COMMONWEALTH OF VIRGINIA

SENATOR MAMIE E. LOCKE, Chair
DELEGATE CARRIE E. COYNER, Vice-Chair

701 EAST FRANKLIN STREET, SUITE 704
RICHMOND, VIRGINIA 23219

vhc.virginia.gov

(804) 967-3994

VIRGINIA HOUSING COMMISSION

Summary
Neighborhood Transitions, Local Land Use and Community Living Workgroup Meeting
Monday, September 8, 2025; 10:00 a.m.
Senate Room A, the General Assembly Building

Introduction:

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

Members present: Delegate David Bulova, Delegate Carrie Coyner, Senator Ghazala Hashmi, , Bismah Ahmed, *Apartment and Office Building Association of Metropolitan Washington*, Andrew Clark, *Home Builders Association of Virginia*, Fabrizio Fasulo, *Virginia Housing*, Randy Grumbine, *Virginia Manufactured and Modular Housing Association*, Laura Bateman, *Virginia First Cities*, Erin Kormann, *Virginia Association of Realtors*, Christie Marra, *Virginia Poverty Law Center*, Pia Trigiani, *Common Interest Communities Attorney*, Jerry Wright, *Community Associations Institute.*

Staff and Speakers present: Molly Bowers, Jesseca Hoff, Senator Glen Sturtevant, Andrew Price, *Richmond Mortgage Bankers Association.*

Virtual speakers: Delegate Marty Martinez, Ranaq Singh, *Founder & CEO, Roam*, Melissa Westbrook, *Urban Forester at the Town of Leesburg.*

Members absent: Delegate Daniel Marshall, Senator William Stanley, Joshua Goldschmidt, *Gubernatorial Appointee,* Ashley Welburn, *Gubernatorial Appointee*,

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

Materials presented at the meeting are accessible through the Commission's website.

SB 1452 (Sturtevant) Conveyance or assumption; certain restrictions prohibited, 2025
Senator Glen Sturtevant

Senator Glen Sturtevant provided an overview of his bill to create a five-year pilot program for assumable mortgages on conventional loans. He explained that the goal is to improve housing affordability by allowing a new homebuyer to take over the seller's existing, often lower, interest rate. He clarified that new buyers would still need to meet the lender's creditworthiness standards and that the program would exclude jumbo and home equity loans.

Delegate David Bulova began by asking if the bill would only apply to future mortgages, noting that overturning existing contracts retroactively could be problematic.

Senator Sturtevant confirmed the bill would only be prospective.

Pia Trigiani expressed concern about the bill's drafting, worrying that it could inadvertently negate existing restrictive covenants in condominium and subdivision documents.

> **Senator Sturtevant** welcomed her feedback and agreed to work with her on the language.

Christie Marra asked for clarification on which federally backed mortgages already allow assumptions.

Senator Sturtevant deferred the question to Raunaq Singh, an expert presenter.

Raunaq Singh *(Founder & CEO, Roam*) spoke in support of the bill, detailing his company's work with existing assumable FHA and VA loans. He estimated that making all conventional loans assumable would save Virginians nearly $2 billion annually in interest payments and could help 400,000 more families become homeowners. Mr. Singh addressed lender concerns by emphasizing that every new buyer must be as creditworthy as the original homeowner. He characterized the current housing market as a "national housing affordability emergency."

Delegate Bulova asked how a non-retroactive bill could offer immediate relief, given that benefits would only materialize years from now as new low-rate loans are originated and later assumed.

> **Singh** responded saying that states can offer a statutory preemption to the federal "due on sale" clause, similar to existing federal exceptions for death or divorce. He said that lenders already have the right to waive the clause, and that this legislation would encourage them to do so.

Randy Grumbine asked if lenders can require a new buyer assuming a VA or FHA loan to contribute additional equity based on their credit, or if the loan must be assumed at its exact current terms.

> **Singh** responded, saying that the loan would be assumable at the existing terms and that the buyer would put down cash to ensure their equity is cashed out or that the buyer would use a second mortgage.

Andrew Price (*Richmond Mortgage Bankers Association)* filling in for Bill West, presented the mortgage industry's perspective and outlined several major concerns.

- Fannie Mae (FNMA) and Freddie Mac (FHLMC), which back over 60% of residential mortgages, do not typically allow assumptions and include a "due-on-sale" clause in their contracts.
- He warned that forcing these entities to accept assumptions could cause them to stop or reduce lending in Virginia, creating a new affordability crisis.
- **Mr. Price** noted that even with existing assumable loans, there are significant barriers, including the buyer's need to qualify, the requirement for a large cash down payment to cover the seller's equity, and the potential for the original seller to remain liable if the new buyer defaults.

Questions & Discussion

Delegate Bulova asked for confirmation that federal law would not prevent Virginia from requiring assumption clauses in future mortgages, as long as existing contracts were not affected.

> **Mr. Price** confirmed and emphasized the importance of deferring to guidelines set by Fannie Mae and Freddie Mac.

Delegate Bulova requested clarification on the risk of lenders not providing loans, asking if the concern was a full market withdrawal or something else.

> **Mr. Price** explained that the main problem wasn't that banks would stop offering primary mortgages. Instead, the issue lies with the separate, second loan a buyer would need to cover the seller's built-up equity. He specified that lenders are often unwilling to finance the entire equity portion. For example, on a second mortgage, "90% is generally the highest that we'll see go**,"** **Mr. Price** stated. This means the

buyer would still need to provide a substantial cash down payment to cover the remaining gap, which could be a significant barrier for many.

Christie Marra asked if FHA and VA assumable loans are predominantly used by first-time homebuyers and if there is any data on the income levels of those who assume them.

Mr. Price responded stating that it is not a requirement, but that in his experience FHA and VA loans were generally for first-time homebuyers. He noted that he did not have any specific data on hand but said neither one of those loans have income limit restrictions in a general sense.

Outcome: A small working group was formed to develop a more streamlined version of the bill for further consideration.

SB 1139: Virginia Workforce Housing Program

Senator Sturtevant proposed the Virginia Workforce Housing Program, a public-private partnership where the state would reimburse employers for a portion of the down payment assistance they provide to their employees.

Discussion and Questions

Christie Marra questioned the proposed $150,000 household income limit, noting it seemed high and would be difficult to apply statewide due to varying median incomes. She also pointed out that the bill was for private employers, so the examples of teachers and firefighters (public sector employees) didn't quite fit.

Senator Sturtevant explained the number was chosen to include households like a dual-income teacher family but acknowledged the points.

Delegate Carrie Coyner echoed the sentiment about the high-income cap, expressing a struggle with prioritizing aid for middle-class households when many low-income families lack any housing at all. She suggested lowering the cap and prioritizing families with children.

Senator Ghazala Hashmi asked if there was data on how many private employers already offer such assistance and suggested limiting the program to small businesses.

Senator Sturtevant replied that his intent was to help small businesses compete with larger corporations and that the program is a reimbursement model—the employer pays first, and the state repays 15% of that investment.

Erin Kormann asked if Senator Sturtevant had considered Code § 15.2-958.2, which already grants localities the authority to create homeownership grant programs for their own employees.

Bismah Ahmed asked about the implementation and process of the program and what the timeline would look like.

Senator Sturtevant stated that he would defer that decision to the agency that would be governing the program.

Fabrizio Fasulo Suggested that the $150k mentioned earlier would get to the same general idea by using AMI, he also mentioned a DPA sponsored program.

Randy Grumbine cautioned against excluding large corporations, as the program could be a tool to attract major employers to the state. He also suggested allowing employers to front-load the down payment assistance as a loan that the employee could repay over time, similar to a 401(k) loan.

Outcome: A small working group including Senator Sturtevant, Randy Grumbine, Andrew Clark, and Erin Kormann was formed to refine the proposal. VHC Staff were instructed to share alternative income guidelines based on enacted legislation.

HB 2238: Preservation of Existing Trees During Development

Delegate Marty Martinez introduced a bill to protect mature trees by requiring developers to account for a tree's "critical root zone" (CRZ) to prevent fatal root damage during construction.

Discussion and Questions

Delegate David Bulova asked presenter **Melissa Westbrook** *(Urban Forester at the Town of Leesburg)* to explain the difference between a tree's CRZ and its "drip line."

> **Melissa Westbrook** explained the CRZ is a more scientifically accurate measurement for preservation, calculated based on the tree's diameter, and is often much larger than the drip line.

Andrew Clark *(Home Builders Association of Virginia)* expressed concern that the additional cost of a CRZ study (estimated at $7,000-$15,000) would incentivize developers to simply cut trees down rather than preserve them.

Delegate Carrie Coyner worried that publicly mapping root systems could lead to disputes where neighbors demand trees be removed if roots cross property lines.

Delegate Bulova asked what authority the Town of Leesburg currently has and what this bill would add.

> **Ms. Westbrook** responded that while Leesburg can require tree protection, this bill would codify that authority statewide and, importantly, give localities the power to protect trees on adjacent properties whose roots are impacted by new development.

Outcome: Andrew Clark will work with Delegate Martinez to identify gaps in current authority and find a solution.

Update on Declarant Control

Pia Trigiani updated the group on the issue of long-term developer control over communities like Captain's Cove.

Discussion and Questions

Pia Trigiani explained that the state constitution prevents the legislature from retroactively changing existing contracts, meaning they cannot directly intervene in the Captain's Cove situation. The small group's primary proposal is a new bill focused on disclosure, requiring developers to explicitly state in sales contracts if they are retaining long-term control.

Delegate Bulova asked what other potential solutions were considered.

> **Pia Trigiani** mentioned a past idea to tie the end of developer control to a clear trigger, such as the developer being released from all their bonds by the locality.

Andrew Clark noted that some home builders feel that waiting for total bond release is too late in the development process to transfer control to the homeowners association (HOA). He suggested another trigger could be when a certain percentage of units, like 75%, are sold.

Delegate Coyner pointed out a potential problem with a fixed trigger: if a developer adds a new section to the community later, it could require creating a separate HOA, leading to conflicts.

Outcome: The workgroup—including Andrew Clark, Pia Trigiani, Jerry Wright, Michelle Gowdy, Joe Lerch and Delegate Coyner—will continue its work and develop a "menu of options" with pros and cons for the Workgroup to review.

Addressing Virginia's Housing Shortage and Affordability Challenges: Overview of Recently Enacted Legislation

Andrew Clark, Home Builders Association of Virginia

Andrew Clark gave an overview of recent legislative progress in response to the housing crisis. He highlighted new financing tools, efforts to lower project costs, workforce development, and enhanced transparency.

- **Financing Tools:** Mr. Clark pointed to the Virginia Housing Opportunity Tax Credit, sponsored by **Senator Locke**, which helps attract private capital for affordable rental housing. He also mentioned legislation from **Delegate Carr** that allows local Economic Development Authorities to finance housing via grants, citing Richmond's successful program which has approved 24 projects and 2,814 new affordable units since 2023.
- **Lowering Project Costs:** He explained that recent legislation has enhanced predictability in the development process. Bills from **Senator VanValkenburg** and **Delegate Simon** have streamlined and shortened plat and plan review timelines. Legislation from **Senator Bagby** authorizes localities to reimburse high water and sewer connection fees, while bills from **Delegate Bulova** and **Delegate Coyner** provide reliable alternatives for meeting wetland and stream mitigation requirements.
- **Workforce Development:** Mr. Clark noted that labor shortages add an average of two months to project timelines and result in a total lost economic impact of $10.8 billion. He outlined legislative responses including Universal License Recognition for out-of-state contractors and providing Spanish translations of contractor exams and building codes.
- **Transparency:** He concluded by highlighting bills from **Delegate Austin** and **Delegate Ware** that require VDOT to track plan review times and enhance state insight into local housing policies and fees.

Public Comment:

Residents from the Captain's Cove community, including **Teresa Birckhead, Gene Weslowski, and Joyce Almond**, spoke about their situation. They expressed disappointment that the committee could not take direct action to end the developer's control, which has lasted for decades. They described feeling powerless and financially exploited by a developer who they say has failed to build promised infrastructure while maintaining total control over their community and its finances.

Conclusion:

The meeting was adjourned at 12:13 p.m.

The next full Virginia Housing Commission meeting will take place on October 7, 2025, at 10:00 a.m. in Senate Room C of the General Assembly Building.

Updated 9/11/25 at 12:45 p.m.