

**HAMPTON ROADS PLANNING DISTRICT COMMISSION**  
**EXECUTIVE COMMITTEE MEETING – NOVEMBER 21, 2007**

The Executive Committee Meeting of the Hampton Roads Planning District Commission was called to order at 9:35 a.m. at the Regional Boardroom, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

**EXECUTIVE COMMITTEE:**

Paul D. Fraim, Chairman (NO)	Joe S. Frank (NN)*
Bruce Goodson, Vice Chairman (JC)	Charles W. Burgess, Jr. (PQ)
James O. McReynolds, Treasurer (YK)	Douglas L. Smith (PO)
Clifton E. Hayes, Jr. (CH)	Linda T. Johnson (SU)*
Randall L. Gilliland (HA)	Tyrone Franklin (SY)
Stan D. Clark (IW)	Louis R. Jones (VB)

**OTHER COMMISSIONERS:**

Rebecca C.W. Adams (CH)*	Kenneth L. Chandler (PO)
Amar Dwarkanath (CH)	Gordon C. Helsel, Jr. (PQ)
William E. Harrell (CH)	Robert M. Dyer (VB)
Ella P. Ward (CH)	Barbara M. Henley (VB)
Sanford B. Wanner (JC)	James K. Spore (VB)
Regina V.K. Williams (NO)	

\*Indicates late arrival or early departure.

**OTHERS RECORDED ATTENDING:**

Earl Sorey - Chesapeake; Keith Cannady, Mary Bunting, Elizabeth Kersey, Charles N. Sapp - Hampton; Chairman John McGlennon - James City County; Ron Williams, Jeff Raliski, Stanley Stein - Norfolk; Mayor James Holley, George Brisbin - Portsmouth; Joe Howell - Suffolk; Mark Rickards - WAT; Dennis Heuer, Chris Voigt, Eric Stringfield - VDOT; Jeff Kever - Virginia Port Authority; Vince Jackson - HRT; Clyde Hoey - The Resource Group; Vince Thomas, Mark Perreault - FHR; Donna Morris - Hampton Roads Partnership; Angela Bezik - Vectre; Phil Hubbard, Joyce Heffington - HRSD; Chris Woodfin - Tidewater Builders Association; Parker Mills, W. Dewey Hurley - Branscome, Inc.; Jim Oliver, Chuck Cayton, Tom Best - Private Citizens; Tom Holden - The Virginian-Pilot; Germaine Fleet - Biggs & Fleet; Staff: Art Collins, Shernita Bethea, John Carlock, Rick Case, Rob Case, Nancy Collins, Dwight Farmer, Marla Frye, Greg Grootendorst, Frances Hughey, Jim Hummer, Rob Jacobs, Brett Kerns, Mike Kimbrel, Robert Lawrence, Kelli Peterson, Andy Pickard and Joe Turner.

## CONSENT AGENDA

Chairman Fraim asked for additions or corrections to the Minutes of October 17, 2007. There were none.

The Consent Agenda contained the following items:

Minutes of October 17, 2007

Treasurer's Report and FY 2008 Budget Amendment

Regional Reviews

A. PNRS Items (Initial Review)

Virginia Pesticide Performance Partnership Grant (POL:197)  
(Department of Agriculture and Consumer Services)

Phase I: Community-Based Restoration on the Southern Branch of the  
Elizabeth River (POW:220)  
(The Elizabeth River Project)

Money Point Revitalization - Targeted Watershed Grant (POW:221)  
(The Elizabeth River Project)

Full Service Quilting and Sewing Center (ECD:95)  
(Center for Community Development, Inc. - CCDI)

B. Environmental Impact Assessment/Statement Review

Geologic Repository for Disposal of Spent Nuclear Fuel & High-Level  
Radioactive Waste at Yucca Mtn., U.S. Department of Energy; Surry County  
Privatization of Bachelor Housing in Hampton Roads, Virginia, DOD/Navy;  
Newport News, Norfolk

Base Realignment and Closure Projects P-214V and P-218V for Norfolk Naval  
Shipyard, Portsmouth, DOD/Navy; Portsmouth

Foreman Field Football Complex and Whitehurst Recreational Fields, ODU;  
Norfolk

Freddie Mac/Navy Federal Credit Union - Military Homeownership Initiative Grant

Hampton Roads Technical Assistance Program

Environmental Program Grants

Regional Stormwater Program Memorandum of Agreement - Renewal

Comr. Clark Moved to approve the Consent Agenda; seconded by Comr. Jones. The  
Motion Carried.

## **ASSESSMENT OF THE CURRENT HOUSING MARKET IN HAMPTON ROADS**

Chairman Fraim introduced Greg Grootendorst, Deputy Executive Director of Economics, to present his findings.

Mr. Grootendorst stated it is no secret the housing boom in Hampton Roads has come to a close. The regional market is subject to many of the same factors that influence the U.S. market and abroad, but ultimately, housing markets are local rather than national markets.

He reported that regional housing prices closely tracked the Mid-Atlantic and the nation from 1990 through 2003. The region experienced an extreme growth beginning in 2003. Favorable mortgage rates coupled with expansive access to credit throughout the nation triggered a nationwide housing boom. The growth in regional housing prices surpassed national growth rates because the Hampton Roads housing market was somewhat undervalued before the boom, which prompted people to feel safe about their investment. Local military incomes were increasing during that same time and brought more income into the region. Changes in defense housing policies sparked increase in military ownership. With the already limited stock of available housing, further pressure was placed on housing prices.

As favorable mortgage rates decreased the monthly cost of homeownership, buyers began to bid up the price of real estate. In 2003, the same monthly payment could purchase more house. Housing prices continued to shoot up resulting in newcomers and young people being priced out of the market. The region's housing market had been undervalued for nearly a decade before prices began rapidly inflating. Renters opted for homeownership and the region went quickly from grossly undervalued housing to an overpriced housing market.

As homeowner vacancies plummeted, rental vacancies increased. In 2005, both rental and homeowner vacancies began to increase and the market slowed. The regional housing market became saturated with homebuyers, households had upgraded, renters had become owners and investors made purchases and prices had skyrocketed. Nervous investors began selling, mortgage rates crept up slightly and more people began opting for cost-friendly rental units. The most telling metric of the market cooldown was the increase in the time it took to sell a home. The number of days it took to sell a home tripled in the course of one and one-half years. The region is now back to where it was at the beginning of the decade. Home sales and resells declined as homes spent more time on the market. This was quickly picked up by the construction industry. Builders who paid close attention to market indicators cut back on single-family home construction. Given the nature of real estate, the outlook can vary from neighborhood to neighborhood, but stagnation can be expected on the whole.

Mr. Grootendorst reviewed that Hampton Roads came in 91st or 9th best out of the hundred largest metro areas with 1,013 households per foreclosure filing as opposed to what is seen in other locations. Although the region has fared well compared to other areas, the effects of the adjustable rate mortgage has yet to be seen. Home prices throughout the area appear to have leveled off. Owners and investors who refuse to sell

for less are responsible for sustaining the current prices, which is evident in the longer amount of time homes spend on the market. Sellers are making large concessions by paying closing costs and construction allowances.

It is expected that the market will stagnate for the next three to five years ranging from a slight decline to a marginal growth. An expansive study conducted by the FDIC found that the vast majority of housing markets that experience a boom do not experience a bust; however, there are certainly some very potential threats. An increase in mortgage rates would do considerable damage. In the past, the federal government would maintain rates as best they could but they are currently facing some difficult decisions regarding housing market and inflationary pressures.

(Mayor Frank arrived.)

The future of foreclosures is still uncertain. The attention foreclosures received lately prompted the creation of a Governor's task force. Time will tell how it will work out. The greatest risk by far is the economy. Continued growth in the region's population and employment are vital to maintaining the market base. Housing market downturns throughout the nation pose a very real threat to the national economy, which poses a threat to the local economy.

(Mayor Johnson arrived.)

International threats exist as well, including sliding dollar and increased oil prices. In spite of these threats, it is expected that the regional economy will continue to grow at a modest pace and will eventually move the housing market back towards equilibrium.

Mr. Grootendorst concluded by offering to answer questions.

## **POSITIONS ON ENVIRONMENTAL LEGISLATION**

Chairman Fraim stated that Mr. John Carlock was available to answer any questions regarding this item, but if there were no questions he would entertain a motion to concur with the committees' recommendations.

Vice Chairman Goodson Moved to concur with staff and the committees' recommendations to approve the positions outlined on pending legislative issues; seconded by Comr. Jones. The Motion Carried.

## **SELECTION OF SEARCH FIRM FOR EXECUTIVE DIRECTOR POSITION**

Chairman Fraim stated it was agreed that one recruiting firm would be engaged to assist in hiring the HRPDC Executive Director and the Transportation Authority Executive Director. A request for proposals was issued in October with three responses received. Chairman Fraim, Comr. Frank and Comr. Jones reviewed the three responses and recommended that Korn/Ferry be engaged to conduct the search.

Mayor Frank Moved to approve the engagement of Korn/Ferry as the executive search firm; seconded by Comr. Jones.

Comr. Gilliland asked for an update on discussions held regarding the relationships between the HRPDC, MPO and HRTA.

Chairman Fraim replied that it was decided in October that a smaller group of representatives from the HRTA, MPO, HRPDC, Chief Administrative Officers and others should meet, which they did on November 7th. Another meeting is planned for December 5th to continue this discussion. It was decided at the meeting to leave the relationships as they are until after the new executive directors are hired.

Comr. Gilliland asked if there were minutes from the November meeting.

Chairman Fraim replied that there were.

Mayor Frank stated that Comr. Spore wrote a letter to summarize the meeting that was included in the November HRTA agenda packet.

Comr. Smith asked if Korn/Ferry's fee outline was comparable to the other firms.

Chairman Fraim replied that it was. He then called for a vote on the motion made by Mayor Frank. The Motion Carried.

## **PROJECT STATUS REPORT**

Chairman Fraim asked for questions or comments regarding the Project Status Report. None were noted.

## **FOR YOUR INFORMATION**

The Chairman asked for questions or comments regarding the informational items. No questions were noted.

## **HAMPTON ROADS METROPOLITAN PLANNING ORGANIZATION**

Chairman Fraim called for a recess of the Hampton Roads Planning District Commission, while the Hampton Roads Metropolitan Planning Organization was called into session.

## **RATIFY MPO ACTIONS**

Comr. Smith Moved to ratify the actions of the Hampton Roads Metropolitan Planning Organization; seconded by Mr. Jones. The Motion Carried.

## **OLD/NEW BUSINESS**

The Chairman asked for old or new business. None was noted.

## **CLOSED MEETING – POTENTIAL LITIGATION**

(Comr. Adams departed.)

Chairman Fraim requested a motion for a Closed Meeting in accordance with the Virginia Code, Section 2.2-3711.A.7, for the purpose of briefings by staff members and consultation with legal counsel pertaining to probable litigation concerning wastewater issues.

Chairman Fraim Moved approval; seconded by Vice Chairman Goodson. A roll-call vote was taken. Yea: Comrs. Goodson, Hayes, Smith, Johnson, McReynolds, Frank, Jones, Fraim, Gilliland, Clark and Franklin. Comr. Burgess was absent from the vote.

### **(CLOSED MEETING)**

Upon completion of the Closed Meeting, Chairman Fraim Moved that the Hampton Roads Planning District Commission's Executive Committee hereby certifies that, to the best of each member's knowledge: (i) that only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body; seconded by Vice Chairman Goodson. A roll-call vote was taken. Yea: Comrs. Goodson, Hayes, Smith, Johnson, McReynolds, Frank, Jones, Fraim, Gilliland, Clark and Franklin. Comr. Burgess was absent from the vote.

### **ADJOURNMENT**

With no further business to come before the Hampton Roads Planning District Commission, the meeting adjourned at 10:38 a.m.

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Arthur L. Collins  
Executive Director/Secretary

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Paul D. Fraim  
Chairman