



HBAV Readies for 2018 Legislative Session “A New Administration”

The Home Builders Association of Virginia’s (HBAV) Legislative Committee met on Monday, October 23rd to begin planning for the 2018 Virginia General Assembly Session which will begin on January 10th, 2018. The HBAV Legislative Committee is chaired by the Home Building Association of Richmond Past President, David Owen, and the Committee consists of representatives from each of HBAV’s 15 local associations.

The HBAV Legislative Committee discussed numerous legislative proposals that had been submitted by local associations and members. The HBAV Legislative Committee agreed to dedicate its resources to the following issues during the 2018 General Assembly Session:

A New Administration:

Governor elect Ralph Northam will be sworn into office on January 13th, 2018. One of HBAV’s top priorities with the new Administration will be to communicate with the newly elected Governor and members of his Cabinet the importance of housing in relation to public policy decision. The political landscape in Virginia is quickly changing. Two years ago, the Republicans held 69 seats in the 100 seat House of Delegates. After the 2017 November elections, the makeup of the Virginia House of Delegates is 51 Republicans to 49 Democrats and all three statewide offices are held by Democrats.

Housing is a nonpartisan issue but there is substantial uncertainty from all private sector advocacy groups about the newly elected candidates in the House of Delegates. The 2018 Virginia General Session begins in January, meaning HBAV has very limited time to educate the incoming members about our industry issues, including the proffer system and the changes that were implemented in 2016 through HBAV’s proffer reform bill. HBAV is actively reaching out to those new members but will need more boots on the ground and resources to effectively educate those new members.

It is critical that the new administration understand the positive role that the residential construction industry plays in our local and state economies. HBAV will establish strong working relationships with all state appointed regulatory agencies and appointed boards to promote and protect housing in Virginia.

Continue partnering with local governments to implement SB 549:

In 2016 the Virginia General Assembly amended Virginia code section 15.2-2303.4. The State Code now provides that no locality shall (i) request or accept any unreasonable proffer in connection with a rezoning or a proffer condition amendment as a condition of approval of a new residential development or new residential use or (ii) deny any rezoning application, including an application for amendment to an existing proffer, for a new residential development or new residential use where such denial is based on an applicant’s failure or refusal to submit, or remain subject to, an unreasonable proffer.

As with any new land-use legislation, there is a transition period. Localities in Virginia that have implemented the law are accepting and processing residential rezoning cases. At the same time, there are some localities that are evaluating how to proceed under the new legislation. Over the last several months, HBAV has been proactively partnering with our local affiliated associations to engage local government representatives to discuss their concerns and how the legislation has been efficiently implemented in other jurisdictions across the Commonwealth. Understanding that each locality is unique, HBAV has worked and will continue to work alongside developers, builders, and local land-use attorneys within those localities to identify local implementation steps to address the concerns of the local government in a manner consistent with the law that was passed in 2016.

Given the complexity of Virginia's cash proffer system, implementation of the legislation requires open lines of communication between the industry and local governments. HBAV will not consider supporting amendments to the legislation until both the industry and the local governments engage in substantive discussions about the impact of the legislation in that locality and potential implementation steps consistent with the 2016 legislation. HBAV is actively engaged in weekly conversations between our local Associations and local governments that have raised concerns.

There are localities that have implemented the legislation and HBAV is concerned that if Virginia Code section 15.2-2303.4 is amended again, it will add even more complexity to the residential rezoning process in all jurisdictions.

Protecting Virginia's Code Development Process:

Virginia has a strong reputation across the Country for a proactive code development process, which is the result of the Department of Housing and Community Development's commitment to inclusiveness, transparency, and fairness. The Board of Housing and Community Development (BHCD) promulgates regulations related to housing, community development, building safety, and fire prevention. BHCD consists of 14 citizen members that includes 11 members appointed by the Governor from each of Virginia's Congressional Districts. All meetings of the board and its committees are open to the public and allow for public comment. Both the process and the diversification of the board allow for input and amendment consideration from all interested stakeholders.

HBAV strongly believes that the Commonwealth's process of establishing the Virginia Uniform Statewide Building Code and Statewide Fire Prevention Code has ensured that the regulatory minimum acceptable standards used in the design, construction, and maintenance of buildings are reflective of the most current building design and technology innovations and best practices. It is through these codes that our industry, and others, can ensure the health, safety, and welfare of all Virginians in the structures where they live, work, and spend time with their friends and family.

Given Virginia's reputation for proactive code development, HBAV supports the current process and believes that amending the process may jeopardize the ability for voices to be heard from all interested parties.

Housing and Virginia's Economy:

The creation of the Virginia Housing Policy Advisory Council in 2014 has brought to the forefront the importance of the housing industry to Virginia's economy.

- Virginia's housing industry generated \$47.8 billion in economic activity in 2015. This activity supported over 314,000 jobs paying almost \$14.2 billion in salaries, wages, and benefits
- Based on direct expenditures only, the housing industry is the 6th largest private sector industry in the Commonwealth – \$28.1 Billion in direct output.

- The Virginia Housing Industry is a diversified group of economic sectors representing construction and the housing components of finance, retail trade, transportation, professional services, and residential services including:
 - *Construction:* Single family, multifamily, other residences, renovation & repair
 - *Finance:* Banks, other lending institutions (real estate), mortgage brokers
 - *Insurance:* Property insurance carriers and brokers, title insurance
 - *Transport:* Household goods movers
 - *Agencies:* Non-profit and other non-governmental agencies supporting housing
 - *Real Estate:* Sales brokers, property management, appraisers, inspectors, conveyance services, title services, lawyers
 - *Retail Trade:* Lumber yards, building materials, home centers (DIY only), household goods, and furnishings, appliances
 - *Services:* Interior design, home security, pest control, maid services, landscaping, waste collection, furniture and appliance repair, home owners' associations, household domestic staff.

The Housing Policy Advisory Council will release its final report soon and HBAV will work to communicate the findings to members of the General Assembly, as well as local government elected officials and local government staff.

The report will show that the availability of a diverse array of housing opportunities will be critical to the Commonwealth's economic performance in urban, rural, and suburban areas. With shortages of developable residential sites, high land costs in proximity to major employment centers, and shortages in construction labor, the home building industry faces major challenges in meeting the demand for housing at all price points. Over the next 10 years, Virginia has the potential to add 357,800 net new jobs and a sufficient supply of housing must be available for these new workers to ensure that this employment growth can occur.

The study also found that non-residential construction is the 5th largest private sector industry in Virginia, with a direct output just slightly above the residential construction industry. Commercial development is a critical component of local and state government economies and in many instances, these commercial developments are dependent upon their proximity to population centers. The ability to grow our commercial tax base is largely contingent upon a robust residential construction industry.

Workforce Development:

The monthly NAHB/Wells Fargo Housing Market Index (HMI) conducted in December 2016 found that 82% of builders expected the availability and cost of labor to be their challenge in 2017. Availability and cost of labor is an issue that has significantly grown in importance since 2011. In 2011, 13% of builders rated labor as a significant problem. This was followed by 30% in 2012, 53% in 2013, 61% in 2014, 71% in 2015, and 78% in 2016.

Labor shortages and the increasing cost of labor is a significant impediment to the residential construction industry's ability to providing enough housing to meet demand at all price points.

The Home Builders Association of Virginia is committed to strengthening the partnership between our 15 local Associations, local and state officials, and career and technical education institutions, and other stakeholders in order to raise awareness and access to employment opportunities in the Commonwealth's residential construction industry.

We will work through the HBAV Education Foundation to support its efforts. HBAV will also support legislation that advocates for Local, State, and Federal funds to be used to support programs that have a proven track record of supplying the construction industry with a source of well-trained and motivated workers.

The 2018 General Assembly Session:

On average, the Virginia General Assembly acts on over 2,000 bills. Of the 2,000 bills that are introduced, typically 150 would have a direct or indirect impact on the housing industry. In advance of the 2018 General Assembly Session, HBAV has been meeting with legislators to discuss bills that they are considering introducing – and after the November election, legislators will begin drafting and submitting legislation to be considered when the General Assembly Session begins in January. HBAV tracks submitted legislation daily and solicits comments and input from the HBAV Legislative Committee and members from around the Commonwealth. HBAV will support any legislation that allows our industry to continue providing a diversity of housing opportunities for current and future residents. The HBAV Legislative Committee will meet in Richmond throughout the 2018 Session of the Virginia General Assembly to review and adopt policy on every piece of legislation that is introduced to the 100 members of the House of Delegates and 40 State Senators during the 60-day session.

For more information on the 2018 HBAV Legislative Agenda, contact HBAV C.E.O. Craig Toalson at ctoalson@hbav.com or HBAV Vice President of Government Affairs Andrew Clark at aclark@hbav.com or by phone, (804) 643-2797