

**1976 REPORT OF THE VIRGINIA HOUSING
STUDY COMMISSION**

**REPORTED TO
THE GOVERNOR
AND
GENERAL ASSEMBLY OF VIRGINIA**



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COMMONWEALTH OF VIRGINIA

Department of Purchases and Supply

Richmond

1977

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COMMONWEALTH of VIRGINIA

Virginia Housing Study Commission

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November, 1976

TO: The Honorable Mills E. Godwin, Jr.
 Governor of Virginia
 and
 Members of the General Assembly of Virginia

Pursuant to the directions of the 1976 Virginia General Assembly, I respectfully submit the 1976 Annual Report of the Virginia Housing Study Commission.

This report and its recommendations detail the Commission's comprehensive research into areas affecting the critical need for housing in Virginia.

Respectfully submitted,

Alan A. Diamonstein
Chairman

AAD/rlc

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OVERVIEW

It is the Commission's duty to recommend legislation and otherwise seek to create conditions conducive to the production of housing, particularly for low and moderate income families. In today's market, creating these favorable conditions is both a matter of providing incentives and removing disincentives.

For example, changes in the real property tax structure could provide a major incentive for the production of housing. On the other hand, restrictive local ordinances which drive up land development costs and local housing and property maintenance codes act to decrease the production and availability of housing.

Realizing there is no single solution to the problem of housing scarcity, the Commission has made recommendations herein addressing individually a number of these impediments to housing. In addition to its proposals for legislation to relieve certain problems, the Commission mentions numerous housing-related problems for which it suggests administrative resolution and/or further study. Areas of further study include energy conservation, elevator inspections and housing development authorities.

Energy Conservation

The Commission continues to be enthusiastic about the potential of solar energy and will keep abreast of developments in this field. Legislative proposals will be made as necessary to encourage development and utilization of this energy source.

Along similar lines, the Commission looked into conservation in present energy systems and found encouraging efforts being made by several agencies. The State Board of Housing has begun to incorporate energy conservation

standards for new buildings in the Uniform Statewide Building Code, obviating the need for legislating such standards. The Board's proposal involves a comprehensive approach to energy conservation through total system design as well as insulation requirements. The Commission also remains informed of development by the Virginia Energy Office of a State Energy Conservation Plan. The State Board of Housing has made available to the Commission information on its role in the development of this Plan. Further, the Commission is aware of the State's program of winterizing existing homes and plans to study this and other means of residential energy conservation for the 1978 session of the General Assembly.

The Commission has learned through public hearing testimony of the existence of alternate systems of solid waste disposal which may be more ecologically sensible than conventional systems. As a corollary to its interest in residential energy conservation, the Commission recommends:

A RESOLUTION REQUESTING THE COMMISSION ON SOLID WASTE TO STUDY THE
FEASIBILITY OF POLLUTION-FREE, ENERGY SAVING METHODS OF SOLID WASTE
DISPOSAL.

Welfare Payments

In other public hearing testimony, representatives of public housing projects brought to the Commission's attention the problem of rent paid by welfare recipients. Federally subsidized housing projects are authorized to charge a percentage (between 5% and 25%) of income for rent or that portion of welfare payment earmarked by the state for "shelter".

In Virginia, welfare payments are made in the form of a block grant, which means that in determining rent for welfare recipients, housing authorities are limited to 5-25% of the payment. Therefore, although a major portion of the payment is obviously intended for shelter, only a small percentage of

the payment is available for recovery by the housing authority. This often results in welfare families paying a disproportionately low share of their housing costs.

To make ends meet, housing authorities are forced to accept a higher mix of moderate income families, driving out the low income welfare families for whom such housing was intended. This problem could be alleviated if, instead of making block grants, the Welfare Department stipulated what portion of the payment should be used for shelter. This would permit the housing project authorities to set rents at a more equitable level.

The Commission, therefore, has requested the Chairman of the Senate Committee on Rehabilitation and Social Services and the House Committee for Health Welfare and Institutions to have their committees look into this situation for the 1978 session.

Community Development Authorities

Public interest in the creation of Community Development Authorities continues from previous years. However, the Commission finds the same drawbacks to the proposal as before. CDAs, as locally autonomous groups, would be permitted to sell bonds and get into the housing development business without restrictions on the type of housing they would provide, i.e., they would not be restricted to any percentage of low and moderate income housing, as the Virginia Housing Development Authority and local Redevelopment and Housing Authorities are. Commercial development would also be within their scope.

Taken within the larger context of the housing demand in Virginia, particularly among the elderly and low and moderate income people, the advisability of establishing CDAs seems doubtful. The Commission, therefore, continues to oppose the creation of such authorities.

Uniform Definition of "Mobile Home"

The 1975 Report to the Governor suggested the desirability of a uniform statutory definition of "mobile home". The Commission has researched this topic and found that various definitions used in the Code each serve a distinct purpose. There being no apparant conflict, the Commission feels there is no compelling reason to establish a uniform definition of "mobile home" at this time.

Rehabilitation

The Commission sees rehabilitation of existing structures as an important part of the answer to the housing shortage. Several recommendations contained herein (See Tax Incentives and Title 36) are specifically aimed at fostering rehabilitation as an economically attractive source of "safe, decent and sanitary housing". The Commission feels rehabilitation can be further encouraged by appropriate regulations in the Uniform Statewide Building Code. The Commission does not wish to legislate such regulations but hopes to see adoption of a set of standards for renovation which would be flexible enough to take into account the particular character of an existing building.

14-FOOT WIDE

The Virginia Housing Study Commission and the Office of Housing staff worked closely with the Virginia Highway and Transportation Research Council in its 1976 study of the transportation of 14-foot wide mobile and modular homes.

Should the results of the evaluation prove encouraging, the Commission is anxious for the movement of such units on Virginia highways to be approved, since it sees industrial housing as a partial solution to Virginia's housing needs. In 1976, mobile homes are expected to comprise 95% of the new homes sold in this country for less than \$25,000. Of those units sold, nearly half will be 14-feet wide, a size which provides 18% more living space than 12-foot units, at approximately 5% more cost. Conventional housing has ceased to be affordable for an increasingly large segment of the population, and mobile and modular homes provide an attractive alternative for many of these low and moderate income people.

In addition to the increased availability to Virginia residents of adequate housing, the production of 14-foot units would offer benefits to the state in the form of tax revenue, jobs and increased economic activity among manufacturers, suppliers, dealers, etc. The continued ban on 14-foot units, which comprise almost 50% of the national sales, will cripple an already depressed state industry. Virginia's mobile/modular industry exports 55% of its production to other states, most of which allow 14-foot wide units, thus putting Virginia at a competitive disadvantage. Lifting the ban on units would result in plant expansion, establishment of new manufacturers, increased jobs and demands on suppliers, increased consumption and generation of tax revenue in general, stimulation of the economy to the benefit of the Commonwealth.

While recognizing the potential economic and social benefits accruing to Virginia residents from the sale and use of 14-foot wide units, the Commission is, nevertheless, duly concerned about the problems of safely transporting such units on the highways of Virginia. The Commission is presently awaiting the results of the 1976 Virginia Highway and Transportation Research Council Study, which it hopes will be comparable to the favorable experience of other states.

CONTRACT BUYING

There continues to be a problem in Virginia concerning the sale of homes on contract. This primarily affects families in the low and low-to-moderate income levels. As practiced, a buyer agrees under contract to make monthly payments on a house without receiving title to the property until the purchase price is paid. There are frequent cases in which the seller has terminated the agreement fraudulently, or in a manner irrespective of the buyer's delicate financial situation. Subsequently, the property is resold, leaving the original contract buyer with a substantial investment and nothing to show for it. Although the sale of homes on contract is not illegal, there are few guidelines for the practice, and no legal recourse for either party in the event of fraud.

In order to increase protection for the buyer, therefore, the Commission recommends:

THAT LEGISLATION BE ENACTED PERMITTING RECORDATION OF CONTRACTS FOR THE SALE OF IMPROVED RESIDENTIAL PROPERTY AND REQUIRING SUCH CONTRACTS TO CONTAIN LANGUAGE INFORMING THE PURCHASER OF HIS OPTION OF RECORDING SUCH CONTRACT.

TAX INCENTIVES

The Commission has found that the present tax structure often penalizes those who renovate or rehabilitate existing dwellings, effectively discouraging rehabilitation. Because of this deterrent to real property rehabilitation, houses, and consequently, cities are more susceptible to deterioration and blight. Incentives to counteract these tendencies are needed.

In Virginia, direct property tax abatement, except for the elderly is unconstitutional. Thus, creation of a tax system conducive to property rehabilitation and urban renewal requires a constitutional amendment. Such an amendment should be permissive in nature, allowing localities to provide tax relief under guidelines established by the General Assembly.

The Commission, therefore, recommends:

THAT THE GENERAL ASSEMBLY INITIATE ACTION TO AMEND THE STATE CONSTITUTION SO AS TO PERMIT LOCALITIES TO PROVIDE REAL ESTATE TAX ABATEMENT FOR RENOVATION OR REHABILITATION OF REAL PROPERTY.

TERTIARY STREET CLASSIFICATION

One instance of impediments to housing which can be easily and effectively addressed is that of subdivision street standards. Locally imposed standards are often unreasonably restrictive and costly while accomplishing little that is positive. The imposition of unnecessary requirements for curb and gutter, sight distance, road widths, cul-de-sacs, etc., have a net effect of driving up land development costs and correspondingly, housing costs. The costs of these "improvements" are not only monetary but aesthetic, since these requirements often result in the destruction of trees and other mature vegetation, to the detriment of the neighborhood appearance. In addition, wide streets and excessive sight distance are conducive to higher driving speeds and therefore detract from safety instead of improving it.

The Commission, therefore, recommends:

THAT LOCALITIES BE PROHIBITED BY LAW FROM IMPOSING SUBDIVISION STREET STANDARDS WHICH EXCEED THE REQUIREMENTS FOR INCLUSION OF SUCH STREETS WITHIN THE STATE HIGHWAY SYSTEM.

TITLE 36 - REDEVELOPMENT AND HOUSING AUTHORITIES

Redevelopment and Housing Authorities have proved themselves to be an effective, viable means of providing housing for Virginia residents. The Authorities have cooperated with State and Federal agencies/programs in the construction of new housing, as well as the rehabilitation of existing housing. The powers of the RHAs often need redefinition or clarification in order to maintain the efficacy of the Authorities.

The 1976 General Assembly session produced an amendment to Title 36 containing language, which in practice, appears ambiguous. The language occurs in provision 36-19 (f-1), under "enumeration of powers" and permits RHAs to make loans from "any and all funds received through Federal programs." However, certain bonding attorneys have interpreted this phrase to mean RHAs cannot use non-Federal funds for rehabilitation loans.

Private agencies, such as banks, have become an increasingly significant source of funding for rehabilitation loan programs. In addition, there is some indication that public funds from localities may be available to the RHAs as well. The Commission feels it would be in the public interest to clarify the fiscal prerogatives of RHAs to permit utilization of these additional sources of funds.

The Commission, therefore, recommends:

THAT TITLE 36 BE AMENDED TO PERMIT REDEVELOPMENT AND HOUSING
AUTHORITIES TO MAKE REHABILITATION LOANS OF FUNDS RECEIVED FROM
PUBLIC AND PRIVATE SOURCES.

BUILDING CODE

The Commission recognizes the need to clarify the enforcement of certain aspects of the Virginia Uniform Statewide Building Code. Basically, the USBC concept is sound and viable. Major and minor problems which have arisen can be alleviated, for the most part, by education of those who deal with the Code on a local level, i.e., building officials and builders, and by coordination between the officials on the state and local levels. The builders and local officials have both requested programs to address these needs.

In general, the builders and officials are seeking official state guidance in enforcement of the Code. Variations in Code interpretation which exceed those required by the variations in local terrain across the state have become a problem. Some of these variations in Code interpretation have occurred where inspectors were unsure of their authority and enforced the Code too strictly. Other inspectors have taken advantage of the leeway allowed for local interpretation, whether through incompetence or neglect.

Building officials have requested a voluntary program of training and certification, which would increase their efficiency and endow their position with more visible legitimacy.

The Commission, therefore, recommends:

THAT THE GENERAL ASSEMBLY PROVIDE THE STATE BOARD OF HOUSING WITH THE AUTHORITY TO OFFER VOLUNTARY CERTIFICATION TO BUILDING OFFICIALS, PURSUANT TO THE FULFILLMENT OF SUCH CRITERIA AS THE STATE BOARD OF HOUSING MAY SET.

The concept of local enforcement is still to be stressed, however, and the Commission encourages the resolution of the Code problems on as near the local level as possible. Local Appeals Boards are one effective means of insuring maximum local input and minimizing State involvement in what should be, essentially, a local function.

The Commission, therefore, recommends:

THAT LEGISLATION BE ENACTED TO REQUIRE EACH LOCALITY TO CREATE A BOARD OF BUILDING APPEALS UNDER THE GUIDELINES ESTABLISHED IN THE VIRGINIA UNIFORM STATEWIDE BUILDING CODE.

Also, in relation to the Code, there has been some confusion over inspection authority in certain areas. Under the provisions of the Code, building officials freely inspect buildings under construction. However, once an occupancy permit is issued, building officials no longer have any inspection authority.

The Fire Marshal's Office, however, regularly inspects existing structures for fire safety facilities, an authority which some feel has been superseded by the Building Code. The Commission feels that the Building Code regulations do not conflict with or limit the powers and duties of the Fire Marshal's Office. However, to clarify the situation for all concerned, the Commission will request an opinion from the Attorney General's Office.

Authority for inspection of boilers and pressure vessels is another area for debate. Several agencies, both State and Federal, presently have some authority for such inspection, which they conduct under differing regulations. The Uniform Statewide Building Code standards for construction, for instance, are in conflict with the regulations of the Department of

Labor and Commerce. Moreover, the Department of Labor and Commerce has limited personnel to carry out these inspections and often relies on inspection reports from insurance companies. Authority for promulgation of uniform standards and authority for systematic inspection both need clarification. Investigation by the Commission indicates that the problem could be solved administratively. Therefore, the Commission urges the Building Code Section of the Office of Housing and the Department of Labor and Commerce, as the main agencies involved, to initiate discussion for administrative resolution of this problem.

Inspection of elevators is presently conducted at the option of localities. In some places, elevator inspection is only performed by the insurer. The Commission suspects an undesirable inconsistency in elevator inspection across the state and will study the situation for the 1978 session.

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