

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

AGENDA

Housing & Environmental Standards Work Group House Room C, General Assembly Building May 3, 2011, 2:00 P.M.

Members present: Senator John Watkins, Delegate John Cosgrove, Delegate Glenn Oder, T.K. Somanath, Mark Flynn, Shaun Pharr, Ed Rhodes, Emory Rodgers, Brian Buniva, Ron Clements, Michael Congleton, Michael Toalson, Sean Farrell, Art Lipscomb, David Freeman, Tyler Craddock, Ted McCormack

Staff present: Elizabeth Palen and Jillian Malizio

I. Welcome and Call to Order

- Senator John Watkins, *Chair*
 - The meeting was called to order at 2:01.

II. Green Buildings Code Update

- Emory Rodgers; DHCD
 - The 2009 Uniform Statewide Building Code (USBC) went into effect March 1 of this year. The 2009 edition of the Code will ratchet up building code requirements related to energy.
 - The 2012 Code achieves 15% energy conservation on use energy which is in line with the Department of Energy's 30% goal.
 - Virginia is adopting conservation and energy efficiency methods through its USBC.
 - The new Code established the framework for allowing the use of rain water, and reclaimed water within the Building Code and established guidance to see if a permit is needed for these systems.
 - The International Code Counsel started development on what will be an International Green Construction Code (IGCC).
 - There were about 900 code changes this cycle.
 - The final version will be approved in the Fall. In 2012 there will be an official public version of the IGCC.
 - States and localities will be able to adopt that Code.

DELEGATE DAVID L. BULOVA
DELEGATE JOHN A. COSGROVE
DELEGATE ROSALYN R. DANCE
DELEGATE DANIEL W. MARSHALL, III
DELEGATE G. GLENN ODER

SENATOR MAMIE E. LOCKE
SENATOR JOHN C. WATKINS
SENATOR MARY MARGARET WHIPPLE

MARK K. FLYNN
T.K. SOMONATH
MELANIE S. THOMPSON

- The Green Building Code will not lack controversy. One of the more contentious points will be which provisions will be mandatory which ones the marketplace can choose to adopt.
- About 40% of the green features fall outside the USBC. These include options related to waste recycling, zoning, the proffer system, special use permits, state building officials, and Leadership in Energy and Environmental Design (LEED) and Green Globe building.
- Based on the new Code requirements, it is expected that if all the Code requirements are met when building new construction, there will be approximately 15% reduction in energy costs. This goes for both residential and commercial properties. The baseline for reduction is the 2006 Building Code.
- **Mike Toalson**; Home Builders Association of Virginia (HBAV)—Urged the DHCD to look at EarthCraft Virginia. It was launched in 2006, and is the most successful statewide Green Building program. There is a market in Virginia that demands EarthCraft houses. Home builders favor a “voluntary code” where builders incorporate Green techniques into their buildings at will. The new building system results in 30% more energy efficiency than the 2006 Code. But, there is a failure in the appraisal industry to recognize the extra expense of incorporating those Green techniques. This includes the national appraisal guidelines, which offers a disincentive for builders.
- **Mark Flynn**; Citizen Member—On a similar topic, open houses in Phoenix, Arizona had booklets that showed the costs for utilities used by the previous owners.
- **Senator Watkins**—There was some legislation that came through two or three years ago that allowed for the utilization of energy use in a real estate market. However, there was no requirement that the owner provide a booklet.
- **Mike Toalson**—People buying a home know what they’re getting into when they buy. The EarthCraft program builders understand that the marketplace is demanding energy efficient housing. Most builders today have enhanced packages they make available to their consumers where people can choose the level of energy efficiency they want to buy.
- **Senator Watkins**—The last five years will raise questions as to how informed buyers really were at that point in time.
- **T.K. Somanath**; Citizen Member—Asked Mr. Rodgers whether the installation of solar panels on buildings is being discussed.
- **Emory Rodgers**—The use of solar panels on buildings is already being incorporated. The IGCC addresses separation and other types of land use decisions. For instance, if you were to plant a tree now, in twenty years it may be casting a shadow over your neighbor’s solar panels. The IGCC won’t have solutions to some of those problems.
- **Senator Watkins**—Asked Mr. Rodgers whether the 2009 adoptions for the USBC came to fruition this past year.
- **Emory Rodgers**—The adoptions went into effect this year. There was a record number of petitions. The original goal was to have the 2009 Code completed by the end of 2010.

- **Senator Watkins**—2012 recommendations are likely to evolve into 2013 recommendations before there are any adoptions at the state level. Asked whether the IGCC is rudimentary insofar as it is not yet being considered.
- **Emory Rodgers**—Responded that they are taking up all the code changes, and there will be a public document ready for localities to adopt in the first part of 2012.
- **Mike Toalson**—There is also a Uniform Code that is adopted by the Commonwealth.
- **Senator Watkins**—Half of the Code does not regulate buildings' storm water and the impacts on stream flows.
- **Ron Clements**; Virginia Building and Code Officials Association (VBCOA)—The Green Construction Code is being adopted separate from the Building Code. One could argue that probably half of the information in the Green Code could not be adopted into the Building Code. But instead one could take specific Green issues to add to the Code as opposed to adopting the entire Code as proposed.
- **Ed Rhodes**; Virginia Fire Chiefs Association—Asked for a copy of the summary of the Green Codes later this month.
- **Senator Watkins**—Expressed concern about not knowing at this point what will be in the IGCC.
- **Emory Rodgers**—After the hearings he will put together a general overview.
- **Senator Watkins**—Asked Mr. Rodgers to give an update on what exactly will be included in the IGCC to the Housing Commission by late Summer or early Fall.

III. Sustainable Community Planning

- Richard C. Collins; UVA School of Architecture, Professor of Urban & Environmental Planning
 - There is a huge public safety issue regarding underwater mortgages. Unless something is done about the underwater mortgage crisis there are going to be neighborhoods that are in serious decline.
 - We must have faith in the American people: they never used to walk away from mortgages. They have a moral and ethical obligation to pay the debt. This obligation is central to us and the creation of our wealth.
 - He estimates that 20-30% of mortgage walk-aways are strategic. It's worth more to the owners to walk away than it is to stay in their homes.
 - He mentions two public safety issues: the State of Virginia is impairing contracts in violation of the U.S. Constitution, and the Attorney General is misguided and mistaken, and we are losing social capital.
 - Virginia should take the lead to assess the climate surrounding the authority of the state to do something about this crisis. There is a possibility of people falling into certain mortgage categories.
 - In Florida, foreclosure is preceded by negotiation and mediation. It is likely that this approach will change the climate of foreclosures. The playing field is not tilted, but the rules are skewed.

- **Senator Watkins**—Informed Mr. Collins that the Housing Commission has a mortgage group that deals with the Virginia Housing Development Authority (VHDA) specifically, and that this group would like to hear about sustainability.
- **Richard Collins**—The idea of sustainability is a recognition of a new frugality; we are in a different era. People need to understand the national situation financially, and need to conserve and live more frugally. The concept of sustainability needs to be elevated. Under the public trust doctrine legislators and public officials have more than a responsibility to protect private property. There is an obligation to make sure that the welfare of the people is positively protected. Concepts of rights need to become more strongly embedded, and citizens need to be protected.
- **Senator Watkins**—He assured Mr. Collins that the subject is near and dear to everyone on the Commission, and that he had made a good point about sustainable public trusts. He acknowledged that loan and loss allocations hurt developers, and expressed interest in arriving at a financial system that will not cost us all. He informed Mr. Collins that this discussion is interesting, but they are looking more at areas of concern with regard to sustainable, green housing in Virginia.
- **T.K. Somanath**—New neighborhoods are creating a new fabric connecting people. He asked if there is a way to use the Geographic Information System (GIS) to understand the tipping points.
- **Richard Collins**—He suggested using online websites that can help map areas with potential foreclosures. This problem poses threats to the community, not just the financial center. Virginia doesn't have the energy or the opportunity to incorporate a community land trust.
- **Senator Watkins**—He asked Mr. Collins whether Weldon Cooper is involved in housing valuations.
- **Richard Collins**—He responded that they are capable, but he doesn't believe they are deeply involved in valuing houses. He suggested a Virginia consortium involving face-to-face discussions. He further suggested transfer of development rights (TDR) programs to use community land trusts, and expressed the need for a revision of state law deficiencies with a convener that will drive the issue.
- **Senator Watkins**—When the Housing Commission met last week, data was presented from the Federal Reserve Bank of Richmond, the Virginia Department of Housing and Community Development (DHCD), the VHDA, and HBAV. He asked staff to contact Weldon Cooper and get feedback regarding housing valuations. There is a home equity line of credit (HELOC) issue, and the Commission needs to get a handle on the magnitude of the problem.
- **T.K. Somanath**—As a member of the Governor's Foreclosure Task Force, he believes they should be engaged in this too.
- **Senator Watkins**—He asked for a presentation from the Attorney General's office. The presentation should include what their proposals are with regard to foreclosures, and what the objections and agreements are from the national Attorneys General. The Commission needs to understand the situation,

especially with housing values still on the decline and after hearing the data from the Federal Reserve Bank at the last Commission meeting.

IV. Public Comment

- There was no public comment.

V. Adjourn

- The meeting was adjourned at 3:15 P.M.