

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #19
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HIGHLIGHTS

Fire Sprinklers to Remain Optional

The case for fire sprinklers to remain an option in new homes proved to be successful last week at the ICC Final Action Hearings in Rochester, NY. Thanks to the help of NAHB members and the building code officials who turned out for the vote, the proposal to mandate fire sprinklers in all new one and two family homes and townhouses was defeated. This was a significant win for both, housing affordability and consumer choice in home safety decisions. Had this proposal passed, the cost to build a single-family home could have raised \$6/square feet or more. Because of this vote, fire sprinklers will remain in the appendix of the IRC, where local jurisdictions will have the option to adopt them, if they choose, and of course, home buyers always have a choice to install fire sprinklers in their homes, if they deem appropriate.

NAHB's 2007 Legislative Conference, June 6th

The NAHB's Legislative Conference is in DC on June 6th. Numerous IBA members and staff will be attending the annual conference next week. Meetings have been scheduled and confirmed with many of Indiana's congressional politicians throughout the duration of our stay. IBA staff will inform you of details on the conference in our next legislative report.

Construction Industry Legal Issues Conference

IBA, in partnership with Locke Reynolds, LLP, is hosting its first "Construction Industry Legal Issues Conference" on June 19th at the HH Gregg Conference Center in Indianapolis. This is a must attend event for all building industry professionals to stay informed of legal issues regarding their industry. The Conference will last from 12-4 and includes a lunch. Costs to attend are \$147 for the first person from each company and \$117 for each additional person. If you would like to register for this new event, or if you have any questions, please contact Brooke at the IBA Office at (800)377-6334.

2007 Housing Outlook Weaker Than Expected

The NAHB housing outlook for 2007 has taken another downward turn. The current forecast for 2007 has the following key features:

- 23% decline in single-family starts
- 14% decline in multifamily starts
- 22% decline in total new housing units
- 22% decline in manufactured home shipments
- 13% decline in real Residential Fixed Investment
- Modest slippage in the real value of residential remodeling

New Immigration Bill Needs a Massive Overhaul

NAHB is opposing the new immigration bill in its current form. NAHB's main concern with the language pertains to the employment verification provisions in the Senate bill that would give the government latitude to prosecute an employer who hires an illegal alien without knowledge that the person is unauthorized to work, and inadequate safe harbor protections that require complete adherence to all immigration regulations regardless how obscure. Additionally, this legislation would grant the Secretary of the Department of Homeland Security a wide berth to enact rules that would make general contractors responsible for the legal status of all their subcontractors' employees. This could lead to an increased opportunity for frivolous lawsuits against employers. It is important to note that NAHB does oppose illegal immigration and is currently working with our coalition partners to support a comprehensive immigration reform and a creation of a guest worker program that would present a more efficient system for dealing with those who come to the United States to work.

New Home Sales up an Unexpected 16.2% in April

According to the figures released by the US Commerce Department recently, sales of new single-family homes have increased a surprising 16.2% in April. The April sales pace was at a dismal 5.6% in April of 2006. NAHB President and home builder, Brian Catalde has noted that builders across the nation are cutting prices and offering major non-price sales incentives, and their efforts are proving to be a success. NAHB Chief Economist, David Seiders, has a cautiously optimistic attitude regarding the increase in April, because of the large month-to-month volatility that has been witnessed recently. Seiders has been quoted as saying, "We are currently looking for a gradual recovery process going forward, at least on a quarterly basis."

Government-Sponsored Enterprises Reform Bill Passes House of Representatives

A Government-Sponsored Enterprises (GSE) reform bill that has been fully supported by NAHB has passed the House of Representatives on May 22nd. H.R. 1427 would establish a regulatory framework for the housing GSEs, including Freddie Mac, Federal Home Loan Banks, and Fannie Mae. NAHB designated passage of this crucial housing finance

system as a “key vote” and contacted every representative to urge their support to its final passage. In the final hours before the vote was taken, an amendment was offered, which NAHB supported, which clarifies that a new regulator must base its evaluation of the risk of Freddie Mac’s and Fannie Mae’s portfolio holdings solely on mission and safety and soundness considerations, and not on other concerns, such as systematic risk. This amendment precludes a new regulator from assessing an overly broad interpretation of risk that may unjustly constrain portfolio activities of Freddie Mac and Fannie Mae. This could disrupt the mortgage markets and impede the GSE’s pursuit of their housing mission. The amended legislation passed with bipartisan support with a vote of 313-104. NAHB was also victorious in defeating numerous anti-housing amendments that were offered prior to the final vote.

Indiana Land Use Consortium Meeting

IBA Staff attended the Indiana Land Use Consortium’s (ILUC) most recent meeting this week. The meeting focused on a discussion concerning Indiana’s agricultural and natural resources and the urban and rural development within the state. The group also brainstormed ideas for the ILUC’s annual conference to be held this fall called “Communities at the Crossroads”. The ILUC will meet again in June to start planning the conference.