

INDIANA BUILDERS ASSOCIATION

Legislative and Regulatory Report #31

December 5, 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

NEWS/HIGHLIGHTS

HOUSING STARTS AND PERMITS HIT RECORD LOWS

According to the latest figures from the U.S. Commerce Department building starts declined 4.5% to a seasonally adjusted annual rate of 791,000 units, which was the slowest pace for any single month since the government started keeping track in 1959. Single-family starts fell 3.3% to 531,000 units while multifamily starts fell 6.8% to 260,000 units. Issuance of building permits registered a sharp decline of 12% to 708,000 units (again, the lowest on record), with single-family permits down 14.5% to 460,000 units and multifamily permits down 12.3% to 241,000 units.

NEW HOME SALES DECLINE 5.3 PERCENT IN OCTOBER

Sales of single-family homes declined 5.3 percent in October to a seasonally adjusted annual rate of 433,000, according to recent numbers released by the U.S. Commerce Department.

MORTGAGE LOAN ACTIVITY INCREASES

On a seasonally adjusted basis, the pace of mortgage loan activity increased 1.5 percent last week, from the prior week, according to the Mortgage Bankers Association. Overall, mortgage rates were down with 30-year loans decreasing to 5.99 percent, from 6.16 percent, and 15-year mortgages averaging 5.78 percent, a decrease from 5.87 percent a week prior.

EPA RELEASES LONG-AWAITED ELG GUIDELINES

The U.S. Department of Environmental Protection Agency recently released effluent limitation guidelines (ELG) guidelines for the construction industry. The proposal would require all job sites to use erosion and sediment control best management practices to reduce pollutants in storm water discharges. Some larger sites in areas of the country with lots of rain or where soils have high clay content would be required to meet a numeric limit for turbidity, a measure of sediment in water –meaning that many builders and developers would have to treat and filter their storm water discharges should the proposal become law. In fact, the additional tools builders would need to comply could cost between \$5,000 and \$35,000 per home site. NAHB has advocated for better training and education programs rather than numeric limits for ELG and is working on providing additional comments on the 201-page proposal.

ONE IN FOUR BOOMERS PLAN MOVE

According to a recent study prepared for AARP, about 26% of baby boom generation households expect to move from their current home in the future, with a majority looking for a single-level home that is more comfortable or convenient.

LEGISLATIVE

UNEMPLOYMENT TRUST FUND IN TROUBLE, STATE ASKS FOR AID

The State of Indiana has announced plans to borrow funds from the federal government for the state's Unemployment Insurance Trust Fund as a temporary measure until the state legislature acts to replenish the fund. Unemployment benefits have exceeded the premiums paid into the fund by employers for the past seven years, and the current balance of the state's unemployment fund is \$21 million. The state will borrow up to \$140 million for December and up to \$180 million for January. Several other states, including Michigan, New York, South Carolina and Ohio are either borrowing or have set up a line of credit from the federal government for their unemployment funds. A number of other states are experiencing similar solvency problems and IBA has been working with a number of stakeholders who will play a role in crafting legislation for next session.

DANIELS ANNOUNCES SCALED-DOWN INAUGURATION

Governor Mitch Daniels announced plans for a scaled-down second inauguration by taking his oath before a large crowd outside his second-floor office in the Statehouse on the morning of Monday, January 12, 2009. Governor Daniels then plans to give his State of the State address the next evening on Tuesday, January 13th.

GOP CAUCUS REINSTATES SENATOR WATERMAN

Indiana Senate Republican caucus has reinstated Senator John Waterman (R-Shelburn) by consensus. Waterman attempted to run as an independent candidate against Governor Mitch Daniels early last summer but failed to collect enough signatures to qualify for the ballot.

REGULATORY

IRC REVIEW COMMITTEE START-UP

The IRC Review Committee of Indiana's Fire Prevention & Building Services Commission will hold its 1st meeting on Thursday, December 11, 2008 from 10 AM to 3 PM at Indiana Government Center South, Foyer 3 East, Indianapolis, Indiana. If you are interested in serving on the review committee, please contact Carlie Hopper at Carlie@BuildIndiana.org or 800-377-6334 x 106.

APPEAL HEARING ON RB64-07/08 AND RB66-07/08

The International Code Council (ICC) Appeals Board will conduct a hearing, in person, on Thursday, December 11, 2008 at 8 AM Central Time at the Wyndham O'Hare in Rosemont, IL on NAHB's appeal regarding the action taken on code changes RB64-07/08 and RB66-07/08 of the 2009 International Residential Code (IRC). RB4 will require all new one and two-family dwellings to be equipped with fire sprinklers effective

January 1, 2011. RB66 requires all new townhouses to be equipped with fire sprinklers upon adoption of the code. A dvd of the final action hearing on both code changes can be viewed at <http://media/iccsafe.org/news/codes>. For a copy of the appeal, contact Steve Orłowski of NAHB at sorłowski@nahb.com if you'd like a copy of the appeal.

2nd PUBLIC HEARING SCHEDULED FOR PROPOSED RULE

Due to a misprint in the original Public Notice published in *The Indianapolis Star*, the Fire Prevention and Building Safety Commission will hold a second public hearing on December 15, 2008, at 9:00 a.m., at the Indiana Government Center South, Conference Center Room 1, Indianapolis, Indiana, on the proposed rule to amend 675 IAC 14-4.3, the 2005 Indiana Residential Code, to clarify Sections R408.1 on ventilation as well as R703.7.4.2 and R703.7.4.3 on air space. IBA supports the proposed rule.

NAHB NEWS

FEDERAL BACKING OF GSEs WILL REDUCE MORTGAGE RATES

Under the provisions of the Housing and Economic Recovery Act of 2008 (HERA), the Treasury's temporary and unlimited authority to purchase GSE debt and equity and ensure that Fannie Mae and Freddie Mac have continuous access to liquidity on an as-needed basis, will end on Dec. 31, 2009. Markets are unsure of the extent of federal support for GSEs beyond that date. To bolster investor demand for GSE securities and thereby reduce mortgage rates, NAHB is calling on the Treasury to resolve investor uncertainty by explicitly guaranteeing GSE debt in the same way the FDIC has provided guarantees for bank debt. In addition, the Treasury should increase its purchases of mortgage backed securities issued or guaranteed by Fannie Mae and Freddie Mac as authorized under HERA.

SYSTEMS-BUILT, MODULAR HOUSING ELIGIBLE FOR GREEN CERTIFICATION

NAHBGreen verification is now available for modular homes, bringing the green building certification process to the industry that produces a fifth of the nation's housing stock. The Modular Green Approved program was recently unveiled by the National Association of Home Builders, the NAHB Building Systems Councils (BSC) and the NAHB Research Center. According to NAHB President Sandy Dunn, "because they are factory-built, modular homes can take advantage of resource efficiencies that make them less expensive to produce –and that involves less waste, it's green as well as affordable."