

Joint Meeting of the Housing Affordability, Real Estate & Mortgages and the
Neighborhood Transitions & Residential Land Use Work Groups
General Assembly Building, House Room C
October 22, 2009; 2:00 P.M.

Members Present: Delegate John A. Cosgrove (Chair of Housing Affordability), Delegate Rosalyn Dance (Chair of Neighborhood Transitions), Senator Watkins, Senator Whipple, Delegate Hull, Delegate D. Marshall, Delegate Oder, T.K. Somanath, Mark Flynn, Chip Dicks, Connie Chamberlain

Staff Present: Elizabeth Palen and Diana Pharao

1. Welcome and Call to Order-Delegate John A. Cosgrove (Chair of Housing Affordability)

- Meeting was called to order by Delegate Cosgrove at 2:00 P.M.

2. James Hester, Richmond City Assessor

- Assessed current status of affordable housing (see handout).
 - o New provisions to the Building Model Codes (unless explicitly stated, they are not retroactive):
 - Carbon monoxide detectors must be placed in every single family home.
 - Residential sprinkler installation provision adopted from National Uniform Residential Code Commission.
 - Energy provisions have been explored, but no decisions have been made; however, they are in the forefront of future discussions.
 - **Delegate Danny Marshall:** *What will these requirements cost?*
 - The cost of sprinklers range from \$1 to \$5 per square foot.
 - **Delegate Robert Hull:** *If a homeowner makes an upgrade to their home, will that trigger the new Code provisions?*
 - No. Sprinklers are only being added to new homes.
 - **Delegate Cosgrove:** *Has there been an ongoing discussion with insurance companies regarding residential sprinklers?*
 - Yes.
 - **Senator Watkins:** *Are sprinklers limited to water-based systems?*
 - Depends on whether the home is on a public water system or private; if the home is on a private system, then it might be either water or chemical based.
 - **Delegate G. Glenn Oder:** *What problems are we trying to solve? There was a Christopher Newport University dorm fire; everyone escaped, but the sprinkler system was in the attic—is that adequate?*
 - **T.K. Somanath:** *Residential sprinklers affect the affordability of houses; the entire house would need a plumbing inspection, which adds a \$7,500 expense.*
 - o Discussion regarding energy standard ensued.

- **Delegate Marshall:** *Best efforts should be made to adopt energy code standards.*
- **Senator Mary Margaret Whipple:** *Arlington County Board referred an idea to the Commission regarding energy audits; home inspections would not be required, but homes would have energy audits. A potential purchaser could see a years worth of utility bills to determine what would and would not be required; this adds complexity to home sales.*
 - This is an idea to be further explored.

3. **State Corporation Commission- Joseph Face, Commissioner, Bureau of Financial Institutions.**

- Made two announcements.
 - HB 2031, which was enacted by the General Assembly in March 2009, requires minimum compliance with the SAFE Act.
 - To minimally comply, MLOs must be licensed by the Bureau of Financial Institutions (BFI) and registered in the Nationwide Mortgage Licensing System (NMLS) by July 1, 2010.
 - This past March, the BFI began transitioning onto the NMLS for registration and state licensing of MLOs, and the plan is to go live on August 4.
 - 33 States are currently using NMLS, and 22 are in the process of transitioning onto the system.
 - Last week, we received 479 applications from Virginia MLOs.
 - On June 5, there was a new development: we received a directive from the Federal Finance Agency.
 - Plan to require Fannie Mae and Freddie Mac to accept only loans from mortgage companies who are registered under NMLS.
 - Most states require both MLOs and mortgage companies to register, but Virginia does not.
 - This is an efficiency issue; system would be more efficient if Virginia also required mortgage companies to register.

4. **Virginia Municipal League-Mark Flynn, Director of Legal Services**

- Discussed the collaborate effort of workgroup to put together legislation that would fine landlords for the mishaps of their tenants.
 - We want to avoid tenants who sell drugs, run prostitution, refuse to regularly take out their trash, fail to control the weeds in their yards, etc.—these tenants are a nuisance and cause danger to people walking by.
 - There is a narrow gap problem not addressed by the current Code, i.e. what happens when a landlord lives out of state and has refused to respond?
 - Police departments still have responsibility to cite tenants.

5. Housing Opportunities Made Equal (HOME)-Connie Chamberlain, President and Chief Executive Officer

- Discussed Housing Policy Proposals (see handout):
 - Housing Choice Voucher holders are not a protected class under current fair housing laws.
 - Although Federal legislation prohibits housing decisions based on race, national origin, etc., there is no administrative complaint process.
 - To encourage acceptance of Housing Choice Voucher holders, HOME proposes implementation of tax exempt credits.
 - Fair Housing Training:
 - Currently, real estate agents are required to attend fair housing training.
 - Landlords or agents of landlords should also be required to attend training.
 - **Senator Whipple:** *How many rental agents engage in training?*
 - Only 20% of licensed realtors.
 - **Senator Whipple:** *Training has a positive effect; this is a good place to start.*
 - **Delegate Hull:** *Most courses are now available online; the training is easy to set-up online.*

6. Virginia Association of Realtors-Chip Dicks, Legislative Counsel

- Discussed 1031 Exchange Agent Legislation (see handout).
- Discussed Interpleader Jurisdiction (see handout).

7. Delegate Rosalyn Dance (Chair of Neighborhood Transitions)

- Offered the floor for additional comments, questions, or concerns.

8. The meeting was adjourned at 3:30 P.M.