

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #22
July 13, 2007

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HIGHLIGHTS

Property Tax Troubles in Indiana

With Indiana in a state of flux due to the increase in property taxes, there are many ideas and suggestions about how to achieve property tax relief. Although the words “Special Session” seem to be popping up more and more, most agree that a Special Session would be a waste for Indiana taxpayers until a plan is worked out. Governor Daniels, Mayor Peterson, and House Republicans have all put forth proposals for a solution:

Governor Daniels:

- Said a Special Session may be imminent
- Allowed counties to have until October 1st to decide whether to increase income taxes to offset future property tax bills.
- Declared a reassessment of Marion County property taxes may be necessary.

Mayor Peterson:

- Announced a plan to borrow money from future tax revenues to provide a homestead credit on the November bill for up to 50% of 2007’s increases.
- Called for a Special Session as soon as property tax bills started to hit Marion County

Mayor Peterson realizes that his plan would cost taxpayers more in the long run, but feels that this “unattractive option” is essential to prevent a major property tax crisis. This proposal would only apply to Marion County.

House Republicans:

- Called for a nonpartisan panel to determine a property tax solution.
- Backed a plan to let homeowners pay the increases in installments.
- Called for an immediate reassessment in counties where there are gross discrepancies.
- Elimination of Child Services property tax levies.

IBA Staff will continue to monitor plans and proposals put forth over the coming weeks and keep you updated.

NAHB Build-PAC Baseball Game Road Trip

The Indiana Builders Association, in an effort to raise funds for the NAHB Build-PAC, is taking a road trip to Cincinnati to watch the Cincinnati Reds take on the Milwaukee Brewers on Thursday, July 26th. A \$250 minimum contribution to NAHB Build-PAC will get you one ticket to the game, refreshments, and transportation to and from Indianapolis in a luxury motor coach. Tickets are running out, so be sure to call the IBA Office to reserve your spot. (800-377-6334) or you can go to the IBA webpage and look under the Hot Topics section to fill out a registration form. <http://www.buildindiana.org/>
*Only Personal checks or Non-Personal Corporate charges may be accepted by Build-PAC.

Housing could be Negative

According to Purdue University professor, Larry DeBour, new housing developments, such as the proposed Cressmore Estates in Hobart, IN, could have a negative impact on housing. DeBoer, an agricultural economist, feels that the majority of middle-income housing has a negative fiscal impact on communities. He fears that new housing projects often increase the cost of public services like police and fire protection, schools and garbage collection. The Director of Development in Hobart, Denarie Kane states that the impact of new residential housing can also be a positive for a community. She points out that a tax impact does not stop a community from growing. A hearing was set for Wednesday this week to discuss the application for tax abatement for Cressmoor at the City Hall.

KB Home to Leave Indianapolis Market

Early this week, the Los Angeles-based builder, KB Home, said it will close down local operations by the end of 2007. Inevitably this will force the lay off an unspecified amount of employees and potentially take away one source of business for contractors and suppliers.

In 2004, KB entered the Indianapolis market with its purchase of locally based Dura Builders. BAGI CEO, Steve Lains, does not feel that this will affect the consumers' ability to purchase homes, but this could have a major impact on suppliers and contractors who rely on work from KB.

Changes in the Indiana General Assembly

As reported earlier this summer, State Representative Bob Kuzman (D-Crown Point) resigned from the Indiana General Assembly to become a governmental affairs partner for Ice Miller LLP in Indianapolis. Democratic precinct committee members in Lake County recently appointed Center Township Board member, Rochelle VanDenburgh to replace him. Representative Duane Cheney (D-Portage) also announced this summer that

he would resign from the Indiana General Assembly. After making his announcement, he tried unsuccessfully to rescind his resignation. Instead, democratic precinct committee members in Porter County voted to appoint long-time official, Jack Clem.

Homeowners with Nontraditional Mortgages Urged to Plan Ahead

Judith Ripley, the Director for the Department of Financial Institutions and Secretary of State Todd Rokita issued a press release encouraging homeowners with nontraditional mortgages to plan ahead for the scheduled “recasts” or “resets” of interest rates.

Borrowers are encouraged to:

- Budget accordingly
- See information on characteristics of your mortgage
- If needed, contact your servicer for assistance
- Research the terms of any prepayment penalty
- Inquire about possible solutions if payments are past due

Nontraditional mortgage loans and many subprime mortgage loans often require a recast or a reset with a considerable payment increase. This press release follows the issuance of an industry letter by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Realtors. The letter encourages mortgage servicers and providers to be proactive with consumers to provide information on their loans and to work with them to prevent foreclosures.

Fishers Agrees to Negotiate with Geist

On Thursday, the town of Fishers agreed to a truce with Geist residents opposed to annexation. The Town Council members decided to drop pending legislation to involuntarily annex 2,000 homes and work with the reluctant property owners. Annexation of the land is still the primary goal, but council members said Fishers would be better served if the new residents came along willingly. The decision came after a recent Indiana Supreme Court decision in a Carmel annexation suit. The ruling strengthened Fishers’ argument. As of Thursday night, no time table has been decided upon for when officials would like to reach a final agreement.

New Daniels’ Appointment

Cheryl Musgrave is officially resigning from her position as the Vanderburgh County Commissioner President to accept an appointment from Governor Mitch Daniels. Governor Daniels will appoint Musgrave to be Commissioner of the Department of Local Government Finance (DLGF) at a ceremony on Friday in Indianapolis. Governor Daniels appears very confident in her ability to work on the current property tax problems. Musgrave replaces Melissa Henson who resigned earlier this summer due to personal reasons, not related to the present tax troubles.

US Home Foreclosures Drop in June

According to real estate data from RealtyTrac, US home foreclosures decreased 7% in June after jumping to a 30-month high in May. However, it is predicted that default rates will escalate as a horde of mortgages reset at higher loan rates. Due to an estimate of anywhere from \$600 million and \$1 billion worth of adjustable-rate mortgages that are about to reset in the second half, there are predictions of a moderate number of homes going into default. The foreclosures from the resets are anticipated to appear in the fall. Indiana was ranked 10th in the nation for highest foreclosure rates in June. Indiana's foreclosure problems are presumed to be from high unemployment rates. Nevada topped the list in June for the 6th consecutive month with one foreclosure filing for every 175 households. Its foreclosure problems are due to large amounts of speculative buying.

IBA Staff Attends the Onsite Wastewater Plan Implementation Work Group

IBA Staff attended the July 13th meeting of the Onsite Wastewater Plan Implementation Work Group. Issues discussed included the soil survey report form that the Department of Health has worked on. They plan to officially release the report form this fall and hope to implement it by January 1, 2008. Attendees were also notified that IBA had put forth our suggestions to develop changes to Indiana's residential sewage disposal rules. Currently, the suggestions are being reviewed and will be discussed further at the next meeting in September.