

1995 SESSION

INTRODUCED

LD2313443

HOUSE JOINT RESOLUTION NO. 115

Offered January 24, 1994

Requesting the Virginia Housing Study Commission to study the impact of implementing a homeowner equity insurance program on the location and preservation of affordable housing developments.

Patrons—Scott, Almand, Davies, Diamonstein, Melvin, Miller, Plum, Stump and Van Ledingham;
Senators: Calhoun, Howell, Waddell and Walker

Referred to Committee on Rules

WHEREAS, the cost of housing is increasing substantially and fewer people can afford the purchase of a home or can afford to pay rent for reasonably safe and decent housing; and

WHEREAS, to be affordable, subsidized housing is the only real alternative for many Virginians; and

WHEREAS, for other fortunate Virginians, buying a home is the single most important investment that they will make; and

WHEREAS, often through no fault of the homeowner, the market values in the community drop precipitously, putting the homeowner in a negative-equity position; and

WHEREAS, this position has a tremendous impact on the homeowner's ability to obtain refinancing and to apply for a home equity loan; and

WHEREAS, an intriguing new financial program developed by Case Shiller Weiss Inc., a New England consulting firm, would allow homeowners to purchase equity insurance to protect them from a loss if real estate values shift; and

WHEREAS, under the program, a homeowner could recoup the total value of a loss resulting from a drop in community market values by applying the equity insurance payment to the principal loan, assuming the homeowner insured his equity with no deductibles; and

WHEREAS, the wide application of this program could quiet the fear of many homeowners who are concerned that their property values are being adversely affected by the presence of affordable housing developments in their neighborhoods; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring That the Virginia Housing Study Commission be requested to study the impact of implementing a homeowner equity insurance program on the location and preservation of affordable housing developments. In conducting its study, the Commission shall examine real estate fluctuations, documented and perceived, in areas with affordable housing to determine the volatility of those markets, a major factor in the attractiveness of the equity insurance program.

All agencies of the Commonwealth shall provide assistance to the Commission, upon request.

The Commission shall complete its work in time to submit its findings and recommendations to the Governor and the 1995 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

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