



2016 Legislative Package



Fredericksburg
Area Association
Of REALTORS®



Fredericksburg Area Association of REALTORS® 2016 Legislative Package

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PURPOSE

The 2016 Legislative Package for the Fredericksburg Area Association of REALTORS® is intended to be an outline guiding the government affairs efforts of the Association throughout the year. In addition, FAAR will also submit this package to the Virginia Association of REALTORS® for consideration in the VAR Legislative Package prepared for the 2016 General Assembly Session.

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STATE LEGISLATIVE POSITIONS FOR 2016

NEW: PROFESSIONALISM ISSUES

State Issue

As more and more individuals enter the real estate profession, FAAR feels strongly that professionalism needs to be a greater focus of pre and post-licensing education. One of the top threats to agents, as identified in the recently published Swanepoel D.A.N.G.E.R. Report commissioned by NAR, are the “masses of marginal agents” who are destroying the reputation of REALTORS®. These marginal agents are part-time, untrained, unethical, and/or incompetent, according to this report. The knowledge gap between these types of agents and those that are competent and treat it as a profession is undermining the credibility of the industry as a whole. FAAR proposes the following changes to the current prelicensing and post-licensing structure.

1. Allocate at least 6 of the 60 hours of current prelicensing to cover practical topics such as buyer and listing paperwork and writing contracts.
2. Allow licensees to complete only 50% of their education via online or correspondence courses. The other 50% must be in a classroom.
3. Allow more of the 30 hours of post-licensing education to be offered as electives. The current 2 hour elective is not enough.
4. Add a 1 or 2 hour finance requirement to the current post-licensing education. This is a vital topic for new agents and there is currently no post-licensing requirement for it.

NEW: APPRAISAL ISSUES

State Issue

Appraisals continue to be a major issue in the real estate industry. FAAR has heard many concerns about geographic competency, wild swings in appraisal values for the same property, and issues challenging faulty appraisals. FAAR recommends the following steps to foster better quality appraisals.

1. Appraisers currently certify geographic competency but that is often not the case. There needs to be a better system for assessing geographic competence, especially in cases of specialty markets such as historic downtowns, lake front communities, and agriculture properties.
2. There needs to be a mandated third party review of contested appraisals. Right now, the process for appealing an appraisal varies from AMC to AMC. Some AMCs run the appeal through the original appraiser with no third party review. There needs to be a system for review of contested appraisals that involves a third party review, which may be completed internally as long as it is not done by the original appraiser.
3. There is currently no right for the seller to see the appraisal, only the lender certification that it didn't meet the sales price. That appraisal could stick with the property so it has the potential to become a major issue for sellers. FAAR recognizes that the buyer pays for the appraisal and that the seller should not have an unrestricted right to see it, but in cases of a low appraisal, the seller should have access. It is often the situation that the buyer and seller could work together to challenge a low appraisal so seller access to that appraisal would benefit both parties.

NEW: HOUSING DISCRIMINATION

State Issue

FAAR supports legislation to prohibit discrimination in housing transactions on the basis of sexual orientation and gender identity. Our Association believes that all consumers should be treated equally in their housing transactions, which includes prohibiting discrimination on the basis of sexual orientation or gender identity. FAAR requests that VAR work with other stakeholder associations to develop a proposal to hold all housing providers to an equal non-discrimination standard for sexual orientation and gender identity.

NEW: DMV Title Surrender Requirement for Manufactured Homes

State Issue

FAAR requests that VAR work with the Virginia Manufactured Home Association to either draft legislation or work through the DMV regulatory process to correct an issue with a 2014 regulation on manufactured homes that requires the original DMV title to be surrendered before the home can be properly converted to real property. FAAR understands and supports the intent of the regulation, but the process required by DMV to secure a replacement title can be cumbersome and has the potential to greatly impact some transactions.

An agent of our Association represented a seller in the transaction of a manufactured home. The manufactured home in question was originally purchased in 1999, the wheels were removed and the home was placed on a permanent foundation, and the property began being taxed as real property, consistent with common practice of the time. The home subsequently sold a few times and was eventually purchased with financing by the current sellers in 2006. The home had been continuously taxed as real property, not personal property since 1999. When the current sellers were very near the settlement date, the lender discovered that the original DMV title was never properly surrendered. Research uncovered a lien still active on the title so DMV would not reissue the title to the current owners.

The agent representing the sellers went above and beyond and spent weeks working with the DMV trying to secure title for the manufactured home. The local DMV office did not possess the knowledge to assist and even the staff in Richmond was unhelpful and seemed confused about what needed to happen. The agent was told that they wouldn't release the title until the original owners submitted the surrender form. The agent was able to track down the 88 year old original owner in Florida and was able to secure her signature on some documentation, but even that wasn't enough for DMV. The woman's deceased husband was also listed on the title and DMV requested his death certificate and power of attorney for the original owners to be able to do anything with this issue. The agent even tracked down the lien release form so the fact that there was a lien was not the only issue.

Finally, the sellers called Senator Ryan McDougle's office who contacted the DMV Commissioner and then the issue was finally resolved.

FAAR believes that in cases of an original DMV title that was not properly surrendered, the current owners should not have to bear the burden of going through a process like this due to the new regulations. If the property has been taxed as real property, the appraisal shows that it is on a permanent foundation, and the regulations were not in place when the current owners purchased the property, there should be a simplified process for securing and then properly surrendering title.

MEDICAID GUIDANCE ON SALE OF A HOME

State Issue

FAAR requests that VAR consider legislation that will change the state Medicaid requirement that a home for sale be listed at the tax assessed value. According to state Medicaid guidance, the current market value of a home is 100% of the tax assessed value. This presents an issue for homeowners and their families when the tax assessed value is significantly higher than the fair market value.

The process for securing a price reduction is time consuming and frustrating for homeowners and their families often going through one of the toughest time of their lives. Our members have repeatedly come across this issue when trying to assist a homeowner or their family with disposing of the primary residence when the homeowner needs to enter Long Term Care.

MORTGAGE DEBT CANCELLATION RELIEF

Federal Issue

FAAR continues to support extending the tax provisions that allow homeowners involved in a short sale, foreclosure, or loan modification to be relieved of their income tax obligations on any forgiven debt from that transaction. In the Fredericksburg market, distressed sales continue to make up approximately 15% of the market. FAAR applauds the U.S. Congress for extending mortgage debt cancellation until the end of 2014, but believes that it remains a vital tool to keep the recovery on track and advocates for another year-long extension.

All issues included as a specific legislative request to VAR are sponsored by Public Policy Committee Chairman Sha Williams-Hinnant, recommended by FAAR's Public Policy Committee, and endorsed by the FAAR Board of Directors. If any additional information is required on any of these specific issues, questions should be directed to FAAR GAD Kim McClellan.

ISSUES OF CONCERN

TRANSPORTATION INFRASTRUCTURE FUNDING

One of the top issues facing the Commonwealth of Virginia is the growing mobility crisis throughout the population crescent stretching from Northern Virginia to Hampton Roads. FAAR applauds the passage of historic transportation legislation from the 2013 General Assembly session and strongly advocates for keeping a focus on transportation infrastructure.

FAAR promotes the efficient movement of people, goods, and services throughout the Commonwealth of Virginia. Maintaining a balanced, multi-modal, and regional transportation system is critical to our long-term economic viability. In order to meet the current and future demands on the Commonwealth's transportation network, the Virginia Department of Transportation (VDOT) must continue to invest in major highway projects such as extending the HOT lanes into Spotsylvania County, support mass transit expansion such as Virginia Railway Express and Metro, and commit to expanding regional and commuter bus networks. It is vital that future local land use plans accommodate the growth that this area continues to experience and that local, state, and federal entities work together to ensure that current needs are being met and future capacity is being planned for.

Transportation must remain a state priority and responsibility that provides dedicated, broad-based funding sources for multi-modal transportation solutions. The General Assembly must continue to enact reforms reestablishing the link between land-use and transportation planning.

REGIONAL COOPERATION

As the Fredericksburg region continues to grow, it's often hard to distinguish where one county or city ends and another begins. Benefits and challenges are shared across the region and no unit of local government is operating in isolation from its neighbors. FAAR supports enhanced regional cooperation among the governments in the region as collaboration and combining of some infrastructure services provides great benefits to the citizens of our communities.

The Central Rappahannock Regional Library is a great example of what partnership between local governments can accomplish. It is imperative that area governments continue to work together on mutually beneficial projects like the library, water and sewer, parks and recreation, and other various opportunities to maximize efficiency and public service. FAAR encourages local governments affecting decisions in the greater Fredericksburg area to work together in regional efforts to save costs and eliminate the duplication of services. The General Assembly should continue to develop and implement incentives for local governments to band together in regional cooperative efforts to provide services to citizens at a lower cost, and to enhance the region's opportunities for future economic development.

CHESAPEAKE BAY PRESERVATION ACT

FAAR is concerned about achieving a balance between a healthy Chesapeake Bay and a strong, viable economy in Virginia. FAAR supports local ordinances that do not go beyond the Commonwealth's mandated minimums. FAAR will continue to support reasonable and fair regulations that promote a balance between economic growth, the protection of private property rights, and the preservation of the environment while opposing any initiatives that exceed these

criteria.

FAAR strongly supports REALTORS® having a seat at the table during negotiations over implementation of Chesapeake Bay preservation practices. It is vital that individual property owners' rights are recognized and taken into consideration when rules are put in place that may impede their ability to use their land as they see fit.

PROVIDING HOUSING OPPORTUNITY AND CHOICE

The Fredericksburg area sits 50 miles south of Washington, DC, making it a desirable community for those commuting to our nation's capital. Residents and potential homebuyers in the Fredericksburg area saw home prices skyrocket, with a 238% increase in the period of from 2001 through 2007. While prices have fallen considerably in the region, there are still barriers to homeownership for many potential buyers.

Housing opportunity and choice are the cornerstones of the American economy and tradition. Homeownership has always been considered a lucrative source of investment for individuals and families and studies have shown that homeowners have a greater commitment to their community than renters. It is important that government at all levels create an atmosphere for the market to produce housing choices for people at all income levels that encourages the exchange of real property.

FAAR supports the availability of a wide-range of urban, suburban and rural housing choices at all price levels. In order to assist communities in developing growth plans and policies, our Association supports and encourages implementation of the following objectives:

- Ensuring an adequate supply of land for housing, at all market levels, to meet existing and forecasted housing demand.
- Use of market analysis to reflect an area's diverse population and income levels in a wide range of suburban and rural housing types and choices.
- Reduction of regulatory barriers to home rehabilitation to enable historic preservation, modernization of older housing units, and to increase affordable housing options.
- Evolution of planning, zoning and subdivision laws to accommodate mixed-use development, and changing growth patterns.
- Implementation of fair and reasonable development, building review and permit processes.
- Transportation systems that enhance access to work and services.
- Market-driven and incentive-based approaches to managing growth.
- Balanced, equitable, and fair financing of infrastructure needs, including a more proportionately balanced revenue return to localities from the state.

GROWTH ISSUES

During the past ten years, the population of the greater Fredericksburg area has dramatically increased. In the last ten years, the area population has increased by over 30%. More and more people continue moving to the area demanding housing and other services. The ever expanding costs for investing in critical infrastructure have placed enormous burdens on the fiscal health of the regional governments. It is unlikely that the region will experience a significant reduction in its growth rate over the next ten years, so growth issues will continue to dominate

public policy debates.

FAAR supports the following measures to accommodate current growth and plan for future growth:

- Provide ample housing opportunity and choice.
- Improve public safety and schools.
- Ease traffic congestion.
- Implementation of responsible and reasonable storm water management programs.
- Fair and equitable taxation plans to provide necessary financial resources without overburdening property owners.
- Sensible adequate public facilities planning and revenue raising that does not infringe on private property rights.

STANDING POSITIONS

COMPREHENSIVE PLANS

Comprehensive Plans should be fluid documents, frequently updated, that serve as a guide for the provision of an adequate supply of developable land to meet the market's demand for housing opportunities. Economic development efforts and comprehensive planning efforts must work in tandem to ensure that workers can find affordable housing in close proximity to their places of employment. FAAR supports the following objectives:

- Clustering of development and innovative land-use policies that encourage mixed-use and pedestrian friendly developments.
- Comprehensive land-use planning that serves as a guide for identifying land to be made available for residential, recreational, commercial, industrial and other uses.
- Updating Comprehensive Plans on a regular basis to accommodate changing demands for different types of housing needed to support the local workforce.
- Flexible planning which avoids fixed growth boundaries that exacerbate sprawl and adversely affect housing affordability.

HISTORIC PRESERVATION ORDINANCES: FAAR opposes the implementation of historic preservation ordinances that go beyond the current state law in its regulation of historic preservation and create unreasonable costs for property owners. Our primary concern is that historic preservation benefits the entire community and should be paid for by the entire community by allowing tax credits for compliance with ordinance requirements.

PREMISES LIABILITY: FAAR opposes any premises liability legislation that would require businesses to be responsible for crime (including vandalism) occurring on their property.

PRESERVATION OF OPEN SPACE AND THE ENVIRONMENT

FAAR recognizes the importance of preserving Virginia's environment and supports:

- The preservation of sensitive lands through public action as long as those efforts respect private property rights and are not achieved through "takings."

- Land purchased for open space should always be purchased from a willing seller who is compensated at fair market value.
- Predictability in the development process.
- Increased uses of density.
- Access to open space and parks.

THIRD PARTY PROVISION OF HOME/CONDO OWNERS DOCUMENTS

While the General Assembly passed legislation to clarify the amount HOA/COA's could charge a homeowner or unit owner for the timely provision of the association's document package, there is a growing concern that as more associations turn to third party providers, documents are not being provided in the necessary time frame. FAAR will continue to monitor this situation and will reserve the right to seek legislative remedy should the situation warrant.

VRE ACCESS: FAAR supports expansion of the VRE and will continue to work on moving the approved extension of the line from the Fredericksburg station out to the newly approved Spotsylvania Station. VRE relieves traffic congestion on roads by providing an alternative form of transportation. Spotsylvania and Caroline county commuters are forced to use existing VRE stations contributing to traffic congestion on local roads and complicating issues with limited parking in downtown. FAAR will continue to work with the affected counties and residents to fully realize the many economic and community benefits of the VRE.