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IN RESPONSE TO
THIS LETTER TELEPHONE
(804) 786-3591

February 9, 1987

TO: Members of the Special General Laws Subcommittee
Studying Housing in Urbanized Areas

FROM: Angela P. Bowser, Staff Attorney *Angela sjl*

RE: Draft Report

Please review the enclosed draft report of the Subcommittee and notify me at your earliest convenience of any necessary corrections or changes.

MEMBERS:

The Honorable James F. Almand, Chairman
The Honorable Jay W. DeBoer
The Honorable Robert K. Cunningham, Sr.
The Honorable William S. Moore, Jr.
The Honorable William P. Robinson, Jr.
The Honorable Clifton A. Woodrum

cc: The Honorable Alan A. Diamonstein

:jl

**Report of the Special Subcommittee Studying
HOUSING IN URBANIZED AREAS**

TO THE HOUSE GENERAL LAWS COMMITTEE

**Commonwealth of Virginia
Richmond
1987**

DRAFT

MEMBERS OF THE SPECIAL SUBCOMMITTEE

James F. Almand, Chairman
*Joseph B. Benedetti
Robert K. Cunningham, Sr.
Jay W. DeBoer
William S. Moore, Jr.
William P. Robinson, Jr.
Clifton A. Woodrum

*Delegate Joseph B. Benedetti was elected to serve in the Senate of Virginia and resigned his House of Delegates seat. His resignation from the Subcommittee became effective at the 1986 Special Session in September.

STAFF

Legal and Research

Angela P. Bowser, Staff Attorney
Jane C. Lewis, Executive Secretary

Administrative and Clerical

Anne R. Howard, Office of the Clerk of the House of Delegates

Report of the Special Subcommittee Studying
Housing in Urbanized Areas

TO

The House Committee on General Laws of the House of Delegates
Richmond, Virginia
February, 1987

INTRODUCTION AND BACKGROUND

During the 1986 Session of the General Assembly, Delegate Alan Diamonstein introduced House Joint Resolution No. 4 which requested that a subcommittee of the House Committee on General Laws be established to study the need for adequate and affordable housing in urbanized areas of the Commonwealth. The resolution also specifically requested the subcommittee to study the feasibility of a tax by which revenue could be generated to fund the housing needs in urbanized areas. Because this study could be performed as a committee study, the resolution was passed indefinitely. The Committee on Rules in the House of Delegates requested Delegate Diamonstein, as Chairman of the Committee on General Laws in the House, to appoint a subcommittee to study urban housing problems in the Commonwealth. The study was conducted pursuant to Rule 23 of the Rules of the House of Delegates.

Delegate Diamonstein appointed Delegate James F. Almand to serve as Chairman of the Special Subcommittee Studying Urbanized Housing. Other members appointed to serve with Delegate Almand were: Delegates Joseph Benedetti, Robert K. Cunningham, Sr., Jay W. DeBoer, William S. Moore, William P. Robinson, Jr., and Clifton A. Woodrum. During the late summer of 1986, Delegate Benedetti was elected to serve in the Senate of Virginia and resigned from the House of Delegates.

The subcommittee held seven meetings, including four public hearings. Public hearings were held in Norfolk on June 25, 1986; in Richmond on September 15, 1986; in Roanoke on October 21, 1986; and in Fairfax on October 30, 1986. Approximately ninety-six persons appeared before the subcommittee during its public hearings. Numerous private citizens and representatives of civic and community organizations, private organizations, non-profit organizations, state and local agencies and city and state officials participated in the subcommittee's proceedings. Many persons who were unable to appear before the subcommittee submitted written comments.

Participants at the public hearings commented on the housing problems of the urbanized areas of the Commonwealth and proposed ways in which the problems could be alleviated. Many speakers also discussed housing problems which were of particular concern to the rural areas of Virginia, such as the need for indoor plumbing, and the special housing needs of the mentally and physically handicapped.

During its deliberations, the subcommittee was fortunate to have the support and assistance of Mr. Neal Barber, Director of the Department of Housing and Community Development, Mr. John Ritchie, Jr., Director of the Virginia Housing Development Authority, and their staffs.

FINDINGS

Throughout the public hearings, the members of the subcommittee received comments on the extreme need of adequate, safe, sanitary, decent and affordable housing for the disadvantaged. At some shelters, those most in need, the homeless, are turned away due to a lack of space or limited funds. Representatives of many civic, community and private organizations commented on their work with the homeless, disabled or disadvantaged. Many organizations requested seed money and other funding. Private citizens shared with the subcommittee personal unpleasant experiences or those of their friends pertaining to housing needs which ranged from a substandard living environment to no shelter at all. Many of the housing problems can be directly linked to the reduction or elimination of federal funding for housing programs. The resources which are available in some urban localities are taxed to the limit by the number of needy persons who cluster to the communities to avail themselves of the public services. The elderly, single-family parents, low-income families and the mentally and physically disabled were identified as those in severe need of assistance.

Housing problems and recommendations brought to the subcommittee's attention included:

A. Problems

- destruction of low-income housing units to allow construction of industrial or commercial buildings or moderate- to high-income housing
- the excessively long one- to three-year waiting period for disabled persons on waiting lists for barrier-free units in public or subsidized housing

- waiting lists for housing for the mentally disabled that can be as long as thirty years in some areas
- the lack of an in-state subsidized rent program which would allow individuals on public housing waiting lists to access the marketable units. (The subsidy would be less expensive than building and maintaining new public housing.)
- declining rental housing stock, especially in Alexandria, for families with children. (It was reported that the average income needed to rent a two-bedroom unit in Alexandria is \$26,500 and the average income of an Alexandria City municipal employee is \$24,673; in addition, as of last November, approximately 18% of the city's multi-family units prohibited the rental of the units to families with children and 73% imposed restrictions.)
- habitability problems, illegal evictions and harassment by landlords
- the lack of sanitary drinking water and wastewater facilities in substandard residences (problem greatest in rural areas)
- overcrowded and poorly maintained public housing units
- inadequate farmers home assistance
- abandoned homes
- weak or unenforced anti-discrimination laws
- rental discrimination against families with children
- insufficient funds for shelters and group homes for specialized populations
- utility payments for heat that often equal or exceed the rental payments
- the recent federal tax reform act that forces rents in newly acquired or constructed apartment buildings to be 24% to 26% higher in order to gain the same amount of returns currently realized
- property tax increases and property reassessments that cause rent prices to increase

- the shortage of affordable housing is intensified by the condo-conversion, rental property upgrade and gentrification of many existing multi-family rental housing units
- between 1970-1980 the number of female-headed families with below poverty-level incomes increased 80%

B. Recommendations

- encouragement of partnerships between community organizations and local governments and provision of technical assistance for these organizations
- limiting the ability of localities to block the development of low-income housing and the establishment of group homes
- additional funding for mortgage subsidies, rehabilitation and maintenance programs
- the State's placing a moratorium on the demolition of low-income housing
- recognition by HUD that low-income single persons who are not handicapped or elderly also need housing assistance
- recognition by HUD of the needs of large families with four or more children
- evaluating the use of community block grant funds to ensure the use of funds for the benefit of all citizens
- counseling on home maintenance and family budget to certain target individuals is needed
- establishing an information clearinghouse on various local programs
- establishing a lottery to fund housing needs
- modifying the state tax code to give incentives to housing developers who build exclusively affordable housing units
- enacting legislation to implement tax increment financing
- reestablishing the Virginia Housing Study Commission

- setting aside state funds to subsidize rent for persons on waiting lists (similar to a voucher program), low-interest loans, down payment on homes, and below-market mortgages
- developing accessible transportation and emergency shelters for the physically disabled
- establishing urban homesteading programs
- developing housing for the elderly and scrutinizing zoning practices which discriminate against the elderly poor
- implementing zoning changes to allow congregate facilities, share-a-home programs, homes for adults, accessory apartments, echo housing and elder cottages
- continuing funding for the Virginia Water Project, Inc.
- setting aside state funds for weatherization, repair and rehabilitation of homes
- establishing equity conversion mechanisms
- establishing a Governor's Commission on Housing in the 21st Century
- addressing the housing needs of ex-offenders
- constructing affordable housing
- exploring rehabilitation of excess state buildings
- requiring developers of projects which displace the poor to deposit a percentage of the money raised from their projects into a trust fund for housing the poor
- developing a coordinated research and plan regarding housing involving U.S. Census tapes, educational institutions, local and rural housing organizations, state and local officials and personnel, private organizations, and researchers at the Center for Innovative Technology
- addressing the difficulty of obtaining insurance in high-risk areas
- renovating old homes and unused buildings as apartments for battered women

- establishing long-term training programs, jobs and a public work program
- increasing funding for community services boards to operate community residential facilities
- establishing a State Housing Partnership Trust Fund
- requiring the State to set aside a large percentage of Virginia's bond allocation for multi-family housing for low-income persons
- using revenues generated by real estate transfer taxes for funding housing programs

RECOMMENDATIONS AND CONCLUSIONS

The subcommittee held two work sessions after the conclusion of the public hearings to formulate the following recommendations.

1. Reactivation and funding of the Virginia Housing Study Commission.

The Commission was established in 1970 and was directed to report its recommendations on the ways and means best designed to utilize existing resources to develop facilities that will provide the Commonwealth's growing population with adequate housing. The enabling legislation directed the Commission to evaluate all factors affecting the home building industry and to review ordinances, codes and regulations which impede the application of new and tested housing concepts. The Commission was also directed to canvass the experience of other states, to examine all relevant state laws to determine whether the laws were adequate to meet the present and future housing needs of all income levels, and to recommend appropriate changes to the laws. The study directives of the Commission were amended by subsequent General Assembly sessions to include the study of the following matters: the quality and quantity of rental housing; the landlord and tenant relationship in the housing market; the supply of housing for persons and families displaced by public action; the supply of housing for college and university students; the elimination of legal, political and environmental constraints to increases in the supply of housing; problems associated with the ownership and rental of mobile homes and park sites; the granting of additional powers to local governments to assure that full advantage of federal housing and community development programs are taken; and the fostering of coordinated housing and economic development in Virginia's localities.

Although the enabling legislation of the Commission was not repealed, the Virginia Housing Study Commission became inactive when the General Assembly failed to renew its funding beyond June of 1983. The Commission should be reactivated and funded to continue the study of various housing problems in the Commonwealth. The subcommittee identified several issues which the Commission could evaluate, and recommend legislation if appropriate, such as tax increment financing, urban homesteading, addressing insurance "red-lining" problems currently present in some communities, coordination of various private and public organizations and housing interests, and examination of financing mechanisms which could be implemented by the 1988 Session of the General Assembly.

The subcommittee agreed to support an amendment to the budget to re-fund the Virginia Housing Study Commission.

2. Appropriation of funds for homeless shelters.

The plight of the homeless was made evident to the subcommittee at every public hearing. Testimony indicated that single women, female-headed households, elderly persons and married couples with children frequently find temporary lodging at shelters. Shelters are often not equipped to maintain family units and often the husband will be placed at a shelter in a different location from that of his wife and children. Eviction, domestic disputes, relocation, the inadequate supply of low-income housing, substance abuse, mental illness, unemployment and the increase in unwed mothers all are contributing factors to homelessness.

The subcommittee agreed to support the appropriation of funds for homeless shelters.

3. Reduction of the Virginia Residential Landlord and Tenant Act trigger number.

The subcommittee received testimony in the public hearings supporting a reduction of the trigger-number. Many participants felt that the Landlord-Tenant Act should apply to all rentals, regardless of the number of units owned by the landlord. The subcommittee agreed to recommend the reduction from eleven to five, of the number of dwelling units a landlord must own to be subject to the Virginia Residential Landlord and Tenant Act. A copy of the bill is included in the appendix.

4. Resolution Commending the Virginia Housing Development Authority for the establishment of the \$45 million revolving loan fund.

The Virginia Housing Development Authority established a \$45 million revolving loan fund from its \$125 million reserve pool for its bonds. The fund would be operated as loans to assist the elderly, handicapped, emergency housing and homeless persons. Partnerships with other public and private interests would be encouraged. The members of the subcommittee felt that VHDA should be commended for the establishment of the fund to provide much-needed housing assistance. A copy of the resolution is included in the appendix.

APPENDIX

1987 SESSION

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HOUSE BILL NO. 1564
Offered January 27, 1987

A BILL to amend and reenact § 55-248.5 of the Code of Virginia, relating to exemptions from the Virginia Residential Landlord and Tenant Act.

Patrons—Almand, Woodrum, DeBoer, Robinson, W. P., Plum, Van Landingham, Ackerman, Diamonstein, Grayson, Keating, Mayer, Byrne, Marshall, Stambaugh, Dicks, Miller, Y. B., Rollins, Axselle, Dillard, Tata, Saunders, Ealey, Van Yahres, Cohen, McDiarmid, Cranwell, Glasscock, Cooper, Cunningham, J. W., Andrews, McClanan, Copeland, Wilson, Jennings and Munford; Senator: Benedetti

Referred to the Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That § 55-248.5 of the Code of Virginia is amended and reenacted as follows:

§ 55-248.5. Exemptions.—The following conditions are not governed by this chapter:

- (1) Residence at a public or private institution, if incidental to detention or the provision of medical, geriatric, educational, counseling, religious or similar services;
- (2) Occupancy under a contract of sale of a dwelling unit or the property of which it is a part, if the occupant is the purchaser or a person who succeeds to his interest;
- (3) Occupancy by a member of a fraternal or social organization in the portion of a structure operated for the benefit of the organization;
- (4) Occupancy in a hotel, motel, vacation cottage, boardinghouse or similar lodging held out for transients, unless let continuously to one occupant for more than thirty days, including occupancy in a lodging subject to taxation as provided in § 58.1-3819;
- (5) Occupancy by an employee of a landlord whose right to occupancy is conditioned upon employment in and about the premises or an ex-employee whose occupancy continues less than sixty days;
- (6) Occupancy by an owner of a condominium unit or a holder of a proprietary lease in a cooperative;
- (7) Occupancy under a rental agreement covering premises used by the occupant primarily in connection with business, commercial or agricultural purposes;
- (8) Occupancy in a public housing unit or other housing unit subject to regulation by the Department of Housing and Urban Development where such regulation is inconsistent with this chapter;
- (9) Occupancy by a tenant who pays no rent; and
- (10) Occupancy in single-family residences where the owner(s) are natural persons or their estates who own in their own name (i) no more than ~~ten~~ four single-family residences or (ii) no more than four condominium units, subject to a rental agreement ; ~~or in the case of condominium units, no more than four .~~

Official Use By Clerks	
<p style="text-align: center;">Passed By</p> <p>The House of Delegates</p> <p>without amendment <input type="checkbox"/></p> <p>with amendment <input type="checkbox"/></p> <p>substitute <input type="checkbox"/></p> <p>substitute w/amdt <input type="checkbox"/></p>	<p style="text-align: center;">Passed By The Senate</p> <p>without amendment <input type="checkbox"/></p> <p>with amendment <input type="checkbox"/></p> <p>substitute <input type="checkbox"/></p> <p>substitute w/amdt <input type="checkbox"/></p>
Date: _____	Date: _____
Clerk of the House of Delegates	Clerk of the Senate

1987 SESSION

LD6343404

HOUSE JOINT RESOLUTION NO. 297

Offered January 27, 1987

Commending the Virginia Housing Development Authority on the establishment of a \$45 million revolving loan fund to help finance housing initiatives for persons with low incomes.

Patrons—Almand, Diamonstein, Van Landingham, Byrne, DeBoer, Marshall, Stambaugh, Moore, Cunningham, R. K., Robinson, W. P., McDiarmid, Dillard, Woodrum, Rollins, Axselle, Gordy, Plum, Ealey, Cohen, Grayson and Cunningham, J. W.; Senators: DuVal, Saslaw, Gartlan, Holland, E. M. and Waddell

Referred to the Committee on General Laws

WHEREAS, the Virginia Housing Development Authority was created as a political subdivision of the Commonwealth of Virginia by the General Assembly of Virginia in 1972; and

WHEREAS, the serious shortage of sanitary and safe residential housing at affordable prices for low- and moderate-income persons contributes to the substandard living conditions many of the citizens of Virginia are forced to endure; and

WHEREAS, the Virginia Housing Development Authority in an effort to address some of the housing problems for low-income persons approved a \$45 million revolving loan fund to assist in the financing of housing initiatives for low-income persons; and

WHEREAS, the Virginia Housing Development Board passed a resolution stating that the fund would be used to attract and leverage housing aid of all kinds and to encourage partnerships with either public and private interests, including state agencies, localities and non-profit organizations; and

WHEREAS, the resolution of the Virginia Housing Development Authority Board emphasized the creative uses of the fund including temporary loans, seed loans, interest reductions and other techniques of pyramiding dollars; and

WHEREAS, the establishment of the \$45 million revolving loan fund is a positive and important initial step toward addressing the housing concerns of low-income persons; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Virginia Housing Development Authority be commended on its foresight in establishing the \$45 million revolving loan fund; and, be it

RESOLVED FURTHER, That the Virginia Housing Development Authority is urged to declare as a matter of policy that funds set aside in the initial capitalization of the \$45 million Virginia Housing Fund be used for the production and preservation of low- and moderate-income housing units and that since the need is many times larger than the \$45 million available, in order to achieve the maximum impact, VHDA is encouraged to employ such mechanisms as credit enhancement and other financing techniques that attract public, non-profit and for-profit sponsors to cooperate together with VHDA to effectively and efficiently use the Fund in a productive manner; and, be it

RESOLVED FURTHER, That large projects as well as small projects be considered for the use of the Fund to meet the housing needs of the low-income citizens of Virginia and that VHDA enter into contracts not only with federal, state and local government agencies, but also with "housing sponsors" which include legal entities such as individuals, partnerships, trusts, firms, cooperatives, condominiums and for-profit and non-profit corporations; and, be it

RESOLVED FURTHER, That the General Assembly urges VHDA to supplement the Fund as often as possible with excess funds from its general fund balances and to continue its public education efforts developed (i) to increase public understanding of the need for affordable housing and (ii) to improve community acceptance of low- and moderate-income housing; and, be it

House Joint Resolution 297

1 RESOLVED FINALLY, That the Clerk of the House of Delegates prepare a copy of this
 2 resolution for transmittal to John Ritchie, Jr., Executive Director of the Virginia Housing
 3 Development Authority, as a tribute to the Authority's efforts to address the housing needs
 4 of the poor by the establishment of the Fund to finance housing initiatives for low-income
 5 persons.

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Date: _____	Date: _____
_____	_____
Clerk of the House of Delegates	Clerk of the Senate

The following agencies, localities, associations and organizations appeared before the subcommittee to testify or submitted written comments to the subcommittee. This list does not include the many private citizens who also appeared.

- Alexandria Community Mental Health and Mental Retardation Services Board
- Alexandria Economic Opportunities Commission
- Alexandria Landlord-Tenant Relations Board
- Alexandria Office of Housing
- Alexandria United Way
- Apartment and Office Building Association
- Arlington Community Services Board
- Arlington County Board
- Arlington Housing Advisory Commission
- Arlington Housing Coalition
- Arlington Housing Corporation
- Arlington United Way
- Capital Area Agency on Aging
- Catholic Diocese of Richmond
- Catholics for Housing, Inc.
- Chesapeake Redevelopment and Housing Authority
- City of Alexandria
- City of Chesapeake
- City of Richmond
- City of Roanoke
- Coalition for Human Services of the Prince William Area
- Coalition for the Mentally Disabled Citizens of Northern Virginia (including the Association for Retarded Citizens, the Alliance for the Mentally Ill, the Mental Health Association of Northern Virginia and Alexandria, and the Greater Washington Society for Clinical Social Workers)
- Community Ministry of Fairfax County
- Community Services in James City County
- County of Roanoke
- Daily Planet
- Department of Planning and Community Development of Richmond
- Eastern Shore Office of Peninsula Legal Aid Center, Inc.
- Emergency Shelter, Inc.
- Endependence Center
- Episcopal Diocese of Virginia
- Fairfax County Housing Coalition
- Fairfax-Falls Church Community Services Board

- Freedom House
- Friends of Beach House
- Grace House, Inc.
- Habitat for Humanity
- Home Base, Inc.
- Home Builders Association
- Hope House of Fredericksburg
- Human Resources Annex at Virginia Polytechnic Institute and State University
- Justice House
- League of Older Americans, Inc.
- League of Women Voters of the Fairfax Area
- League of Women Voters of Richmond
- League of Women Voters of Virginia
- Legal Aid Society of Roanoke Valley
- Lexington/Rockbridge Chapter of the NAACP
- Mental Health and Mental Retardation for the City of Richmond
- Monticello Area Community Action Agency
- National Federation of Housing Counselors
- Norfolk Redevelopment and Housing Authority
- Northern Virginia Family Services
- Northern Virginia Housing Coalition
- Northwest Neighborhood Environmental Organization
- Olde Huntersville Development Corporation
- Park Place Civic League
- Reston Interfaith Board of Directors
- Richmond Apartment Council
- Richmond Chapter of the League of Women Voters
- Roanoke Neighborhood Partnership
- Rural Areas Development Association
- Rural Virginia, Inc.
- Russell House
- Salvation Army of Roanoke
- South County Housing Coalition, Inc.
- Southeastern Tidewater Opportunity Project, Inc.
- Southwest Virginia Planning District Commission
- St. Columba Ministries of Norfolk
- State Board of Mental Health and Mental Retardation
- State Department of Housing and Community Development
- Task Force for Historic Preservation and the Minority Community
- Tidewater Fair Housing
- Tidewater Legal Aid Society
- Total Action Against Poverty
- Tri-City Tenants Organization
- Urban League
- Villa Heights Civic League
- Virginia Association of Community Action Agencies, Inc.

- Virginia Association of Housing and Community Development Officials
- Virginia Association of Housing and Redevelopment
- Virginia Beach Department of Housing and Community Development
- Virginia Beach Ecumenical Housing, Inc.
- Virginia Cares Program
- Virginia Department for the Aging
- Virginia Federation of Housing Counselors
- Virginia Housing Development Authority
- Virginia Municipal League
- Virginia Polytechnic Institute and State University
- Virginia Water Project, Inc.
- Wesley Housing Development Corporation
- Williamsburg-James City County Community Action Center