

**REPORT OF THE
VIRGINIA HOUSING COMMISSION**

**Mandatory Disclosure of
Relevant Information by
Sellers of Historic Properties
without Homeowner
Associations (SJR 80, 2016)**

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



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Report on the Mandatory Disclosure of Relevant Information by Sellers of Historic Properties without Homeowner Associations

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The Virginia Housing Commission (VHC) studied and recommended for passage an addition to the Virginia Residential Property Disclosure Act dealing with historic properties located within a Historic District but without a homeowner association, as a result of Senate Joint Resolution 80 (SJ 80, M. Locke, 2016.)

The Commission added the study of SJ 80 to its agenda at the first meeting of the 2016 interim, on April 19, 2016.

SJ 80 was assigned to the Neighborhood Transitions and Land Use Workgroup, chaired by Senator Mamie Locke, which considered the resolution as an agenda item at its meeting on August 2. Sherri Neil, the Intergovernmental Affairs Director of the City of Portsmouth, laid out the issue for the, workgroup, which comprises stakeholders as well as legislator Commission members.

Home buyers in Portsmouth were purchasing homes within the Historic Districts and then not complying with City regulations that had been passed to assure that the neighborhoods embraced by the Historic Districts retained their historic character. In some cases, Ms. Neil reported, home owners were tearing down historic features, using inauthentic paint colors, and installing inauthentic roofing materials. These alterations were permanent in nature and not only destroyed the value of the subject property but reduced that of all other homes in the Historic District.

A homeowner from a Portsmouth Historic District also addressed the workgroup and corroborated Ms. Neil's description. Others at the meeting said this problem was one affecting the entire Commonwealth, in smaller towns as well as cities.

A sub-workgroup was established to fully vet the issue. The sub-workgroup met on September 13 with Chip Dicks, Virginia Association of Realtors, Mark Flynn, Governor's appointee, Joe Lerch, Virginia Association of Counties, Michelle Gowdy, Virginia Municipal League, Terri Danaher, citizen, Sherri Neil, Intergovernmental Affairs Director of the City of Portsmouth, and Elizabeth Palen, Director of the Housing Commission, in attendance. Ms. Neil spoke about demolition by neglect and the undermining of the tax base, and a discussion emerged about adding a check box to the real estate contract signifying that although the purchased property is not in a homeowner association, the buyer is aware that the property is located in a Historic District and that the buyer must comply with the locality's determined requirements.

At the full Commission meeting of September 21, the Commission was apprised of the workgroup's progress, and on December 14 the full Commission voted unanimously to endorse legislation for the 2017 legislative session.

Senate Bill 1037 was passed by the House and the Senate of the General Assembly and signed by the Governor and is now Chapter 569 of the Code of Virginia.

The legislation amended subdivision A 3 of § 55-51 of the Code of Virginia as follows:

3. The owner makes no representations to any matters that pertain to whether the provisions of any historic district ordinance affect the property and purchasers are advised to exercise whatever due diligence a

particular purchaser deems necessary with respect to any historic district designated by the locality pursuant to § **15.2-2306**, including review of *(i) any local ordinance creating such district*~~er~~, *(ii) any official map adopted by the locality depicting historic districts, and (iii) any materials available from the locality that explain (a) any requirements to alter, reconstruct, renovate, restore, or demolish buildings or signs in the local historic district and (b) the necessity of any local review board or governing body approvals prior to doing any work on a property located in a local historic district*, in accordance with terms and conditions as may be contained in the real estate purchase contract, but in any event, prior to settlement pursuant to such contract

