

**1978 ANNUAL REPORT OF THE VIRGINIA HOUSING
STUDY COMMISSION
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THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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DIVISION OF PURCHASES AND SUPPLY
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PREFACE

The Virginia Housing Study Commission was created during the 1970 Session of the General Assembly as a result of findings by the Rural Affairs Study Commission and the Metropolitan Areas Study Commission. Findings of these study groups indicated that substandard housing was a problem and that there was a critical need for better housing for low and moderate income people. The General Assembly, upon determining that there was a vital need for intensive examination to determine the exact causes of inadequate housing and to outline action, created the Housing Study Commission.

Since its inception, the Commission has introduced legislation aimed at meeting the charge it was given. Virginia Housing Study Commission proposals that have been enacted include: the formation of an Office of Housing which has been extremely successful in addressing housing needs; the Uniform Statewide Building Code which has substantially contributed to safe housing at a reduced cost; the Virginia Residential Landlord and Tenant Act which provides landlords and tenants with codified rights and responsibilities; the Virginia Housing Development Authority Act and amendments to the Redevelopment and Housing Authorities Act, which have provided citizens, developers and builders with loans for low and moderate income housing as well as incentives for rehabilitation and revitalization of deteriorating housing stock.

Work programs for the Housing Study Commission centered around the selection of temporary housing sites for disaster victims in Southwest Virginia. The Housing Study Commission, through a contract with the Department of Housing and Community Development, conducted an extensive study in these disaster prone areas that will assure site availability should a disaster occur.

In addition, this year the Housing Study Commission continued its tradition of holding public hearings across the Commonwealth to comment regarding housing needs

and problems. The findings of these hearings are discussed in this report.

Thus, the Commission continues its role as an essential and responsive legislative study group contributing to the production and maintenance of affordable housing within the Commonwealth.

To that end, the Virginia Housing Study Commission makes the following recommendations:

BUILDING CODE AND RELATED TOPICS

Smoke Detecting Devices in Single and Multi-Family Residences

The value of smoke detecting devices is well established. Information available from all over the country indicates that thousands of lives have been saved as a result of smoke detectors. This kind of information led to the introduction of legislation to the 1978 Session of the General Assembly which would require every single family residence to have a smoke detector.

Response to the introduction of this legislation was very positive. However, many questions were raised regarding the means by which such a requirement could be implemented. Specifically, questions were raised regarding the constitutionality of enforcing a retroactive statute which contained the penalty of a misdemeanor for noncompliance. It was because of these concerns that the Virginia Housing Study Commission agreed to study the possibility of requiring smoke detecting devices for all residential dwellings.

In order that it might seek a practical means to implement this concept, the Commission solicited input from professionals and laymen. Various criticisms were voiced, in particular, the impracticality of enforcing any such ordinance.

Other problems centered on the maintenance of such devices. Specifically, it is practically impossible to check the devices to insure the batteries are properly replaced. Likewise, detectors powered by an ionization device cannot be checked and rechecked to insure that such detectors are replaced when their useful life expires.

For the most part, however, testimony heard by the Housing Study Commission supported the concept underlying the proposal. Testimony indicated that retrofitting single family residences with properly maintained smoke detecting devices would be most effective in reducing loss of property and life due to residential fires. The available national fire statistics indicate that the vast majority of

loss of life occurs during the night when failure to detect the fire causes the occupants to become trapped.

The Commission has concluded that since a statutory mandate requiring the installation of these devices is impractical, if not unconstitutional, with respect to enforcement, an incentive to induce installation is the most practical alternative.

The Commission, therefore, recommends:

THAT THE STATE CORPORATION COMMISSION INVESTIGATE THE POSSIBILITY OF
REQUIRING A ONE TIME PREMIUM REDUCTION BY INSURANCE COMPANIES FOR POLICY-
HOLDERS THAT INSTALL SMOKE DETECTING DEVICES.

Educational Fund for Building Officials

The Uniform Statewide Building Code went into effect, with certain exceptions, on September 1, 1973.

Although the Building Code has been in existence for some five years now, the Commission is often made aware of inconsistencies in interpretation of the Code by local officials. While the General Assembly has provided an appellate process whereby concerns regarding Code interpretations may be reviewed, the Commission is of the opinion that building officials across the Commonwealth should strive for uniformity of interpretation in the first instance.

Technological advancements and subsequent regulation changes make it imperative that building officials be involved in a program of continuous education. The recent emphasis and the subsequent development of a Statewide Energy Code, illustrates this need.

The method of funding a continuing educational program for building officials has been subjected to considerable debate before the Commission. The 1977 Report of the Virginia Housing Study Commission, contained the recommendation that a special fund be created in which one percent of the building permit fees collected by localities would be set aside for an educational program. The program, which would have as its goal uniformity of enforcement, would concern itself primarily with the application and administration of the Building Code. This program would be continuous.

The rationale behind this recommendation was, in part, twofold: First, the building permit fees that localities are authorized to charge are to be used exclusively for the administration of the Building Code. The use of these fees for the education of building code officials is certainly not inconsistent with the administration of the Code. Further, one percent of these fees would not diminish the revenue of localities. Second, the Commission was of the opinion that localities would be more willing to participate in a voluntary continuing educational

program if they contributed to its cost.

Opposition to this recommendation centered on the creation of another special fund. There was no opposition to the need for developing a continuing educational program.

The Commission, therefore, recommends:

THAT AMENDING LEGISLATION BE INTRODUCED THAT WOULD PLACE ONE PERCENT OF THE BUILDING PERMIT FEES COLLECTED BY THE LOCALITIES IN THE GENERAL FUND. FURTHERMORE, THAT AN APPROPRIATE BILL BE SUBMITTED WHICH WOULD GRANT SUFFICIENT FUNDS TO THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO CONDUCT A CONTINUING EDUCATION PROGRAM FOR BUILDING OFFICIALS.

IN AN ALTERNATIVE, THE COMMISSION RECOMMENDS THAT THE BUDGET OF THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT BE AMENDED, AND ADDITIONAL FUNDS BE APPROPRIATED TO FINANCE THE CONTINUING EDUCATIONAL PROGRAM

The Uniform Statewide Building Code and
Renovation of Existing Structures

For many years the Housing Study Commission has supported housing programs aimed at the renovation and rehabilitation of the Commonwealth's existing housing stock. The Housing Study Commission has viewed and continued to view such programs as vital if the State is to realize the housing needs of all its citizens.

As the cost of housing increases, more and more people view housing rehabilitation as an alternative to new construction. The Housing Study Commission, in response to this interest and to encourage further interest, has successfully guided a constitutional amendment through two sessions of the General Assembly. This constitutional amendment was passed by the voters of Virginia on November 7, 1978 by an overwhelming majority. This amendment permits localities to offer partial real estate tax exemptions in order to encourage renovation and rehabilitation.

In further efforts to encourage renovation and rehabilitation, the Housing Study Commission solicited public testimony on other factors that served as impediments to housing rehabilitation. The testimony received indicated that the Uniform Statewide Building Code was, in many cases, a very real impediment to housing rehabilitation. Specifically, Section 106 of the 1978 BOCA Basic Building Code requiring that if an existing building undergoes renovation which costs more than fifty percent of the physical value of the structure then the entire building must be brought up to the new structure standards contained in the Code, caused many concerns. Obviously, this provision would deter many from rehabilitating their property. Testimony received indicated that even minor repairs on some buildings cost more than fifty percent of the diminished value of the structure. Evidence also indicated that this section of the Building Code encouraged deterioration and neglect of older structures.

The Commission was able to effectuate the following solution to this problem:

THROUGH THE JOINT EFFORTS OF THE ATTORNEY GENERAL'S OFFICE, THE BOARD OF HOUSING AND COMMUNITY DEVELOPMENT, AND THE COMMISSION, SECTION 106 OF THE BOCA BASIC BUILDING CODE/1978 WAS DELETED FROM THE 1978 VIRGINIA UNIFORM STATEWIDE BUILDING CODE. THEREFORE, THE BUILDING CODE NO LONGER STANDS AS A DETERRENT TO THE RENOVATION AND REHABILITATION OF THE COMMONWEALTH'S OLDER HOUSING STOCK.

HOUSING AUTHORITIES

Maximum Sales Price for VHDA Financed Housing

The Virginia Housing Study Commission is particularly concerned with the availability of adequate housing for persons of low and moderate income. To this end the Commission recommended legislation creating the Virginia Housing Development Authority.

As the nation's inflationary rate continues to soar upwards so does the cost of housing. Within the Commonwealth the cost for construction of the same dwelling unit varies substantially between the most expensive areas in northern Virginia and the least expensive areas in southern and central Virginia.

The current policy of the Virginia Housing Development Authority is to set a single maximum mortgage amount that it will loan to a homebuyer regardless of where he is purchasing his house. Testimony before the Commission indicated that the \$35,000 maximum established by Virginia Housing is unrealistic in the northern Virginia area.

In an effort to meet the housing needs of persons of low and moderate income in areas of the Commonwealth where the cost of living is greater, the Commission recommends:

THAT THE VIRGINIA HOUSING DEVELOPMENT AUTHORITY STUDY AND REPORT BACK TO THE COMMISSION ON THE POSSIBILITY OF FORMULATING A SLIDING SCALE FOR MAXIMUM LOAN AMOUNTS BASED ON COST AND MEDIAN INCOME OF CITIZENS IN VARIOUS GEOGRAPHIC AREAS.

Redevelopment and Housing Authorities

During 1977, the Commission engaged in a comprehensive study of the powers and duties of redevelopment and housing authorities. The 1977 Report of the Virginia Housing Study Commission contained several recommendations designed to make these authorities more responsive to the housing needs of persons of low and moderate income. Further, these recommendations were designed to make these authorities more effective in protecting the Commonwealth's urban areas from blight and decay.

The Virginia Housing Study Commission is delighted to report that these recommendations were agreed to by the General Assembly and are currently being utilized with a great deal of effectiveness by various public housing authorities.

There remains, however, one area that continues to hamper the total effectiveness of local redevelopment and housing authorities. That is, its inability to address a single deteriorated, abandoned, or neglected building in an otherwise sound neighborhood. Many of these "eyesores" are owned by landlords who neglect to maintain them. In many cases, these deteriorating buildings cause a spread of deterioration to surrounding properties.

Local redevelopment and housing authorities, under current statutes, cannot address a single deteriorating building within an otherwise sound neighborhood, without first designating that entire area as blighted.

The Virginia Housing Study Commission, after consultations with local redevelopment and housing authorities as well as local governing bodies, recommended to the 1978 General Assembly legislation to address this concern. That legislation would have granted these authorities the power to purchase, lease, or exercise the power of eminent domain on any such structure. Concern was expressed with respect to a locality's control of the exercise of this power by an authority. The Commission, therefore, withdrew the proposed legislation for further study.

The Commission, therefore, recommends:

THAT LEGISLATION BE ENACTED WHICH WOULD GRANT TO HOUSING AUTHORITIES THE POWER TO PURCHASE, LEASE, OR EXERCISE EMINENT DOMAIN WITH RESPECT TO ANY SINGLE FAMILY OR MULTI-FAMILY BUILDING THAT HAS DETERIORATED TO THE POINT OF POTENTIALLY CAUSING FURTHER DETERIORATION TO THE NEIGHBORHOOD.

Home Improvement Contractors

At a number of its public hearings, the Commission heard testimony from consumer protection agencies and citizens concerning the need to further regulate those involved in the home improvement business.

Testimony indicated that complaints against home improvement contractors have consistently ranked in the top three categories of most complaints lodged with consumer protection agencies.

While the evidence indicated that the vast majority of those engaged in the trade do not engage in unscrupulous activity, those that do often prey on the elderly and others that are most vulnerable.

Those home improvement contractors that are most likely to be cited in consumer complaints can be classified into two categories: those who intentionally engage in fraudulent trade and are extremely hard to locate and those contractors who are engaged in a good faith effort to provide legitimate services but because of financial difficulties are unable to complete a job. This latter category contains those contractors who simply are unable to conduct a financially feasible operation. The former category contains those contractors typically referred to as "gypsy contractors" or "fly-by-nighters".

All those who testified would readily admit that it is virtually impossible to control those contractors who enter the state to intentionally defraud the vulnerable consumer. However, with respect to those contractors who consistently encounter financial difficulties, whether intentional or not, a bonding or escrow requirement could provide the consumer, armed with a judgment, some viable avenue of recovery.

It must be pointed out that under the current statutes, each locality is empowered to require the licensure and bonding of those engaged in the home improvement trade. Many jurisdictions, most notably in northern Virginia, have

enacted such ordinances. However, a problem arises with respect to reciprocity between jurisdictions. In many cases, the licensing requirements of one jurisdiction are so different from those of a neighboring jurisdiction that compliance by a contractor creates an undue hardship. The same is true with bonding requirements when the locality does not recognize a bond posted in an adjacent locality.

The Commission after reviewing several of these ordinances found that in many cases the requirements were so different that an undue hardship resulted. Many of the ordinances required that certain mandatory forms and provisions be inserted in the contract between the contractor and the consumer. This is just one example of problems created by the lack of uniformity which would be reflected in drastic increases in costs for home improvement work.

During the last session of the General Assembly, the provisions of the Code relating to the mandatory registration of contractors engaged in a minimum dollar amount of construction was raised. Under present law, a contractor need not register with the Contractors Board unless he does more than \$400,000.00 worth of business per year or one job worth more than \$60,000.00. Raising these minimum amounts actually increased the category of contractors who are currently not subjected to any licensure or registration requirements.

In order to address the problem outlined, the Commission is of the opinion that those involved, the home improvement contractors, the Board of Contractors, the consumer affairs offices and the Division of Housing should collectively seek a viable solution. However, until that suggestion becomes a reality, the Commission recommends:

THAT LEGISLATION BE ENACTED WHICH WOULD REQUIRE THE CENTRAL REGISTRATION WITH THE DEPARTMENT OF COMMERCE FOR ALL THOSE ENGAGED IN THE HOME IMPROVEMENT TRADE.
FURTHERMORE,

THAT THE DEPARTMENT OF COMMERCE, IN CONJUNCTION WITH THE DEPARTMENT OF CONSUMER AFFAIRS AND THE DIVISION OF HOUSING, CONDUCT A THOROUGH STUDY WITH RESPECT TO THE NEED FOR UNIFORM LICENSING AND BONDING PROVISIONS TO BE ENACTED FOR STATEWIDE APPLICATION.

Temporary Disaster Housing Planning

Recent flooding in Southwest Virginia has bluntly pointed out how inefficient the present system is with respect to finding temporary housing for disaster victims.

Assistance from the federal government through the Federal Disaster Assistance Administration was readily available long before it could be utilized. For example, the federal government traditionally supplies a large number of temporary mobile home units to house disaster victims for up to a year while recovery is being accomplished. However, experiences show that delays of up to eight weeks occurred while sites on which these units could be placed were located. Some victims were relocated in adjacent jurisdictions causing unexpected burdens with respect to municipal services, while suitable locations within the jurisdiction from which the victims had come from were overlooked.

The selection of these temporary sites after the disaster occurred was chaotic and intense friction occurred between local officials and those disaster administration officials that came in from Washington. The complaint most often expressed to the Commission was that the federal people were less than sympathetic to such things as the distance of the relocation site from the place where the disaster occurred, local officials' selection of relocation sites, and the length of time relocation would involve.

Recognizing these problems, the Federal Disaster Assistance Administration allocated funds which would help in the planning for sites on which to locate temporary housing before a disaster occurred. Due to the limitation of the funds available, those crucial areas susceptible to disaster within the Commonwealth, were the first to object to the planning. Thus, fifteen counties in Southwest Virginia were selected to participate in the first stage of planning.

Insofar as the question of the relocation of disaster victims is in many

cases a political one, and because the potential for administrative or legislative measures to help alleviate such problems existed, the State Office of Housing requested the Virginia Housing Study Commission to assist it in the administration of this planning program.

The Commission held several workshops and public hearings in the area affected by this program. In most cases the Commission through its staff, was able to assist the locality in planning for temporary housing sites.

Upon the completion of this project, each locality will have complete plans with respect to sites that can be readily converted into a location for temporary housing when disaster strikes.

Although this effort has assured that long delays due to site selection problems will not occur, the Commission recommends:

THAT THE DIVISION OF HOUSING, WITHIN THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, ACTIVELY SEEK FURTHER FEDERAL ASSISTANCE IN ORDER TO DEVELOP SIMILAR PLANS IN ALL DISASTER PRONE AREAS IN THE COMMONWEALTH

AND FURTHER,

THAT THE DIVISION OF HOUSING ASCERTAIN THE AVAILABILITY OF FUNDS TO DEVELOP THE SITES SELECTED AND REPORT TO THE COMMISSION WITH RESPECT TO ITS PROGRESS IN THESE TWO AREAS.

Tax Incentives and Rehabilitation

During the past years the Commission has focused its attention specifically on removing deterrents for rehabilitation of existing structures. As already mentioned in this Report, the Commission has worked closely with the State Board of Housing and Community Development and has eliminated deterrents in the Uniform Statewide Building Code.

However, the Commission has also sought to remove any possible tax deterrents. The 1975 Report of the Virginia Housing Study Commission suggested that a direct property tax abatement of any group but the elderly would probably be unconstitutional. Therefore, the Commission recommended that tax relief for rehabilitation of existing structures be through the passage of a constitutional amendment.

The Commission was successful in guiding a constitutional amendment through two separate sessions of the General Assembly. Thus, on the November, 1978 ballot, the voters of Virginia were asked to approve, and did approve, the following amendment to Article X, Section 6 of the Constitution:

The General Assembly may by general law authorize the governing body of any county, city or town, or regional government to provide for a partial exemption from local real property taxation, with such restrictions and upon such conditions as may be prescribed, of real estate whose improvements, by virtue of age and use, have undergone substantial renovation, rehabilitation or replacement.

The Commission, in response to the approval of this constitutional amendment recommends:

THAT THE GENERAL ASSEMBLY ENACT LEGISLATION, PURSUANT TO THE AUTHORITY GRANTED TO IT BY THIS AMENDMENT, THAT WOULD GIVE LOCALITIES THE FLEXIBILITY TO GRANT TAX EXEMPTIONS FOR REHABILITATION OF DETERIORATING STRUCTURES. FURTHERMORE, THAT THIS LEGISLATION BE AS CONDUCTIVE AS POSSIBLE TO THE REHABILITATION OF EXISTING STRUCTURES THAT ARE IN A STATE OF DETERIORATION.

Tertiary Street Classifications

The Commission has been concerned with tertiary street standards for some time. In fact, the 1976 Report of the Virginia Housing Study Commission contained the Commission's recommendation that localities be prohibited by statute from "imposing subdivision street standards which exceed the requirements for inclusion of such streets within the State Highway System."

This recommendation was made because many localities, particularly in the Northern Virginia area, were imposing standards on subdivision streets which were, in the Commission's opinion, unreasonably restrictive and costly. The imposition of requirements for curbs and gutters, sight distance, road widths and cul-de-sacs, have the net effect of driving up land development costs and therefore the cost of housing.

During this past year, the Commission spent a great deal of its time in Southwestern Virginia. One of the most obvious impediments to resolving the severe lack of housing problem in that area is the Department of Highways and Transportation's Subdivision Standards.

While the problem in Northern Virginia is that the localities are requiring that the Highway Department's minimum standards be unnecessarily exceeded, the localities in Southwest Virginia are unable to meet even these minimum standards because of its uniquely mountainous terrains.

A large percentage of the people needing housing in counties, such as Scott County, can obtain the needed financing from local lenders or from the Farmers Home Administration. However, these people are unable to build their homes, because most lenders require that houses be built on state-maintained highways. Lots that meet the Highway Department's Subdivision Standards are not available. For example, the Highway Department's requirements permit a maximum of 12 percent grade and a minimum sight distance of 150 feet. One county, for example, has approximately 889,478

acres of land of which 88.1 percent has slopes in excess of 20 percent. Another 4.31 percent of its acreage has slopes between 10 and 20 percent, thereby leaving 7.73 percent of the county with slopes of 10 percent or less. Much of the land with slopes under 10 percent is already urban and considered according to the county's Comprehensive Plan as "built up". Thus, the scarcity of "level" land is quite apparent.

The Commission, while recognizing that if all subdivision streets in the Commonwealth could be constructed in compliance with the Department of Highways' minimum standards, we would have an ideal system, makes the following recommendation:

THE DEPARTMENT OF HIGHWAYS AND TRANSPORTATION BE DIRECTED, BY A JOINT RESOLUTION OF THE GENERAL ASSEMBLY, TO DEVELOP A SET OF TERTIARY STREET STANDARDS THAT PROVIDES ENOUGH FLEXIBILITY AS TO RECOGNIZE VARIOUS UNIQUE GEOGRAPHIC AND TOPOGRAPHIC CONDITIONS THAT EXIST WITHIN THE COMMONWEALTH, PARTICULARLY IN SOUTHWEST VIRGINIA.