

COMMONWEALTH OF VIRGINIA

SENATOR MAMIE LOCKE, Chair
DELEGATE JOHN COSGROVE, Vice Chair
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VIRGINIA HOUSING COMMISSION

Full Commission Meeting
November 12, 2008

I. Welcome and Call to Order – Vice Chair Senator Mamie Locke

II. Introduction of New Members

- a. Delegate G. Glenn Oder
- b. Melanie Thompson

III. Election of Commission Chair

- a. Election of Commission Chair- Senator Mamie Locke
- b. Election of Commission Vice Chair- Delegate John Cosgrove

IV. Housing Affordability – Delegate John Cosgrove, Work Group Chair

- a. **Delegate Cosgrove-** Fair Housing Bill, Housing Trust Fund Bill, Home Inspection Bill –
 - i. The work group took no positive or negative action on the bills, as it was worried about the financial impact.
- b. **Senator Whipple-** Discussion of the merits of adopting Housing Trust Fund legislation without a source of revenue:
 - i. The Housing Commission has been on record as being in favor of the Housing Trust Fund, is there value in adopting legislation in a policy basis?
 - ii. **Delegate Hull-** Impact of Federal government currently controlling Freddie Mac and Fannie Mae: Virginia is not going to get any Housing Trust Fund money.
 - iii. **Delegate Marshall-** The value of housing has fallen so much that people who could not have afforded housing two years ago are in a much better position.
 - iv. **Delegate Cosgrove-** The chances are low that this type of legislation would get passed through the House.
 - v. **Delegate Oder –** I cannot support the bill as it is currently written; need to come back with new legislation, too many changes need to be made for this year.
 - vi. **T.K. Somanath-** There is a need to establish some policy at a state level, with a housing trust fund as part of this.
 - vii. **Senator Locke-** There is a scheduled December 3rd final meeting. If the Commission wants to address the Housing Trust Fund from a policy perspective we should be at a point then where we can do this.

DELEGATE JOHN A. COSGROVE
DELEGATE ROSALYN R. DANCE
DELEGATE ROBERT D. HULL
DELEGATE DANIEL W. MARSHALL, III
DELEGATE G. GLENN ODER

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

F. GARY GARCZYNSKI
T. K. SOMANATH
MELANIE S. THOMPSON

V. Derelict Structures – Senator Mamie Locke, Work Group Chair

- a. The group received information regarding several House and Senate bills
- b. The group received a good presentation on visual derelict structures, specifically in Petersburg, which showed the impact that derelict structures are having on communities in Virginia.
- c. Review of proposed legislation- **Mark Flynn and Chip Dicks:**
 - i. Collaborative drafting effort with many localities and municipalities represented:
 - 1. Incentives in the legislation to motivate property owners to do something about the derelict structure;
 - 2. Registration and plan requirements;
 - 3. Defines “derelict structure;”
 - 4. Attempts to streamline the tax sale process;
 - 5. Streamline spot blight, create a simultaneous process for nuisance, spot light, derelict structures – locality would adopt this process and move through it;
 - 6. Building inspectors cannot get into nonresidential buildings when they need to for public safety- this legislation would amend the language as it currently is to allow for entry of nonresidential buildings;
 - 7. The legislation will not usually cover properties in foreclosure, because these typically remain connected to utilities, etc.
 - ii. **Senator Locke-** Encourage the Commission members to read every line of the legislation, and if there are any issues or suggestions, contact Elizabeth Palen, so that the Commission may have a finalized version by the December 3rd final Commission meeting.
 - iii. **Delegate Marshall-** There is going to be an issue with the registration requirement; the legislation will be harder to pass with this requirement.
 - iv. **Chip Dicks-** The legislation will work without the registration piece; we can go back and retool this if need be.

VI. Mortgages – Delegate Daniel Marshall, Work Group Chair

- a. Response to the federal SAFE Act- A bill has to be adopted in Virginia, or HUD will be managing our mortgage brokerage activities.
- b. Review of proposed legislation- **Joe Face:**
 - i. Result of the SAFE Act (passed in July); requires the individual licensing and registration of mortgage loan originators in the United States.
 - ii. 1987 Virginia Mortgage Lender and Broker Act- requires licensing of mortgage lenders and brokers in VA.
 - iii. This is new for Virginia; now require individual licensing of mortgage loan originators.
 - iv. Bill sets forth minimum requirements necessary to meet SAFE act which allows us to maintain licensing requirements within the state.

- v. HUD has yet to opine on a number of different items, but each day HUD hands out more opinions, so this is a work in process over the next few months.
- vi. Requires background checks- This is a nation-wide background check, HUD will not allow the Virginia State Police to do the checks. The database registry will perform all if not most of the work, which would include criminal background checks.
- vii. Provisional licensing will be granted during periods of delay, when many applications are received; if someone applies for a job, that person will get a provisional license while they are waiting to be approved.
- c. **Delegate Marshall**- Thanks to the SCC and the industry people for coming together and working on this; we are trying to make sure that we are complying with the minimum standards of what was asked of us by the Federal government.

VII. Common Interest Communities – Senator Mary Margaret Whipple, Chair

- a. Somewhat different task this year – monitoring the implementation of legislation passed last session that set up CIC Board. This is extensive legislation, and the group wanted to keep abreast of all happening in setting up the CIC Board, staffing the board, setting up ombudsman person, etc.
- b. **Mark Courtney, DPOR**- (handout):
 - i. Adopted public participation guidelines;
 - ii. CIC regulation fund management;
 - iii. Condominium regulations- emergency regulations process- effective Nov 13;
 - iv. Emergency CIC manager regulation;
 - v. Regulatory review committee- created by the Board to come up with regulations – CIC members, public members, one member from the Real Estate Board; emergency regulations being used as the foundation for more permanent regulations.
 - vi. **Delegate Cosgrove**- The original bill language called for 1,000 dollars or 2 percent in annual fees, but somehow when the bill was signed, it was \$1,000 or .02 percent – the .02% is not right.
 - vii. **Senator Whipple**-This is not enough money to support the programs; this is an error that will have to be corrected.
 - viii. **Mark Courtney**- The money is necessary for a recovery fund (minimum balance of \$150,000), and the Board must also be self-supporting.
 - ix. **Senator Whipple**- The recovery fund is to protect people whose money is lost through malfeasance on the part of the manager; this came about because of embezzlement of escrow accounts in associations.
- c. **Heather Gillespie, CIC Ombudsperson** - (handout):
 - i. This position comes under the Compliance and Investigations division of DPOR.
 - ii. We provide to members and citizens information upon request.
 - iii. We are in the process of updating the website, so that people know that this is now the office of the ombudsperson.

- iv. Receiving of notices of complaints filed by members through their association:
 - 1. Members must go through their association board before they can file a complaint.
 - 2. Complaints only come to the compliance office after they have gone through the CIC Board and the member has received a final adverse decision, but how do we determine what a final adverse decision is? This is something we have to work on.
- v. Submission of complaint with \$25.
- vi. The complaint process:
 - 1. General inquiry process or a complaint process;
 - 2. Not sure when the complaint process regulations will be in place;
 - 3. We currently provide customer service to the citizens and members calling in;
 - 4. All members must file a complaint with their association board first.
- d. **Senator Whipple** – This is a helpful viewpoint for associations to better understand what their duties are, and it gives them proper consultation and advice that will be helpful. I think it will be helpful to give something out to every member of the General Assembly with the ombudsperson contact information, because a lot of members are going to get a lot of complaints.
- e. A lot of associations came to the Commission CIC Work Group asking for exemptions. This legislation may need some tweaking, but exemptions should be avoided.
 - i. The intent was not to make individual directors liable, so this needs to be addressed.
 - ii. Rather than exempt people, we need to make whatever changes necessary to the legislation in order to make it work for everyone.

VIII. Housing and Environmental Standards – Senator John Watkins, Work Group Chair

- a. Elizabeth Palen, Executive Director of the Commission, speaking for the Work Group Chair.
- b. The group had three meetings, and much legislation was discussed, including issues with noncombustible materials and sprinklers.
- c. We are not moving forward with any of the legislation at this time.
- d. The work group was also presented with a comprehensive study on stormwater run-off and its uses, and a decision was made to continue these discussions.

IX. Other Issues

- a. Possible housing policy statement in Virginia; the Commission will take this up at the December 3rd meeting.

X. Adjourn