

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
Minutes of Meeting
October 10, 2013

Members (Alternates) Present

Jonathan T. Baliles	City of Richmond
Sean M. Davis (A).....	Hanover County
Steve A. Elswick	Chesterfield County
Evan Fabricant.....	Hanover County
Daniel A. Gecker, Secretary.....	Chesterfield County
Kathy C. Graziano.....	City of Richmond
James M. Holland.....	Chesterfield County
Dorothy Jaeckle.....	Chesterfield County
Bonnie-Leigh Jones.....	Henrico County
David A. Kaechele	Henrico County
Angela Kelly-Wiecek, Chairman	Hanover County
John H. Mitchell.....	Henrico County
Patricia S. O'Bannon.....	Henrico County
Ken Peterson, Vice Chairman	Goochland County
Edward W. Pollard	New Kent County
Faye O. Prichard.....	Town of Ashland
Charles R. Samuels.....	City of Richmond
Randall R. Silber (A).....	Henrico County
Frank J. Thornton	Henrico County
C. Thomas Tiller.....	New Kent County
Carson Tucker	Powhatan County
Arthur S. Warren	Chesterfield County
David Williams, Treasurer	Powhatan County

Members Absent

Parker C. Agelasto.....	City of Richmond
L. Ray Ashworth	City of Richmond
Karin Carmack	Powhatan County
Timothy M. Davey	Chesterfield County
Richard W. Glover	Henrico County
Russell J. Gulley.....	Chesterfield County
Lynn McAteer	City of Richmond
Floyd H. Miles.....	Charles City County
Tyrone E. Nelson.....	Henrico County
C. Harold Padgett	Hanover County
W. Canova Peterson	Hanover County

Others Present

John Amos RRPDC Legal Counsel
Michael Aukamp Dunham, Aukamp and Rhodes
Joanne Simmelink Chesterfield County
John Vithoukas Henrico County

Staff Present

Robert A. Crum Executive Director
Jo A. Evans Assistant Executive Director
Julie H. Fry Executive Secretary
Anne Darby Senior Planner
Billy Gammel Associate Planner
Chuck Gates Communications Coordinator
Barbara Jacocks Principal Planner
Daniel N. Lysy Director, Urban Transportation
Barbara Nelson Principal Planner
Kathy Robins Senior Planner
Greta Ryan Senior Planner
Jackie Stewart Director, Planning
Sarah Stewart Senior Planner
Peter M. Sweetland Finance and Contracts Administrator

Call to Order

Chairman Kelly-Wiecek called the regularly scheduled October 10, 2013 RRPDC meeting to order at approximately 9:00 a.m. in the RRPDC board room. She then led members in the pledge of allegiance to the flag.

I. ADMINISTRATION

A. Certification by Commission Executive Director of Meeting Quorum

Mr. Crum certified that a quorum of members was present.

B. Requests for Additions or Changes to the Order of Business

Chairman Kelly-Wiecek asked if there were any additions or changes to be made to the agenda. There were no requests to change the agenda, and the agenda was accepted as presented.

C. Open Public Comment Period

There were no requests from the public to address the Commission, and Chairman Kelly-Wiecek closed the public comment period.

D. Chairman's Report

Chairman Kelly-Wiecek noted that the Regional Items of Interest had been removed from this month's agenda. She said this item will be placed on the agenda every other month.

E. Executive Director's Report

Mr. Crum brought members' attention to the staff activity report, which is included in the agenda book under Tab 1 and details work being advanced by staff on behalf of the localities. He said staff will be happy to address any questions on what is included in the report.

Mr. Crum said he would like to highlight a couple of the items in the Staff Status Report. He noted that all members have received an invitation to an event being hosted by the Capital Region Collaborative (CRC). The event will be held on October 29 at J. Sargeant Reynolds Community College. Mr. Crum said the CRC is a joint effort between the RRPDC and the Greater Richmond Chamber. During the event, results on the CRC's public outreach and consensus building to develop a region action plan will be presented to the public. Mr. Crum said he would encourage as many members as possible to attend the event. Members can contact Ms. Fry for assistance with registration.

Chairman Kelly-Wiecek added that seating for the CRC event is limited and reservations are highly recommended. Mr. Crum said there is seating for about 380 people and at last count, about 290 persons have registered. Mr. Crum said an additional reminder will be sent to members.

Mr. Crum said he would also like to report that over the past month, RRPDC staff has met with all economic development staffs in the jurisdictions to discuss the draft Comprehensive Economic Development Strategy (CEDS) report. RRPDC staff is asking for feedback on the document. Local economic development staffs also served on the CEDS Strategy Committee to help develop the report. The CEDS report will be on next month's agenda for RRPDC Board review.

F. Environmental and Intergovernmental Reviews

Chairman Kelly-Wiecek asked Mr. Crum to provide information on this item.

Mr. Crum noted that last month was the first month these reviews had been included in the agenda packet. Under Tab 2, reviews undertaken over the past month are listed

for members' information. He said this provides information to members on the types of activities occurring from the standpoint of land disturbances or water quality.

Ms. O'Bannon asked if water quality restrictions were set to become more stringent. Mr. Crum said that was correct. He said these restrictions continue to be a challenge for the local governments.

Ms. O'Bannon said she sits on a state Department of Environmental Quality committee to represent local governments. She said there have been several discussions on the new restrictions and their impacts on the localities. Ms. O'Bannon asked if there would be any information presented to Board members on these new restrictions.

Mr. Crum thanked Ms. O'Bannon for her suggestion and said there is a staff member who can be scheduled to provide information during an upcoming meeting.

Chairman Kelly-Wiecek also suggested bringing these types of ideas forward during the Regional Interest Items discussions.

II. CONSENT AGENDA

Chairman Kelly-Wiecek said the Executive Committee recommended approval of the items listed on the Consent Agenda:

- A. Approval of Minutes – September 12, 2013
- B. Approval of August Financial Report
- C. Virginia Local Disability Program (VLDP) Resolution of the RRPDC Electing Not to Participate
- D. Approval of a Memorandum of Understanding between Central Virginia Emergency Management Alliance and RRPDC

There was no request to have any of the items removed from the Consent Agenda for additional discussion and on motion made by Mr. Williams and seconded by Ms. Graziano, the Consent Agenda was approved unanimously as presented.

III. OLD BUSINESS

There was no Old Business to bring before the Board.

IV. NEW BUSINESS

A. Annual Update on Regional Housing Trends

Chairman Kelly-Wiecek introduced Ms. Laura Lafayette, CEO of the Richmond Association of Realtors, who will provide information on the current regional housing market.

Ms. Lafayette said she did not believe she presented information on housing market trends to members last year and was pleased to be able to bring good news to everyone today. She thanked members for the opportunity to speak with them this morning. Ms. Lafayette said jurisdiction-specific information will be distributed that will also include websites that will offer more detailed information.

Ms. Lafayette provided information on the single family residential market, noting that the market hit bottom with respect to number of units sold in 2010 and in sale price in 2011. She noted this information includes RAR's entire central Virginia region – 16 jurisdictions. Information was also provided on data through September 27, 2013.

Information on the number of units sold per jurisdiction was also provided, including list price and actual sale price. She noted in most instances, information specific to Ashland could not be separated from that for Hanover County, but her staff was able to do so for this particular data set.

Ms. Lafayette reviewed each jurisdiction's units sold per price range as well as current inventory and average days on the market. She said rural jurisdictions tend to have a higher number of units on hand than the larger jurisdictions. About a six-month inventory supply is considered a balanced market.

Information was provided on year-to-date sales pending and units sold and how these numbers compare with 2012 sales. Ms. Lafayette also provided data on average sale prices year-to-date compared with 2012 sales.

Ms. Lafayette said that financing for condos has been of great concern over the past few years. She provided limited information on year-to-date condo sales, noting the increase in units sold and average sale prices.

Ms. Lafayette provided forecast data which was developed by Dr. Lawrence Yun, who is with the National Association of Realtors. This information included data on GDP growth, existing home sales, housing starts, existing home price growth, and 30-year mortgage rate (year-end) for the years 2011 and 2012 and what is forecast for years 2013 and 2014. Ms. Lafayette said growth is forecast to slack off which is an indication that there are not enough new home starts occurring.

During the VCU Trends Conference this week, a speaker said that for every dollar a house increases in value, consumers will spend three to eight cents more. She said when people feel that their homes have increased in value, their confidence in consumer spending also rises. The real estate market is a big driver of economic activity.

Ms. Lafayette said RAR is involved with the Partnership for Housing Affordability and will look to the jurisdictions for input from each as the group moves forward with a housing plan.

In looking ahead, Ms. Lafayette said there are some concerns:

- a decline in federal dollars will make the financing and production of affordable housing far more challenging in the years to come
- rising interest rates and continued tight credit present challenges for first-time and move-up buyers
- federal legislative proposals – MID (mortgage interest deduction) and PATH (Protecting American Taxpayers and Homeowners) Act – threaten the housing recovery; the PATH Act will reform Fanny Mac and Freddie Mac to eliminate federal involvement in the housing industry
- public mistrust of the federal government has trickled down and creates challenges at the local level

Ms. Lafayette emphasized that if the PATH Act becomes law, the impact will be catastrophic as it would freeze the housing market recovery.

Ms. O'Bannon said she was in attendance at the VCU conference and noted one of the speakers said the federal government has taken over too much of the housing market and that Freddie and Fanny Mac should be made smaller, to be used only in emergency situations.

Ms. Lafayette said there are many reform proposals, including one being co-patroned by Sen. Warner, which modifies and reforms Fanny and Freddie Mac but does not eliminate the government's role and guarantees in backing. She said the issue is that the government cannot step away from the housing market completely. If this happens, 30-year mortgages would be eliminated and down payments would be in the range of 20-25 percent. She said this would put home ownership out of reach for many people.

Ms. Lafayette said the distrust citizens have for those at the federal level has spilled down to the local governing bodies. She said RAR has asked each jurisdiction to be represented on the board of the Partnership for Housing Affordability (PHA). The goal of the PHA is to develop and present a plan for affordable housing by March 31, 2015. This plan will outline the need and demand for housing in the Region; identify the impediments to address the regional need; and to identify a strategy to eradicate the impediments. This will be a collaborative effort and will not interfere with local land use plans. Ms. Lafayette said members can assist by providing data and input in the development of the Regional Housing Plan.

Ms. Lafayette said RAR meets with Congressional leaders on a routine basis. She said members should let their representatives know that what happens at the federal level with regard to housing does impact what happens at the local level, especially impacting revenues. Jobs have been lost over the past several years due to policy uncertainty. Businesses won't make investments if there is uncertainty. The housing market in central Virginia is making advances, but it's not back to where it should be. Ms. Lafayette said she'd be glad to take any questions.

Mr. Davis thanked Ms. Lafayette for her attention to detail in the data she presents to the localities. He said the information is in a form that can be easily passed on to staffs.

Mr. Fabricant asked if attention has been given to vacant homes in existing neighborhoods for revitalization. Ms. Lafayette said there is a concerted effort in the jurisdictions to reinvest in older neighborhoods. She said there are tax abatement strategies in some localities that will waive taxes on the cost of home improvements over a certain time frame. She pointed out that Henrico County has a tool on its website that offers examples on cosmetic improvements that can improve home value.

Ms. Lafayette said passage of the referendums in Henrico and Chesterfield Counties is important. School revitalization can be a catalyst for neighborhood revitalization. She said private investment that comes into neighborhoods as a result of school revitalization should be measured. The jurisdictions in this Region are very focused on the need for infill, development, and revitalization.

Ms. O'Bannon said in Henrico County, specific older neighborhoods were targeted by style, and examples were provided on how the homes could be updated based on the house's style.

Ms. Jaackle said the reduction in federal funding will make affordable housing more challenging. She said some of the affordable housing neighborhoods built 15 years ago now need revitalization because they were built cheaply so they could be affordable. In some older neighborhoods, a house can be purchased for \$100,000 but will need \$60,000 in renovation. She asked if there were any plans to recommend mortgage packages for older homes to take into consideration the renovation that will need to be undertaken.

Ms. Lafayette said the challenge to tax abatement is how to front the money. RAR has not come up with a solution for this.

Mr. Warren thanked Ms. Lafayette for her support of the referendum and meals tax in Chesterfield County. He said this type of leadership will be very impactful as it shows an understanding of the importance of items on this year's ballot.

Mr. Pollard asked why information on Ashland was pulled out of the data for Hanover County. Chairman Kelly-Wiecek said that Ashland is a separate jurisdiction paying separate dues to RRPDC. Their population is subtracted from that of Hanover County.

Mr. Pollard said he thought there was more growth taking place in Ashland than what was reflected on the data provided by Ms. Lafayette.

Ms. Prichard said there is a lot of growth in Ashland. The amount of growth relates to the size of the area. She said the Town approaches growth very deliberately.

Mr. Kaechele asked if RAR had projected when it is anticipated that the housing market will reach pre-recession levels. Ms. Lafayette said she's not certain that the Region will reach those levels again. She said Henrico County is projecting their real estate revenue levels will not rebound until about 2021. She said RAR does not typically make those types of predictions. She said the local challenge is that home owners don't like high or low real estate assessments. She said a slow growth is preferred as it is more stable.

Mr. Holland added his thanks to Ms. Lafayette for her support of the local referendums in Chesterfield. He asked if she had any insight about how to address the need for affordable housing. Ms. Lafayette responded that regionally, housing is more affordable today than at the height of the market. The challenges have shifted. She said foreclosures are ongoing; many homeowners are still under water with their mortgages. Another challenge is where to house the next generation of home owners – first time buyers and seniors. She said over 25 percent of homeowners in the Region are paying more than 30 percent of their income toward mortgages. For renters, about 40 percent are paying 30 percent of their income toward rent. The PHA study will help to identify strategies to meet the need for affordable housing.

Chairman Kelly-Wiecek asked if PHA will follow the private investment that is anticipated to take place following public investment in schools. Ms. Lafayette said she hopes the PHA staff will be able to sit down with the localities to see how the investments can be measured. Household income should also be tracked. This type of data will be useful when there is a need to take similar referendums for long term investments to the voting public.

Chairman Kelly-Wiecek thanked Ms. Lafayette for her time and presentation.

B. Report of the RRPDC Audit Committee

Chairman Kelly-Wiecek introduced Mr. Michael Aukamp, who will present the FY13 audit report to members. She indicated that the Executive Committee had received the report earlier this morning. She asked Mr. Aukamp to provide more information on the FY13 audit.

Mr. Aukamp thanked members for the opportunity to meet with them this morning to review the audit results. He noted that the audit process is helped tremendously by the excellent work done by staff in maintaining the agency's financial records. He said he appreciated the time they spent with him during the audit process.

Mr. Aukamp said he was pleased to report that the agency received an unqualified opinion, which means there were no concerns or irregularities noted in the agency's financial record keeping. He said the audit was conducted in accordance with

auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audit also looked at expenditures of federal awards as required by the US Office of Management and Budget Circular A-133.

Mr. Aukamp reported that following the audit, it was deemed that the agency is in a strong financial position with adequate reserves to continue operations for about six months should funding reimbursement from federal and/or state grants and awards be disrupted. The agency had been able to increase the number of grants it received during FY13, which decreased the amount of overhead expenditures.

Mr. Aukamp said no management letter was issued this year. If there were any recommendations or improvements that needed to be addressed, these would be included in a management letter. Mr. Aukamp indicated that all internal controls are good for an agency of this size, and the audit produced no recommendations for changes or improvements. He said some small suggestions may be mentioned to staff during the audit, but these would not be considered so critical that they would be included in a management letter.

Mr. Pollard asked for clarification of a statement on page 6 stating that the dues calculations have remained unchanged. Mr. Aukamp said this was information provided by staff to the auditors. Staff felt that the information would be helpful to the auditors.

Chairman Kelly-Wiecek asked Mr. Williams if he had anything else to add. Mr. Williams said he would make a motion that members take action to accept the FY 13 audit report as presented. Ms. Prichard seconded the motion. There was no additional discussion and the motion passed unanimously.

Mr. Crum said staff takes its responsibility seriously in managing public dollars and appreciates the trust that members have placed in staff. He said he would like to thank Mr. Sweetland and Ms. Evans for the work they do to ensure the agency has a clean audit each year.

V. OTHER BUSINESS

There was no additional business to bring before the Board.

VI. ADJOURNMENT

Chairman Kelly-Wiecek adjourned the meeting at approximately 10:00 a.m.

Robert A. Crum, Jr.
Executive Director

Angela Kelly-Wiecek
Chairman