

INDIANA BUILDERS ASSOCIATION
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HIGHLIGHTS/NEWS

MORTGAGE LOAN ACTIVITY INCREASES

The pace of mortgage loan activity increased 7.5 percent last week, from the prior week, according to the Mortgage Brokers Association. Overall, mortgage rates were relatively stable with 30-year loans decreasing to 6.39 percent, and 15-year mortgages averaging 5.96 percent, up slightly from 5.94 percent a week prior.

NEW HOME SALES ROSE 2.4% IN JULY

New home sales rose 2.4% percent in July to a seasonally adjusted annual rate of 515,000 units, while inventories of new units declined for a 15th consecutive month, according to the U.S. Commerce Department's report on August 26. While the gain in sales was definitely a positive development, it came on the heels of two straight months of major downward revisions to sales numbers for May and June, so it's important to keep the overall number in perspective. Commerce's report indicated that the inventory of new home sales for sale fell to 416,000 units in July, which is the lowest number reported since April 2007.

ECONOMY BOUND TO WEAKEN IN SECOND HALF

Major sectors of the economy are bound to lose strength in the second half of this year and possibly in the early part of 2009 as well, despite recent declines in global oil prices. Consumer spending, which accounts for about 70% of GDP, actually started to weaken seriously in July and surely will continue to give way as the support from income tax rebates first evaporates and then converts to a negative "payback" effect. Everything considered, the overall economy is bound to weaken in the third quarter and could slip into a negative growth mode by the final quarter of the year, keeping alive the possibility of an official recession "call" by the Business Cycle Dating Committee at the National Bureau of Economic Research.

HOUSE PRICE DECLINES ARE MODERATING

The downswing in national average house prices started around mid-2006 and gathered downward momentum through the first quarter of this year. However, the rate of decline has slowed down recently, suggesting that the massive imbalance between demand and supply in the single-family housing market is being corrected to some degree. This pattern should continue to develop in coming quarters, and we expect to see outright stabilization of national price measures during 2009.

LEGISLATIVE

IMMIGRATION STUDY COMMITTEE MEETS

The Immigration study committee met this week to gain information on the immigration issue in Indiana. Four hours were allocated for testimony at the first in a series of hearings set to be held. Law professors warned that federal law supersedes state law on immigration, and Indiana would be better off waiting until U.S. Supreme Court resolves conflicting laws in other states before passing its own bill. One expert testified that 39% of Indiana's foreign-born residents (legal and illegal) are from Mexico and nearly 27% are from various Asian countries. IBA was in attendance at this hearing and plans to attend the next hearing which is to be held next week.

EMPLOYEE CLASSIFICATION ISSUE HEATS UP

IBA lobbyists have been intimately engaged in the issue of employee classification and whether or not independent contractors should be employees of the subcontractor or general contractor. After legislation was defeated in the last session of the General Assembly, a workgroup was convened by House Labor Committee Chairman, Rep. Niezgodski (D-South Bend), and Senate Labor Committee Chairman, Senator Kruse (R-Auburn). The workgroup has met several times over the last few weeks and earlier this week the issue received a hearing in the Pension Management Oversight Committee, chaired by Rep. Niezgodski. The group is looking at legislation for the 2009 session of the Indiana General Assembly.

COMMITTEE TO DISCUSS GREEN BUILDING INCENTIVES

The Environmental Quality Services Committee will meet next week and plans to discuss the possibility of providing some sort of incentive for green buildings. IBA will be on hand to testify about the importance of green building incentives vs. mandates and to outline NAHB's Green Building Guidelines and Standard.

IBA STAFF MEETS WITH GOVERNORS OFFICE

IBA staff has met with the Governor's office on numerous occasions over the last few weeks to discuss various issues impacting the housing industry including the solvency of the unemployment insurance trust fund, a model energy code, and Indiana's process for updating the electrical code.

NOT REGISTERED TO VOTE? SIGN-UP TODAY

With voter registration deadline closing on October 6, 2008 make sure you are registered or have updated your registration if needed. More than 539,000 Hoosiers have registered or updated their voter registrations this year alone. Make sure to visit http://www.in.gov/sos/elections/pdfs/VRG7_080108_revision.pdf to register and update your registration today.

REGULATORY

REAL ESTATE COMMISSION FILES NOTICE TO ADOPT RULE

The Indiana Real Estate Commission intends to amend 876 IAC 2-18-1 and 876 IAC 3-2-7 to provide the ability for the Real Estate Commission and Real Estate Appraiser Licensure and Certification Board to charge and collect \$20 for the investigative fund IC 25-34.1-8-7.5 for the

issuance and renewal of real estate salesperson license, real estate broker license, Indiana licensed trainee appraiser license, Indiana licensed residential appraiser license, Indiana certified residential appraiser license, and Indiana certified general appraiser license.

NAHB NEWS

PROMOTE FIRST-TIME HOME BUYER TAX CREDIT

More than 3,000,000 unique visitors have gone to www.FederalHousingTaxCredit.com to get information about the \$7,500 first-time home buyer tax credit since NAHB launched the site just 6 weeks ago. NAHB recently created a new resource for you to use. The Tax Credit Consumer Handout can be placed in model homes, distributed at your Parade of Homes or shared with other housing-related groups in the community to help spread the word. A copy of the handout can be found at http://www.buildindiana.org/files/Tax_Credit_for_First-Time_Home_Buyers.pdf.

NAHB'S LATEST MULTIFAMILY RENTAL INDEX DIPS

NAHB's latest multifamily rental index, which gauges builder confidence in the rental apartment market, dipped in the second quarter of 2008. On the supply side, builders reported fewer multifamily starts than during last year's second quarter. The component of MRMI tracking market-rate rental apartment starts was down from 52.9 in last year's second quarter to 38.1 in his year's second quarter. According the NAHB Chief Economist David Seiders, "an oversupply of housing industry in general, combined with systematic job losses, is starting to take a toll on the rental housing market." He noted that even in markets where demand for rental units is relatively strong, problems in the financial markets are making it difficult for multifamily developers to get the capital they need for new apartment construction.

SURVEY RESULTS ON MULTIFAMILY GREEN BUILDING PRACTICES

An NAHB survey on multifamily green building practices reveals that the vast majority of builders and developers (89% of respondents) are installing energy-efficient appliances and lighting in their multifamily communities at this time. While 79% are using windows with Low-E glass, 64% are using recycled and recyclable products, and 50% are using significantly more insulation than required by the building code. The majority of more respondents (74%) also indicated that buyers and renters are willing to pay more for green amenities –although the median additional amount they are willing to pay is only about 2%.