

INDIANA BUILDERS ASSOCIATION  
Legislative and Regulatory Report #28  
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## **HIGHLIGHTS/NEWS**

### **PLAN TO ATTEND THE 2008 INDIANA BUILDERS ASSOCIATION'S LEGISLATIVE RECEPTION**

Please join us for one of IBA's most important events of the year being held in conjunction with IBA's Midwest Builders Convention. It is your opportunity to meet face-to-face with legislators and elected officials to discuss important housing issues.

Tuesday, January 22, 2008  
6:00 - 7:30 p.m.

Indiana Convention Center, Indianapolis

Cost to attend is \$30 per person or free if you are a full registrant for Indiana's Midwest Builders Convention. For additional details and to register, contact Jen at IBA 800-377-6334 or [jen@buildindiana.org](mailto:jen@buildindiana.org).

### **NEW-HOME SALES EDGE UP IN OCTOBER**

New single-family home sales edged up 1.7% in October following a dramatic downward revision to the preliminary estimate for September, the U.S. Commerce Department reported. "The progressive tightening of mortgage lending conditions during 2007 has been the major factor behind the setback in home sales this year," said David Seiders, chief economist at NAHB. "NAHB expects home sales to begin a gradual recovery in the early part of 2008. For this pattern to materialize, the U.S. economy must avoid recession and conditions in the mortgage finance system must improve. We are looking at the Federal Reserve to implement at least two more cuts in short-term interest rates to ensure that those conditions are met," Seiders said.

### **INDIANAPOLIS MAINTAINS TITLE OF NATION'S MOST AFFORDABLE HOUSING MARKET**

Indianapolis maintained its standing as the most affordable major U.S. housing market for a ninth consecutive time in the third quarter of 2007. In the nation's most affordable major housing market of Indianapolis, 87.5% of homes sold in the third quarter were affordable to families earning the area's median household income of \$63,800.

### **BUILDER CONFIDENCE REMAINS UNCHANGED IN NOVEMBER**

Builder confidence in the market for new single-family homes remained unchanged in November due to continuing mortgage market problems, a substantial inventory overhang and ongoing concerns about the effects of negative media coverage, according to the latest NAHB/Wells Fargo Housing Market Index.

#### **OCTOBER EMPLOYMENT REPORT RELEASED**

Indiana's seasonally-adjusted unemployment rate for October 2007 increased to 4.6% from 4.5% in September. The rate remains below the national rate of 4.7% and is the lowest among the six-state Midwest region.

### **LEGISLATIVE**

#### **REPRESENTATIVE LARRY BUELL WILL NOT SEEK REELECTION**

Representative Larry Buell (R-Indianapolis) has decided against seeking a re-election bid. Representative Buell is a long-time member of the Ways and Means Committee. Buell has also chaired the Pension Management Oversight Commission and the Commission on State Tax and Financing Policy.

#### **NEW STATE REPRESENTATIVE SWORN IN**

State Representative Sandra Blanton (D-Orleans) was sworn-in last Tuesday on Organization Day and replaces long-time lawmaker Jerry Denbo. Blanton's district includes all of Orange County and parts of Greene, Lawrence, Martin and Washington counties.

#### **GENERAL ASSEMBLY PASSES LEGISLATION ON ORGANIZATION DAY**

The General Assembly passed a bill on Organization Day to ratify property tax relief actions Governor Daniels took during the summer, when legislators were out of session. The legislation affirms extensions of deadlines for homeowners to apply for the Homestead Credit and other tax breaks, and for counties to enact local income taxes to offset property tax cuts. The bill also affirms that homeowners don't need an appraisal to appeal their assessment.

#### **HOUSE AND SENATE TO BEGIN HEARINGS ON PROPERTY TAXES**

Both the House and Senate Committees will begin debating the Governor's property tax proposal next week with additional hearings already scheduled before the General Assembly reconvenes in January.

#### **REPRESENTATIVE DAVID ORENTLICHER OFFERS PROPERTY TAX RELIEF PROPOSAL**

Representative David Orentlicher (D-Indianapolis) announced he will file property tax legislation in the upcoming session. Orentlicher's relief plan initially calls for homeowner's property taxes in 2007 to be capped at 1.5% of assessed value and will be financed by the state budget surplus. Orentlicher believes property taxes will be cut by 60% thereafter if the state assumes child welfare costs, raises the income and sales tax

rates by an unspecified amount, and increases corporate property taxes by \$300 million to provide relief for homeowners and renters.

#### **INDIANA STATE TEACHERS ASSOCIATION RESPONDS TO PROPERTY TAX PROPOSALS**

Indiana State Teachers Association (ISTA) urged lawmakers to reject a proposal for the state to take over all school general operating costs and instead explore the possibility of the state picking up half of school transportation and capital projects funding. ISTA says school transportation and capital projects funding are growing and therefore causing property taxes to rise faster than school general operating costs. Both Governor Mitch Daniels and a bipartisan legislative commission have proposed shifting school general funds to state taxpayers and off property taxpayers as part of broader property tax reform.

ISTA is also opposed to referendums on major school building projects, saying it could widen the gap between school districts. The teachers instead propose that the state maintain the current remonstrance process for projects that are for classrooms, while holding referendums on non classroom projects such as administration buildings and athletic facilities that are beyond what is needed for school instruction.

#### **REGULATORY**

##### **EMPLOYERS TO PAY FOR WORKERS' SAFETY EQUIPMENT, OSHA RULES**

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) ruled that employers must provide and pay for the personal protective equipment (PPE) – such as helmets to protect against head injury from falling objects –that is used by their employees in order to comply with an OSHA standard. The exceptions, the clothing and equipment employers are not required to pay for, include: non-specialty safety-toe protective footwear, non-specialty prescription eyewear, ordinary clothing, and weather-related gear. Under the rule, employers must pay for the required PPE no later than May 15.

##### **INDIANA STORM WATER QUALITY MANUAL**

The Indiana Storm Water Quality Manual provides guidelines and specific storm water quality measures for controlling erosion; controlling and treating the nonpoint source pollution associated with sediment-laden runoff; and the management and treatment of pollutants associated with post-construction land uses. Adhering to these guidelines and properly applying appropriate storm water quality measures will help minimize the adverse impacts that land disturbance, construction activity, and development can have on soil and water resources, and ultimately, the cost of those impacts to society as a whole. To view the Manual, please go to <http://www.in.gov/idem/stormwater/index.html>

#### **NAHB NEWS**

##### **NATIONAL GREEN BUILDING STANDARD UPDATE**

At the end of October the stakeholder committee reviewed and voted on three-fourths of the 1,100 public comments that were received. Reacting to the concerns that first-time home buyers may be priced out of the market, the committee, led by NAHB and representatives of the International Code Council, worked to ensure that the threshold for the bronze level of the green building certification will be appropriate for more affordably priced homes. Committee members were in agreement that the entry level of the standard must account for cost considerations while remaining as robust as possible to result in real benefits to the home owner and environment. Meanwhile, the addition of an “emerald” level above the bronze, silver and gold levels of green building certification will keep the bar high for those who can afford the full array of green features. At this point, the committee still has work to do on the chapters dealing with points, water conservation, indoor environmental quality and other subjects, and will therefore meet for a third public hearing on December 3-4 in Washington, D.C. A second draft will be released for final comment following the December meeting.

#### **MORTGAGE OVERHAUL BILL CLEARS HOUSE**

The Mortgage Reform and Anti-Predatory Lending Act of 2007 (H.R. 3915) passed the House by a vote of 291 to 127. The bill seeks to curb abusive mortgage lending practices, would require lenders to make sure borrowers have a reasonable ability to pay back a loan, bring mortgage brokers under a nationwide licensing registry, expand some limits on high-cost mortgages and establish some legal liability standards for mortgage securitizers. Lawmakers also adopted provisions from separate legislation (H.R. 3837) that would establish federal standards for appraisers and require certain borrowers to open escrow accounts along with their mortgages to protect against unexpected taxes and insurance premiums.