

NORTHERN VIRGINIA REGIONAL COMMISSION

Minutes of the Commission Meeting Held Thursday, March 27, 2008

COMMISSIONERS

(The names of those members present are highlighted.)

Hon. Sharon Bulova	County of Fairfax
Hon. Gerald E. Connolly, NVRC Chairman	County of Fairfax
Hon. Joan Cross	City of Fairfax
Hon. Steve DeBenedittis	Town of Herndon
Hon. Barbara A. Favola	County of Arlington
Hon. John Foust	County of Fairfax
Hon. Penelope A. Gross	County of Fairfax
Hon. Pat Herrity	County of Fairfax
Hon. Catherine Hudgins	County of Fairfax
Hon. Robert W. Lazaro, Jr.	Town of Purcellville
Hon. Harold Lippman	City of Falls Church
Hon. Michael C. May	County of Prince William
Hon. Martin E. Nohe, NVRC Treasurer	County of Prince William
Hon. Harry J. Parrish, II, NVRC Vice Chairman	City of Manassas
Hon. Redella S. Pepper	City of Alexandria
Hon. Frank J. Principi	County of Prince William
Hon. M. Jane Seeman	Town of Vienna
Hon. Paul C. Smedberg	City of Alexandria
Hon. Linda Smyth	County of Fairfax
Hon. J. Walter Tejada	County of Arlington
Hon. William J. Treuting, Jr.	City of Manassas Park
Hon. Kristen C. Umstatt	Town of Leesburg
Hon. Lori Waters	County of Loudoun
Hon. Fred E. Yohey, Jr.	Town of Dumfries
Hon. Scott K. York	County of Loudoun

STAFF PRESENT

G. Mark Gibb	Executive Director
Linda M. Tenney	Deputy Director
Linda Summerall	Executive Secretary
Ken Billingsley	Director, Demographics
Samantha Ference	Planning Intern
Normand Goulet	Interim Director, Environmental & Planning Services
David Schwengel	Director, Regional Emergency Planning Services
Heather Shackley	Administrative Manager
Michelle Simmons	Director, Human Services

GUESTS

Lisa A. Fowler, Ph.D.	Assistant Research Professor, GMU School of Public Policy Center for Regional Analysis; Director, Center for Housing Policy Research
Paul Gilbert	Executive Director, Northern Virginia Regional Park Authority
Eldon James	Legislative Consultant
Sue Rowland	Principal, SR Consulting; NVRC's Legislative Liaison
Hon. Charlie P. Waddell	Herndon Town Council

CALL TO ORDER Chairman Connolly called the meeting to order at 7:35 p.m.

PLEDGE OF ALLEGIANCE The Pledge of Allegiance was recited by all present.

ROLL CALL APPROVAL OF The roll was called and all members present or absent were noted for the record.

MINUTES

Commissioner Bulova moved approval of the minutes of the February 28, 2008, meeting. The motion was seconded and the minutes were approved unanimously.

PRESENTATION

FORECLOSURES AND THE SUBPRIME MORTGAGE MELTDOWN: WHAT DOES THIS MEAN TO NORTHERN VIRGINIA?

Chairman Connolly welcomed Lisa A. Fowler, Ph.D., Assistant Research Professor, George Mason University School (GMU) of Public Policy Center for Regional Analysis. Dr. Fowler is also the Director of Office of Housing Policy Research, created in 2007, at GMU's Center for Regional Analysis. Dr. Fowler previously spent four years as a demographer with Arlington County's Department of Community Planning, Housing and Development.

Chairman Connolly said he suspects that mortgage foreclosure is a growing issue for all local governments; he recently learned that a year ago January, Fairfax County had 74 foreclosures while January 2008 saw that figure increase to just under 14,000, a 20-fold increase in one year. Foreclosures will affect local governments' tax bases and neighborhood stability. Chairman Connolly added that he will give the "state of the county address" tomorrow night [March 28] and will suggest that Fairfax County use the penny set aside for affordable housing to purchase some of the foreclosed homes in order to stabilize the neighborhoods most impacted by foreclosures and to increase the county's stock of affordable housing. The penny in Fairfax is worth \$22.8 million.

Lisa A. Fowler

Dr. Fowler reported that Metropolitan Washington Council of Governments has contracted with the Center for Regional Analysis to document in greater detail the extent of foreclosure activity in the region in order to get a sense of where the problems are and where future problems may occur. Dr. Fowler added that hearing affected peoples' stories really puts the data in perspective.

Dr. Fowler reviewed data on existing housing price comparisons, subprime mortgages, sales, existing inventory, etc. (The data used defined Northern Virginia as also including Stafford, Spotsylvania and Fauquier Counties and Fredericksburg and Warrenton.) She added she has used the Metropolitan Regional Information Systems (MRIS) [provides the real estate multiple listing service] data because they include condominiums. The second half of 2006 showed falling housing prices. The MRIS data show relatively flat housing prices for 2007, but prices have declined in Prince William and Loudoun Counties, while remaining flat in Arlington, Alexandria and parts of Fairfax County. Sales prices in January and February 2008 declined compared to those months in 2007.

In 2005, the inventory of homes for sale greatly increased; in 2006 it was twice as many as the year before. Dr. Fowler surmised this was the result of greatly increased prices, resulting in huge profits on re-sales, leading homeowners to list their properties for sale; increased housing prices meant it was more difficult for first-time buyers to purchase, resulting in risky mortgages. The increase in inventory is now a result of foreclosures. In February 2008, Prince William County had an 18-month housing inventory, whereas a six-month supply is considered normal.

The D.C. area had 169 foreclosures per 10,000 owner-occupied units as of the fourth quarter of 2007. Dr. Fowler added that the D.C. area has a relatively strong economy and it has a relatively small share of investors/speculators in the housing market. As of March 27, 2008, there are nearly 6,200 homes in some type of foreclosure process in Prince William County. She compared foreclosures in Prince William County to the Miami area.

Replying to Chairman Connolly's inquiry, Dr. Fowler said Prince William County has a much larger share of subprime mortgages than the other Northern Virginia jurisdictions, as well as more immigrant buyers, more first-time buyers and more new construction than some of the other jurisdictions. She added that there are no data on the characteristics of the homeowners.

Chairman Connolly commented that looking at the data is frustrating, because while local elected officials can control the number of units being constructed and the location, they do not control the financing of those units.

Dr. Fowler noted that most of the subprime loans originated a few years ago are adjustable rate mortgages, with the majority adjusting after two years. The majority of those loans were made in mid-2006, so they will re-adjust to a higher rate this summer. One-quarter of all the mortgages originating in 2005-2006 are subprime. In Virginia, the majority of foreclosures are taking place in Northern Virginia. Responding to Commissioner Parrish's inquiry, Dr. Fowler said that the majority of subprime mortgages in Northern Virginia were made for re-financing.

It is Dr. Fowler's opinion that many people will be unable to remain in their homes, and though local governments have little influence on the lending industry they are likely to face decisions on what assistance should be provided to families and individuals who are displaced. Also, different jurisdictions and different neighborhoods will have vastly different experiences; i.e., BRAC should increase demand for housing in the Route One corridor.

CONSENT AGENDA Commissioner Bulova moved approval of the Consent Agenda, consisting of the items outlined below. The motion was seconded and carried unanimously.

- A. Financial Reports for February 2008
- B. Resolution No. P08-17: Authorization to Receive and Subcontract 2008-2009 Part A (formerly Title I) Funds for Services Under the Ryan White HIV/AIDS Treatment Modernization Act of 2006
- C. Resolution No. P08-18: Authorization to Receive and Subcontract 2008-2009 Part B (formerly Title II) Funds for Services Under the Ryan White HIV/AIDS Treatment Modernization Act of 2006
- D. Resolution No. P08-19: Authorization to Submit Grant Proposal to the Virginia Coastal Zone Management Program to Research Sustainable Shoreline Community Management in Northern Virginia
- E. Resolution No. P08-20: Authorization to Submit a Technical Assistance Proposal to the Department of Environmental Quality's Virginia Coastal Zone Management Program for 2008-2009

EXECUTIVE
DIRECTOR'S
REPORT

Mr. Gibb called attention to the briefing book on foreclosures before the members.

A copy of his report was distributed. Highlights include:

- The Northern Virginia Police Chiefs have requested that the findings from the Northern Virginia Gang Study be presented at the Commission's April meeting, pending final approval of the study by the U.S. Department of Justice.
- At the request of VML President Jay Fiset, participation in "Go Green Virginia" by all local governments is encouraged. A registration form for the regional forums was distributed.
- Information on the Alternative Transportation and Land Use Activities Strategies (ATLAS) Phase II study was included in the meeting packet. Land use and transportation best practices and case studies from twelve regions throughout the country are being identified.
- Over 170 people from the U.S. and Europe have registered for the U.S.-European Metropolitan Regional Councils conference in Alexandria next month that NVRC is co-hosting. The conference agenda was distributed.

Chairman Connolly requested that staff provide guidance as to what conference events they would especially like Commissioners to participate in.

CHAIRMAN'S REPORT

Commenting on the recent ruling by the Virginia Supreme Court that the delegation of taxing authority to the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority was unconstitutional, Chairman Connolly noted that the Governor will not call a special session on transportation funding until and unless there is a deal. He added that as a member of the Northern Virginia Transportation Authority, he will not vote for local governments to impose transportation fees; it is wrong for the General Assembly to pass off this responsibility to the localities. Furthermore, Northern Virginia already pays the lion's share of taxes to Richmond.

Some Republican House members from the Hampton Roads region are talking about a one-cent tax increase.

Chairman Connolly explained that the \$300 million generated from the fees and taxes imposed by the Northern Virginia Transportation Authority would have been used for \$1.6 to \$2 million in bonds for transportation projects, and it is extremely unlikely that the state will issue those bonds.

Commissioner Smedberg asked if it would be helpful if the Commission sent a letter to key leaders in the state reiterating the Chairman's comments and urging that the General Assembly meet in a special session on transportation to adopt state transportation funding mechanisms. The members agreed. It was further agreed that the letter be sent to the members of the Northern Virginia Delegation and to the House and Senate leadership.

PROTECTING THE REGION'S WATER SUPPLY

Commissioner Bulova recommended that the Commission have a discussion on regional land preservation initiatives to protect water quality, and the members agreed. In January, the Fairfax County Board of Supervisors directed county staff to investigate the efforts of both New York City and Fredericksburg, Virginia, on this issue. Commissioner Bulova distributed the staff findings.

LEGISLATIVE REPORT

Chairman Connolly announced that the General Assembly has appropriated an additional \$169,500 per year in FY 2009 and FY 2010 for the Northern Virginia Regional Commission. Two other items of interest: The SOQ rebenchmarking died in conference, and \$42 million in new funds have been added to the budget for mental health services.

An updated report on General Assembly actions relevant to the Commission's 2008 legislative platform was distributed and reviewed.

Chairman Connolly reported that the primary and secondary roads fund took a \$44 million funding hit; over the six-year plan, that translates to \$1 billion for Northern Virginia.

COMMITTEE
REPORTS

Communications Commissioner Smedberg reported on NVRC press and news releases. *Town and Country* magazine recently published a story about the Northern Virginia Regional Commission.

As part of the renovation and re-launch of the Commission's website, staff is creating new web sites for the HIV Resources Project of Northern Virginia and the KnowToxics education campaign for the Northern Virginia Waste Management Board.

ADJOURNMENT There being no further business, Chairman Connolly adjourned the meeting at 8:55 p.m.

Respectfully submitted:

G. Mark Gibb
Executive Director

Approved by:

Gerald E. Connolly
Chairman