

INDIANA BUILDERS ASSOCIATION

Legislative and Regulatory Report #32

December 19, 2008

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

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

Carlie Hopper- (800) 377-6334 -carlie@buildindiana.org

House of Representatives- (800) 382-9842

Indiana Senate- (800) 382-9467

Please note this is the last issue of IBA's legislative report for 2008. The report will continue in 2009 with weekly updates during session to keep you informed. Happy Holidays!

NEWS/HIGHLIGHTS

IBA IS MOVING

Effective December 29th, IBA will be moving. Please note that IBA can still be reached at (800) 377-6334 or by mail at 101 W. Ohio Street, Suite 1111, Indianapolis, 46204. All other addresses and phone numbers are no longer valid. The move is a result of the Builders Association of Greater Indianapolis' decision to purchase IBA's interest in the building.

TELL CONGRESS TO FIX HOUSING FIRST BY CONTACTING YOUR FEDERAL CONGRESSMAN

NAHB is leading a powerful coalition called "Fix Housing First" to urge President-elect Barack Obama and the 111th Congress to revive the American economy by addressing the core problem to the current economic crisis...falling home values. As housing has slowed, so has the national economy. In recent quarters, the decline in home building activity has subtracted a percentage point or more from annualized GDP growth. These facts suggest that the recovery from the current economic crisis must begin in the housing sector. Without addressing the crisis in home prices and residential construction, no recovery effort will be successful. Specifically, the coalition is pushing for:

- Changes to the housing stimulus tax credit created earlier this year by making all primary home purchases between April 9, 2008 and December 31, 2009 eligible.
- Increasing the credit amount to 10 percent of the price of a home, capped at 3.5 percent of FHA loan limits, bringing the credit to a range of \$10,000 and \$22,000.
- Eliminating the current payback requirement unless the home were sold within three years.
- Allowing the credit to be available at the time of closing, making it easier to be used as a down payment.
- The second component of the stimulus plan would provide qualified home buyers with 30-year fixed-rate mortgages at 2.99 percent on contracts closed until June 30, 2009 and 3.99 percent on closings between June 30 and December 31, 2009.

Visit www.capitolconnect.com/builderlink to contact your Congressman today and ask them to fix housing first and ensure that housing recovery measures are incorporated in the stimulus package.

PLAN TO ATTEND IBA'S ANNUAL HOUSING CONFERENCE

Find the “green lining” and attend four exceptional educational tracks at IBA’s Annual Housing Conference (formerly Indiana’s Midwest Builders Convention.) The conference, held Feb. 24-25 at the Indiana Convention Center in Indianapolis, draws upwards of 1,000 building and remodeling professional who participate in programs designed specifically to address the most important issues and challenges facing the housing industry. The educational tracks are led by national speakers new to this year’s conference and focus on sales, market solutions, green growth as well as codes. To register or to see more details, visit www.buildindiana.org or call (800) 377-6334.

FEDS CUT TARGET RATE TO RECORD LOW

The Federal Reserve has cut the interest rate to the lowest level on record and pledged to use “all available tools” to combat a severe financial crisis and prolonged recession. The central bank had reduced the federal funds rate to a range of zero to 0.25 percent. Many analysts had expected the Fed to make a smaller cut to 0.5 percent.

DECLINE IN HOUSING PRODUCTION ACCELERATES IN NOVEMBER

Indicating that the ongoing decline in housing and the economy is accelerating, starts and permits for new housing construction fell by double digits to record lows in November according to the U.S. Commerce Department figures released this week.

NEW YORK CITY HOUSING COMMISSIONER TO LEAD HUD

President-elect Barack Obama announced he selected New York City Housing Commissioner Shaun Donovan to be his nominee as secretary of Housing and Urban Development (HUD). Donovan served at HUD during the Clinton Administration and much of his career has focused on financing, producing and preserving multifamily housing.

LEGISLATIVE

ATTEND HOUSING INDIANA LUNCHEON AT THE STATEHOUSE

Plan today to attend the Housing Indiana luncheon being held at the Statehouse on Monday, February 23rd from 11:30 a.m. -1 p.m. This will be the one opportunity of the year to speak with legislators from across the state on important issues facing the General Assembly with an impact on the construction industry. The timing of the event could not be better; the deadline for pieces of legislation to leave their house of origin is later that week. The luncheon is being held in conjunction with the IBA Annual Housing Conference and cost to attend is \$25. Contact IBA today to reserve your space by calling (800) 377-6334 or Info@BuildIndiana.org.

GOVERNOR ANNOUNCES LOCAL GOVERNMENT REFORM AGENDA

Governor Mitch Daniels recently announced his support for a series of measures to reform local government. The Governor recommended that a majority of the 27 recommendations from the Commission on Local Government Reform report which was released last year move forward. Among the most significant, Daniels said there should be one county executive, a stronger legislative body for county government, elimination of townships, and reorganization of school district central office operations.

BUDGET FORECAST UNVEILED

The State Budget Committee recently received the updated revenue forecast for Fiscal Years 2009 through 2011. The revised forecast projects a \$763 million gap between spending and anticipated revenue for Fiscal Year 2009.

GOVERNOR ANNOUNCES SIGNIFICANT CUTS

In conjunction with the revenue forecast, Governor Mitch Daniels announced he was taking several steps to address the projected shortfall. Daniels ordered an across the board three-percent cut of agency budgets, no pay raises for state employees as well as elected officials, tighter restrictions on hiring workers to replace those who leave, and delays in building projects. Daniels also announced the state will distribute payments to K-12 schools as budgeted and public safety will not be cut.

LEGISLATURE SET TO BEGIN JANUARY 7, 2009

The General Assembly will begin session on Wednesday, January 7th and run until April 29th. Legislators are currently filing legislation and IBA will provide updates on important legislation as language becomes available on a weekly basis.

REGULATORY

ICC APPEALS BOARD REJECTS NAHB'S REQUEST

The ICC Appeals Board rejects NAHB's request to set aside a previous vote to mandate fire sprinkler systems in all one- and two-family homes. NAHB's appeal was presented at a hearing Dec. 11 and cited procedural problems including how the vote was cast, how advocates funded the vote turnout and whether all voting members were appropriately vetted for eligibility. The appeals board decided to recommend that the mandate should remain, as approved, in the 2009 International Residential Code. However, the panel recommended that the ICC should address at least two of the concerns that NAHB brought to the table in its appeal: the growing use of third-party funding to influence voting at code hearings and the procedures and policies dealing with the requirements for ICC Governmental Members and their voting representatives. For more information contact Steve Orłowski at NAHB at (800)638-5242, x8303.

NAHB NEWS

NAHB ADVISES OBAMA TRANSITION TEAM ON HOUSING POLICY

Along with its efforts to lead a national campaign to "Fix Housing First" with a stimulus plan to restore home buying demand, NAHB has prepared an analysis of key housing policy issues for President-elect Barack Obama so his Administration can hit the ground running next month in addressing the worst housing downturn since the Great Depression. Specifically NAHB urges the Administration to:

- Allow Fannie Mae and Freddie Mac to retain sufficient federal backing to allow them to reduce mortgage rates and fees.
- Fannie Mae and Freddie Mac should focus on the core business of securitizing mortgages and holding portfolio loans that do not have a secondary market outlet in order to provide reliable mortgage market liquidity and ongoing support for affordable housing initiatives.
- FHA should be restructured as an independent government corporation, within HUD and separate from Ginnie Mae, that would continue its current mission of supporting liquidity, innovation and continuity in the housing finance markets by providing mortgage insurance backed by the full faith and credit of the U.S. government.

- FHA should be freed from federal government constraints on hiring, personnel management and procurement, and should have flexibility to develop and modify programs to react promptly to market developments and needs.

FIRST WATERSENSE HOUSE UNVEILED BY VANGUARD HOMES IN CHAPEL HILL

The nation's first WaterSense-labeled new home has been unveiled in Chapel Hill, North Carolina by Vanguard Homes. Homes built to the WaterSense draft specification are designed to use about 20% less water than conventional homes by including WaterSense-labeled products and Energy Star-qualified appliances, as well as water-efficient features and practices. The homes can potentially save their owners more than 10,000 gallons of water per year. Vanguard Homes was chosen as one of seven builders in the country to participate in the EPA's WaterSense pilot program and a new protocol for the WaterSense program is expected to be introduced early next year.