

INDIANA BUILDERS ASSOCIATION  
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## **NEWS/HIGHLIGHTS**

### **LEGISLATION FOR MODEL HOME ACT TO BE INTRODUCED**

Legislation that would exempt property taxes on the structure of model and speculative homes will be introduced during the upcoming session. Representatives Ron Herrell and Jim Buck will be filing the legislation and IBA staff is awaiting a draft from Legislative Services Agency.

### **INDIANA SEES DECLINE IN PER CAPITA HOME FORECLOSURE RATE**

Although foreclosures nationwide climbed closer to record levels last month, Foreclosures.com says Indiana is actually seeing some declines. Foreclosures year-to-date in Indiana are actually down more than eight-percent from the same time period one year ago. As of November, there were 11.3 filings per 1,000 households for the year. That compares to 12.3 filings per 1,000 Indiana households in the first 11 months of 2006.

### **GOVERNMENT REFORM COMMISSION RELEASES REPORT**

The Indiana Commission on Local Government Reform, led by former Governor Joe Kernan and Chief Justice Randall Shepard released a report with 27 recommendations, aimed at long-lasting cost savings for property taxpayers and provide accountability when things go wrong. The report, among other things, recommends: a single chief executive to replace the current three-member boards of commissioners, eliminating township government and shifting those duties to the county, replacing most county elected officials, including sheriffs, with appointees; consolidating school districts so none has fewer than 2,000 students; and merging libraries into one countywide district.

### **THE HOUSING RECOVERY TO BEGIN IN 2008**

NAHB's current forecast shows a depression for sales of both new and existing homes in the first quarter of 2008. In view of the inventory overhang, NAHB doesn't expect housing starts to start upward until the third quarter of the year.

### **CARBON MONOXIDE DETECTOR LAW GETS OK FROM CITY HALL**

Gary –A law requiring carbon monoxide detectors in all city homes was approved unanimously by the City Council on December 4<sup>th</sup>, despite criticism of fines included in the legislation. Violators of the law face a fine between \$100 and \$500 per day.

## **BUILDERS SUPPORT BUSH PLAN TO EASE FORECLOSURES**

President Bush and Treasury Secretary Henry Paulson on Dec. 6 announced a plan supported by NAHB that seeks to limit foreclosures by working with key mortgage lenders and investment firms to freeze interest rates for five years on certain subprime mortgages. The Bush/Paulson plan to stave off foreclosures, which emerged from discussions with various groups including lenders, builders, investors, consumer activists, housing economists and regulators, is aimed at borrowers with loans that were originated between Jan. 1, 2005 and July 31, 2007, with rates that are scheduled to reset between Jan. 1, 2008 and July 31, 2010.

## **REMODELING ACTIVITY RISES SLIGHTLY IN THIRD QUARTER**

Remodeling activity held up well during the third quarter of 2007, according to NAHB's Remodeling Market Index which measures remodeler perceptions of market demand for current and future residential remodeling projects. The current market conditions indicator increased slightly to 46.2 from 44.87 in the second quarter.

## **CAUTIOUSLY OPTIMISTIC ABOUT ECONOMY**

Ball State University Bureau of Business Research Director Michael Hicks says he's cautiously optimistic about the economy for 2008. Hicks expects job growth in Indiana to be about 1.6 percent, or more than 45,000 new jobs. He says wages are also expected to grow by almost four percent in Indiana which is below the national average, but better than Indiana has seen in recent years.

## **TEST NAHB GREEN ONLINE CERTIFICATION PROGRAM**

The NAHBGreen online certification program for green building projects is being prepared for launch as a critical component of the NAHB National Green Building Program that will be rolled out at February's International Builders' Show. The website with the certification tool, [www.nahbgreen.org](http://www.nahbgreen.org), is still partially under development so every link is not yet active but provides an idea of the type of information it will provide from resources and educational offerings to a directory of green builders, green projects and local green building programs.

## **REGULATORY**

### **ENVIRONMENTAL STUDY COMMITTEE OFFERS FINAL REPORT**

The Environmental Quality Service Council (EQSC) met several times during the interim to discuss various topics and recently released their final report with recommendations for the 2008 General Assembly. The report recommends the General Assembly:

1. Adopt the Great Lakes/St. Lawrence River Basin Water Resources Compact and work toward adoption of implementation language that sustains current and future development, as well as provides for a state role in implementation;
2. IDEM should propose an expedited environmental rulemaking process to address noncontroversial rules that are not covered under current law;

3. Adopt a 10-year statute of limitations on environmental legal action claims that begin when environmental clean up costs are first incurred; and
4. Provide that two jurisdictions proposing to implement storm water fees in the same geographic area must negotiate to adopt a memorandum of understanding (MOU) that gives only one jurisdiction authority to impose fees and manage storm water.

## **LEGISLATIVE**

### **IBA STAFF MEETS WITH PRESIDENT OF THE SENATE DAVID LONG**

IBA staff recently met with President Pro-tem David Long to discuss a variety of issues which included property taxes as well as items on the IBA legislative agenda. Senator Long believes the bulk of the session will be devoted to property taxes but was optimistic about other IBA legislative agenda items as well.

### **IBA STAFF MEETS WITH HOUSE WAYS AND MEANS COMMITTEE VICE-CHAIR**

IBA staff recently met with Representative Terri Goodin (D-Crothersville) to discuss property taxes and other items on the legislative agenda. Representative Goodin is the Ranking Member on the House Ways and Means Committee and will be very involved in property taxes as well as the proposed model home legislation.

### **REPRESENTATIVE PIERCE TO WORK ON GREEN BUILDING LEGISLATION**

Representative Matt Pierce (D-Bloomington) plans to introduce a bill which includes a mandate that public school buildings be built to LEED-Silver standard. IBA recently met with him to express concerns and will continue to work closely with him after the language is reviewed.

### **LONGTIME INDIANAPOLIS LEGISLATOR RESIGNS**

State Representative Mae Dickinson (D-Indianapolis) announced her resignation last Friday. Dickinson has served in the General Assembly since 1992 and is looking forward to spending more time with her family and personal projects.

### **HOUSE AND SENATE HOLD MEETINGS ON PROPERTY TAXES**

Neither the House nor Senate have formally reconvened but committees in both chambers have held hearings on the Governor's property tax proposal. Both committees are taking public testimony to better understand different viewpoints on the proposal before the legislature reconvenes in January.

### **LEGISLATIVE SERVICES AGENCY PRODUCES NUMBERS ON THE GOVERNOR'S PROPERTY TAX PROPOSAL**

Last month Governor Mitch Daniels proposed a property tax plan that he said would cut property taxes by one third. According to Legislative Services Agency, the proposal

would have an average savings of 38% for homeowners, 27% for rentals, and 15% for businesses.

#### **BALL STATE ANALYZES INDIANA TAX REFORM PLANS**

Ball State University's Miller College of Business and its Bureau of Business Research have unveiled a series of reports analyzing the various tax reform proposals and their likely impact on Indiana's economy. The studies look at individual plans that have been proposed by Governor Mitch Daniels, The Indiana Commission on State Tax and Financing Policy, Indiana Farm Bureau and State Representative David Orentlicher. The studies are available online at [www.bsu.edu](http://www.bsu.edu).

#### **NAHB NEWS**

##### **SENATE APPROVES AMT RELIEF, NEXT MOVE UP TO HOUSE**

By an overwhelming 88-5 vote, the Senate voted to extend short-term relief from the Alternative Minimum Tax (AMT) for another year, which would prevent an additional 20 million Americans from being captured under the tax. Earlier this year, the House passed "pay-as-you-go" rules that require offsets for all tax cuts to make them revenue neutral. The House approved AMT and changed the taxation of carried interest from the current 15% capital gains rate to ordinary income tax rates that can run as high as 35%. NAHB opposed the House AMT bill as it would impose a multi-billion dollar tax increase on real estate. The Senate says they strongly believe that a "clean" AMT bill should be approved without any revenue offsets because AMT revenue was never intended to be collected at all. The bill now goes to the House for their consideration.

##### **SENATOR TOM COBURN BLOCKS FHA REFORM ONCE AGAIN**

With NAHB's backing, Senate Majority Leader Harry Reid attempted to bring FHA reform bill S. 2338 to the Senate floor by unanimous consent for the second time in three weeks. Once again, Sen. Tom Coburn opposed the measure, but NAHB continues to keep grassroots pressure on the Senate as a whole, and specifically Sen. Coburn, to pass FHA reform before Congress adjourns for the year.

##### **ONEROUS BUILDING CODE PROVISIONS REMOVED FROM ENERGY BILL**

The House passed an amended version of H.R.6, comprehensive energy legislation, by a margin of 235-181. The reworked energy bill would increase vehicle fuel standards, mandate renewable energy use for electricity generation on a broad scale, and establish lighting and appliance efficiency standards, as well as green requirements for federal buildings. Most importantly to NAHB, the detrimental building code provisions that would have called for states to increase code requirements by 30% and 50% in 2010 and 2020 were not included.

##### **NAHB WEIGHS IN ON BANKRUPTCY MEASURE**

The Senate Judiciary Committee held a hearing on foreclosures and the housing lending industry. NAHB submitted a statement for the record urging lawmakers not to adopt broad legislation that would change the way all mortgages of primary residences are

treated in bankruptcy. Specifically, NAHB opposes S. 2136, the Helping Families Save Their Homes in Bankruptcy Act of 2007. The measure would allow the terms of a mortgage on a primary residence to be modified during bankruptcy. By allowing bankruptcy judges to modify the terms of a mortgage on a primary residence, Congress would add substantial new risks to investors in the secondary market, decreasing liquidity in the marketplace and creating new barriers to homeownership with higher down payment requirements and mortgage rates, the letter said.

#### **MORTGAGE PROBLEMS WEIGH HEAVILY ON THE HOUSING MARKET**

Interest rates on prime conventional conforming mortgages –those salable to Fannie Mae and Freddie Mac –recently have fallen to historically low levels, and FHA mortgage insurance program has been growing at the same time. The tightening process has effectively eliminated earlier “affordability” products, including interest-only and payment-option adjustable-rate loans.