

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Summary

Local Land Use and Community Living Workgroup Meeting
Tuesday, November 26, 2024; 10:00 a.m.-11:30 a.m.
Senate Room C, the General Assembly Building

Introduction:

Chair of this Workgroup Delegate David Bulova called the meeting to order at 10:05 a.m.

Members present: Delegate David L. Bulova, Delegate Carrie E. Coyner, Delegate Daniel W. Marshall III (virtually), Delegate Briana D. Sewell, Director Elizabeth A. Palen, Joshua Goldschmidt, Ashley Welburn, Bismah Ahmed (*Apartment and Office Building Association of Metropolitan Washington*), Laura Bateman (*Virginia First Cities*), Andrew Clark (*Home Builders Association of Virginia*), Mark Flynn (*Virginia Municipal League*), Troy Garrett (*Virginia Association of Housing & Community Development Officials*), Randy Grumbine (*Virginia Manufactured and Modular Housing Association*), Bryan Horn (*Virginia Department of Housing and Community Development*), Joseph Hudgins (*Independent Insurance Agents of Virginia*), Erin Kormann (*Virginia Realtors*), Brian Koziol (*Virginia Housing Alliance*), Joe Lerch (*Virginia Association of Counties*), Pia Trigiani (*Common Interest Communities Attorney*), Jeff Quann (*Virginia Housing*), Jerry Wright (*Community Associations Institute*).

Staff and speakers present: Molly Bowers, Laura Bateman, Jordan Butler, Andrew Clark, Susan Gaston

Members absent: Senator William M. Stanley, Jr., 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: Virginia Tobacco Region Revitalization Commission Presentation

Jordan Butler, Virginia Tobacco Region Revitalization Commission

Jordan Butler presented the Economic Development Workforce Housing Incentive Pilot Program, introduced by the Virginia Tobacco Region Revitalization Commission (Tobacco Commission). He explained that the program aims to address the lack of workforce housing in Southern and Southwest Virginia—regions historically reliant on industries such as tobacco, textiles, and furniture. According to Butler, these areas face significant challenges in attracting new employers because of insufficient housing options for employees earning 80-120% of the Area Median Income (AMI). The program, he noted, was developed with input from Virginia Housing, DHCD, and the Virginia Housing Commission, and launched in July 2024 with \$2 million in funding. Butler added that localities can apply for awards of up to \$1 million per project, requiring a 3:1 match.

DELEGATE CARRIE E. COYNER
DELEGATE DAVID L. BULOVA
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

Butler explained that the program ties housing development to economic initiatives, requiring collaboration among local governments, private sector partners, and employers. He stated that strong projects should demonstrate innovative support for workforce housing, achieve broader community development goals, and serve as models for addressing housing shortages. He also emphasized that applications are evaluated on a rolling basis and must include a workforce housing plan targeting households within the designated AMI range.

Discussion and Questions:

- **Joe Lerch** asked about the role of zoning officials and whether coordination with local communities is essential to ensure projects align with broader community needs. **Butler** agreed, highlighting the importance of close collaboration between zoning officials and localities. He explained that successful projects depend on consistent communication with local staff to ensure alignment with community goals and zoning requirements.
- **Delegate David Bulova** asked about how the program could address aging and derelict housing stock, especially in areas affected by NAFTA-related economic declines. **Delegate Daniel Marshall** responded and acknowledged that addressing older housing stock remains a significant challenge. He noted that while the program focuses on creating new housing tied to economic development, there is potential to rehabilitate some derelict structures as part of a project's scope. He added that efforts to incorporate such renovations depend on specific project proposals and available funding.

Butler concluded by inviting communities with prospective projects to submit pre-applications. He stated that program evaluations and adjustments would occur at the Tobacco Commission's next meeting in January 2025.

Entering Adjoining Property for Repair and Maintenance (Senator VanValkenburg's Bill)

Elizabeth Palen, Virginia Housing Commission

Elizabeth Palen presented proposed changes to Senator Schuyler VanValkenburg's bill addressing the process for entering adjoining property for repairs and maintenance. Palen explained that the changes aim to clarify and limit the scope of such entries, ensuring protections for adjoining property owners. While there is no finalized draft, the proposed changes include the following:

1. Remove the term "improvements" to limit access strictly to necessary repairs and maintenance.
2. Require service providers to be licensed and insured to ensure professionalism and accountability.
3. Mandate restoration of adjoining property to its original condition after entry, with liability for damages incurred.
4. Require the filing of a bond before access is granted to cover potential damages.
5. Prohibit entry into buildings or structures on adjoining property, restricting access to outdoor areas like driveways, patios, and sidewalks.
6. Introduce a "good faith effort" requirement for obtaining permission from adjoining property owners before filing a court order. This includes sending written requests, allowing reasonable response periods, and documenting attempts to secure voluntary permission.

Questions;

Erin Kormann asked whether tenants (lessees) could request access under this bill. **Palen** acknowledged that this is an area requiring further clarification. The term "lessee" could complicate the legal framework and

might need to be excluded to maintain consistency with other state laws. **Delegate Bulova** proposed removing the term lessee from the bill and there was no objection from the group.

Pia Trigiani agreed with **Erin Kormann**'s concerns and raised several questions about the bond requirement, including where the bond would be posted, who would hold it, and whether the bond amount should match the project's cost. She emphasized the need for more details, explaining that someone must enforce and manage the bond. Trigiani also noted that bonds typically require financial backing from a bank, which could be costly for smaller projects. **Delegate Bulova** suggested looking to other states for model language. **Palen** explained that in other states, the bond is often held by the sheriff, though this approach is not used in Virginia. Trigiani noted that bonds are usually handled by a locality or state agency, depending on the type of work, and added that permits may be required, which were not addressed in the proposed changes.

Delegate Carrie Coyner Shared that she was part of the workgroup and believed there was no consensus on the bond issue. She suggested treating the bond like an appellate bond or a similar mechanism through the circuit court. Coyner emphasized the importance of finding a balance between efficiency and adequate safeguards and asked whether the provisions align with legal precedents in other states. **Palen** confirmed that the proposed changes were modeled on frameworks used in Massachusetts, South Carolina, Illinois, and Michigan.

Andrew Clark asked for clarification regarding the licensure requirement for service providers.

Joseph Hudgins expressed concerns that insurance might not cover all expenses incurred during projects, emphasizing the need to account for gaps in liability coverage.

Delegate Bulova recommended sharing feedback from the discussion of the bill and sharing it with Senator VanValkenburg.

Outcome: After extensive discussion, the group **decided not to recommend** the legislation to the full Virginia Housing Commission at this time. Delegate Bulova emphasized the importance of Senator VanValkenburg refining the proposal further based on the feedback provided in order to have a positive outcome during the next legislative session.

Local Government Actions Related to Comprehensive Plans (Code of Virginia §15.2)

Delegate Carrie Coyner and Andrew Clark, Homebuilders of Virginia

Delegate Carrie Coyner and **Andrew Clark** led a discussion on proposed changes to how comprehensive plans can be used in local government decision-making. The bill would prevent comprehensive plan elements from being used to deny administrative approvals, such as subdivision plats or site plans, if those plans meet established zoning and ordinance requirements. **Clark** explained that the goal is to streamline administrative processes, reduce delays, and lower housing costs by ensuring that decisions are based on existing regulations rather than revisiting comprehensive plans after zoning decisions have already been made.

The group debated how the changes might impact infrastructure considerations, such as water and sewer, and whether architectural standards and district character would still receive proper review. **Coyner** clarified that these elements are addressed during the zoning and site plan review phases, not at the administrative approval stage. **Joe Lerch** expressed concerns that certain infrastructure needs might not be adequately addressed under the proposed changes.

While there was general support for the concept of reducing delays and aligning with existing ordinances, the group did not reach a consensus. **Coyner** described the proposal as a starting point for addressing inefficiencies in the planning process and acknowledged that further refinement and collaboration would be needed to move the bill forward.

Outcome: While consensus was not reached, the bill is seen as a potential first step toward streamlining administrative decisions. **The Workgroup decided not to recommend it to the full Commission**

Urban Public Private Partnership Redevelopment Fund (UPPPRF)

Laura Bateman, Virginia First Cities

Laura Bateman presented proposed updates to the Urban Public Private Partnership Redevelopment Fund (UPPPRF), aimed at making it a more effective tool for addressing housing challenges in urban areas. The changes include expanding eligibility to include land banks and nonstock organizations, introducing revolving loans, and removing the \$500,000 cap on grants. **Bateman** emphasized that these updates would provide greater flexibility and accessibility for localities and organizations seeking to address housing and redevelopment needs.

Bateman noted feedback from stakeholders who suggested that the definition of "Qualifying entities" be fully incorporated into the statute, rather than referencing the Virginia Land Bank Entities Act (§ 15.2-7500) and the Virginia Stock Corporation Act (§ 13.1-603). She shared a revised definition to address these concerns, which includes private developers, local government authorities, nonprofits, land bank entities, nonstock corporations, and domestic or foreign unincorporated entities while excluding estates, trusts, and government entities.

Revised Definition of "Qualifying Entities" (Draft Language):

"Qualifying entities" means private developers, local government authorities, an existing nonprofit entity, a land bank entity, any domestic or foreign unincorporated entity or a domestic or foreign nonstock corporation, a domestic or foreign corporation, and any domestic or foreign nonstock corporation, excluding estates or trusts, and any state, the United States, and any foreign government."

The discussion also covered the need for more detailed guidelines on monetary and non-monetary contributions to match requirements. **Delegate David Bulova** supported revising the fund's framework and suggested a budget amendment to secure necessary funding. Stakeholders raised questions about including Common Interest Communities (CICs) as eligible entities, with no final decision made. The group acknowledged the importance of modernizing the program to better address fiscal stress in urban areas, but further revisions will be required to finalize the proposal.

Outcome: Further revisions will be made based on the feedback provided, particularly around the definition of qualifying entities and program structure. The legislation **will move forward** with the Virginia Housing Commission and be revisited on December 17th at 1:00 p.m. for further consideration.

Zoning for Certified Recovery Residences

Delegate Carrie Coyner

Delegate Carrie Coyner discussed proposed changes to zoning requirements for certified recovery residences. The changes would require operators to submit the name of a responsible party to DBHDS while ensuring the addresses of these residences are not publicly listed but are available to local governments for oversight. She said

the goal is to balance privacy protections for residents with accountability and compliance with local zoning laws. **Coyner** emphasized that these changes focus on operational requirements rather than clinical treatment. While the group supported the general direction of the proposal, no final consensus was reached, and further refinement will be needed before moving forward.

Outcome: No final consensus was reached, and discussions will continue in subsequent meetings **without the Virginia Housing Commission's endorsement.**

Virginia Housing Opportunity Tax Credit (HOTC)

Susan Gaston, Gaston Group

Susan Gaston presented updates to the Virginia Housing Opportunity Tax Credit (HOTC), highlighting the program's critical role in addressing housing affordability across the Commonwealth. Gaston explained that the current program, tied to the federal Low-Income Housing Tax Credit (LIHTC), is set to expire in 2026, and the proposed changes aim to extend its expiration date to 2031 and improve efficiency and flexibility. The bill proposes increasing the annual allocation from \$60 million in earlier years to \$250 million starting in 2026, with a total cap of \$1.505 billion across all years. Gaston emphasized that this increase would allow Virginia to better address its housing needs, particularly in rural and underserved areas, by creating more housing units for low- and moderate-income residents.

One significant proposal is shortening the credit period from 10 years to five years, which would help increase equity pricing by driving more upfront investor interest. **Gaston** also discussed the potential for introducing transferable tax credits, a mechanism already in use in nine states, including California, Texas, and Massachusetts. Transferable credits could expand the investor pool by allowing tax credits to be sold, making the program more attractive to industries and investors who might not otherwise participate. However, **Gaston** cautioned that safeguards must be implemented to ensure this change does not devalue the credits or reduce their overall impact.

The bill also proposes redefining rural and urban allocations to match U.S. Census definitions, which would provide a more granular understanding of community needs and ensure that 33% of annual allocations are reserved for non-urban areas. **Brian Koziol** added that the current credit structure provides roughly \$0.50 on the dollar and recommended reforms to increase equity returns, ensuring greater efficiency in generating affordable housing. There was also discussion about the program's scalability, with **Delegate David Bulova** noting that the proposed changes make the program more flexible and impactful while still requiring an appropriations bill to fund the additional credits.

Although some participants debated whether the program should move to an allocated versus certificated system, there was agreement to extend the current program for five more years while exploring these potential changes in future discussions. **Gaston** concluded by emphasizing that HOTC remains one of the fastest ways to address Virginia's housing affordability crisis, and the proposed changes would ensure the program continues to meet the evolving needs of the Commonwealth.

Outcome: The Workgroup recommends the program be extended for five years, with certification and allocation models revisited in 2025. **It will be discussed at the full Commission meeting on December 17th at 1 p.m.**

Public Comment:

Panayotis Giannakouros raised concerns about the environmental impacts of lawns and stormwater management.

Bruce (Gardener from Shenandoah) advocated for reducing grass dependency and promoting pollinators.

Conclusion:

The meeting was adjourned at 11:30 a.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.