

COMMONWEALTH OF VIRGINIA

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DELEGATE CARRIE E. COYNER, Vice-Chair
ELIZABETH A. PALEN, Executive Director



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VIRGINIA HOUSING COMMISSION

Summary

Affordable Housing and Landlord Tenant Law Workgroup Meeting
Tuesday, November 26, 2024; 1:00 p.m.- 3:54 p.m.
Senate Room C, the General Assembly Building

Introduction:

Senator Ghazala Hashmi, Chair of this Workgroup, called the meeting to order at 1:04 p.m.

Members present: Senator Ghazala F. Hashmi (Chair), Senator Mamie E. Locke, Delegate David L. Bulova, Ashley Welburn (Gubernatorial Appointee), Director Elizabeth A. Palen, Bismah Ahmed (*Apartment and Office Building Association of Metropolitan Washington*), Robert Bradshaw (*Independent Insurance Agents of Virginia*), Andrew Clark (*Home Builders Association of Virginia*), Mark Flynn (*Virginia Municipal League*), Troy Garret (*Virginia Association of Housing & Community Development Officials*), Randy Grumbine (*Virginia Manufactured and Modular Housing Association*), Kelly Harris-Braxton (*Virginia First Cities*), Monique Johnson (*Virginia Housing*), Erin Kormann (*Virginia Association of Realtors*), Brian Koziol (*Virginia Housing Alliance*), Joe Lerch (*Virginia Association of Counties*), Renee Pulliam (*Thalhimer Realty*), Elizabeth Steele (*GRS Title Services*).

Staff and speakers present: Molly Bowers, Senator Russett Perry, Senator Glen Sturtevant, Delegate Phil Hernandez, David Albo, Laura Dobbs, Isabel McLain, Hope Rutter.

Members absent: Delegate Daniel W. Marshall III, Delegate Adele Y. McClure, Joshua Goldschmidt (*Gubernatorial Appointee*), Martin Johnson (*Gubernatorial Appointee*)

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](#).

Presentation: Overview of Greater Virginia Women's Affordable Housing Network

Hope Rutter, Virginia Housing and Elizabeth Steele, GVA and Workgroup member

Hope Rutter explained that the Greater Virginia Women's Affordable Housing Network (GVA WAHN) was established in 2007 in Atlanta and has since grown into a national organization supporting women in the affordable housing industry. The Virginia chapter officially formed in January 2024, with the goal of establishing a chapter in every state to advance affordable housing through a strong network of women and allies. She noted that the current board consists of nine members, with plans to expand to 15, and emphasized that membership is free. Rutter shared that GVA WAHN provides 15 leadership positions and over 40 committee roles, offering

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DELEGATE DANIEL W. MARSHALL II
DELEGATE ADELE Y. MCCLURE
DELEGATE BRIANA D. SEWELL

SENATOR MAMIE E. LOCKE
SENATOR GHAZALA F. HASHMI
SENATOR WILLIAM M. STANLEY

JOSHUA GOLDSCHMIDT
MARTIN JOHNSON
ASHLEY WELBURN

opportunities for coaching from female industry leaders, as well as future plans for scholarships and conference attendance.

Liz Steele added further context about the challenges women face in the housing industry, citing that only 33.2% of executive roles in Virginia's housing sector are held by women, according to McKinsey & Company, even though women represent more than half of the workforce. She highlighted that GVA WAHN's initiatives, such as networking events, mentorship programs, and service-oriented committees, are designed to address these disparities and support career advancement. Steele also noted the importance of allyship and collaboration in helping women advance in their careers. Looking ahead, she shared that GVA WAHN's goals for 2025 include increasing accessibility for members statewide and continuing advocacy for affordable housing and equity within the industry.

Virginia Residential Landlord and Tenant Act; Early Termination of Rental Agreement

Senator Russett Perry

Senator Russett Perry proposed amendments to the Virginia Residential Landlord and Tenant Act to allow tenants who are victims of abuse or crime to terminate their leases early under certain conditions. **Senator Perry** explained that the bill would permit tenants to provide 30 days' notice before breaking their lease if a warrant, summons, or indictment had been issued against the abuser, or if a permanent protective order had been granted. She emphasized that this would help victims escape dangerous living situations more quickly, addressing the current lengthy and financially burdensome process. Emergency protective orders, however, were excluded from the proposal due to concerns about potential fraud and lack of judicial oversight.

Questions and Discussion

Delegate Bulova raised concerns about the possibility of older cases being used to justify lease termination, suggesting the bill should only apply to active or recent offenses.

Senator Perry acknowledged this concern and noted that people often return to live with their abusers, even years later, which complicates the issue.

Erin Kormann proposed linking the lease termination provision to incidents occurring during the lease term or while living on the property, **Senator Perry** was agreeable to adding this provision.

Bismah Ahmed voiced concerns about the potential for fraudulent misuse of protective orders, particularly with emergency orders, which **Perry** agreed could be problematic and agreed to the need for compromise in focusing on preliminary protective orders.

Laura Dobbs asked whether harassment or actions by building personnel would be covered under the legislation. **Senator Perry** clarified that such issues, like bribery or extortion, would not fall under the scope of this proposal.

Despite these concerns, **Senator Perry** noted bipartisan support from Senator Stanley, suggesting that the bill has potential for broader legislative approval.

Outcome: The workgroup voted to **support this legislation** with the understanding that it will continue being worked on. It will be discussed at the full Virginia Housing Commission meeting on December 17th at 1 p.m.

Flood Related Disclosures

Delegate Phil Hernandez

Delegate Phil Hernandez proposed amendments to the Virginia Residential Property Disclosure Act to improve transparency about flood risks during property transactions. The legislation requires property owners to disclose their "actual knowledge" of specific flood-related risks to potential buyers (line 168). Key provisions include the requirement to disclose if the property is:

1. A "repetitive risk loss structure," meaning it has had two or more claims exceeding \$1,000 paid by the National Flood Insurance Program within any rolling 10-year period since 1978 (line 165)
2. Located wholly or partially within the 100-year Special Flood Hazard Area (SFHA), the 500-year Moderate Risk Flood Hazard Area, or more than one floodplain (lines 169-172)

The disclosures must be made using a form provided by the Real Estate Board and accessible on its website (line 174). Buyers are encouraged to consult FEMA maps and other resources to understand the flood risk and consider purchasing flood insurance, even if not required by lenders (lines 70-75).

Outcome: The Workgroup **voted to recommend this legislation to the full Housing Commission.** Erin Kormann abstained.

Prohibited Acquisition of Residential Land; Restrictions; Civil Penalty

Senator Glen Sturtevant

Senator Glen Sturtevant introduced a revised version of SB 693 from the 2024 General Assembly Session, which he said seeks to prohibit large investment firms, defined as "prohibited businesses," from acquiring single-family homes in Virginia. The bill defines "prohibited businesses" as entities managing pooled funds with \$50 million or more in assets under management (line 33–37). Nonprofits (501(c)(3)) and organizations engaged in constructing or rehabilitating single-family homes are excluded. The term "single-family homes" specifically excludes condominiums, townhouses, multifamily properties, unoccupied foreclosed homes, and homes used as a primary residence by individuals associated with prohibited businesses (line 38–44). The prohibition would take effect on July 1, 2025, to protect Virginia's housing market and make homes more accessible to individual buyers (line 45–48).

During the meeting, Sturtevant referenced data from Redfin showing that hedge funds and large investment firms have increasingly purchased affordable housing. For example, 11.1% of single-family homes in Virginia Beach and 8.7% in the Washington, D.C., metro area were purchased by such entities, with Virginia Beach homes having a median price of \$125,000 and D.C. homes a median of \$471,000. Sturtevant argued that while Virginia's housing market issues are less severe than states like California, these numbers justify proactive measures to prevent the state from becoming a target for large-scale acquisitions.

Questions and Discussion

Delegate Bulova asked whether the bill focuses on renting or flipping homes. **Sturtevant** clarified that it targets firms acquiring properties, holding them off the market, and using technology to optimize sales or rental prices (line 45–48). **Bulova** also raised constitutional concerns about restricting American-owned businesses.

Sturtevant acknowledged that these concerns would need further exploration.

Senator Hashmi asked whether the data supported the urgency of the legislation in Virginia, given that the percentages of institutional purchases are lower compared to other states. **Sturtevant** emphasized the economic impact of the Virginia Beach and D.C. metro markets and the potential for the issue to grow if left unchecked.

Laura Dobbs noted racial disparities, pointing out that large investment firms disproportionately target properties in minority communities, raising equity concerns.

Erin Kormann asked about enforcement, such as how violations would be handled or transactions prevented from slipping through. **Sturtevant** suggested that enforcement mechanisms could be addressed in future legislative efforts.

Andrew Clark echoed Bulova's concerns, cautioning against overly restricting American buyers and asking about the reliability of the data used to justify the proposal.

The workgroup did not endorse the bill but suggested that Senator Sturtevant track data and refine the proposal for future consideration.

Outcome: The Workgroup **did not recommend the legislation for endorsement** by the Full Housing Commission.

Real Property Tax Assessments for Affordable Housing

Isabel McLain, Virginia Housing Alliance

Isabel McLain from the Virginia Housing Alliance provided an update on efforts to simplify real property tax assessments for affordable housing by standardizing the income approach as the primary valuation method. She said that this approach focuses on the income generated by the property rather than traditional market-based assessments, which often overvalue affordable housing and create financial burdens for providers. Despite progress, **McLain** noted that no consensus has been reached among stakeholders, including VACo (Virginia Association of Counties) and VML (Virginia Municipal League). **McLain** said a significant challenge lies in obtaining accurate income and expense data from property owners, as current laws requiring this information for appeals are not consistently enforced. Additionally, she said localities expressed concerns about liability, particularly if assessors fail to capture accurate data, which could result in costly appeals or legal disputes.

McLain shared that the Department of Taxation has begun developing a training module to educate assessors on the income approach, which was seen as a promising step toward improving consistency and accuracy in assessments.

Questions and Discussion

Andrew Clark raised concerns about affordable housing providers potentially losing their property rights during the appeals process rather than focusing on deadlines for submitting income and expense forms. This issue remains unresolved, but **McLain** highlighted the need for clearer enforcement and guidance.

Monique Johnson praised the Department of Taxation's training modules, stating they will benefit both assessors and housing providers by ensuring a more consistent application of the income approach.

Isabel McLain stated that while she also thinks the training will be beneficial, the Virginia Housing Alliance believes that a legislative solution is necessary.

Outcome: The Workgroup **did not vote to support this legislation.**

Disclosures Specifically Related to Fly-Over Zones

David Albo, Metropolitan Washington Airports Authority (MWAA)

David Albo introduced a proposed amendment to Virginia’s property disclosure laws to address issues related to airport noise for properties near public-use airports. **Albo** said the bill requires sellers to disclose whether a property is located near an airport or within an aircraft noise zone. He said it mandates the Real Estate Board to provide an active internet link on its website to maps from the Department of Aviation or public-use airports, showing Day-Night Average Sound Levels (DNL) in noise zones. **Albo** said that these maps must comply with FAA modeling standards and reflect local zoning overlays where applicable. The proposal transitions from affirmative disclosures, which explicitly notify buyers, to a passive disclosure system, where buyers are encouraged to independently review noise maps provided via the link. **Albo** said this shift is intended to reduce the burden on sellers while maintaining transparency.

During the discussion, **Albo** highlighted the longstanding tension between airport operations and residential development under flight paths, noting that complaints from residents have even led to nighttime flight restrictions at some airports, such as Dulles. **Albo** said the new system would ensure buyers have access to accurate noise zone information while placing the responsibility for review on them.

Questions and Discussion

Senator Hashmi noted potential challenges for rural residents and first-time buyers who may lack reliable internet access.

Senator Locke asked the difference between this proposal and affirmative disclosures required for military base zones.

Erin Kormann suggested refining the language to align with other sections of the statute and raised technical questions about incorporating an internet link directly into the Code. In response, **Albo** cited improvements in internet accessibility through federal funding programs like BEAD and emphasized that the passive system still empowers buyers with the tools they need to make informed decisions.

The proposal was praised by **Delegate Bulova** as a thoughtful compromise that addresses the issue uniformly across the state. Minor adjustments to clarify language about map access and functionality were suggested. Ultimately, the workgroup approved the proposal with these tweaks, with all members voting in favor except Erin Kormann, who abstained.

Outcome: The **Workgroup recommended this legislation** to be discussed at the Full Virginia Housing Commission meeting on December 17th.

Affordable Housing on Religious Property

Joe Lerch, VACo and Laura Dobbs H.O.M.E.

Joe Lerch from the Virginia Association of Counties (VACo) and **Laura Dobbs** from Housing Opportunities Made Equal (H.O.M.E.) presented legislation concerning addressing affordable housing development on religious property. The small group coming to comprise on this legislation was made up of representatives from VACo, H.O.M.E., VML, Virginia Housing, Homebuilders, realtors and the Virginia Housing Commission. This effort stemmed from the recognition that many religious organizations own underutilized land that could be repurposed for affordable housing. The small group focused on refining the language in Senate Bill 233 from the 2024 General Assembly Session, particularly the addition of Paragraph D, which outlines permitted uses within designated overlay districts, urban development areas, or through special exceptions.

Initially, VACo opposed the bill due to concerns over granting by-right zoning authority for such projects. In response, the workgroup worked on defining key terms, including “low-income” and “religious organization,” and ensuring compatibility with localities’ plans and ordinances. **Lerch** said the revised bill aims to create clear definitions and parameters for religious organizations to develop affordable housing while respecting local zoning processes. Discussions also included relocating provisions from Title 36 to Title 15.2 to better align with existing zoning laws. While there was consideration of expanding the bill to include other nonprofits, the decision was made to retain the focus on religious organizations and maintain the existing definition of affordability.

Senator Hashmi reminded the workgroup that this legislation was recommended for study after she and Delegate Carr carried it in the last legislative session. She noted that she wanted no decisions to be made on the Virginia Housing Commission legislation until all related bill drafts were reviewed. Subsequently, she introduced two additional independently drafted versions on the topic of the proposed legislation. She asked that they too be part of the discussion. Members, nor the Virginia Housing Commission, had seen the proposed legislation prior to the meeting. A discussion ensued on all pieces of proposed legislation.

Delegate Bulova expressed concerns about the provisions in Section A of the VHC Affordable Housing on Religious Property bill, stating that it could override local zoning ordinances and comprehensive plans, granting broad by-right authority to religious organizations. He recommended removing Section A entirely, arguing it could lead to inequitable treatment of properties. **Joe Lerch** agreed, noting that such language might conflict with existing laws requiring similarly situated properties to be treated equally. Both agreed that focusing on Paragraph D would better clarify the bill’s scope and intent.

Senator Hashmi invited **Sheila Herlihy Hennessee** to speak about one of the new drafts, referred to as "Bill No ???." Hennessee mentioned that the term “Faith in Housing” was more publicly appealing and noted that tax-exempt nonprofits could be included upon request. **Delegate Bulova** raised concerns about the condensed three-month timeline for zoning commission reviews.

Senator Locke, citing her position as a former mayor, expressed concerns about the use of "shall" in mandating local actions, such as expedited timelines or fee reductions for religious organizations, which could disproportionately burden already overworked zoning boards

Joe Lerch reiterated VACo’s opposition to this version of the legislation, stating that it amounted to a mandate and could not be supported. **Senator Locke** also expressed opposition. **Delegate Bulova** warned against using special use permits in a way that overrides local authority, adding that the one-parking-space-per-unit provision in the bill would also create significant challenges.

Monique Johnson asked whether appropriations had been included in these discussions. **Delegate Bulova** directed the group to his proposed budget amendment for soft costs, explaining that he had spoken with Fairfax Presbyterian Church about their successful affordable housing project. The church relied on a pro bono lawyer to manage legal and zoning processes, which otherwise would have cost approximately \$100,000. **Bulova** emphasized that his amendment would cover costs for pre-development and zoning processes for all nonprofits while partnering with a 501(c)(3) due to constitutional restrictions on directly funding faith-based organizations. Funds would be available for expenses up to, but not including, construction costs, with a report on outcomes to be submitted to the General Assembly by 2026.

Elizabeth Palen raised a question concerning the wealth of the organization and if there should be a means test and if only entities showing need should be considered for funding.

Outcome: The group **did not endorse** this legislation.

Eviction Diversion Program

Elizabeth A. Palen, Executive Director of Virginia Housing Commission

Elizabeth Palen discussed the Eviction Diversion Program originally created as a pilot in 2019 by the Virginia Housing Commission. She explained that it was designed to reduce evictions by offering eligible tenants an opportunity to avoid displacement through court-ordered payment plans. This program operates at the discretion of district court judges, who can refer tenants to the program if they meet specific criteria. To qualify, tenants must meet conditions such as paying 25% of the amount due at the first court hearing and showing proof of financial ability to comply with the payment plan. The payment plan allows tenants to make structured payments, with the balance divided into three installments due over three months, while continuing regular rent payments. If the tenant complies fully, the eviction case is dismissed. If the tenant defaults, the landlord can proceed without further hearings.

Monique Johnson asked whether the program negatively impacts affordable developers.

Laura Dobbs expressed her support for the Eviction Diversion Program and emphasized the importance of extending it further to assist more vulnerable populations. She highlighted the need for broader accessibility to address the challenges faced by low-income tenants. **Elizabeth Palen** acknowledged the value of expanding such programs but clarified that the current bill represents a carefully negotiated compromise to balance the interests of landlords, tenants, and courts.

Renee Pulliam highlighted inconsistencies in how judges apply the program, sharing examples of judges disregarding statutory guidelines by arbitrarily adjusting timelines or crossing out parts of the payment plan. She emphasized that the bill must clarify judicial responsibilities to ensure compliance with the program's intent. **Palen** agreed and suggested changing to "may" back to "shall" in line 32 of the draft bill.

Delegate Bulova supported this adjustment, noting possible misinterpretations in the bill's language.

Bismah Ahmed reiterated concerns about judges bypassing guidelines, stressing the need for program oversight while preventing abuse.

Delegate Bulova moved for approval, which was seconded, with all members voting in favor except Bismah, who abstained due to lingering concerns about judicial discretion and potential abuse. The proposal reflects an effort to balance tenant protections with judicial flexibility and landlord interests.

Outcome: The workgroup **voted to advance the legislation to the full Commission** with a recommendation of changing the "may" on line 32 to "shall". Bismah Ahmed abstained, noting her support for these programs provided they are not subject to misuse.

Public Comment:

Panayotis Giannakouros, Virginia Progressives

Giannakouros proposed repealing restrictions on turf grass to open possibilities for other environmental justice tools.

Conclusion:

The meeting was adjourned at 3:54 p.m.

The Full Virginia Housing Commission will meet on December 17, 2024, at 1:00 p.m. in Senate Room C of the General Assembly Building.