045: Zoning for Housing Production Act, B. Carr 2023

Tracy R. Smith, Associate Director Virginia Joint Legislative Audit and Review Commission (JLARC)

JLARC conducted a comprehensive study in 2021 on affordable housing needs in the Commonwealth.

One of the recommendations JLARC developed was for the Department of Housing and Community Development (DHCD) to design a financial incentive program to encourage localities to make more land available for multi-family housing on a by-right basis.

JLARC worked with DHCD to develop language prior to the 2023 session to create language to develop such a program.

- It is widely recognized that local zoning ordinances restrict housing supply.
- The JLARC study identified the most common obstacles to affordable housing, according to local planners, as more construction costs, infrastructure capacity, supply of land, cost of land, and public opposition.
- A fund should be created to incentivize localities to take steps, including redoing zoning ordinances, to make more land available to create multi-family housing on a by-right basis.

Delegate Marshall asked that the JLARC study be shared with the Commission.

Public Comment:

Tyler Craddock, Virginia Association of Housing Community Development Officials

The Virginia Association of Housing Community Development Officials was happy to work with Delegate Marshall on this bill and are open to working with the Commission.

Eldon James, Virginia Association of Area Agencies on Aging

For seniors across the Commonwealth, there is an increase in housing affordability pressures and homelessness.

Senior homelessness is growing at a tremendous rate in Virginia. While Virginia's population will increase 22% over the next 30 years, the 60 and older age group will increase 69%, 65 and older age group will increase 88%, and the 85 and older age group will increase 313%.

Today out of the 8.8% of the Virginia population receiving SNAP and food stamps, 38% have at least one person over the age of 80 living in their home.

Conclusion

The meeting was adjourned at 11:45 a.m.

The workgroup will meet on July 19, 2023, at 10:00 a.m. in House Room 1 of the Capitol.

COMMONWEALTH OF VIRGINIA

DELEGATE DANIEL W. MARSHALL, III
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VIRGINIA HOUSING COMMISSION

AGENDA

Short-Term Rental Workgroup
House Room 1, The Capitol
Tuesday, May 16, 2023 - 1:00 p.m.

- IX. Welcome and Call to Order
Laura Lafayette, Lee Vogler Co-Chairs
- X. Presentations:
- *New Insurance Guidelines for Short-Term Rentals*
Joseph Hudgins, Independent Insurance Agents of Virginia
 - *Up-date to the Workgroup on Charlottesville's Experience with Short-Term Rentals*
Lisa Robertson, Former Charlottesville City Attorney (through December 2022)
- XI. Public Comment (15 minutes)
- XII. Adjourn
-

COMMONWEALTH OF VIRGINIA

DELEGATE DANIEL W. MARSHALL, III
SENATOR MAMIE E. LOCKE
ELIZABETH A. PALEN, Executive Director



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VIRGINIA HOUSING COMMISSION

Meeting Summary

Short-Term Rental Workgroup
Tuesday, May 16, 2023, 1:00 p.m.
House Room 1, The Capitol

Introduction:

Lee Vogler and Laura Lafayette, Co-chairs, called the meeting to order at 1:00 p.m.

Members present: Laura Lafayette, Lee Vogler, Senator Ghazala Hashmi, Delegate Danny Marshall, Bonnie Brown, Vincent Frillici, Paul Grossman, Parker Hannahs, Erin Kormann, Joe Lerch, David Skiles, Terrie Suit, Eric Terry

Members absent: Delegate “Buddy” Fowler, Michelle Gowdy

The meeting began with introductions and opening remarks followed by presentations and discussion.

Materials presented at the meeting are accessible through the [Commission’s website](#).

Presentations:

New Insurance Guidelines for Short-Term Rentals

Joseph Hudgins, Independent Insurance Agents of Virginia

Joseph Hudgins gave an overview on the changes to the homeowner’s insurance policy, minimum standards, liability standards concerning short-term rentals in chapter 340 of Title 14 of the Virginia Administrative Code. The new rules published in 2021, which take effect in 2024, are the first changes made to the policy since 1982.

- The previous guidelines removed “occasional” short-term rental properties from the business exclusions.
- “Occasional” use was previously undefined leaving the enforcement of “occasional” to the courts.
- The new guidelines exclude liability coverage for short-term rentals when there are “more than seven rentals” or if the home-sharer makes 2,500 dollars or more each year in revenue.

- Under the new guidelines there are two definitions that apply to short-term rentals: “home-sharing” and “occasional rentals.”
 - o Home-sharing is done through an “online-enabled application, website, or digital network.”
 - o Occasional rentals are done through individuals and home-sharing does not apply to roomers, boarders, tenants, or guests.

Joseph Hudgins predicted that insurance companies would create endorsements to add coverage for those renting their homes under the new insurance regulations. This prompted questions from workgroup members about the possible structuring of these endorsements. **Joseph Hudgins** responded that the market would likely respond by creating a new product.

Terrie Suit asked how supplemental policies would interact with homeowner’s liability policies. **Joseph Hudgins** responded that coverage varies by policy and some Excess and Umbrella policies may cover certain amounts, or have exclusions, and homeowner’s excess would start after a limit provided by another party.

Joseph Hudgins said he would supply the new regulations to the Commission and report back with how other states have addressed insurance endorsements.

Up-date to the Workgroup on Charlottesville’s Experience with Short-Term Rentals

Lisa Robertson, Charlottesville City Attorney through December 2022

Lisa Robertson provided history on Charlottesville’s ordinances on short-term rentals starting from the 1960s to the most recent 2015 ordinance.

- In the 1960s, temporary lodging was allowed through “tourist homes” defined as “any building other than a hotel in which overnight accommodations are offered for transient guests for compensation and cannot lodge more than ten people at a time”. These were allowed in lower density and downtown commercial areas of the city. A hotel’s definition was defined similarly to tourist homes except that the building needed access to rooms through an inside office or lobby that was always supervised.
- The definition of tourist homes changed in the 1970s to restrict the number of guests to ten at one time. They were only allowed in higher density and commercial districts, and this was changed in the 1990s to be solely in commercial districts.

- Tourist homes were removed from the city zoning ordinance which provided a vague definition of hotel: any building that provided guest rooms to be hired out for occupancy on a transient basis. Hotels were allowed by right, in the commercial districts, and in 20 new mixed-use zones.
- In 2009, shortly after the creation of Airbnb, the ordinances included “homestays” which “allowed temporary lodging offered in buildings other than a hotel including in cities residential districts”. The city zoning further specified that the building had to be an occupied single-family dwelling and restricted the size of lodging to a maximum of three guest rooms or up to six guests.
- In 2014, Charlottesville re-evaluated their zoning ordinances related to short-term rentals following complaints made to the city zoning administrator by neighbors of homestay. Homestays and hotels then were limited to where they were allowed by ordinance.

Delegate Marshall posed a question regarding if there are differences on property tax paid between single-family homes and single-family homes used as homestays. **Lisa Robertson** responded that they are the same because Charlottesville views owner-occupied single-family homestays the same as a single-family home. Home businesses such as beauty parlors or insurance offices are treated the same for tax purposes but have additional restrictions on parking, and the number of visitors to the home.

Another question asked if the collection of transient occupancy taxes was addressed in any of Charlottesville’s regulations. **Lisa Robertson** responded there were no immediate changes but that it is a work in progress. Currently, if a property is deemed a hotel, the owners would owe the lodging tax. For a homestay, owners would pay the Transient Occupancy Taxes when obtaining a business license or doing business with the city.

Multiple questions were asked regarding the number of staff needed in Charlottesville for enforcement of short-term rental infractions. **Lisa Robertson** explained that there is no dedicated staff. There is a zoning administrator and two inspectors for all zoning matters; this includes enforcement which is only done on a complaint basis. Complaints made after work hours could prompt a late home inspection or a follow-up investigation if needed for compliance.

Questions were asked concerning how owner-occupied was defined. **Lisa Robertson** explained in order to be granted a provisional use permit:

- 1) The dwelling must be an owner’s permanent residence.
- 2) Owners must occupy the dwelling for 180 days in the permitted year.
- 3) If the owner is not on the premises, he must have contact information for a responsible adult for the zoning office to contact.

Delegate Marshall raised a question concerning zoning ordinances for Bed and Breakfast Inns. **Lisa Robertson** explained that the main difference between homestays and bed and breakfasts is that bed and breakfast inns are allowed to provide guests up to one meal a day and are permitted in mixed-use and commercial districts.

Lisa Robertson said she would share the Charlottesville regulations with the Commission.

Public Comments:

Andrew Cohen, North Virginia Beach Civil League, Virginia Beach Residence

Andrew Cohen expressed concern that realtors would be exempted from regulations as this would allow proliferation of short-term rentals in neighborhoods displacing residents.

Mr. Cohen shared that while realtors say should be exempted because they have a code of ethics this does not apply to impacts on neighbors. Rather a realtor's fiduciary duties are to act in the best interest of the homeowner therefore realtors are obligated to accept a rental even if they know the rental may disrupt the neighborhood as it benefits the homeowner.

Mr. Cohen believes there should be more tools to regulate short-term rentals, including ways of sharing tax records for the zoning ordinances.

This prompted a discussion surrounding the disclosure and availability of tax information of short-term rentals and other rentals and how this connects to compliance with the zoning ordinances.

Conclusion:

The meeting concluded at 2:30 p.m.

The workgroup will meet on July 19, 2023, at 1:00 p.m. in House Room 1 of the Capitol.

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VIRGINIA HOUSING COMMISSION

AGENDA

Local Land Use and Community Living Workgroup Meeting
Wednesday, May 17, 1:00 p.m.
House Room 1, the Capitol

- I. Welcome and Call to Order
 - *Delegate David Bulova, Chair*

- II. Affordable Dwelling Unit Programs by Zoning Ordinance and Comprehensive
 - *Tracey R. Smith, Associate Director Virginia Joint Legislative Audit and Review Commission*
 - *Sharon Ebert, Deputy Chief Administrative Officer for the Economic and Community Development, City of Richmond*
 - *Brian Koziol, Executive Director Virginia Housing Alliance*

- III. Vacant Building Registration (SB 1111, Hashmi)
 - *Brandi Law, Deputy City of Hampton Attorney*
 - *Kimberly Mikel, City of Hampton Code Official*
 - *Elizabeth Rafferty, Virginia Economic Developers Association*

- IV. Community Revitalization Fund (SB 1163, Lewis)
 - *Accomack-Northampton Planning District Commission*

- V. Public Comment

- VI. Adjourn

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Local Land Use and Community Living Workgroup
Wednesday, May 17, 2023, 10:00 a.m.
House Room 1, The Capitol

Introduction:

Delegate Bulova, chair, called the meeting to order at 10:00 a.m.

Members present: Delegate David Bulova, Delegate Carrie Coyner, Delegate “Buddy” Fowler, Delegate Briana Sewell, Senator Mamie Locke, Bismah Ahmed, Andrew Clark, Tyler Craddock, Heather Gillespie, Michelle Gowdy, Bryan Horn, Joseph Hudgins, Erin Kormann, Brian Koziol, Joe Lerch, Trisha Lindsey, Christie Marra, Anna Salzberg, Jerry Wright

Members absent: Senator George Barker, Joshua Goldschmidt, Laura Bateman, James Forest Hayes, Mike Inman, Pia Trigiani, Mike Urban.

The meeting began with introductions and opening remarks followed by discussion of HB 2047, SB IIII, and SB 1163.

Materials presented at the meeting are accessible through the [Commission’s website](#).

HB 2047: Affordable Dwelling Unit Programs by Zoning Ordinance and Comprehensive, B. Carr 2023

Tracy R. Smith, Associate Director Virginia Joint Legislative Audit and Review Commission (JLARC)

JLARC studied the impact of local zoning ordinance on availability of housing and affordable housing by surveying local planning departments on planning and zoning ordinances. This was the first statewide effort to collect data on this topic.

- A majority of the localities representing 80% of the Commonwealth's population responded that existing by-right development does not meet the need for additional housing.
- Growing and higher density localities reported zoning as the top restraint on affordable housing growth.
- In most localities ¼ or less of developable land is zoned for multi-family development limiting the options for families who cannot afford single-family homes.
- JLARC recommends increasing inclusionary zoning which requires or allows developers to include a certain number of affordable units in any new development that meets criteria established in the policy. In exchange developers receive an incentive which either decreases their development costs or increases development revenue.
- Studies show that mandated inclusionary zoning is more effective at increasing affordable housing supply compared to voluntary zoning policies. Over the past three years in Virginia, three development projects came out of voluntary policies compared to twenty which arose from mandated policies.
- Currently all localities have the authority to implement inclusionary zoning policies which are voluntary for developers to follow; seven localities have been allowed to mandate inclusionary zoning policies.
- JLARC recommends that localities with population growth rates, median home sale prices, and median rents in the top quartile of the state be given the authority to adopt mandatory inclusive zoning.

Sharon Ebert, Deputy Chief Administrative Officer for the Economic and Community Development, City of Richmond

Sharon Ebert gave a presentation on the status of housing in Richmond City.

- The Richmond metro area has been the fastest growing region in Virginia for the last two years and is now experiencing a housing crisis. The affordability gap in the area is widening. The recorded count of those experiencing homelessness in January 2023 was the highest since 2015.
- The median income for a family of four was \$100,700 in 2022. A study conducted by MIT found the living wage for adults in 2023 is \$38,667 annually while the minimum wage in Virginia is \$24,960 annually.
- One in five homes within the city are sold to out-of-state corporations who rent at higher rates or flip homes to sell at higher rates. 78% of vacant and blighted properties are in residential areas.
- To combat the housing crisis, Richmond City has removed parking requirements to reduce the cost of affordable housing.

- Starting in June, the City will allow accessory dwelling units (ADUs) no bigger than one-third the size of the main residence in areas residentially zoned. This will create more affordable housing as the need for affordable housing for people below 80% of the Annual Median Income (AMI) is not being met in Richmond.
- Richmond wants to be added to Code of Virginia [§ 15.2-2304](#): that mandates or incentivizes market-rate developers to increase affordable housing supply.
- Richmond wants to be added to Code of Virginia [§15.2-1127](#): to increase civil penalties and fees for failure to register and maintain vacant and blighted property to encourage, especially out-of-state, property owners to maintain their property.

A question asked for Richmond City's estimate of ADUs built after the change in zoning districts. **Sharon Ebert** explained there are 50 special use permits (SPUs) a year for ADUs and predicted more would be built when allowed by right.

Joe Lerch, Virginia Association of Counties, added that after obtaining a SPU, which is a lengthy and expensive process, homeowners aren't building ADUs because of the associated costs.

Questions were asked to clarify why the current legislation creating an ADU authority has not been adopted. **Sharon Ebert** explained that the current Code of Virginia [§15.2-2305](#) is not incentivizing market-rate developers and believes having a mandate would enable developers to take advantage of waived fees.

Discussion ensued on the role of market-rate developers and non-profit organizations in increasing affordable housing stock.

Delegate Coyner emphasized the need to reduce construction costs for market-rate developers. **Christie Marra, Virginia Poverty Law Center (VPLC)**, highlighted the financing capabilities of non-profit organizations. **Delegate Coyner** responded that non-profit organizations cannot meet the demand of affordable housing units alone. There is a need to find a way for both non-profit organizations and market-rate developers to increase housing stock.

Members expressed concern over the burdensome administrative processes and the need for staffing to support demand from developers. **Sharon Ebert** echoed that the requirement of the administrative process creates a burden on Richmond's small staff.

Delegate Bulova asked if Richmond City is interested in solving their issues using the tools in Delegate Carr's bill. **Sharon Ebert** expressed interest in waiving fees.

Brian Koziol, Executive Director Virginia Housing Alliance

Brian Koziol addressed three parts of the legislation:

- 1.) changes to the comprehensive plan:
- 2.) allowing localities to mandate inclusionary zoning,
- 3.) and creating a process that involves stakeholders, local administrations, and the public.
 - A comprehensive plan should include elements to investigate the connection between housing and economic development.
 - Localities should be given the authority to mandate inclusionary zoning to their needs.
 - Virginia Housing Alliance calls for a public process that includes stakeholders and local administration to develop a structure to efficiently administer these programs.

Delegate Bulova queried the members on expanding the comprehensive plan to address how to provide affordable housing.

Michelle Gowdy, Virginia Municipal League: Comprehensive plans are difficult for localities to comply with. Comprehensive plans should focus on location of infrastructure, zoning, and location of housing. Language that addresses affordable housing is important, but it doesn't need to be in the comprehensive plan.

Andrew Clark, Home Builders Association of Virginia: Comprehensive plans need to be simplified to reduce pressure on locality staff.

Delegate Bulova asked the workgroup if incentives for localities would meet the need instead of including regulations in comprehensive plans.

Several members agreed that incentives are valuable in creating housing. **Christie Marra** suggested incentives be included in the comprehensive plan. **Joe Lerch** requested funds to pay for technical assistance or planning district commissions for localities.

Delegate Bulova tasked **Christie Marra, Michelle Gowdy, and Joe Lerch** to create potential language for incentive funds.

Delegate Bulova queried the members Code of Virginia [§ 15.2-2304](#) should be expanded to all localities.

Members expressed:

- 1) There is a need to simplify the Code of Virginia.
- 2) Not all localities need such powers.
- 3) The creation of flexible zoning ordinances and incentives to assist localities.

Discussion ensued on incentives and zoning ordinances. Members agreed funding opportunities, incentives, tax credits, subsidies, to assist local governments would streamline the development process.

Delegate Bulova asks members to consider for the workgroup's next meeting tools from Delegate Carr's bill that localities can use independent of comprehensive plans.

SB 1163: Community Revitalization Fund, Lewis 2023

Eric Luchanski, Accomack-Northampton Planning District Commission

Eric Luchanski provided background on Accomack County's need to establish a community revitalization fund to address abandoned homes in the locality.

- The Great Depression as well as industry changes led to homes from the early 1900s to the 1950s being abandoned.
- Other homes are abandoned because of well and septic failure.
- A 2019 Block Grant from Department of Housing and Community Development (DHCD) funded the replacement of five homes, four septic systems, and four wells. The rebuilt homes led to market-rate development in the area.

Questions were raised on the need to allow individual localities to implement community revitalization funds rather than use other means of funding.

Eric Luchanski answered that other local funding limits creation of new housing stock; this fund would expediate the preservation of communities by increasing funding for housing stock.

Delegate Bulova stated the Committee seems unified on allowing every locality to create a community revitalization fund.

Delegate Bulova requests Virginia Housing Commission provide information on the history of SB 1163 at the next meeting.

SB 1111: Vacant Building Registration, G. Hashmi 2023

Brandi Law, Deputy Attorney, City of Hampton & Corporal Colgan Wilson

Brandi Law and **Corporal Colgan Wilson**, presented on the connection between public safety and the enforcement of the Building Code on Vacant Building Registration. The presentation addressed HB 1482 and SB 1848 which amended the same section mentioned in SB 1111.

Corporal Colgan Wilson is a Hampton police officer imbedded with City of Hampton Code Enforcement Department

- The changes made to the Code of Virginia [§ 15.2-1127](#) in 2013 restricted registration of vacant buildings to derelict vacant buildings.
- The City of Hampton asks for legislation allowing all localities to register vacant buildings.
- Vacant houses are hazardous to public safety.
- Illegally occupied vacant homes don't appear to be vacant complicating enforcement monitoring of vacant building registration.
- Vacant houses are illegally occupied in areas of all income levels.

Members expressed concern over registration fees and the increase in costs, particularly the toll it takes on financially insecure owners or elderly communities.

Senator Locke: SB 838 reverts to pre-2013 language requiring registration of vacant buildings without fees. The registration creates a list for law enforcement to monitor and ensure these properties do not become occupied.

Delegate Bulova asked if requiring registration of vacant buildings would be valuable without a mandatory fee. **Brandi Law** answered the City's interest is in registering vacant buildings not associated fees.

A question was asked on the notification process for failing to register a vacant building. **Brandi Law** responded the city would have an information campaign on the process because the City does not want to penalize those who were not informed.

A question was asked concerning the accessibility of a potential vacant building list. **Brandi Law** answered that the list would not be public but is available through the Freedom of Information Act (FOIA). This prompted members to express concerns over the vacant building list becoming public information for safety reasons.

Heather Gillespie, Virginia Department of Professional and Occupational Regulation, posed a question on how vacant homes are obtaining use of utilities. **Brandi Law** is unsure of safeguards used by utility companies as the City does not do their own utilities.

Delegate Bulova asked the City of Richmond if they had additional information for the Workgroup. **Sharon Ebert** (title) responded with the following information:

- 1) Fees do not motivate out-of-state owners or market-rate companies to redevelop their vacant or derelict buildings because the market is not suitable for development yet.
- 2) Richmond experiences the same situations as the City of Hampton where vacant or blighted houses are trespassed upon.
- 3) She recommends that localities be given flexibility to set maximum fee amounts and raise fees when appropriate.

Delegate Bulova requests at the next meeting:

- Address ability for all localities to have authority to require free registration of vacant buildings.
- Hear from Megan Rhyne, Coalition for Open Government, on the FOIA implications.

Delegate Bulova asked a small group of members **Michelle Gowdy, Christie Marra, Joe Lerch, Andrew Clark** to meet before the next meeting to discuss language addressing vacant buildings.

Elizabeth Rafferty, Virginia Economic Developers Association

Elizabeth Rafferty shared that Maryland, West Virginia, North Carolina, and South Carolina have an increasing fee structure for derelict buildings which has proven effective in prompting developers and owners to address issues created by derelict buildings.

Elizabeth Rafferty asks that this power be granted to all localities and expressed a willingness to partake in continuing conversations on this issue. She will share research into the implementation of increasing fee structures with the Commission.

Public Comment

Eldon James, Virginia Association of Area Agencies on Aging

For seniors across the Commonwealth, there is an increase in housing affordability pressures and homelessness.

Senior homelessness is growing at a tremendous rate in Virginia. While Virginia's population will increase 22% over the next 30 years, the 60 and older age group will increase 69%, 65 and older age group will increase 88%, and the 85 and older age group will increase 313%.

Today out of the 8.8% of the Virginia population receiving SNAP and food stamps, 38% have at least one person over the age of 80 living in their home.

Conclusion:

The meeting was adjourned at 12:00 p.m.

The workgroup will meet on August 21, 2023 at 10:00 a.m. in House Room 1 of the Capitol.

The next meeting will address Affordable Dwelling units and electrical vehicle charging infrastructure.

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

AGENDA

Landlord Tenant, Real Estate Law, and Affordable Housing Solutions
Wednesday, May 17, 1:00 p.m.
House Room 1, the Capitol

VII. Welcome and Call to Order

- *Delegate Carrie Coyner, Chair*

VIII. Writs of Eviction (SB 1089 A. Ebbin 2023)

- *Senator Adam Ebbin*
- *Bismah Ahmed - Apartment and Office Building Association of Metropolitan Washington*
- *Christie Marra - Virginia Poverty Law Center*

Discussion

IX. Rent Stabilization (SB 1278 J. Boysko 2023)

- Senator Jennifer Boysko*
- Mariko Lewis - Housing Policy Analyst, New Virginia Majority*
- Zachary LeMaster - Government Affairs Manager Northern Virginia Apartment Association*

Discussion

X. Public Comment

XI. Adjourn

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Landlord Tenant Law, Real Estate Law, and Affordable Housing Solutions Workgroup
Wednesday, May 17, 2023, 1:00 p.m.
House Room 1, The Capitol

Introduction:

Delegate Coyner, chair, called the meeting to order at 1:00 p.m.

Members present: Delegate Carrie Coyner, Delegate David Bulova, Delegate Briana Sewell, Senator Mamie Locke, Bismah Ahmed, Robert Bradshaw, Fred Bryant, Andrew Clark, Tom Fitzpatrick, Troy Garrett, Bryan Horn, Kelly King Horne, Erin Kormann, Brian Koziol, Christie Marra, Renee Pulliam.

Members absent: Senator George Barker, James Forest Hayes, Joshua Goldschmidt, Michelle Gowdy, Kelly Harris-Braxton, Joe Lerch, Elizabeth Steele

The meeting began with introductions and opening remarks followed by discussion of SB 1089 and SB 1278.

Materials presented at the meeting are accessible through the [Commission's website](#).

SB 1089: Writs of Evictions, A. Ebbin 2023

Senator Adam Ebbin

Senator Ebbin provided background on Senate bill 1089.

- Requires data collection on evictions executed by the Sheriff's Department.

- Requires Office of Executive Secretary of the Supreme Court to supply the number of executed writs of eviction to the House and Senate Judiciary Committee, House and Senate General Laws Committees, and the Virginia Housing Commission (VHC).
- Asks VHC to create methods to collect data including informal evictions not executed through the courts.

Bismah Ahmed, Apartment and Office Building Association of Metropolitan Washington (AOBA)

Bismah Ahmed addressed the results of a Princeton University study identifying states and cities with the worst eviction rates.

- The study identified Virginia as one of the worst states for eviction with three jurisdictions within the top ten cities.
- Study confused filed unlawful detainers, which start the eviction process, with executed writs of evictions. The study did not differentiate between non-payment of rent and other lease violations.
- AOBA found the Princeton study exaggerated Richmond City's eviction totals for City of Richmond by a factor of 6; the study identified 17,981 evictions whereas AOBA found 2,941 evictions.
- After filing unlawful detainers, 75% of providers reached an agreement with tenants.
- The data collected from the bill can be analyzed to:
 - 1) Determine if policies are effective in reducing eviction rates.
 - 2) Measure use of eviction related programs like Rights of Redemption.

Christie Marra, Virginia Poverty Law Center (VPLC)

Christie Marra provided information on the status of evictions in Virginia including tenants who are involuntarily displaced.

- Evictions have not decreased since the pandemic ended, in some cases the number of filings is higher than pre-pandemic numbers.
- Christie Marra believes the number of filings is deflated in response to the temporary policies put in place during the pandemic.
- When gathering data on executed writs of eviction it excludes those who are involuntary displaced:

- 1) Tenants who leave upon receiving a landlord's Pay or Quit Notice.
 - 2) Tenants who leave upon receiving an Unlawful Detainer.
 - 3) Tenants who leave upon receiving a Writ of Eviction.
- Christie Marra estimates 75% of data collected from this bill will not include involuntarily displaced tenants.
 - Data can drive policies to decrease evictions and protect tenants, who did not have a writ of eviction executed, from being discriminated against when applying for housing.

A member highlighted the need to collect data on Writs of Eviction before addressing situations where tenants leave before Writ of Eviction is received.

Christie Marra is unsure effective policies can be created without collecting the number of Unlawful Detainers, default judgements – when a judge decides the case when a tenant is not at the Unlawful Detainer hearing—eviction judgements, issued Writs of Eviction issued, and executed Writs of Eviction.

Tom Fitzpatrick, Housing Opportunities Made Equal, shared data from RVA Eviction Lab's January 2023 report:

- 1) The number of filings exceeds some pre-pandemic numbers.
- 2) The number of eviction judgments are at 88% of pre-pandemic numbers for the fourth quarter of 2022.
- 3) Certain jurisdictions have higher numbers of eviction judgements than before the pandemic like the City of Richmond which has 6% more eviction judgements.

Tom Fitzpatrick continued to explain the process between receiving an Unlawful Detainer and the execution of Writs of Eviction can be collected because it is dictated by the judicial system.

Christie Marra would like data to be collected at each step of the judicial process on the number of tenants and landlords with legal representation.

Christie Marra will share data collected by Legal Services Corporation on the Commonwealth's eviction rates with commission.

SB 1278: Rent Stabilization, J. Boysko 2023

Elizabeth Palen, Executive Director Virginia Housing Commission, read a statement from Senator Jennifer Boysko on:

- The affects housing affordability and rent increases have the Commonwealth and its inhabitants,
- and how rent stabilization (RS) is an effective tool to address the issues facing the Commonwealth.

Mariko Lewis, Housing Policy Analyst, New Virginia Majority

Mariko Lewis gave a presentation on Rent Stabilization (RS) history and impacts.

- SB Bill 1278 was created to address the increase in rents and tenant housing instability that was exacerbated by the pandemic.
- The average rent increased 3% from 2015-2020. The average rent increased 10% from 2020 to 2021. While some tenants experienced rental increases up to 40%.
- RS regulates the increase of rent in connection with the Consumer Price Index (CPI).
- RS began during World War I. RS was federalized during World War II creating the Office of Price Administration.
- RS disappeared in the 1950s but arose again during the 1970s due to inflation and mass tenant organizing. RS ended in the 1990s because of real estate industry lobbying.
- Recently, Oregon, California, and over 200 localities have successfully implemented RS.
- Data is inconclusive on the impact RS has on housing conditions and housing supply.
- RS is proven to limit rent increases, promote housing affordability, and prevent tenant displacement.

Zachary LeMaster, Government Affairs Manager Northern Virginia Apartment Association (NVAA)

Zachary LeMaster outlined the impact rental control has on housing supply, housing value, and property taxes.

- Rental Control negatively impacts:
 - 1) The quantity and quality of housing and
 - 2) A localities' annual property taxes.
- Housing providers have small margins of profit with 91% of rent funding building maintenance.

- A study investigating the effects of RS commissioned by the National Apartment Association found:
 - 1) Housing providers believed rental control had a strong negative impact on development and investment in rent-controlled areas.
 - 2) Housing providers would not invest in markets with rental control.
- A 2003 Manhattan Institute study found a 20% increase in development, building permits, after rental control became preempted in Cambridge, Massachusetts.
- A 2019 American Economic Review study investigating San Francisco Rental Control found housing providers converted rental properties to condos or renovated units to be considered new to avoid rental control. Housing supply in San Francisco decreased 15 % when rental control was enacted.
- Some studies find rental control benefits higher income families who buy properties to convert to rentals rather than low-income families.

Troy Garrett, Virginia Association of Housing & Community Development Officials asked what the impact of housing supply has on rents. **Marisko Lewis** answered that rent is increasing because there is not enough supply to meet the housing demand.

Renee Puliliam, Thalhimer Realty responded that out of the 10,000 apartment units in my portfolio, a majority had property taxes and insurance rates increase more than their rent. This impacts the financial position of the property and decreases the value.

Erin Kormann, Virginia Association of Realtors commented that RS is a short-term solution for the engrained problems with housing supply and demand. Florida commissioned a study to investigate the long-term effects of rent control which found there was less construction, fewer apartments, lost jobs and wages, and the state and localities lost tax revenue.

Christie Marra shared that RS could be applied to mobile home lot rent. Recently, out-of-state corporations have acquired mobile home parks and increased rent jeopardizing housing stability. Those displaced from mobile home parks lose their owns which are their only assets.

Brian Koziol, Virginia Housing Alliance asked what the largest driver of the recent rent increase was. He noted there were similar trends in 2007, 2008, 2009 during the foreclosure epidemic.

Marisko Lewis responded that the cost for landlords increased with inflation and the lack of housing supply impacted rent.

Zachary LeMaster added that housing supply, supply chain, and inflation had impacts on rent.

Brian Koziol asked if it is common for CPI to impact rental control.

Marisko Lewis responded that it is common to connect the CPI to rental control. In California, rent can increase by two-thirds of CPI for the area. Ten percent of states with rental control have it set at CPI + four percent. This stops extreme rent increase. At local levels it is common to have rental control tied to CPI so rent can increase with inflation.

Delegate Coyner asked the members which areas of Rental Control should be addressed at future meetings.

Andrew Clark stated that the Housing Opportunity Tax Credit, which incentivizes housing for those who make 50-80% of the Annual Median Income, also addresses our discussion on insuring long-term quality affordable housing.

Delegate Coyner and **Tom Fitzpatrick** discussed the role out-of-state corporations have on the housing market and the potential for it to be discussed by the Commission at future meetings.

Tom Fitzpatrick stated that the Commission should investigate the role out-of-state corporations have on the housing market. Housing owned by out-of-state corporations impacts rent increases and eviction rates. In Richmond, 25% of family-owned houses sold in 2022 were sold to corporations and 19 property owners accounted for more than 50% of evictions across Richmond City.

Delegate Coyner added that the current Landlord Tenant Act does not address out-of-state ownership. In the future the Commission could look at how out-of-state ownership is addressed; incentivizing local home ownership could be one solution.

Delegate Coyner shared the next meeting will discuss affordable housing solutions, financing, construction costs, the role of public and private sector development, and hearing from the Office of the Executive Secretary.

Public Comment:

No public comment was offered.

Conclusion:

The meeting adjourned at 2:40 p.m.

The next workgroup will meet on August 21, 2023 at 1:00 p.m. at the Capitol.

COMMONWEALTH OF VIRGINIA

DELEGATE DANIEL W. MARSHALL, III
SENATOR MAMIE E. LOCKE
ELIZABETH A. PALEN, Executive Director



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VIRGINIA HOUSING COMMISSION

AGENDA

Real Property, Community Development and Best Land-Use Practice Workgroup
Wednesday, July 19, 2023, 1:00 p.m.
House Room 1, The Capitol

XIII. Welcome and Call to Order
Delegate Danny Marshall, Chair

XIV. Presentations

a. Overview of the Bond Creation Process for Development Projects

*Jimmy Sanderson, Senior Vice President, Public Finance, Davenport & Company
LLC*

*David Rose, Senior Vice President and Manager, Public Finance, Davenport &
Company LLC*

XV. Discussion

XVI. Public Comment

V. Adjourn

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Real Property, Community Development, And Best Land-Use Practice Workgroup
Virginia Housing Commission
Wednesday, July 19, 2023, 1:00 p.m.
House Room 1, The Capitol

Introduction:

Delegate Daniel W. Marshall, III, Chair, called the meeting to order at 1:00 p.m.

Members present: Delegate Danny Marshall, Senator Ghazala Hashmi, Joshua Goldschmidt, Bryan Horn, Cathy Binder, Andrew Clark, Greta Harris, Joe Lerch, Duane Miller, Jonathan Ridout, Nicole Riley, Mike Schnurmann, Lee Vogler, Jerri Wilson

Members absent: Chip Dicks, Michelle Gowdy, Preston Lloyd

The meeting began with introductions and opening remarks followed by presentations and discussion.

Presentations:

Overview of the Bond Creation Process for Development Projects

James Sanderson, Senior Vice President, Public Finance, Davenport & Company LLC

Mr. Sanderson gave an overview of the fundamentals of bond financing used by localities for development projects.

He stated there are several types of bonds used by localities. There may be tax-exempt bonds.

- 1) General Obligation Bonds are bonds created when the local government pledges their full faith and credit to repay the bonds. It is required for counties to hold a referendum to decide if the county may issue bonds as opposed to municipalities which generally do not hold referendums unless otherwise stated in the municipality's charter. These bonds have the best credit quality.

- 2) Moral Obligation Bonds are bonds where the local government promises to pay. Bonds are included in the local government's budget which is appropriated for the debt service. These bonds have a slightly lower credit quality.
- 3) Revenue Bonds use a revenue stream from the locality such as water, sewer, toll roads, airport that the lender finds sufficient to repay the bonds.
- 4) Virginia Resources Authority (VRA) issues bonds in a pooled structure. VRA looks at the credit for the underlying borrower. The state has a moral obligation to ensure that the bond will get repaid.
- 5) Public Bond Issues are sold through underwriters for example Bank of America and Wells Fargo Bank.

Other financing options:

- 6) Direct Bank Loans have underwriters and the locality needs to have quality credit for repayment. Local governments need revenue to repay the loan or have a private entity contribute to payment.
- 7) Virginia Housing Development Authority (VHDA) has different programs used by local governments including low-income housing tax credits (LIHTC). VHDA may work with the local entity to structure the credit quality of that entity.

Sanderson said when discussing creating a bond it is important to ask; 1. If the local government or organization has the authority to issue bonds for housing, and 2. How will the bonds be repaid?

Currently, the following entities have the power to issue bonds:

- local governments
- Economic Development Authorities (EDAs) and Industrial Development Authorities (IDAs)
- housing authorities, building authorities, utility authorities,
- and Virginia Resources Authority (VRA)

Bonds may be repaid in several ways:

- 1) The local government repays the loan. It is important to consider the impact the repayment will have on the jurisdiction and the credit rating of the jurisdiction.
- 2) A local government or authority may partner with the private sector. For instance, an EDA may issue debt, but a private entity will repay the debt. EDAs cannot raise money.
- 3) The new revenue or incremental revenue like real estate tax, sales tax from the development repays the bond.

Sanderson responded to questions from the Commission members.

When asked if the Commonwealth's AAA credit rating applies to the localities as well, **Sanderson** replied that each locality has its own credit rating, and that Virginia has more local governments that have an AAA rating compared to surrounding states.

Another question was posed about the need for counties to have a referendum for all bond types. **Sanderson** stated that county referendums are constitutionally required for General Obligation Bonds except for the counties without the requirement. Cities and towns do not need a referendum unless the charter changes to include that requirement.

A question was asked if multiple localities may issue bonds within a region. **Sanderson** answered yes and provided the example of the Greater Richmond Convention Center. The Greater Richmond Convention Center was funded by hotel taxes from the four largest jurisdictions surrounding the City of Richmond.

Mr. Sanderson stated local governments have incentivized economic development by issuing debt, and the infrastructure may cover more than the development where the debt was issued. An example of this is Henrico's Shortpump Town Center where a commercial development authority (CDA) applied a special assessment. A special assessment is a special real estate tax with a fixed dollar amount of what was borrowed on the property. The CDA built the infrastructure which was paid for by the special assessment on the developer and the incremental revenue was used to repay the developer.

Delegate Marshall asked about repayment options. **Sanderson** responded that if a jurisdiction financed through the public market the principal repayments may be structured in many ways. While banks prefer payments on the loan amount as soon as possible, the repayment could have a certain number of years where only interest is paid resulting in a balloon payment in the end.

Delegate Marshall spoke of Danville's previous use of reimbursable agreements with developers to cover the cost of infrastructure.

Greta Harris, Better Housing Coalition, highlighted that grants are needed to repay bonds for affordable housing.

Creative Bond Methods for Housing Development used in Other States

Jessica Hoff, Policy and Research Analyst, Virginia Housing Commission

Ms. Hoff provided an overview and update on research regarding other states using creative bond financing methods for housing development projects.

Competition for private activity bond (PAB) financing has grown significantly with the demand for affordable housing. Since state ability to allocate these bonds is capped by the federal government, some states and local governments are exploring alternative bond financing to traditional PABs. Virginia's allocation is approximately \$1.04 billion, and the majority of that is allotted to housing.

The use of bonds for housing development has increased over the last few years. Bonds, (501 (c) (3)), and the use of essential purpose bonds (EFBs) have increased in other states. EFBs are issued mostly by housing authorities to finance the construction of affordable workforce housing. Maryland, California, Texas, and other states have increased their issuance of these bonds. Other states have also widely used general obligation (GO) bonds to finance housing which is not common in Virginia.

Sustainable and Green bonds are being used to address affordable housing needs with environmental benefits. State entities are using green bond frameworks and programs to issue green bonds. The sustainability label is being applied in various ways across the state, but most commonly state entities adhere to the International City/County Management Association's (ICMA) principles. California uses these bonds more than any other state.

Several states, including Massachusetts, New York, Colorado, Washington State, and California, have established bond volume recycling programs where bonds that have been paid off may be issued again for other projects without counting against the PAB allocation cap.

Several clarifying questions were asked of **Hoff** to which she stated that essential purpose bonds must be used for essential services, sustainable and green bonds often change by state and project, and sustainability requirements vary but projects typically follow an international standard.

When asked what type of declaration of an essential purpose, statutory declarations, or findings, are used for EPBs, **Hoff** answered Maryland uses findings from their state housing authorities and she will investigate how New York declares essential purpose.

Bryan Horn, Department of Housing and Community Development (DHCD), explained recycled bond programs. PABs are set for each state at the beginning of the calendar year with expiration dates. This money is then put into four pools; 1. local housing authority allocations, 2. Governor's pool, 3. Virginia Housing and Development Authority (VHDA), and 4. IDAs. Upon the expiration of bonds, bonds can be recycled. Bonds paid off before the expiration date may be repackaged for short terms of three-four years.

Delegate Marshall asked several follow-up questions of **Mr. Horn**

- Typically, how much of the money allocated is not spent?
- What percentage of the Governor's allocation goes to housing versus industrial development?

to which **Mr. Horn** responded.

- The allocation for housing and industrial development varies each year. Recently, there have been more requests than money allocated. There were a few years where none of the money allocated to industrial development was used.
- The Governor exercises discretion on selecting which applicants receive funding. Often the allocation goes to low-income housing tax credits.
- The percentage of funding given to housing versus industrial development varies per year. Industrial development projects may cost more than housing developments cost.

Vacant and Derelict Properties Brief

Jessica Hoff, Policy and Research Analyst, Virginia Housing Commission

Ms. Hoff briefed the Commission on the lack of databases or tracking available for surplus land. In her research the locality staff and government staff she spoke to were unaware of such a database. The finance chair of Accomack County shared that during her tenure two land parcels owned by the county were sold for development.

Discussion ensued on how the City of Danville once had 10% of homes vacant which were demolished leaving vacant land that the city is now using for development.

Delegate Marshall stated that for years the mill houses built by Dan River Mill for their workforce had become derelict over time. This resulted in surplus land. The Danville City Council created a budget amendment to remove the derelict structures. The mill houses had liens against them which the City of Danville recouped once the property was sold at auction. Since the land had pre-existing infrastructure, including water and sewer, it was well suited for new development.

Lee Vogler, Danville City Council, expanded on Delegate Marshall's statements and said that the surplus land included entire former city blocks and neighborhoods on which new neighborhoods are being developed.

Horn added that the Department of General Services maintains a list of surplus property but there is not a site that encompasses surplus land data from all localities. During the 2023 Session, a bill ([Senator Stanley's SB 1114, 2023](#)) passed tasking the DHCD with creating such a database.

Discussion ensued on how the Commonwealth or localities could prioritize the use of surplus land. **Joe Lerch, Virginia Association of Counties (VA Co)** added that the main factor is how the surplus land is zoned.

A question was asked of **Sanderson** about how much of an impact would the Commonwealth's involvement decrease borrowing rates. **Mr. Sanderson** replied that in the past an organization like Virginia Public School Authority (VPSA) would use the Commonwealth's borrowing capacity and lend it to local governments at lower borrowing rates. The difference between the Commonwealth's borrowing rate and the localities' is subsidized. There is not a large difference between the borrowing rate of localities with different credit ratings, 0.75% to 1%. The larger difference is between the borrowing rates of public sector versus private sector and the length to repay.

There was a follow-up question concerning the ways the Commonwealth could decrease the cost of development. **Sanderson** responded that grants or other means to reduce loan amounts could make development more viable for the private sector.

Discussion ensued on the cost of development for builders and developers. **Senator Hashmi** asked what three areas of regulations most need to be addressed. **Joshua Goldschmidt** replied that time, clarity in the zoning process and requirements, and political will to fulfill needs for affordable and workforce housing need to be addressed. **Andrew Clark** expanded the list to include properly equipping regulatory agencies such as the Department of Environmental Quality (DEQ) with the resources needed to meet the demand of increased regulations.

Greta Harris further commented the need for better alignment between state and local funding cycles. Currently, the turnaround time for applications takes between 9-12 months. Decreasing the turnaround on applications to a few months could increase movement of affordable housing development.

Public Comment:

No public comment was offered.

Conclusion:

The meeting adjourned at 2:20 p.m.

A full Commission meeting will be held on August 22, 2023, at 10:00 a.m. The topics presented are relevant to this Workgroup.

An economist and a demographer will advise the Commission about housing needs in the commonwealth and the County Manager of Henrico will speak about the development process in his County.

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

AGENDA

Landlord Tenant Law, Real Estate Law, and Affordable Housing Solutions Workgroup
Monday, August 21, 2023, 10:00 a.m.
House Room 1, The Capitol

- I. Welcome
 - *Delegate Carrie Coyner, Chair*

- II. Status of the Writs of Eviction>Returns
 - *Brandy Singleton, Senior Attorney, Office of the Executive Secretary, Supreme Court of Virginia*

- III. Tax Credit for Affordable Housing: Rehabilitation and New Builds
 - *Michael Eaton, PhD, Director of Real Estate Development, Piedmont Housing Alliance*

- IV. Affordable Housing Tax Credit to Preserve Existing Neighborhoods
 - *Senator Scott Surovell*

- V. Strategies for Increasing Low Income Homeownership
 - *Overton McGehee, Executive Director, Habitat for Humanity of Virginia*

- *Lee Householder, Chief Executive Officer, Project Homes*

VI. Sales of Mobile Home Parks (SB 922, Hashmi, 2023)

- *Randy Grumbine, Executive Director Virginia Manufactured and Modular Housing Association*
- *Christie Marra, Director of Housing Advocacy, Virginia Poverty Law Center*

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

SUMMARY

Landlord and Tenant Law, Real Estate Law, and Affordable Housing Solutions
Workgroup Meeting
Monday, August 21, 1:00 p.m.
House Room 1, the Capitol

Introduction:

Delegate Coyner, chair, called the meeting to order at 10:00 a.m.

Members present: Delegate Carrie Coyner, Delegate David Bulova, Delegate Danny Marshall, Senator George Barker, Senator Mamie Locke, Joshua Goldschmidt, Laura Lafayette, Bismah Ahmed, Robert Bradshaw, Fred Bryant, Andrew Clark, Tom Fitzpatrick, Troy Garrett, Michelle Gowdy, Randy Grumbine, Kelly Harris-Braxton, Bryan Horn, Kelly King Horne, Erin Kormann, Brian Koziol, Joe Lerch, Christie Marra

Members absent: Delegate Briana Sewell, James Forest Hayes, Renee Pulliam, Elizabeth Steele

The meeting began with introductions and opening remarks followed by speakers and discussion.

Materials presented at the meeting are accessible through the [Commission's website](#).

Affordable Housing Tax Credit to Preserve Existing Neighborhoods

Senator Scott Surovell

Senator Surovell provided information concerning a draft bill on the topic.

- The tax credit would apply to localities: (1) where median home prices are growing faster than wages, and (2) homes built before 1970 where the tax assessed value was less than 50 percent of the median home price in the locality.
- A homeowner may donate an easement restricting the development of the property to buildings with 1,200 to 2,500 square feet in perpetuity to a 501 (c) 3 or the local government. In return for the easement, the individual would receive a tax credit, up to \$5,000, on their tax return and/or property tax up to the value of the appraised donation.

Delegate Bulova suggested using Purchase of Development Rights (PDRs) rather than a tax credit. PDRs would allow localities to be strategic in where they restrict development.

Questions were raised about the easement's impact on zoning and the details on how the tax credit would be distributed.

- A small workgroup will meet to discuss the issue before the next meeting of the workgroup.

Status of the Writs of Eviction>Returns

Brandy Singleton, Senior Attorney, Office of the Executive Secretary

Brandy Singleton provided an update on the implementation of 2023's HB 1836 and SB 1089 Writs of Eviction; returns to issuing clerk.

- Changes were made within the case management system and writ of eviction forms to gather data and provide notices to sheriff departments to return executed writs of eviction. These changes went into effect six weeks ago.
- The bill states that an annual report be given to the Chairman of the Senate Judiciary Committee, the Senate General Laws and Technology Committee, the House Courts of Justice Committee, the House General Laws Committee, and the Virginia Housing Commission.

Questions were asked if there is a specified period in which the Sheriff's office must return the executed Writ of Eviction and if non-executed writs of eviction are returned to the clerk/court. **Singleton** responded there is no period in which the sheriff must return the executed writ and once a writ of eviction is expired it does not need to be returned.

The public will access the reports and if the data collected on executed writs of eviction on the Legislative Information Service (LIS) and determine how the data compares writs of eviction issued to writs of eviction executed.

Tax Credit for Affordable Housing: Rehabilitation and New Builds

Michael Eaton, PhD, Director of Real Estate Development, Piedmont Housing Alliance

Michael Eaton provided an overview of the Texas statute for new development and rehabilitation of affordable housing property tax exemptions.

- In 1997, the Texas legislature created a 100% property tax exemption for affordable housing in the Texas Tax Code. The exemption applied to property owned by a community housing development organization defined by the Department of Housing and Urban Development (HUD).
- In 2001 the statute was amended to clarify specifics as to who can receive the exemption.
- In 2003, the tax exemption was reduced to 50% and increased requirements for organizations to qualify for the exemption.

A question was asked if the Texas exemption also applied to existing multifamily properties. The tax exemption can be applied to an acquired existing property if it underwent substantial rehabilitation.

Discussion ensued about localities resisting affordable housing. **Eaton** stated a judge ruled deliberately preventing low-income tax credits in high-income neighborhoods was unconstitutional.

Strategies for Increasing Low Income Homeownership

Overton McGehee, Executive Director, Habitat for Humanity of Virginia

Lee Householder, Chief Executive Officer, Project Homes

Overton McGehee gave an overview of the organizations working in housing and funding for homeownership opportunities.

- Virginia has \$75 million in the Virginia Housing Trust Fund with 7% or 10% focused on homeownership.
- Habitat's goal is to reach individuals in rural areas where it is difficult to acquire Affordable and Special Needs Housing (ASNH) funds.
- Propose the creation of a \$20 million pilot project to support homeownership by providing \$50,000 per house in 30-year forgivable mortgages for those making less than 60% of AMI.

In response to questions concerning mortgages and the chosen pilot model, **McGehee** made the following responses:

- Habitat for Humanity's pilot provides downpayment assistance and \$50,000 per house while ASNH gives \$80,000 in assistance.
- Families making between 20-60% of AMI housed by Habitat for Humanity remain in the house for one generation.
- The first-come-first-serve model was selected because it enables the pilot to reach targeted individuals across the Commonwealth in rural areas, public housing, and section eight vouchers.
- The pilot uses forgivable mortgages rather than checks because it preserves a donor's money and enables Habitat for Humanity to provide more low-income families the possibility of becoming homeowners.

A concern was raised on the ability for a homeowner to build wealth through equity in a 30-year mortgage.

Lee Householder presented Project Homes experience with manufactured housing at Bermuda Estates.

- Manufactured homes have been a large part of nationwide single family starts. Of houses with prices under \$150,000 43% are manufactured homes.
- Project Homes acquired Bermuda Estates, a manufactured housing park, and worked to learn and innovate manufactured housing. Project Homes had six goals in purchasing: improve the park's infrastructure, address critical home repairs, learn about manufactured home replacement, engage residents, provide resources, and improve park management.
- From their experience in Bermuda Estates, Project Homes learned that zoning in localities restrict types of manufactured homes, manufactured homes are built to Housing and Urban Development (HUD) standards not the building code, and the industry continues to allow substandard materials and energy standards.
- Since industry does not create customizable houses, Project Homes created their own manufactured homes with higher quality and standardized materials and stronger energy efficiency. Project Homes is creating a warehouse to create their own manufactured housing prototypes. Six of their homes were installed in Bermuda Estates.

Members commented on the quality of building materials for manufactured housing, including Clayton Homes net zero energy standard homes, and the categorization of manufactured homes as non-real estate.

Sales of Mobile Home Parks (SB 922, Hashmi, 2023)

Randy Grumbine, Executive Director Virginia Manufactured and Modular Housing Association

- A small group met to discuss the language in Senator Hashmi's SB 922.
- The small group agreed on the importance of preserving mobile home communities but could not come to consensus on how to apply tax credits. The group questioned why the tax credit was not applicable to all buyers if the overall goal of the credit is to preserve the mobile home community.

Christie Marra, Director of Housing Advocacy, Virginia Poverty Law Center

- The small group briefly discussed other mechanisms to address mobile home park sales including having the Commonwealth's encourage the creation of mobile home subdivisions and a mobile home park acquisition fund.

Comments were made about the complicated nature of manufactured housing leases and the utilization of the building maintenance code to update manufactured homes in communities.

Public Comment:

No public comment was offered.

Conclusion:

The meeting adjourned at 11:40 am.

The workgroup will meet on December 6, 2023 at 1:00 p.m. in the General Assembly building.

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

AGENDA

Local Land Use and Community Living Workgroup Meeting
Monday, August 21, 1:00 p.m.
House Room 1, the Capitol

- XII. Welcome and Call to Order
- *Delegate David Bulova, Chair*
- XIII. Vacant and Derelict Buildings Registration (SB 1111, Hashmi, 2023 & SB 838, Locke, 2023)
- *Michelle Gowdy, Virginia Municipal League*
- XIV. Foreclosures of Common Interest Communities (SB 1428, Surovell, 2023)
- *Senator Scott Surovell*
 - *Jerry Wright, Community Associations Institute*
- XV. EV Chargers in Apartment Complexes without Assigned Parking
- *Senator Scott Surovell*
- XVI. EV Chargers in Multifamily Housing (HB 1766, Reid, 2023)
- *Delegate David Reid*
 - *Andrew Clark, Homebuilders Association of Virginia*
- XVII. Update on Structural Integrity and Reserves Workgroup
- *Pia Trigiani, Chair*
- XVIII. Public Comment

XIX. Adjourn

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

SUMMARY

Local Land Use and Community Living Workgroup Meeting
Monday, August 21, 1:00 p.m.
House Room 1, the Capitol

Introduction:

Delegate Bulova, chair, called the meeting to order at 1:00 p.m.

Members present: Delegate David Bulova, Delegate Carrie Coyner, Delegate Danny Marshall, Delegate Buddy Fowler, Delegate Briana Sewell, Senator Mamie Locke, Joshua Goldschmidt, Bismah Ahmed, Laura Bateman, Andrew Clark, Tyler Craddock, Heather Gillespie, Michelle Gowdy, Randy Grumbine, Bryan Horn, Josephy Hudgins, Erin Kornmann, Joe Lerch, Christie Marra, Anna Salzberg, Pia Trigiani, Mike Urban,

Members absent: Senator George Barker, James Forest Hayes, Mike Inman, Brian Koziol, Jerry Wright

The meeting began with introductions and opening remarks followed by speakers and discussion.

Materials presented at the meeting are accessible through the [Commission's website](#).

Vacant and Derelict Buildings Registration (SB 1111, Hashmi, 2023 & SB 838, Locke, 2023)

Michelle Gowdy, Virginia Municipal League

- The small group came to consensus around Senator Locke's SB 838. An agreement was reached on the definition of "criminal blight" and the inclusion of registration fees. The small group also added permissive language that would allow all cities, counties, and localities the ability to create a registry.
- The small group agreed to recommend the registry should not be available on a website.

Delegate Marshall asked that the workgroup receive a copy of the proposed legislation for the next meeting.

Bryan Horn, Department of Housing and Community Development, asked if the legislation addressed residential and commercial property. The answer was that it includes all types of properties.

Foreclosures of Common Interest Communities (SB 1428, Surovell, 2023)

Senator Scott Surovell

Senator Surovell provided background on his 2023 Senate Bill 1428.

- There are two paths for foreclosure in Virginia: judicial and non-judicial. There is a minimum amount of \$25,000 in principle for a judicial foreclosure to proceed but there is no minimum for non-judicial foreclosures.
- Common Interest Communities have two options to collect overdue dues, fines, etc. The CIC may sue the individual and receive a judgement from the court which is the more common process, or the CIC may file a lien on the property and then use a nonjudicial foreclosure which may increase the amount of money owed by the individual.
- SB 1428 would institute a \$5,000 minimum of unpaid assessments/fees for CICs to proceed with a nonjudicial foreclosure.

Pia Trigliani, Community Associations Institute, provided countering information.

- The foreclosure remedy has existed since 1974 with the Condominium Act. This remedy was also included in the Subdivided Land Sales Act of 1978 which preceded the Property Owners Association Act (1995).
- In a survey of law firms who represent CICs, the responses showed nonjudicial foreclosures were rarely to address nonpayment because it is considered a final recourse.
- Assessment prices vary across the Commonwealth. In Delegate Sewell's district the assessment is approximately \$800 a year, while in Delegate Bulova's district assessments may be thousands of dollars a month depending on the level of services and infrastructure. Often associations are unable to qualify individuals for payment of assessment before moving into properties.
- Virginia courts generally do not award the CIC the entirety of the debt, rather the courts may award 20-25% of the principle.

Bulova asked why an individual would not pay. **Surovell** responded there are many reasons individuals don't pay including: (1) that the individual does not have the money (2) does not want to pay (3) does not get a notice (4) the individual believed they paid and start to get late fees which accumulate during a dispute between the individual and the association.

Pia Trigiani responded to a question concerning the difference between assessment and fines during nonjudicial foreclosures, that the Virginia courts have stated that in order for an association to charge penalties or fines this authority must be expressed in the association's governing documents. Other states do not restrict the ability to use a nonjudicial foreclosure because fines are considered assessments and may be collected as such.

Comments were made about the various reasons that fines/assessments are accrued such issues like those pose safety concerns or for structural damages.

Senator Surovell responded that there should be a threshold where smaller fines and dues are addressed judicially rather than with foreclosure.

Questions were asked clarifying the \$5,000 limit in Senator Surovell's bill and why liens have three-year limits. Individuals that have \$5,000 or less accrued will be remedied judicially (e.g., garnishing wages and freezing bank). Individuals with more than \$5,000 accrued may be non-judicially foreclosed upon. The three-year lien limit is due to Virginia statute.

This topic will continue to be discussed in the next workgroup meeting.

Electronic Vehicle (EV) Chargers in Apartment Complexes without Assigned Parking

Senator Scott Surovell

Senator Surovell

- Individuals who do not own the land their house resides on or do not have assigned parking may have difficulties installing EV chargers at their residence. EV charging statutes should be created to provide guidance for CICs.
- The presence or lack of EV chargers will become a factor in individuals buying properties with CICs as 10% of new cars purchased are EVs.

Responses to Surovell's issue included: (1) difficulties arise when associations don't have authority to designate common areas for individual use.

There was an inquiry about whether a CIC may restrict someone who isn't a resident from using the charger. The answer is that it is trespassing to go on private property to charge your EV.

The discussion was concluded by discussing insurance policy issues and legislation to grant associations authority to create reserved common areas. At the request of the chair a small group will convene to create potential legislative language.

EV Chargers in Multifamily Housing (HB 1766, Reid, 2023)

Delegate David Reid

Delegate Reid introduced his legislation on EV chargers in multifamily housing.

- HB 1766 establishes building code regulations for EV charging infrastructure in the construction of new multifamily projects of more than 25 units, such as requiring that 25% of parking spots have EV charging capability.
- Authorizes landlords, homeowner's associations, condominium associations to negotiate installation, maintenance, and revenue sharing with EV charger providers.
- Believes that housing options that provide chargers will be more desirable to buyers as the market shifts to electronic vehicles.

Delegate Fowler asked if charging station technology is considered proprietary information. **Delegate Reid** responded that recently the industry has centered on the North American Charging Standard rather than having three different charging adaptors. Texas has required projects applying for EV charging infrastructure funding to utilize the North American Charging Standard.

Andrew Clark, Homebuilders Association of Virginia, also spoke:

- There have not been widespread building code adjustments to incorporate EV chargers. Localities vary on their requirements like pre-wiring and the number of EV parking spaces per unit.
- In 2024, there will be updates to the international building code that require 40% of new multifamily units to either be EV ready or capable and require single-family units with two households to have one charger.
- Assistance at the state level would include offsetting the cost of additional utility infrastructure. At the local level want to see development incentives like density bonuses or relief.
- Multifamily developers are including chargers in new development because Dominion Energy will provide 50% of the infrastructure cost.

Discussion ensued on the release of the international building code and when Virginia could adopt the policy.

As a result of the conversation, the chair asked that a small group meet to discuss potential legislative language to address a locality's ability to address developer's additional infrastructure costs for EV chargers.

Update on Governor's Structural Integrity and Reserves Workgroup

Pia Trigiani

- Senator Surovell's SB 740 (2022) tasked the Virginia Department of Professional and Occupational Regulation (DPOR) to study the adequacy of current laws addressing structural integrity standards, reserves, and capitol improvements and report their findings and recommendations to the Senate and House of Delegates General Laws Committees.
- Virginia is a leader in community living law. Virginia is one of nine states that require associations to conduct reserves study every five years and require associations to consider their reserves when creating the upcoming budget.

- The workgroup, chaired by Pia Trigliani, was to develop “least intrusive solutions to identified concerns.” Fifteen recommendations were made in relation to: development, governing documents, budgets, association and board authority, liability, insurance coverage, education, judicial remedies, and management.

Pia Trigliani recited the Structural Integrity and Reserves Workgroup recommendations and answered questions from the members.

Public Comment:

No public comment was offered.

Conclusion:

The meeting adjourned at 3:00 pm.

The workgroup will meet on December 6, 2023 at 10:00 a.m. in the General Assembly building.

COMMONWEALTH OF VIRGINIA

DELEGATE DANIEL W. MARSHALL, III
SENATOR MAMIE E. LOCKE
ELIZABETH A. PALEN, Executive Director



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VIRGINIA HOUSING COMMISSION

AGENDA

Virginia Housing Commission
Tuesday, August 22, 2023, 9:00 a.m.
House Room 1, The Capitol

- I. Welcome and Call to Order
Delegate Danny Marshall, Chair
 - II. Brief Overview
Elizabeth A. Palen
 - III. Presentations
 1. Economic and Housing Trends
Hamilton Lombard, Demographer, Weldon Cooper Center for Public Service
Ryan Price, Chief Economist, Virginia Realtors
 2. Henrico County's Best Practices for Development Projects
John A. Vithoukias, Henrico County Manager
 - Workgroup Reports
Elizabeth A. Palen
 - IV. Discussion
 - V. Public Comment
 - VI. Adjourn
-

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Virginia Housing Commission
Tuesday, August 22, 2023, 9:00 a.m.
House Room 1, The Capitol

Introduction:

Delegate Daniel W. Marshall, III, Chair, called the meeting to order at 9:00 a.m.

Members present: Delegate Danny Marshall, Delegate David Bulova, Delegate Carrie Coyner, Delegate Buddy Fowler, Senator George Barker, Senator Ghazala Hashmi, Joshua Goldschmidt, Laura Lafayette

Members absent: James Forest Hayes, Senator Mamie Locke, Delegate Briana Sewell

The meeting began with introductions and opening remarks followed by presentations and discussion.

Elizabeth A. Palen, Director Virginia Housing Commission, gave a brief overview of housing purchases and statistics for several generations: Silent Generation, Baby Boomers, Generation X, and Millennials.

Materials presented at the meeting are accessible through the [Commission's website](#).

Presentations:

Economic, Demographic & Housing Trends

Hamilton Lombard, Demographer, Weldon Cooper Center for Public Service
Ryan Price, Chief Economist, Virginia Realtors

Hamilton Lombard and Ryan Price presented on the current state of:

- Populations trends
- Employment & labor market

- Pent-up demand for housing
- Key demographic trends

- Construction labor & activity
- Housing trends & remote work

Key Takeaways:

- The housing market in Virginia remains slow, yet competitive in 2023.
- High interest rates and a lack of inventory are contributing to a historic lag and deterring some buyers and sellers. However, even as the market slows, home prices continue to climb, sellers are getting above their asking prices, and homes sell quickly. Fairfax has the third highest housing prices on the East Coast after Nantucket and Martha's Vineyard.
- Virginia experienced rapid job recovery and is now above pre-pandemic job growth levels. Most industries have recovered and returned to pre-pandemic numbers, with some industries experiencing gains that put them above 2020 numbers.
- Overall housing constructions in the Commonwealth are lower than historic levels but continued to grow in 2022. Most of Virginia's recovery in home construction has been driven by apartment construction.
- Homeowners are feeling the "lock-in effect," where individuals purchased a house with a low mortgage rate and feel they cannot afford to move with the current higher interest rates. Additionally, many sellers/move-up buyers need their equity to make another home purchase.
- At the end of 2022, 62% of mortgage holders had a rate below 4%
- There is a pent-up demand for housing from millennials and baby boomers who are in parts of their lives where they might want to move as well as renters wanting to leave the rental market and join the housing market.
- Virginia's workforce is a driver of economic growth. Virginia has a highly skilled workforce with high educational attainment, making Virginia's workforce attractive to outside investment.
- While Virginia lost residents to other southern states, Virginia has continued to attract new residents from some Northern and West Coast states.
- Virginia's population growth rebounded slightly in 2022, rising compared to the 2021 numbers. Since 2020, growth has shifted to the large metro areas, with the Richmond Metro adding the newest residents in 2020. Over the past decade, Virginia's population has grown at its slowest rate in a century.

- Current population patterns are somewhat like those in the 2010s, with one noticeable change being some of Virginia's largest localities are losing population. There has been a large out-migration from Northern Virginia to other parts of Virginia, fueling growth in areas that have not seen growth in recent years, and surrounding states. This out-migration is one of the reasons Virginia's population growth has slowed.
- New home construction rebounded slower in Virginia than in the U.S. as a whole and states to the south of Virginia experienced stronger growth in construction since 2010.
- New home construction has increased in smaller counties, particularly in Central and Southside Virginia, after previously being concentrated in the largest localities throughout the 2010s.
- Since the Great Recession, construction employment in Virginia has rebounded more slowly than in the U.S. Additionally, Virginia's growth in construction workers has been primarily driven by older workers remaining in the industry longer than in previous periods.
- While housing units are in demand, there are fewer individuals per household. After a decade of decline, now more young Virginians are living independently. Since the pandemic, the number of young adults living independently has grown rapidly across the country.
- Most remote workers live near their employers. Hybrid work is becoming more popular than fully remote or in office, and this limits how far individuals can move from job centers.

Delegate Bulova asked why North Carolina, Tennessee, and Florida are attracting Virginians. **Delegate Marshall** added that North Carolina has stronger job growth because of their lower corporate tax rate. **Ryan Price** responded that there are more affordable housing opportunities along with a stronger job market.

When asked what policy actions the Commonwealth could take to address housing, **Price** answered that incentives could prompt local governments to make local level changes like changing zoning, concentrating housing near job centers, making the densification, and permitting process easier.

Delegate Bulova expressed concern that an increase in home purchases could negatively impact the rental market. **Price** added that there has been an oversupply of rentals because of the rental

demand and the attractive financing available for builders. The rental market is slowing but does not expect to see large damage to the rental market.

Laura Lafayette commented that moves prompted by remote work are having a positive and negative impact on Virginia. Remote workers who move to Central Virginia with West Coast or Northern Virginia wages are driving the home prices and rental prices higher which prices out those who are locals and creates a long-term problem for the area.

Delegate Marshall commented that an expected increase in jobs and casino visitors sparked investors to buy single family homes and rent the houses as Airbnbs in Danville. He said that there are jobs coming to Danville without housing to shelter incoming workers.

Henrico County's Best Practices for Development Projects

John A. Vithoukas, Henrico County Manager

Vithoukas and Henrico County staff¹ presented Henrico County's demographics, housing statistics, regulatory processes, code and policy tools, housing affordability gaps, and the county's negative experience with Glenwood Farms Apartments.

- The County Manager form of governance does not provide special tools or powers that have an impact on housing stock/development.
- The culture and structure of Henrico County's government, collaboration and having clear and predictable processes for development, has the largest impact on their ability to develop or redevelop.
- The health of housing in the county is related to continued maintenance of the current housing stock.
- The county staff has collaborated with the development community to streamline the development process: shorter timeline for reviews; all applications, schedules, and deadlines are posted online; staff comments are trackable; with two possible expedition tracks.
- Henrico County has a plan expeditor position which acts as an advocate for development plans and follows the plans throughout the process helping move projects along that may get stalled in various places.
- Henrico has a twelve-business day period to review plans compared to state agencies who have a 60-day period to review plans and projects.
- To streamline project approvals, the power to approve projects moved from the planning commission to an administrative action under the director of planning.

¹ Ceri Trentina Chief of Staff to the County Manager, Joe Emerson Director of Planning, Greg Revel Director of Building, Eric Leabough Director of Community Revitalization

- The county has several flexible zoning categories to promote density and redevelopment including redevelopment overlay districts and R-6 Master Planned Development Options.
- Henrico has created programs, initiatives, and funds to address the housing affordability gap.
- The county asks that the Code of Virginia is amended to provide more tools to address challenges with blighted multi-family developments.

Delegate Bulova asked what the state's role is in assisting localities to create robust housing and development programs. **John Vithoukas** answered that the state may provide funding flexibility to bring money to the localities.

Delegate Bulova asked if Henrico County has worked to increase starter single-family housing aside from the dense town-centers. **Vithoukas** shared that decreasing lot sizes has been beneficial along with incentivizing residential developments with a variety of housing options with Economic Development Authorities.

In response to questions asked about drafted legislation to address Glenwood Farm, **Vithoukas** responded that the county has not drafted legislation.

Joshua Goldschmidt commented that other localities do not have the consistency and flexibility of Henrico's development review process. He added that many homebuilders would like to add a process like Henrico's development process (number of days to review) into the Code of Virginia.

Vithoukas added that in his twenty-odd-years with the county there has been a consistent decrease in property tax rate and Henrico County was the first county to issue real estate tax rebates to homeowners.

Ceri Trentina continued that last year Henrico issued back two cents per \$100 assessed while lowering the implemented tax rate. This year the county again issued a two-cent tax rebate. The estimated Henrico rebates range from \$70 to \$100 given in the form of a check or a credit on the bill. Henrico was able to provide these rebates because of the county's flexible funding source which is available because of the conservative revenue estimates from the budget director.

Delegate Marshall asked which types of properties receive the rebates, commercial or residential? **Trentina** answered that all real property can receive the rebate.

Senator Hashmi asked what the results were from the employer housing forum. **Vithoukas** responded Henrico wondered if the county puts \$2 million into a fund to decrease mortgages for public sector workers, could the same be done for jobs in the other sectors.

Eric Leabough added that the forum was well-received. Henrico hosted the forum in partnership with Local Initiatives Support Corporation (LISC), Plan RVA, Partnership for Housing Affordability (PHA), and Virginia Housing. The goal of the forum was to share Henrico's housing challenges and potential programs with these organizations. A potential component of recruiting and maintaining talent is providing assistance to employees purchasing their first homes. There is another meeting with the organizations involved on how to engage employers in housing and housing affordability.

Laura Lafayette commented to provide first time home buyers with opportunities there needs to be inventory to support those initiatives. She said that enabling by-right development allows for a predictable development processes. There is also a need for more resources like flexible funding. Flexible funding may enable nonprofits to build affordable housing in market rate and amenity rich communities where there otherwise would not be an opportunity like Henrico did with the Maggie Walker Land Trust.

Public Comment:

No public comment was offered.

Conclusion:

The meeting adjourned at 11:30 a.m.

The Full Commission will meet on December 19, 2023, at 10:00 a.m in the new General Assembly building.

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Real Property, Community Development, And Best Land-Use Practice Workgroup
Tuesday, December 5, 2023 at 10:00 a.m.
House Committee Room A (Room 008), The General Assembly Building

Introduction:

Delegate Daniel W. Marshall, III, Chair, called the meeting to order at 10:00 a.m.

Members present: Delegate Danny Marshall, Joshua Goldschmidt, Bryan Horn, Joe Lerch, Cathy Binder, Michelle Gowdy, Jerri Wilson, Mike Schnurman, Lee Vogler, Duane Miller, Andrew Clark, Preston Llyod, Greta Harris, Jonathon Ridout

Members absent: Senator Ghazala Hashmi, Tommy Arnold, Chip Dicks, Nichole Riley

The meeting began with introductions and opening remarks followed by presentations.

Economic and Community Development Perspective: Sussex County

- *J. David Conmy, Deputy County Administrator & Economic Development Director Sussex County*
- *Richard Douglas, County Administrator for Sussex County*
- *The Honorable Angela McPhaul, Mayor for the Town of Waverly*
- *Faith McClintic, Principal with Spectrum Growth Solutions*

J. David Conmy introduced Sussex County's presentation and the speakers present. **Richard Douglas** spoke about the history of the county and their focus on regional collaboration which includes sharing a building official with Surry County.

Faith McClintic shared information on the Sussex Mega-Site and **Mayor Angela McPhaul** addressed the associated community development.

The Sussex County Mega-Site is within the radius of Richmond and Hampton Roads workforce, U.S. Route 460, Interstate 95 and 295, and the Ports of Richmond and Virginia. After being unable to implement Project Glove, the County of Sussex used a combination of grants and county funds to further develop the mega-site.

The development of the mega-site extends to the various surrounding areas including the Towns of Wakefield and Waverly.

The Town of Waverly:

- Elected a new mayor and town council (5 members) in 2018.
- Returned Waverly to financial stability and rebuilt a financial reputation by collecting \$600,000 in back taxes, performing audits, selling their water infrastructure for \$2.2 million, and paying bills within one week.
- Secured a high interest account with the Commonwealth which yields approximately \$8,000 a month and protected the funds with a requirement that the town council has a 4 vote majority to use the account funds.
- Hired a new zoning administrator who has removed over 25 vacant properties over four years with a goal of increasing housing stock.
- Renovated/updated to various community areas (baseball field, playground, and tennis courts) to create valued and highly used community spaces.
- Plans to revitalize Waverly's downtown with numerous projects, funds, and grants to foster local business.
- Attracted Restoration Bioproducts to build the first biochar facility in Virginia.

The Sussex County presentation is available on the [Virginia Housing Commission website](#).

Overview of Other States Methods to Promote Housing Construction through Development Incentives and Local Zoning Pre-emption

Jesseca Hoff, Policy & Research Analyst Virginia Housing Commission

Jesseca Hoff provided a literature review on zoning reform and an overview of other states' methods to promote housing construction through development incentives and local zoning preemption.

The literature review can be summarized in five key points:

1. The literature suggests that zoning reforms lead to mixed results in terms of housing production and lower home prices. The climate of local markets could be a determining factor in whether zoning changes produce the desired results.
2. Research shows that areas that have relaxed land-use regulations to allow for greater density may not necessarily experience more housing construction in the short or mid-term but are eventually likely to see some growth compared to areas without such changes.

3. Even if a zoning regulatory change leads to an increase in housing supply prices may not fall or stop rising in rezoned areas.
4. The increase in rental housing supply occurs primarily in rental units with higher incomes over the short and medium-term once zoning reforms have passed. Units affordable to those with low and very-low incomes have not experienced statistically significant increases.
5. The benefits of wide-ranging zoning reforms are often not as large as expected, and many times do not yield more affordable housing for low-income households. Rent decreases can occur in limited settings, but local context matters when determining how supply can impact rents in surrounding neighborhoods.

The full report will be available on the Virginia Housing Commission's website vhc.virginia.gov.

Public Comment:

No public comment was offered.

Conclusion:

The meeting adjourned at 12:10 p.m.

A full Commission meeting will be held on December 19, 2023, at 10:00 a.m. in House Room B of the General Assembly Building.

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

AGENDA

Local Land Use and Community Living Workgroup Meeting
Wednesday, December 6, 10:00 a.m.
House Committee Room A, The General Assembly Building

- I. Welcome and Call to Order
 - *Delegate David Bulova, Chair*
- II. Virginia First Cities Housing Access Tools
 - *Laura Bateman, Legislative Director Virginia First Cities*
- III. LISC Strategies for Addressing the Affordable Housing Crisis
 - *Jane Ferrara, Executive Director Local Initiative Support Corporation*
- IV. EV Chargers in Common Interest Communities (Proposed Draft Legislation)
 - *Senator Scott Surovell*
 - Vote to Endorse
- V. Foreclosure of Common Interest Communities (Proposed Draft Legislation)
 - *Senator Scott Surovell*
 - Vote to Endorse
- VI. Expanding Community Revitalization Fund (SB 1163, Lewis, 2023)
 - Vote to Endorse
- VII. Vacant Building Registration (SB 838, Locke, 2023)
 - a. Vote to Endorse
- VIII. Common Interest Community Update
 - *Heather Gillespie, Common Interest Community Ombud Virginia Department of Professional and Occupation Regulation*
- IX. Discussion of the Structural Integrity and Reserves Study Elements
- X. Public Comment
- XI. Adjourn

Proposed Bills for Endorsement

- | | |
|---|--|
| • EV Chargers in Common Interest Communities | • Expanding Community Revitalization Fund (SB 1163, Lewis, 2023) |
| • Foreclosures of Common Interest Communities | • Vacant Building Registration (SB 838, Locke, 2023) |

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Local Land Use and Community Living Workgroup

Virginia Housing Commission

Wednesday, December 6, 2023 at 10:00 a.m.

House Committee Room A (Room 008), The General Assembly Building

Introduction:

Delegate David L. Bulova Chair, called the meeting to order at 10:00 a.m.

Members present: Delegate David L. Bulova, Delegate Danny Marshall, Delegate Carrie Coyner, Delegate Briana D. Sewell, Senator Mamie E. Locke, Bismah Ahmed, Laura Bateman, Andrew Clark, Tyler Craddock, Heather Gillespie, Joshua Goldschmidt, Randy Grumbine, James Forest Hayes, Bryan Horn, Joseph Hudgins, Erin Kormann, Brian Koziol, Joe Lerch, Anna Salzberg, Pia Trigiani, Jerry Wright,

Members absent: Delegate Buddy Fowler, Senator George L. Barker, Michelle Gowdy, Mike Inman, Christie Marra, Mike Urban

The meeting began with introductions and opening remarks followed by presentations and discussion of potential legislative drafts.

Presentations:

Virginia First Cities Housing Access Tools

Laura Bateman, Legislative Director Virginia First Cities (VFC)

Laura Bateman provided an overview of VFC's findings and requests from a survey of member cities on issues of blight, zoning, and short-term rentals.

- Many of the VFC cities are experiencing a housing crisis due to (1) supply and demand, (2) blighted properties, (3) short-term rentals, and (4) empty commercial buildings.

- VFC created a workgroup that proposed solutions including (1) tools for cities to address repeat zoning code violators, (2) tools to keep existing housing stock, (3) fund the Urban Public-Private Partnership Redevelopment Fund, and (4) invest in Community Development Financial Institutions Fund.

Comments were made about the lack of financial support for businesses after startup grants are depleted, lack of enforcement and data on zoning code violations for abandoned vehicles, trash, etc, and Chesterfield’s local partial tax exemptions to encourage old home rehabilitation.

Delegate Marshall shared what Danville has been doing to address their lack of housing and how Danville’s success is the result of 20 years of work.

Local Initiative Support Corporation (LISC) Strategies for Addressing the Affordable Housing Crisis

Jane Ferrara, Executive Director LISC

Jane Ferrara presented a history of LISC and its housing initiatives.

- The LISC organization began by addressing affordable housing and has grown to include work in schools/early childhood centers, recreational spaces, financial services, and food/health programs. LISC works with other organizations to provide supplemental services.
- In Virginia, LISC operates in Richmond, Hampton Roads, Northern Virginia and has a rural program to assist in other counties across the Commonwealth.
- LISC is working with the City of Richmond to provide flexible funding alongside the City’s funding.
- The City of Richmond’s capital improvement plan allows the City to issue bonds up to \$50 million over five years for the production of new rental units. LISC will match the City’s \$50 million with a variety of capital sources, including federal grants and loans.
- LISC is focusing its efforts in the City of Richmond on:
 - using low-income Housing Tax Credits (LIHTC) to subsidize projects;
 - providing pre-development and acquisition financing;
 - providing low-cost capital through the Small Building Loan Program to ensure affordability;
 - prioritizing homeownership by scaling up single family development and neighborhood preservation; and
 - encouraging more developers to build and preserve affordable housing through the Housing Developer Training Institute (HDTI).

A question was posed regarding what funds overlap between VFC and LISC. **Laura Bateman** responded that the Community Development Financial Institution Fund is used by both organizations.

A question was posed regarding the state LIHTC program and will it augment LISC's effort to increase the amount of units produced. **Jane Ferrara** responded that LISC financing will pair with the City of Richmond's funds. LIHTC considers localities' funding support when granting LIHTC awards.

Delegate Bulova posited the creation of a livable homes grant program for LISC's focus on seniors living in place. This will be discussed during the next interim.

Common Interest Community Update

*Heather Gillespie, Common Interest Community Ombud
Virginia Department of Professional and Occupation Regulation*

Heather Gillespie provided a summary of the Annual Report to the General Assembly for the period of November 16, 2022 to November 15, 2023.

- During this period, the CIC Ombud had the highest number of citizen inquiries since the office was created.
- With the increased number of phone calls and emails it added an additional seven of additional work for the Office.
- The Office increased from one staff member to two staff members.
- This year there were several changes to the Code of Virginia that provide various powers to the Office of the Ombud.
- The majority of interactions came from Northern Virginia followed by a tie between Central Virginia and Tidewater with Southwest Virginia having the lowest interaction rate.
- The website has been updated and includes a search bar for specific words.

Discussion of the Structural Integrity and Reserves Study Elements

Pia Trigiani shared that:

- The Structural Integrity and Reserves Study Workgroup presented their report, including 14 recommendations, to the General Assembly in April.
- The chair asked the workgroup to create three recommendations addressing financing of reserves.

Discussion of Proposed Legislation:

EV Chargers in Common Interest Communities (Proposed Draft Legislation)
Senator Scott Surovell

Senator Surovell introduced his proposed draft legislation.

The purpose is to address the gap in EV charging for individuals in a common interest community (CIC) without assigned parking, or utilization of common areas, or individuals with assigned parking who are unable to connect a charger because it is on CIC property.

- 1) Enables CICs to assign exclusive or limited use in a section of the common element for homeowners to install an EV charger.
- 2) When there is common parking chargers need to be put in a specific place and grant permission for individuals to use the space for a specific amount of time.

Questions were posed clarifying the language on several lines of the bill draft that grants CICs the power to override Virginia Supreme Court precedent solely for EV Chargers. The language provides a by-right authority for individual owners to install an EV charger on a common element.

Representatives from the Community Association Institute spoke to the inability of CIC's to grant usage of a common area for specific individuals rather than for all unless explicitly stated in the CIC's governing documents. They also stressed that solutions should be addressed community by community as parking availability differs in CICs.

Foreclosure of Common Interest Communities (Proposed Draft Legislation)

Senator Scott Surovell

Senator Surovell introduced his proposed draft legislation.

The draft legislation places a \$5,000 minimum amount of unpaid assessments, excluding attorney fees and interest, before a CIC could exercise a foreclosure remedy. The draft also extends the time frame of a lien from three to ten years, without extending the period of time to file suit.

Representatives from the Community Associations Institute asked:

- for language to distinguish an assessment lien from a judicial lien and to clarify attorney fees and costs will not be included in the judgement lien as it is a determination of the judge;
- the bill include the aggregate liens rather than an individual lien;
- change the judgement lien interest rate from 6% to that rate the judge;
- and remove references to common area/element.

Senator Surovell and representatives from the Community Associations Institute and agreed to:

- \$5,000 minimum for foreclosure, and
- changing the interest rate on judgement liens from 6% to a rate determined by the judge.

Senator Surovell proposed requiring CIC's to maintain records on all liens until the lien has expired.

Expanding Community Revitalization Fund (SB 1163, Lewis, 2023)

Delegate Bulova introduced the bill and proposed changes.

A representative from Virginia Municipal League (VML) explained their proposed amendment. It would remove the word “exclusively” from the bill draft. This is necessary as the word exclusively would have limited the ability of localities to use all funds for community revitalization efforts.

The workgroup voted to endorse the bill with VML’s amendment.

Vacant Building Registration (SB 838, Locke, 2023)

Senator Locke introduced the bill in its current state which included an amendment for it to apply to “any county, city, or town.”

Discussion ensued concerning the fee to register and the use of money collected by the locality.

The workgroup voted to endorse the bill.

Public Comment:

No public comment was offered.

Conclusion:

The meeting adjourned at 12:40 p.m.

A full Commission meeting will be held on December 19, 2023, at 10:00 a.m. in House Room B of the General Assembly Building.

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

AGENDA

Landlord Tenant Law, Real Estate Law, and Affordable Housing Solutions Workgroup
Wednesday, December 6, 2023, 1:00 p.m.
House Committee Room A, General Assembly Building

- VII. Welcome
 - *Delegate Carrie Coyner, Chair*
- VIII. Improving Housing Stability – United Way of the Virginia Peninsula
 - *Steve S. Kast, President and CEO*
 - *Charvalla West, COO and Director of Community Impact*
- IX. Evictions Update – Housing Opportunities Made Equal
 - *Laura Dobbs, Director of Policy*
- X. Eviction Diversion Pilot Program – Final Report
 - *Jessica Hoff, Research & Policy Analyst Virginia Housing Commission*
- XI. Affordable Housing Tax-Credit to Preserve Existing Neighborhoods (Proposed Draft Legislation)
 - a. *Senator Scott Surovell*
 - b. Vote to Endorse
- XII. Public Comment
- XIII. Adjourn

Proposed Bills for Endorsement

Affordable Housing Tax-Credit to Preserve Existing Neighborhoods

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Meeting Summary

Landlord and Tenant Law, Real Estate Law, and Affordable Housing Solutions Workgroup
Wednesday, December 6, 2023 at 1:00 p.m.
House Committee Room A (Room 008), The General Assembly Building

Introduction:

Delegate Carrier E. Coyner, Chair, called the meeting to order at 1:00 p.m.

Members present: Delegate Carrie Coyner, Delegate David L. Bulova, Delegate Danny Marshall, Delegate Briana D. Sewell, Senator Mamie E. Locke, Bismah Ahmed, Robert Bradshaw, Fred Bryant, Andrew Clark, Tom Fitzpatrick, Troy Garrett, Joshua Goldschmidt, Randy Grumbine, James Forest Hayes, Bryan Horn, Kelly King Horne, Erin Kormann, Brian Koziol, Joe Lerch, Renee Pulliam, Elizabeth Steele

Members absent: Senator George L. Barker, Michelle Gowdy, Christie Marra, Kely Harris-Braxton.

The meeting began with introductions and opening remarks followed by presentations and discussion of draft legislation.

Materials presented at the meeting are accessible through the [Commission's website](#).

Improving Housing Stability – United Way of the Virginia Peninsula (UWVP)

Steve S. Kast, President and CEO UWVP

Charvalla West, COO and Director of Community Impact UWVP

Steve Kast began the presentation explaining the organization's mission and introduced his colleague to speak on the specifics.

Charvalla West spoke about UWVP's work on the Virginia Peninsula to address the housing insecure community.

- Asset Limited, Income Constrained, Employed (ALICE) households do not qualify for public support because their household income is higher than the Federal Poverty Level, but not high enough to afford a basic household budget.
- In 2021, with the Eviction Diversion Pilot Program UWVP combined existing resources to establish the Community Assistance Network (CAN). CAN provides individuals with a trained professional who can advocate on behalf of the caller/household and directly connect them with resources.
- CAN works with its partners, non-profits, local government, schools, employers, and faith communities to provide wrap-around services for those experiencing housing instability.
 - CAN especially relies on other experienced housing-related service providers to connect these individuals with resources.
- Created an Eviction Court Navigation Program which works with judges, clerks, and sheriffs to ensure individuals know what resources are available.
- Received \$1 million in federal funding and each year there is a 300% return on investment.
- UWVP would like to expand their program across the Commonwealth. UWVP has created a statewide association to lead the expansion.

Delegate Marshall asked about employment rates, population size, and the workforce development on the Peninsula. UWVP provides ongoing services for individuals once the problem they sought help for has been resolved. Individuals who want Eviction Diversion Pilot funding need to be working to ensure stability and successful use of program funds.

A question was asked on how UWVP provides assistance in eviction court. **Charvalla West** responded that UWVP uses the internal systems of the courts. They use court-room screens to display information and provide documents to educate tenants and landlords with the court clerk's office.

A member asked about the staffing at UWVP. There are four full-time advocates and two part time staffers, through their partnerships UWVP has access to individuals with a variety of skill sets.

A question was posed on the number of clients UWVP has served. Since July 2021 UWVP has kept 7,196 individuals housed.

UWVP will share information on their Eviction Court Navigation Program with the Commission.

Evictions Update – Housing Opportunities Made Equal (HOME)

Laura Dobbs, Director of Policy HOME

Laura Dobbs provided an overview of eviction data in Virginia and how HOME is working on reducing evictions in the City of Richmond.

- Evictions in Virginia fluctuated with the various federal and Commonwealth eviction/housing programs available during the pandemic.
- HOME has been involved in several eviction focused programs including:
 - partnering with the City of Richmond to create a voluntary eviction diversion program (EDP);
 - utilizing the Rent Relief Program (RRP) to assist households facing eviction and engage in promoting the program to historically economically disadvantaged communities; and
 - funding through the Virginia Eviction Reduction Pilot (VERP) to help individuals/households in Richmond, Hopewell, Petersburg, and Counties of Henrico and Chesterfield.
- It was noted that half of HOME's clients include families with children, and female head of household.
- HOME has been most successful in keeping clients housed when using flexible funds.
- The Eviction Diversion Program was created to address individuals with a once in a lifetime situation which is not congruent with the reality of eviction in the Commonwealth.

A question was posed about who the organization would serve in order to house the most people. **Laura Dobbs** responded HOME works solely with individuals who pay less than 50% of their paycheck toward housing and are able to successfully continue to pay rent.

Eviction Diversion Pilot Program – Final Report

Jessica Hoff, Research & Policy Analyst Virginia Housing Commission

Jessica Hoff spoke about the Virginia Housing Commission's Eviction Diversion Pilot Program Final Report and provided key points.

The Final Report gives an overview of the requirements for the Pilot and the Virginia eviction process. It also looks at other states' legislation and efforts to reduce evictions, provides an updated analysis on the status of eviction rates in Virginia, and includes insights and information from various Virginia stakeholders.

Additionally, **Jessica Hoff** included census surveys that may provide insights into rent increases, rent-burdened households, and households at risk of eviction.

- This trial program was initiated within the General District Courts of four localities: Danville, Hampton, Petersburg, and Richmond.
- The Court provided information on civil cases for unlawful detainers filed in the general district courts of the participating localities between July 1, 2020, and September 30, 2023.
- Given the limited data available to analyze, it is difficult to determine the scope of effectiveness of the Pilot program. The pandemic related moratoria and eviction reduction programs, additional diversion efforts, and stringent criteria for tenant participation remained limiting factors for participation throughout the duration of the program.

- The number of statewide eviction filings track with the timelines of the various eviction protection program dates.
- Based on documents and data provided, the Pilot program was effective in preventing several evictions of tenants who fell into the targeted guidelines within this studied period.
- The rates of eviction filings and reported households at risk for eviction are rising. Rates may be rising slower in localities where there are local eviction reduction efforts, like Richmond and Hampton.

The Virginia Eviction Diversion Pilot Program Final Report is available in full at the [VHC website](#).

Affordable Housing Tax-Credit to Preserve Existing Neighborhoods (Proposed Draft Legislation)

Senator Scott Surovell

Senator Surovell introduced his proposed draft legislation.

The purpose is to incentivize more affordable housing by preserving existing housing at the choice of the homeowner.

A qualifying homeowner could donate an easement, which restricts development up to 50 years, to a local government, organization, or land bank. The homeowner could take an income tax credit up to \$5,000 a year and take a \$5,000 reduction in real estate taxes, from the state, until the price of the donated easement has been paid.

This bill draft includes the following changes:

- Donations would be made between the tax years 2024 - 2028.
- The easement can be up to 50 years.
- Language was added to clarify how selling a house would impact the easement.
- Localities are allowed to opt into the program through ordinance.

Discussion ensued concerning the financial impact of the proposed legislation on the Commonwealth's and localities' budgets. The group coalesced around potentially capping the number of homes eligible within a locality which would be done in the locality's ordinance.

A question was posed on if the easement and the associated tax benefits would remain with the original owner or transfer to a new owner upon sale of the house. The easement and associated benefit would be transferred to the new owner.

Discussion ensued on what ability a locality has to refine the duration, location, and exceptions of the proposed easement. A locality may use the zoning ordinance to dictate the preferred specifics of the easement.

Members expressed concern that the benefits are given over a period of time rather than given upfront as the homeowner may lose equity when selling the home.

Members suggested including language to preserve the original building. **Senator Surovell** responded that such a change would result in enforcement challenges and require additional funding.

Public Comment:

No public comment was offered.

Conclusion:

The meeting adjourned at 3:15 p.m.

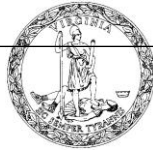
A full Commission meeting will be held on December 19, 2023, at 10:00 a.m. in House Room B of the General Assembly Building.

COMMONWEALTH OF VIRGINIA

DELEGATE DANIEL W. MARSHALL, III

SENATOR MAMIE E. LOCKE

ELIZABETH A. PALEN, Executive Director



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VIRGINIA HOUSING COMMISSION

AGENDA

Virginia Housing Commission
Tuesday, December 19, 2023 at 10:00 a.m.
House Committee Room B (Room 205), the General Assembly Building

- I. Welcome and Call to Order
 - *Delegate Danny Marshall, Chair*
- II. Workforce Development for Affordable Housing in Appalachia: Towards a Circular Economy
 - *Andrew McCoy, Director Virginia Center for Housing Research*
- III. Virginia Housing Updates
 - *Susan Dewey, Chief Executive Officer Virginia Housing*
 - *Fabrizio Fasulo, Director of Policy and Planning Virginia Housing*
 - *Stephanie Flanders, Director of Tax Credit Programs Virginia Housing*
 - *Mike Urban, Managing Director of Homeownership Virginia Housing*
- IV. Voting on Potential Legislation

- Continuation to 2025 of Monitoring of Eviction Diversion Pilot
 - Foreclosures on Common Interest Communities
 - Vacant and Derelict Building Registration
 - Expanding Community Revitalization Fund
- V. Words in Appreciation of Senator George Barker and Susan Dewey
 - *Senator Mary Margaret Whipple*
 - *Bill Shelton, Director DHCD 1998-2018*
- VI. Election of Chair and Vice Chair for the Commission
- VII. Public Comment

VIII. Adjourn

COMMONWEALTH OF VIRGINIA

DELEGATE DANIEL W. MARSHALL, III
SENATOR MAMIE E. LOCKE
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VIRGINIA HOUSING COMMISSION

Meeting Summary

Virginia Housing Commission

Tuesday, December 19, 2023, 10:00 a.m.

House Committee Room B, The General Assembly Building

Introduction:

Delegate Daniel W. Marshall, III, Chair, called the meeting to order at 10:00 a.m.

Members present: Delegate Danny Marshall, Delegate David Bulova, Delegate Carrie Coyner, Delegate Buddy Fowler, Delegate Briana Sewell, Senator George Barker, Senator Ghazala Hashmi, Laura Lafayette

Members absent: James Forest Hayes, Joshua Goldschmidt

The meeting began with introductions and opening remarks followed by presentations and discussion/consideration of four bills for endorsement in the 2024 General Assembly Session.

Materials presented at the meeting are accessible through the [Commission's website](#).

Presentations:

Workforce Development for Affordable Housing in Appalachia: Towards a Circular Economy
Andrew McCoy, Director Virginia Center for Housing Research

Andrew McCoy provided background information for the Virginia Center for Housing Research (VCHR) and their partner Center for Economic and Community Engagement (CECE).

McCoy shared VCHR's work on industrialized housing and construction workforce development in Appalachia preparing for the Appalachian Regional Commission (ARC) Appalachian Regional Initiative for Stronger Economies (ARISE) Grant.

- VCHR, technical and convening partners are currently in the development/planning process for the grant application in October 2024. Virginia Tech will be the applicant.

- Industrialized Construction utilizes new technologies (i.e. automation, robotics, mechanization) to build housing parts off-site rather than the on-site method.
- VCHR analyzed current construction workforce data to find trends i.e. job growth, retirement risk, cost of talent, etc.
- VCHR created a housing training program with: (1) online course modules and badging in construction, design, policy, law, finance, and data analysis, and (2) in-person construction management classes.

Members expressed concern about the education workforce for the housing training programs. **McCoy** replied that the staffing depends on what is being taught and where they will be instructed.

A member asked if VCHR is working with the Virginia Secretary of Commerce. **McCoy** responded that VCHR has been working with the Department of Housing and Community Development.

McCoy will return with an update on the ARC ARISE grant application/report.

Virginia Housing Updates

Susan Dewey, Chief Executive Officer, Virginia Housing

Fabrizio Fasulo, Director of Policy and Planning, Virginia Housing

Stephanie Flanders, Director of Tax Credit Programs, Virginia Housing

Mike Urban, Managing Director of Homeownership, Virginia Housing

Susan Dewey introduced Virginia Housing (VH) and its mission to assist Virginians in finding quality and affordable housing, and how Virginia Housing fulfills its mission.

Fabrizio Fasulo presented an overview of Chimera’s Study “Housing as an Economic Development Strategy for Virginia.”

- Virginian Housing commissioned Chimera to investigate areas where housing and economic development are interconnected and determine next steps for the Commonwealth.
- Chimera Study interviewed 100 individuals from the economic development community and found these professionals to say housing supply impacts economic development.
- The study recommends (1) reducing barriers to housing construction (i.e. zoning, construction workforce, financing, and regulation). (2) including both housing and economic developments in governance plans at all levels of governance, (3) region specific approaches, and (4) facilitate public-private and employer partnerships.

Fasulo said the study did not go into specifics as zoning varies from region to region but recently there have been discussions surrounding upzoning.

Stephanie Flanders provided an overview of the Low-Income Housing Tax Credit and Virginia’s Housing Opportunity Tax Credit (HOTC) programs, the associated outcomes, and the Virginia Housing 2025 Qualified Allocation Plan (QAP).

A member asked for more information on the HOTC Petersburg project at Pecan Acres. **Flanders** shared that Pecan Acres is a public housing development with 200 units. In 2018, Phase I which was completed this year involved the removal and replacement of half the. Phase II includes replacing the other half of the units at Pecan Acres.

A member posed a question on how to pair federal tax credits with Virginia programs. **Flanders** stated it is essential to use federal and state programs together. Virginia Housing pairs HOTC with 4% credits because there is a longer implementation period.

Mike Urban shared an overview and update on Virginia Housing’s “Homeownership and Mortgage Relief Programs.”

- Virginia Housing has four first mortgage options: conventional 97%, Federal Housing Administration 96.5%, Veterans Affairs 100%, and Rural Housing Services 100%.
- Virginia Housing has four specialty programs which are available to borrowers making up to 80% of VH’s income limits.
- Virginia Housing expanded their borrower income limit to up to 135-150% of Area Median Income (AMI).
- Virginia Mortgage Relief Program (VMRP) served over 11,500 households for a total of \$210.5 million.

Members asked which localities benefited the most from the mortgage relief program and how the different planning districts are ranked for the Commonwealth. **Urban** will share this information with the Commission at a later date.

Voting on Potential Legislation:

The Virginia Housing Commission discussed and considered four bills for endorsement in the 2024 General Assembly Session. Director Elizabeth A. Palen provided summaries of each bill.

1. Continuation of the Virginia Eviction Diversion Pilot Program

The Virginia Housing Commission should extend the Court Eviction Diversion Pilot program one year to 2025. Extending the pilot will allow for a more accurate assessment of its structure to help assess things like, should we have a program within the court system? It will continue to be a resource if Virginia eviction numbers continue to rise. Studies found that eviction

filings are returning to pre-pandemic levels. That rise in eviction filings will lead to an increased need for diversion procedures like those offered in the Pilot program.

Few people participated in the Pilot, but it was effective in preventing evictions for tenants who fell within the targeted guidelines. There was an increase recently with four cases in Petersburg. This is probably attributable to the expiration of pandemic diversion and prevention efforts. As those efforts end, more people may want to participate in the Pilot in the future. It is challenging to assess the success of the Pilot because of so many unforeseen factors. Due to the pandemic programs, the Pilot didn't have the chance to be used for several years. The pandemic programs often provided financial assistance, and the Pilot does not. The programs with money were the more desirable option for tenants at that time.

The Commission voted unanimously to endorse the legislation.

2. Foreclosures on Common Interest Communities

Current law in Virginia allows a CIC association to foreclose on a person's primary residence without the monetary limit. In Virginia lenders may pursue either a judicial or non-judicial foreclosure. A non-judicial lien foreclosure can occur by a CIC Association and need not be within the court system. A judicial foreclosure is presided over by a judge in the court in the county or city where the property is located.

Some of the points to note are:

- (1) To foreclose on a person's primary residence there must be an amount owed over \$25,000 (exclusive of attorney fees and costs).
- (2) However, if a CIC Association has levied fines and secured judgement, the fines (and they may be in the aggregate) must be over \$ 5,000 to foreclose on that person's property.
- (3) You cannot initiate a civil action to conduct a judicial foreclosure if it's over 120 months (10 Years) from the time the memorandum of lien was recorded.
- (4) Legal fees may not be used to reach the \$5,000 threshold but the prevailing party may get costs and attorney fees and recover interest at the prevailing rate in a judicial foreclosure.

Elizabeth Palen explained that a provision to require CICs to keep records of liens was left out of the bill draft but that provision is part of the bill.

The Commission voted unanimously to endorse the legislation.

3. Vacant and Derelict Building Registration

This bill amends language to allow counties, cities, and towns to register buildings that have been vacant for a continuous 12 months. The bill also adds buildings that meet the definition of criminal blight, not only vacant and derelict buildings. The substitute passed in the Senate amends

the language to allow certain cities and towns to register buildings that have been vacant and meet at least one of the following criteria: (i) meet the definition of “derelict,” (ii) meet the definition of “criminal blight,” or (iii) a locality has determined a person is living without the authority of the owners. The bill was supported by the City of Hampton.

The Commission voted unanimously to endorse the legislation.

4. Local Funding for Community Revitalization

The Community Revitalization Fund bill expands the language in §15.2-958.5 so that any locality may, by ordinance, create a community revitalization fund to prevent neighborhood deterioration and build housing. Currently, only the City of Richmond is authorized to establish such a fund.

The current bill changes language to clarify what financial sources can be placed in a fund. The word “exclusively,” is removed to clarify funding from sources other than appropriated local money can be placed in the community revitalization fund. It reads, “the community revitalization fund shall be composed of appropriate local moneys. A previous version of the bill said the fund shall be “exclusively comprised,” of appropriated local moneys but was changed after VML shared concern that the initial language would limit what money could be placed in the fund. If developers agreed to proffers, the word “exclusively,” may prevent that developer money, or other private contributions, from being placed into the fund.

The Commission voted unanimously to endorse the legislation.

Appreciation of Senator George Barker and Susan Dewey:

Senator Mary Margaret Whipple

Bill Shelton, Director Department of Housing and Community Development (DHCD) 1998-2018

Senator Mary Margaret Whipple spoke to Senator Barker’s professional experience, volunteering, and 16 years of service as a Senator. Senator Barker’s dedication to serving the Commonwealth is an example to all who serve.

Delegate Marshall shared that the Commonwealth is stronger because of Senator Barker and that the Commission members will miss his intellect and smile. **Senator Locke** thanked Senator Barker for his service.

Senator Barker shared he has enjoyed his time in the Senate and looks forward to continuing work on various issues for the Commonwealth. His church is starting to build housing on their property.

Bill Shelton spoke about his history with Susan Dewey during his time at DHCD. Her leadership has led to Virginia Housing creating mixed-use mixed-income product, assisting with revitalization and redevelopment of aged public housing, and supporting organizations and individuals throughout the COVID-19 pandemic.

Susan Dewey shared the history between Virginia Housing and Virginia Housing Commission. **Laura Lafayette** added that Senator Barker and Director Dewey are examples of working individuals with compassion and grace.

Delegate Marshall thanked them for their leadership in moving the Commonwealth forward.

Election of Chair and Vice Chair:

Senator Locke was nominated, seconded, and unanimously elected chair.

Delegate Coyner was nominated, seconded, and unanimously elected vice-chair.

Public Comment:

Randy Grumbine, Virginia Manufactured and Modular Housing Association, shared that the first HUD approved multifamily manufactured housing product was introduced at the Fleetwood Homes Building Facility in Rocky Mountain, Virginia.

A member asked how many units could be produced in a year. **Grumbine** responded that the first project is in Saltville, the number of units is unknown at this time. Units vary from one to three bedrooms.

Randy Grumbine will share information on the product with the Commission.

Conclusion:

The meeting adjourned at 11:55 a.m.