

INDIANA BUILDERS ASSOCIATION

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Rick Wajda- (800) 377-6334- rick@buildindiana.org

Gretchen White- (800) 377-6334 – gretchen@buildindiana.org

House of Representatives- (800) 382-9842

Indiana Senate- (800) 382-9467

HIGHLIGHTS/NEWS

WORKPLACE FATALITIES REPORTED AT HISTORIC LOW

The Indiana Department of Labor recently released the 2007 Bureau of Labor Statistics (BLS) Census of Fatal Occupational Injuries (CFOI) data for Indiana. In 2007, there were a total of 127 fatal occupational injuries in Indiana -21 fewer fatalities than reported in 2006 and the lowest recorded since the CFOI system was introduced in 1991. In total, the construction industry reported 21 fatalities compared to 32 fatalities in transportation and 22 fatalities in the agriculture industry.

INDIANAPOLIS MAINTAINS TITLE OF NATION'S MOST AFFORDABLE HOUSING MARKET

Indianapolis maintained its standing as the most affordable major U.S. housing market for the 12th consecutive time in the second quarter of 2008, according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI). In the nation's most affordable major housing market of Indianapolis, 91.6 percent of homes sold in the second quarter were affordable to families earning the area's median household income of \$65,100.

INDIANA SUES MORTGAGE COMPANY COUNTRYWIDE

Attorney General Steve Carter recently announced a lawsuit saying practices but mortgage company Countrywide were misleading. Carter alleges that Countrywide provided financial incentives for brokers to sell potentially risky loans, omitted or misleading presented loan terms, and misled borrowers about prepayment penalties or the time in which they would apply. Carter also claims the company inflated or fabricated borrowers' incomes so they could be approved for bigger loans. The state is asking that the court order Countrywide to end those practices and void prepayment penalties and loans that originated from them.

UNEMPLOYMENT RATE JUMPS IN JULY

Indiana's unemployment rate rose to 6.3 percent in July from 5.8 percent in June. The Indiana Department of Workforce Development blames the increase on more seasonal layoffs in the manufacturing sector. Indiana's rate remains lower than its neighboring states including Michigan, where the unemployment rate is 8.5 percent. The national unemployment rate is 5.7 percent.

NEW-HOME SALES RISE 2.4 PERCENT IN JULY

Sales of newly built single-family homes rose 2.4 percent to a seasonally adjusted annual rate of 515,000 in July, the Commerce Department reported today. The report also

indicated continuing contraction in the number of new-homes for sale as builders keep a tight rein on inventories to help restore better balance between market supply and demand.

BANK LENDING STANDARDS TIGHTEN SYSTEMATICALLY

The Federal Reserve's recent Senior Loan Officer Opinion Survey (SLOOS), conducted in mid-July documents a progressive tightening of lending standards in all major components of U.S. credit markets. The July survey showed that 75% of respondent banks had tightened their lending standards on prime mortgages during the previous three months, and the readings for subprime and nontraditional home mortgages both came to 85%.

REGULATORY

RULE REQUIRES AUTOMATIC FIRE SPRINKLER SYSTEMS

The State Department of Health has adopted a final rule impacting comprehensive care facilities use of fire sprinklers going into effect next month. According to the new rule, these facilities will have to:

- 1) Have an automatic fire sprinkler system installed throughout the facility before July 1, 2012;
- 2) If an automatic fire sprinkler system is not installed throughout the health facility before July 1, 2010, submit before July 1, 2010, a plan to the State Department of Health for completing the installation on the automatic fire sprinkler system before July 1, 2012; and
- 3) Have a battery operated or hard-wired smoke detector in each resident's room before July 1, 2012.

LEGISLATIVE

ENVIRONMENTAL QUALITY SERVICE COUNCIL MEETS

The Environmental Quality Service Council recently met to receive an update on anti-degradation rules issues. The Council also announced plans to discuss green building incentives at a future meeting this summer.

IMMIGRATION STUDY TO BEGIN

The summer study committee on immigration issues will hold its first meeting in two weeks to discuss the scope of illegal immigration in Indiana. IBA has been in contact with legislators appointed to the committee and will be in attendance.

NAHB NEWS

NEW-HOME SALES ARE APPROACHING A BOTTOM

While new-home sales have exceeded starts for-sale in recent times, new-home sales volume has continued to trail downward –albeit at a slower pace than last year. NAHB's proprietary survey of 30 large builders shows further erosion of gross and net sales in July (seasonally adjusted), and our broad-based single-family Housing Market Index (HMI) was at a record low of 16 in both July and August. The sales expectations of support from the \$7,500 first-time home buyer tax credit that was created by the Housing and Economic Recovery Act of 2008.

NAHB FORECAST

NAHB's forecast shows a bottom for new-home sales before the end of this year followed by a 10% gain in 2009 (year-over-year). This sales pattern, if achieved, will produce substantial improvement on the inventory front and lead to an upturn in housing starts by second quarter of next year –assuming adequate supplies of credit for residential development and construction.