

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

Housing Affordability Work Group September 19, 2007, 1:00 PM House Room C, General Assembly Building Meeting Summary

Members Present:

I. Welcome and Call to Order

- Delegate John Cosgrove (Chair)

II. HB 1789 Residential Landlord Tenant Act /mold claims (Kilgore, 2007)

Chip Dicks
Steve Pearson

III. Current Mortgage Overview

Susan Dewey, Executive Director Virginia Housing Development Authority

Susan Dewey: VHDA Mortgage overview

- Bond Burning- Taking advantage of low income tax credits. Issuing more bonds than needed during construction of multi-family projects
- VHDA tries to pay them off over 30 years
- VHDA refinancing but not on first time tax exempt home loans
- Going to see foreclosures like we've never seen before. If one house goes up for sale w/foreclosure it will affect the price on many other homes.
- Unrealistic to expect the state or feds to step in and fix the foreclosure problem because the money just isn't there

Del. Suit: Mortgage changes in past month

- Secondary market stopped purchasing sub-prim and a-minus and agency loans (Fannie May, Freddie Mac)
- The sub-prime market is basically gone
- Major lenders have closed or changed to secondary loans
- 100% loans have to have mortgage insurance
- Interest only loans must qualify buyer on interest principal
- Jumbo pricing is 1% higher than conforming

DELEGATE JOHN A. COSGROVE
DELEGATE ROBERT D. HULL
DELEGATE DANIEL W. MARSHALL, III
DELEGATE MELANIE L. RAPP
DELEGATE TERRIE L. SUIT

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

F. GARY GARCZYNSKI
F. ANDREW HEATWOLE
T. K. SOMANATH

- FHA has a higher loan limit approved
- Federal reserve action cut means possibly more inflation and mortgage prices will go up
- Rates at 6.5%, compared to 10-14% ten years ago

Chip Dicks: ADU's

HB2010

- Increase availability of percentages of ADU's
- Deals with high rise buildings- provide flexibility to allow ADU's in elevator buildings
- Local affordable housing fund, but don't know how to get the funding
- Developer has no economic loss provision- mandatory that they suffer no loss

Cash in Lieu of ADU's

- Good public policy to allow developers to provide option of cash?
- What if cash isn't used towards affordable housing unit? It's hard to make sure that's how the money is used and have consistency with the guidelines

2305 vs. 2304

- Real estate community said clean up 2305 and possibly merge with 2304

ADU Process

- From existing zoning, ask for bonus density at administrative level
- To have to go back through entire zoning process is bad/crippling because people don't want to do it
- **Karen Harwood**- process is zoning to admin. Give localities certain process to follow
- ADU's cannot be done for this session

Connie Chamberlin

- Local problem is understated
- 500,000 people spending 30% of income on housing
- Look for ways to encourage workouts
- Suitability and yield spread premiums is becoming a problem
- Look at pre-payment penalties. Should expire 90 days before the arm resets and pre-paid loans should have 2 years.

Susan Hancock/Del. Suit

- Why pre-payment penalties? Never had these before
 - Data on VA loans serviced by non-agency services. Susan will try to get information on this.
 - Outlaw yield spread premium, broker has to change fees, how do we get rid of these charges?
- Give incentive to lower priced loans
- Education- 1 page statement of whole process. We need people to know what you're getting into

IV. Other Topics and Public Comment

V. Adjourn

