

## **Virginia Housing Commission Overview of Selected Housing Policy Documents**

### **I. Regulatory Barriers to Housing Affordability (House Document 54, January 1995)**

**Source:** The report was developed pursuant to House Joint Resolution 192 (1994) requesting the Secretary of Commerce and Trade to undertake a comprehensive study of the regulatory barriers that hindered the availability of affordable housing. The Secretary convened a task force comprised of representatives of local government, the housing development industry, professional organizations, state agencies, and proponents of housing affordability.

**Summary:** The task force identified regulatory barriers to increased housing affordability and made recommendations for changes in laws, regulations, and policies in five areas: 1) planning and land use, 2) land development and site planning, 3) infrastructure financing and impact fees, 4) building codes and standards, and 5) administration and processing.

#### **A. Planning and Land Use**

1. Definition of "special exception" should require that conditions imposed pursuant to a residential special use permit be reasonably related to the proposed use.
2. Proffered conditions should be reasonably related to the scope and purpose of comprehensive plans and zoning ordinances.
3. Ability of local governing bodies to disapprove VHDA-funded multi-family projects should be restricted to cases where the project fails to meet one or more specific criteria.

#### **B. Land Development and Site Planning**

1. The role of regional planning district commissions in assisting localities to identify regional affordable housing needs should be considered.
2. Subdivision plats or site plans should be automatically approved if they have not been reviewed by the locality within the required statutory time frame.
3. Innovation and reallocation of resources should be considered to make the development review process timelier.
4. Public hearings for subdivision plats and site plans should be limited to applicable code and regulatory standards.
5. Department of Housing and Community Development (DHCD) should develop a guide identifying steps local government may take to provide more affordable housing.

6. The Virginia Department of Transportation should assure substantive participation by the housing development community when revising the subdivision street standards provided in the *Virginia Connections* Strategic Plan for Transportation.
7. Regional management approaches should be used to respond to urban storm water problems.
8. The Secretary of Commerce and Trade should establish a liaison with the SJR 44 (1994) storm water management study group to assure that the relationship between storm water management and affordable housing receive sufficient attention.
9. The Chesapeake Bay Local Assistance Board should continue its identification of areas in the Bay Act Regulations that may be modified or eliminated to reduce the impact on affordable housing without harming the Bay and its tributaries.
10. The Department of Health should ensure that its regulations maximize the use of alternative systems for handling sewage consistent with public health.

#### **C. Infrastructure Financing and Impact Fees**

1. Various funding mechanisms should be explored to ensure that essential infrastructure is provided to developments meeting predetermined affordability criteria.
2. The Secretary should coordinate with the HJR 280 (1994) study considering abuse of the proffer zoning system to assure that housing affordability issues are considered.

#### **D. Building Codes and Standards**

1. Development of an Urban Revitalization Code may serve to overcome problems resulting from application of new construction standards to the renovation of older existing structures in communities requiring revitalization.
2. The General Assembly should continue to provide instruction and guidance on building code issues and the Board of Housing and Community Development should continue to rely on open administrative processes for updating the Uniform Statewide Building Code (USBC).
3. The state should increase its participation in the code development activities of the Council of American Building Officials (CABO).

4. The Board of HCD should rescind the amendments made to the USBC to comply with the Americans with Disabilities Act (ADA) and adopt the BOCA model code's accessibility standards that are equivalent to the ADA.
5. Training and certification of code enforcement personnel should emphasize (i) the impact of uniformity and code interpretation on housing affordability, and (ii) resolving special problems associated with renovating older structures.

#### **E. Administration and Processing**

1. Local administering agencies should be required to conduct pre-application conferences for proposed site plans or subdivision plats.
2. The use of "on-site" transferable development rights should be enabled by statute to encourage cluster development techniques. The General Assembly should encourage local governments to consider allowing cluster, single-family detached housing by right, consistent with local zoning district density requirements.
3. Incentives should be offered to local governments that reduce local regulatory barriers or adopt affordable dwelling unit density bonus programs.
4. Nonprofit housing organizations should be encouraged to identify regulatory barriers impeding their activities, suggest remedial measures and work with interested parties to enhance opportunities for creation and preservation of more affordable housing.
5. The use of joint federal-state permitting procedures should be expanded where such procedures shorten processing times and are not inconsistent with environmental policies.

## **II. Meeting Our Nation's Housing Challenges (May 2002)**

**Source:** The report was developed by the Millennial Housing Commission appointed in 2000 by Congress pursuant to Public Law 106-74, Section 206(b) to examine (i) the importance of housing, particularly affordable housing, to the infrastructure of the United States, (ii) the various possible methods for increasing the role of the private sector in providing affordable housing, including the effectiveness and efficiency of such methods, and (iii) whether existing Department of Housing and Urban Development (HUD) programs work in conjunction with one another to provide better housing opportunities and how such programs may be improved.

**Summary:** The report examines housing policy at the federal level and includes 13 recommendations divided into three categories: new tools, major reforms of existing programs, and streamlining of existing programs. The report concludes that securing decent, affordable housing contributes to (i) positive family stability and childhood

outcomes, (ii) neighborhood quality and access to opportunity, (iii) household wealth, and (iv) economic growth and stability.

#### **A. New Tools**

1. Enact new homeownership credit modeled on the Low Income Housing Tax Credit for rental housing.
2. Authorize the creation of "preservation entities" to acquire properties and commit to the preservation of existing affordability. A preservation tax incentive should also be enacted to encourage sellers to transfer their properties to such entities.
3. Provide capital subsidies for the production of units for occupancy by extremely low-income households.
4. Enact a new mixed-income, multifamily rental production program.
5. Facilitate strategic community development by empowering state and local governments to blend funding streams.

#### **B. Major Reforms of Existing Programs**

1. Transform the public housing program by pursuing a gradual transition to a project-based approach, with subsidies flowing to specific properties based on rents that units would command after any needed renovation.
2. Revitalize and restructure the Federal Housing Administration within HUD as a wholly owned government corporation within HUD.
3. End chronic homelessness over a 10-year period by the creation of additional units of permanent supportive housing and the transfer of renewal funding for such units to HUD's Housing Certificate Fund.
4. Establish a work requirement linked to housing assistance.

#### **C. Streamlining Existing Programs**

1. Expand and strengthen the housing choice voucher program by (i) increasing authority of local program administrators to change payment standards in response to market conditions, (ii) matching voucher holders with services that complement employment efforts and other opportunities, (iii) strengthening and enforcing the requirement that owners of housing produced with federal assistance accept voucher-holding households, and (iv) increasing funding.
2. Reform the HOME and Low Income Housing Tax Credit programs, and increase funding for HOME.

3. Increase the Mortgage Revenue Bond program by repealing purchase price limits and restrictions that limit eligibility to first-time buyers and restrictions that apply in some states.
4. Revise federal budget laws that deter affordable housing productions and preservation by moving funding from rental assistance to the "mandatory" category of federal expenditures.

### **III. Rethinking Local Affordable Housing Strategies (December 2003)**

**Source:** The report was a joint effort of the Center on Urban and Metropolitan Policy of the Brookings Institution and the Urban Institute. The report analyzes the effectiveness of various affordable housing policies over the past 70 years in order to provide local stakeholders with lessons that may be used to create effective affordable housing strategies.

**Summary:** Generally, the report finds that past and current efforts to expand rental housing assistance, promote home ownership, and increase affordable housing through land use regulations have been uneven in their effectiveness. The report organizes its findings into three general conclusions and six principles for local action.

#### **A. General Findings**

1. Rental housing assistance programs require deep subsidies and must avoid clustering low-income households if they are to be successful.
2. Efforts to further expand homeownership should proceed cautiously because some households may suffer as a result of making poor housing decisions.
3. Land use and other regulatory policies are often neglected as potential tools for affordable housing policy, but they can have profound effects on the location and supply of affordable housing.

#### **B. Principles for local action**

1. Housing strategies should be tailored to local conditions;
2. Housing markets are regional, therefore, housing policies should also be regional;
3. The lack of income remains the principal barrier to obtaining affordable housing;
4. Regulation can be a powerful housing policy tool;
5. Housing programs should strive to reverse residential segregation; and
6. Poor implementation and administration of well-intentioned programs have produced harmful outcomes.

#### **IV. America's Affordable Communities Initiative; HUD's Initiative on Removal of Regulatory Barriers; Comments from coalition of interested housing groups. (January 2004)**

**Source:** Coalition of interested housing groups consisting of: (i) the American Association of Homes and Services for the Aging (AAHSA), the National Affordable Housing Management Association (HAHMA), the National Apartment Association (NAA), the National Leased Housing Association (NLHA), and the National Multi-Housing Council (NMHC).

**Summary:** In June 2003, HUD announced a new initiative entitled "America's Affordable Communities Initiative" focusing on breaking down regulatory barriers that impede the production or rehabilitation of affordable housing. On November 25, 2003, HUD issued a notice to solicit public comment from interested parties on HUD regulations and how such regulations may present barriers to the production and rehabilitation of affordable housing. The comments made in response to this notice sought to identify specific HUD regulations and policies that adversely affect development, rehabilitation, and availability of affordable housing. The comments also highlight several management-related issues that may promote greater participation in the Section 8 voucher program.

##### **A. Barriers to Production and Rehabilitation of Section 202 and Section 811 Housing.**

1. Insufficient development cost limits act as a barrier to affordable housing production by causing delays in the processing phase. HUD should ensure that per unit development costs are reflective of the true costs of development in each region of the country.
2. Operating cost standards are insufficient in certain high-cost areas. Insufficient operating costs standards represent a barrier to affordable housing in particular for small, faith-based non-profit sponsors who do not have the resources to invest large additional sums of money.
3. Underwriting requirements on Section 202 refinancing are a barrier to rehabilitation of affordable housing.
4. HUD field staff should be empowered to make time-sensitive decisions.

##### **B. Section 8 Voucher Program**

1. **Funding-** Considerable concern expressed over the proposed state-level funding structure including a plan to transform the program into a state-run block grant program.
2. **Inspections-** Recommends speeding up the move-in process by (i) performing individual unit inspections within 60 days after the resident moves in, (ii) conducting building-wide, rather than unit-by-unit inspections in certain cases, or (iii) providing for inspection of a representative sample of units in order to "certify" a building's eligibility.

3. **Payment System-** Provide Public Housing Authorities with adequate support and incentives to facilitate timely payments to owners.
4. **Fair Markets Rents (FMR) and Payment Standard-** FMRs must be set high enough and be reflective of local market conditions.