



## **MINUTES**

Policy Board  
Thursday, May 2, 2007  
VAR Headquarters  
Richmond, Virginia

**Presiding: Melanie Thompson, 2007 President**

### 1. CALL TO ORDER

The meeting was called to order by 2007 President Melanie Thompson.

## **PART 1 – Administrative Matters**

### 2. CONSENT AGENDA ITEMS

It was MOVED, SECONDED AND VOTED to approve the Consent Agenda, containing the Minutes of the February 8, 2007 meeting, and the financial statements for the period ending March 31, 2007, showing an operating surplus of \$2,798,684.72 subject to audit. REALTORS® Gail Penman and Joe Carney received an excused absence from this meeting.

### 3. CEO REPORT

It was MOVED, SECONDED AND VOTED to add Debbie Talley's name to authorized signatures for signing checks.

### 4. **GOAL A: MEMBERS ADHERE TO HIGHEST LEVELS OF PROFESSIONALISM & ETHICS.**

- a. I.b. 1-4. Launch internal member-focused communications/training initiative to tie Code obligations to profitability and credibility

*i.* Report on THE CODE IS GOOD BUSINESS Syndication Plans – *Mr. Brunner*  
It was MOVED, SECONDED AND VOTED to endorse the Syndication Plans as presented.

- b. A.III. Strengthen regulatory enforcement of License Law in Virginia.

*i.* Proposed Policy on Regulatory Agency Appointments – *Mr. Brunner and VP for Law & Policy John Broadway*

#### ***SEE ATTACHMENT A***

It was MOVED, SECONDED AND VOTED to endorse the policy as proposed.

5. **GOAL B: CONSUMERS LOOK TO REALTORS® AS INVALUABLE TO THE TRANSACTION.**

- a. I.c. Continually enunciate and model for members what it means to be a professional.
  - i. Recommendations of REALTOR® if the Year Working Group – VP for Communication/Marketing Lisa Noon

**SEE ATTACHMENT B**

Recommendations were amended to remove the recommendation that this award be presented at the Inaugural Banquet. It was MOVED, SECONDED AND VOTED to approve the amended recommendations.

- b. II. Maintain suite of Virginia-specific standard forms and contracts...as an essential risk management and customer service tool.
  - i. Proposed amendments to VAR Forms – *Standard Forms Working Group Chairman Kit Hale, Roanoke*
    - 1. Proposed new Exclusive Authorization to Sell for use by limited service listing representatives.

It was MOVED, SECONDED AND VOTED to accept the amended form.

- 2. Proposed new Exclusive Authorization to Represent Buyer Agreement for use by limited service buyer representatives.

It was MOVED, SECONDED AND VOTED to accept the amended form.

- 3. Proposed new Services Agreement and Disclosure for use by members dealing with clients represented by limited service representatives.

It was MOVED, SECONDED AND VOTED to accept the amended form.

6. **GOAL C: REALTORS AND THE REALTOR ORGANIZATION ARE SEEN AS THE PRIMARY DRIVERS OF REAL ESTATE RELATED LEGISLATION, REGULATION, AND POLICY.**

- a. I.a. Launch coordinated external campaign to shape public opinion on quality of life issues (also I.b., I.c., I.e., and I.f., and B.IV. and B.V.).
  - i. PPAG Proposal to Fund Three-Year Quality of Life Initiative – *PPAG Chairman Henry Scholz, Roanoke; Mr. Brunner; and Director of Government Relations Martin Johnson.*

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It was MOVED, SECONDED AND VOTED to approve the campaign in concept with details to be brought to the Policy Board at its summer meeting.

- b. I.f. Lead in creation of statewide housing policies
  - i. Report of the Housing Policy Working Group – *Chairman Ned Massie, Richmond*

**SEE ATTACHMENT C**

It was MOVED, SECONDED AND VOTED to accept the report and refer the report to the Public Policy Advocacy Group

**7. GOAL D: VAR OPERATES IN AN EFFICIENT, EFFECTIVE MANNER THAT ENHANCES THE VALUE OF REALTORS®' VAR MEMBERSHIP.**

- a. PROPOSED: VAR Policy Manual Revision – *Mr. Brunner*

The Policy Board will be asked to vote on the first sections of the revised manual at the summer meeting.

- b. IV. Maintain efficient, sustainable business model with multiple funding sources and adequate operating reserves
  - i. 2006 Financial Audit Report – *Gerard Shaia, Partner, Goodman & Company*

It was MOVED, SECONDED AND VOTED to accept the audit report as presented.

- c. IV. Maintain ongoing performance of VAR reserve investments
  - i. Proposed Policies on Investment Management Committee – *Investment Work Group Chair Sandee Ferebee, Virginia Beach*

Recommendations were presented by the Committee:

#1 - Recommend that Policy Board grant the following authority to the Investment Management Committee: The Investment Management Committee is authorized to perform all business acts necessary to manage the association's investment funds within policies approved by the Policy Board.

It was MOVED, SECONDED AND VOTED to approve this recommendation.

#2 - Recommend that Policy Board approve the following structure for the Investment Management Committee: The Investment Management Committee is specifically authorized by the Policy Board to perform all business acts necessary to manage the association's investment funds within policies approved by the Policy Board. The Working Group will

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review monthly portfolio statements and make periodic reports to the Policy Board. The Working Group will meet quarterly with the Investment Manager to review fund performance and make recommendations to the Policy Board regarding any changes to policies adapted herein.

There shall be six Investment Management Committee members who shall be appointed by the VAR president, **subject to ratification by the Policy Board**. In addition, the VAR Treasurer and REALTORS® Political Action Committee treasurer shall serve as ex officio, voting members.

The Association's Chief Executive Officer and Vice President for Administration shall serve as ex-officio, non-voting members. The term of office for Investment Management Committee members shall be three years, and the terms shall be staggered. No trustee may serve more than two consecutive terms. The term of office shall be the association's elective year. The Investment Management Committee chairman shall be appointed annually by the president. Only members who have served at least one year on the Investment Management Committee shall be eligible for appointment as chairman.

It was **MOVED, SECONDED AND VOTED** to approve this recommendation as amended. (Amended language is in bold and underlined above.)

#3 - Recommend that Policy Board adopt a policy stating that within 30 days of the end of a fiscal year, all surplus operating funds be transferred to the Investment Management Committee for investment under VAR policies.

It was **MOVED, SECONDED AND VOTED** to refer back to the committee for further consideration of Leadership Team feedback.

#4 - Recommend to Policy Board that the four current designated funds continue as they now exist, and that Policy Board investigate creation of any additional funds.

It was **MOVED, SECONDED AND VOTED** to approve this recommendation.

#5 - Recommend that Policy Board rename the Operating Fund the Operational Reserve and fund it at a recommended level of 50 percent annual gross operation expense.

It was **MOVED, SECONDED AND VOTED** to refer back to the committee for further consideration of Leadership Team feedback.

#6 - recommend that Policy Board approve a policy stating that all funds of VAR sent to the Investment Management Committee that are not earmarked for a designated fund or operational reserve shall go into a General Fund.

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It was MOVED, SECONDED AND VOTED to refer back to the committee for further consideration of Leadership Team feedback.

#7- recommend that Policy Board approve amending VAR's contract with Davenport to adjust from a commission structure to a flat fee basis.

It was MOVED, SECONDED AND VOTED to approve this recommendation.

The Investment Work Group will make an additional report at the summer Meeting of the Policy Board.

**8. Adjournment**

There being no further business, the meeting was adjourned. The next meeting will be held August 29-30, 2007 at VAR Headquarters.

ATTACHMENT A

**PROPOSED POLICY ON REGULATORY APPOINTMENT  
RECOMMENDATIONS  
(2 May 07)**

**Regulatory Appointments.** It is the policy of the Association to make recommendations to the governor for appointments to real estate related regulatory agencies. We recognize the political nature of such appointments and *take seriously the need to handle the identification of appointee prospects and the resulting recommendations with great political sensitivity.* VAR also recognizes the importance of appointing persons who are committed to the rule of law and due process, and who will act only within the scope of their regulatory and legal authority. VAR will conduct interviews with candidates for appointment and take such other steps as are appropriate to secure assurances that candidates share these views.

**Process.** The process for making recommendations shall be as follows: VAR staff shall actively solicit member and local association input when appointments or reappointments to regulatory agencies are set to expire. Anytime there is an expiring term or vacancy on a real estate or property rights related board or commission, VAR shall, as a matter of policy, put forth a list of a minimum of three names to the governor for consideration for appointment to the seat(s). The Leadership Team shall consult with the Public Policy Advocacy Group, and shall consider that input in determining which potential candidates to interview. Following interviews with that select group of potential candidates, the Leadership Team shall determine the final list of three candidates to recommend to the Policy Board for submission to the governor. The Policy Board shall ratify the list before it is submitted to the governor.

Current (Existing) Policy: Procedure for Recommending Individuals to Serve on Real Estate Industry Related Boards, Commissions and Councils.

The procedures set forth in this section are intended to promote REALTOR® involvement on Government Boards, Commissions, Councils or any other Government entity that effects the real estate industry..

- A. The Public Policy Advocacy Group shall facilitate the process of identifying, endorsing and promoting members to serve on Government Boards, Commissions, Councils and other Government entities.
- B. Not later than the Fall Business Conference/Convention of the Association in the year prior to a term ending, the CEO shall request in writing from each Local Association President, Association Executive and Elected Secretary, names for consideration by the PPAG of those interested in serving on the Real Estate Board, or the Real Estate Appraiser Board. Such names must be submitted in writing to the CEO not later than sixty (60) days before the Annual

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Legislative Conference, accompanied by a brief written summary of the candidates' qualifications. All candidates must have agreed in writing to serve.

- C. The Member Association of a candidate should nominate and officially endorse the candidate.
- D. The Public Policy AG or the Policy Board, by their own motion, may nominate candidates.
- E. The PPAG shall meet no later than the Annual Legislative Conference to select a maximum of four (4) finalists for each vacancy for possible recommendation to serve as member of the Virginia Real Estate Board or the Real Estate Appraiser Board. All votes of the PPAG require a simple majority of those present. No proxy votes will be accepted.
- F. The PPAG and/or the Policy Board may request candidates to appear in person to be interviewed.
- G. The finalist(s) will be immediately reported in writing to the Policy Board, Member Associations and Individual Members.
- H. Additional candidates may be placed before the PPAG by a written petition filed with the CEO and received in the Association office no later than sixty (60) days before the Annual Legislative Conference meeting. Such written petitions shall be signed by one hundred (100) members in good standing of the Association. The petition candidates must have agreed in writing to serve.
- I. The Policy Board will meet at the Annual Legislative Conference meeting to make final selections for each vacancy. Only two candidates may be selected for each vacancy and the name(s) of the individual(s) will be forwarded to the Policy Board for official endorsement at the Legislative Conference meeting. Only two candidates may be selected per vacancy and sent on by the Association to the Governor's office.
- J. Notice of the selections shall be given immediately in writing to the Policy Board, local associations and Individual Members.
- K. For any appointment to any Government entity other than the Real Estate Board or the Real Estate Appraiser Board, the PPAG may recommend an individual to the Policy Board for their endorsement.
- L. Should a vacancy occur on either the Real Estate Board or the Real Estate Appraiser Board and time constraints preclude the proper implementation of this process, then an endorsement may be made by action of the Policy Board.

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- M. The PPAG and the Policy Board will hold their discussions regarding candidate appointments in Executive Session.

**ATTACHMENT B**

Work Group Charge: To evaluate criteria, selection process, and promotion of the Virginia Realtor of the Year award and make recommendations for enhancing participation in, nominations to, and credibility of the award; further, to recommend ways to increase recognition of local ROTYs.

**The group made the following recommendations for the nomination form:**

- organize the form into three sections as follows
  - o Achievements & contributions to the REALTOR organization,
  - o Achievements & contributions to the Community, and
  - o Achievements & contributions to the real estate profession.

Letters of recommendations may be allowed with the nomination.

The Committee of review may look beyond nominations received for possible candidates.

Local associations should be encouraged to submit their local award recipient for consideration.

**The group made the following recommendations for promotion of the award:**

Interview of the award recipient to be sent to local associations for publishing, and also printed in Commonwealth.

Consider bringing back the ROTY luncheon.

Move presentation of the award to the installation of officers.

Request local ROTY recipients to march on stage at presentation.

Ask local associations to resubmit any previous candidates who continue to be qualified for nomination.

Provide a local ROTY ribbon for the current year recipients to wear at major VAR events.

## ATTACHMENT C

A year ago this Work Group was appointed by VAR President Kit Hale and charged to develop a VAR Housing Strategy for Virginia.

After much discussion the members of the Work Group created this report to summarize our analysis. Also enclosed is the suggested Housing Policy Statement and a list of Guiding Principals which, in combination, is the suggested Housing Strategy.

### I. **Forces Driving Growth**

The Work Group has determined that population growth, especially the existence of Generation Y (the largest generation of Americans ever which is currently working its way through the school system and graduating from college) ensures that the demand for housing will significantly increase over the next twenty years. We believe that a conservative estimate is that approximately 25% more new homes will need to be built, nationally, each year for the next twenty years than were built each year for the last twenty years.

The generation following Generation Y, sometimes called Millenials, has the potential to be even larger than Generation Y. This is because the number of live births each year is expected to increase from approximately 4.2 million currently to a rate of 5 million per year as Generation Y fully enters child bearing ages.

In conclusion, while population growth is a positive force for economic growth, it is also going to be a major force driving an increase in demand in the number of housing units required for Virginians.

### II. **Forces Driving Sprawl**

From our review we determined there are a number of forces that are actually propelling sprawl:

- A. **Existing Land Use and Zoning Ordinances** – Written in the 1960's, they typically only allow developers and homebuilders to build suburbia. As long as those ordinances remain the only choice available to address the growing need for housing, the result will be more 1960 style suburban growth which today is called "sprawl".
- B. **Growth Management** – Communities have attempted to "reduce sprawl" without changing their land use ordinances or zoning ordinances. A variety of techniques have been adopted mimicking what has failed for up to 50 years in places such as California including the following:
  1. **Reducing density** – Sometimes by eliminating those zoning categories that allowed higher densities and other times by

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legislating that the maximum allowable density is one home per 10 or more acres.

2. **Lengthening the entitlement process** – Discouraging development by making it more expensive and more costly to go through the process in order to build a residential community.
  3. **Cash Proffers** - Have been used to supposedly reimburse the locality for the costs of governmental services generated by a new home. But the remarkable rate of increase of those costs raises the question of whether they are being used as a tool to discourage growth by moving it to the next county. Because Cash Proffers radically increase the size of the home that must be built in order to accommodate the cash proffer, it appears that communities drive up the cost of housing in order to encourage buyers of lower priced homes to drive further out to the next community (see attachments of comments by Dr. Ted Koppell of Virginia Tech and an article attached entitled “Long Run”).
  4. **Virginia Agency Regulations** – For example, Virginia DEQ’s definition of a creek (unique in the United States) no longer uses the solid blue line on a USGS map. Rather, DEQ has created a definition that greatly broadens their jurisdiction beyond perennial streams and requires impact fees in order for “creeks to be built elsewhere”. Those impact fees have quadrupled in approximately three years severely impacting the cost of housing. Another example is the Virginia Department of Transportation (VDOT) limitations on access requiring each parcel to have in excess of 400 feet of road frontage before being able to turn into the property suggesting that any parcel with less than 850 feet of road frontage is severely impacted from a development perspective.
- C. **Misallocation of Resources** – There has been significant debate as to the amount of land conservation money that should be appropriated in the state budget. Consistently, the range of funding debated has been between \$50 million - \$100 million. Compare those figures to the “Report on Proffered Cash Payments and Expenditures By Virginia’s Counties, Cities, and Towns 2004-2005” which indicates that during that time period \$79,000,000 worth of cash proffers were collected and of that \$49,000,000 of that was spent on roads and schools.

Rephrased, this means that the state is spending more money annually purchasing conservation easements than is being collected in cash proffers and spent on roads and schools.

In effect, because of this misallocation of resources, the localities are having to fend for themselves and in the process are making housing in those communities more expensive. Since “in perpetuity” is such a long time, this trend is quite alarming for future generations of Virginians, because the state is taking land out of other potential uses and limiting it to agricultural use in perpetuity.

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- D. **Lack of Communication between Regulatory Agencies** – Since each agency has a tendency to make decisions and issue regulations without considering the impact that it has on either the cost of housing or activities regulated by other agencies, there is a spiraling up of costs affecting housing.
- E. **The public does not understand the genesis of the issue of growth** - Rather, the public is making emotional decisions based upon the symptoms that they see in the form of road gridlock, crowded schools, etc. Because they do not understand the genesis their tendency is to focus on treating the symptoms by additional regulations as opposed to addressing the source of the problems.

### III. Alternatives Currently being Utilized

- A. **Inclusionary Zoning** – Many advocates of workforce housing and some communities are encouraging inclusionary zoning (that any new development include a certain percentage of affordable housing). This will require a mechanism, probably a governmental agency, to allocate and enforce the affordable housing component of these developments.
- B. **Subsidized Financing** – A huge variety of financing is available from large institutional sources such as VHDA as well as local community and other sources.

### IV. Suggested Policy Statement

After much deliberation, the following is our suggested VAR Housing Policy Statement:

**“The Commonwealth of Virginia should allocate state government resources so that Virginians have abundant access to the full range of housing choices”.**

### V. Eight Guiding Principles

Recognizing that this problem is complex, it will need to be addressed in a variety of ways. For example, since the problem is a lack of supply, a part of the solution has to be an increase in the supply of workforce housing in addition to financing options.

In order to guide decisions about implementing the VAR Housing Policy, the following eight guiding principals need to be used in every decision process:

- A. Redevelop first – Encourage communities to upgrade and maximize the use of existing infrastructure;
- B. Concentrate development – Encourage communities to adopt land use and zoning ordinances that allow by right development that is medium density ( minimum of six housing units to the acre) in walkable communities offering a variety of housing opportunities;

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- C. Expand housing opportunities – Encourage communities to eliminate existing and avoid future barriers such as cash proffers, impact fees, etc.;
- D. Provide transportation choices – The full range from walkable communities to mass transit;
- E. Increase job opportunities – Recognize the importance of the housing industry in providing jobs;
- F. Plan regionally – Encourage communities to tie their comprehensive plans to mass transit corridors and other regional co-operative efforts;
- G. Respect the environment.
- H. Eliminate Isolated Agency Regulations – Ensure that all new regulations are issued only after they have been reviewed by other agencies that may be impacted and screened by a housing advocacy group.

### VI. Specific Steps Recommended

In order to address the Housing Policy using the above-mentioned Guiding Principals, the following steps are recommended. In every case financial incentives should be created to encourage local governments to accomplish the following:

- A. Adopt land use and zoning ordinances that allow neo-traditional development with an average density of at least six units to the acre;
- B. VDOT's road and street guidelines should be updated to allow for narrower roads and slower speeds in neo-traditional to encourage communities designed for pedestrians to walk;
- C. Funds currently used to buy conservation easements via tax credits should be reallocated to those counties that do not have cash proffers in order to allow those counties to fund roads, parks, schools, and other public facilities without distorting the cost of housing;
- D. Transportation funds should be allocated in such a way to encourage regional planning for mass transit and the coordination of those plans for regional mass transit with localities' Comprehensive Plans so as to cluster higher density development around the mass transit corridors.

### VII. Studies that Should be Funded

Our Work Group determined that there are a number of items that need additional study in order to be able to address concerns that have been identified. In some cases the studies may consist of compiling data collected by others and reviewing what has worked elsewhere in order to identify the Best Practices. The studies should answer the following questions:

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- A. What are the costs of providing governmental services in a low density (one unit per 10 acres) development versus a medium density (10 units per acre) community?
- B. What state regulations are impacting the cost of housing in Virginia and what is the additional cost of the regulations per housing unit produced?
- C. How is the cost of housing affected by those regulations including but not limited to (1) Cash Proffers, (2) Impact Fees (3) DEQ Creek Impact Fees and (4) VDOT Road and Street Regulations?
- D. What is the cost to companies located in Virginia when their employees experience commute times of over 1 hour?
- E. How does the cost of cash proffers distort the impact housing costs? What is the impact on the range of buyers?

### VIII. Implementation

Every time either the REALTORS or the home builders discuss workforce housing it is perceived by the public as self-serving. The only way to drive change and accomplish the goals laid out in this report will be the following:

- A. Create a coalition of a broad range of businesses in Virginia to champion the cause;
- B. The creation of a broad business coalition group will demonstrate broad support especially if the leaders of those business organizations take a prominent role in speaking publicly in favor of specific changes that define success;
- C. That broad business group would also aid in raising the capital necessary in order to fund a public relations campaign combining paid with free media (press releases of newsworthy events) to facilitate the desired impact.
- D. VAR should appropriate funds necessary to design and implement a public relations campaign aimed at educating our elected and appointed officials and / or the public at-large.

### IX. Suggested Immediate Legislative Initiatives

- A. Define a creek and perennial stream in Virginia as being those bodies of water shown as a solid blue line on the USGS Topographic Maps and limit DEQ's jurisdiction to said perennial streams;
- B. Pass legislation that establishes that a 200' taper and 200' turn lane in order to enter in to a property is only required for developments which contain 100 acres in size and will generate over 10,000 vehicle trips per day (the exact numbers may need to be more accurately determined, but should set a

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standard that is a high threshold so it relates to large developments not small and infill sites).

C. Dedicate revenues, as part of the biennial state budget process, to the Virginia Housing Trust Fund.

D.

**X. 2007 General Assembly Legislative Initiatives**

A. VAR requested introduction of and successfully passed a bill that will require each state agency, as part of the regulatory process, to identify the costs associated with new or amended regulations and their effect on current and/or future residential and commercial development.

B. VAR consulted the House and Senate leadership on provisions, ultimately embedded in the transportation package, that will require certain localities throughout Virginia to plan for future residential and commercial development through the comprehensive planning process by adopting Urban Development Areas (UDA's).

