

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #23
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HIGHLIGHTS/NEWS

HOME ENERGY CONSERVATION WEBSITE RUNNING, APPLICATIONS DUE MONDAY

IBA continues preparations to accomplish the Home Energy Conservation Program and recently launched a website (www.IBAEnergy.org) to accept formal applications from auditors and/or contractors interested in doing work under this program. The deadline for submitting applications is Monday, July 27th. IBA will be responsible for weatherizing more than 3,000 homes in 37 counties, and encourage thus the opportunity for auditor and contractor work is significant. Additional information about the program, including training requirements is available on IBA's homepage at www.BuildIndiana.org. Please contact Mike Hannigan, Jr. at (800) 377-6334, ext 202 with any questions.

HOUSING STARTS AND PERMITS UP IN JUNE

Home builders responded to improved market conditions and the impending expiration of the first-time home buyer tax credit in June by posting gains in nationwide housing starts and permits, according to the latest figures released by the U.S. Commerce Department last week. Commerce reported a 3.6% gain in overall housing starts to a seasonally adjusted annual rate of 582,000 units and an 8.7% gain in permit issuance to 563,000 permits. Meanwhile, multifamily starts posted a 25.8% decline following an unsustainably large gain in the previous month. Regionally, housing starts were mixed, with the Midwest and Northeast posting big gains of 28.6% and 33.3%, respectively, and the South and West posting declines of 1.4% and 14.8%, respectively. However, the declines in both the South and West were entirely driven by dips in multifamily production.

FEDERAL MINIMUM WAGE INCREASES TODAY, JULY 24

Indiana's minimum wage will increase from \$6.55 per hour to \$7.25 per hour on July 24. The minimum wage increase is in conjunction with the federal minimum wage increase and is the third in a three-year series of increases. For a free copy of the Indiana Minimum Wage poster, please visit http://www.in.gov/dol/files/Indiana_2009_Minimum_Wage.pdf. If you have questions about Indiana wage and hour issues contact the Indiana Department of Labor's Wage and Hour Division at wagehour@dol.in.gov or 317-232-2655.

INDIANA GETS \$164 MILLION FOR AFFORDABLE HOUSING

Indiana has received \$164 million in federal stimulus money for affordable housing projects under a portion of the American Recovery and Reinvestment Act that allows states to receive

cash for tax credits they normally give to developers to build low-income projects. Since Indiana received a large number of additional credits last year as part of federal assistance for widespread flooding, the state had more credits to trade for cash. The \$164 million for projects is \$50 million more than any of the other 25 states and territories who have received money to date under the program. The state has yet to approve which developers and what projects will receive the federal funding. For additional information, visit http://www.in.gov/ihcda/files/Press_Release_-_164M_Aff_Housing.pdf.

ZOELLER ANNOUNCES FORECLOSURE PREVENTION INITIATIVE

Indiana is launching a collaborative foreclosure prevention effort involving multiple state agencies. At least 5,568 Hoosier homes were in some stage of foreclosure proceedings in June and Indiana ranks 13th among all states for foreclosures in the first six months of 2009 with 24,665 foreclosure filings. Attorney General Greg Zoeller says many government lawyers being trained in foreclosure law will give up their time to be pro bono representatives for homeowners in foreclosure-settlement conferences. The initiative follows legislative approval to prohibit prepayment penalties on adjustable-rate mortgages. That regulation took effect July 1. Under SEA 492 homeowners now must be notified of their options to contact a housing counselor, such as the Indiana Foreclosure Prevention Network (IFPN). SEA 492 also requires lenders to notify homeowners of their right to request a settlement conference within 30 days of a foreclosure action being filed with the court. Homeowners should direct mortgage-related questions to the IFPN toll-free hotline (1-877-GET-HOPE).

FHA FRAUD AWARENESS SEMINAR

The Indiana Mortgage Bankers Association and the Indiana Land Title Association will host a seminar on FHA fraud awareness on August 12 from 9 AM to 12 NOON at the Gene B. Glick Junior Achievement Center at 7435 N. Keystone Avenue, Indianapolis, IN 46240. Topics to be discussed include mortgage fraud trends, new and emerging schemes, red flags of fraud, and Stimulus Act funding and fraud. To register, go to www.indianamba.org or call 317-773-7344.

INDIANA COMMUNITIES AMONG "BEST PLACES TO LIVE"

Several Indiana communities are receiving high rankings in this year's wide-ranging "Best Places to Live" lists published by Money Magazine. The Allen County community of New Haven is second when it comes to Affordable Homes. Hamilton County ranks 11th nationally for Fastest Job Growth. In the overall Best Places to Live Top 100, Brownsburg in Hendricks County is 33rd, while the Lake County town of St. John is 48th.

MORTGAGE LOAN ACTIVITY INCREASES

On a seasonally adjusted basis, the pace of mortgage loan activity increased 4.3 percent for the week ending July 10, according to the Mortgage Bankers Association. Rates for 30-year loans decreased to 5.05 percent from 5.83 percent the previous week. Fifteen-year mortgages fell to 4.59 percent from 4.83 percent.

LEGISLATIVE

SENATOR LUBBERS REPLACEMENT ELECTED

Senator Teresa Lubbers (R-Indianapolis) previously resigned her state Senate seat to become the state's higher education commissioner and this week precinct committee members elected

former Indianapolis Councilman Scott Schneider to serve the remainder of Lubbers term. The district covers parts of northern Marion and southern Hamilton counties. Schneider is currently vice president of sales and marketing for Mister Ice of Indianapolis. Schneider defeated current Indianapolis Councilman Ryan Vaughn and John Ruckelshaus (a longtime IBA member) in the caucus election.

STATE ENDS FISCAL YEAR WITH SURPLUS

State Auditor Tim Berry recently announced that Indiana ended the fiscal year with \$1.3 million in reserves. Berry displayed a map at the press conference showing Indiana as one of only five states nationwide with a surplus that did it without raising or even discussing a tax hike.

Governor Mitch Daniels cut spending by \$530 over the year, and used \$884 million in federal stimulus money to help ends meet without dipping into reserves.

REGULATORY

COMMISSION TO DISCUSS AMENDMENTS TO BUILDING CODE

The Fire Prevention and Building Safety Commission moved discussion on the chase amendments to the 2008 Indiana Building Code (LSA Doc#09-186) to its next meeting on Tuesday, August 4. IBA testified in support of the proposed rule which allows fire sprinklers to be deleted in R-2 occupancies when several conditions are met and reiterated that R-3 occupancies fall under the Indiana Residential Code. The Commission meets the first Tuesday of every month at 9 a.m. at the Indiana Government Center South, Conference Center Room B at 302 West Washington Street, Indianapolis. To view the proposed rule, go to <http://www.in.gov/dhs/2375.htm>.

STATE'S RESIDENTIAL CODE REVIEW COMMITTEE DELETES CARBON MONOXIDE ALARMS

At its recent meeting the state's Residential Code Review Committee deleted Section R315 Carbon Monoxide Alarms from the 2009 IRC. The next meeting will be on July 30 from 10:00 a.m. to 4:00 p.m. at the Sterrett Center located at 8950 Otis Ave, Lawrence, IN 46216. The meeting notice, minutes, and agenda are posted at <http://www.in.gov/dhs/2494.htm>. To propose a code change, complete and return the Proposed Code Change Form 41186R to the state of Indiana. The form can be downloaded from the code services section of the state's website at <http://www.in.gov/dhs/2375.htm> or contact Carlie@BuildIndiana.org for a Word template.

STATE MOVES FORWARD WITH NEW ENERGY CODE FOR COMMERCIAL BUILDINGS

Following the 2nd open meeting to offer amendments for ASHRAE 90.1, the state is moving forward with its adoption of ASHRAE 90.1 for Class 1 structures. Comments from the open meetings will be summarized by state staff and presented at either the August 4 or Sept. 1 Commission meeting. Staff will request permission to publish a proposed rule, with any additional amendments that the Commission requests from those proposed at the open meetings. After the proposed rule is published, a public hearing will likely be scheduled in October. The final proposed rule will likely be presented to the Commission at its November 3 meeting. If approved, it will be effective in early 2010. The state currently uses the Indiana Energy Conservation Code, 1992 Edition. To view a preliminary draft of the amendments, go to <http://www.in.gov/dhs/2375.htm>.

1ST MEETING SCHEDULED FOR INTERNATIONAL GREEN CONSTRUCTION CODE

The first meeting of the International Code Council's Sustainable Building Technology Committee (SBTC) will be on July 28-30 in Chicago, IL and will launch development activities geared toward the creation of the International Green Construction Code (IGCC). All meetings of the SBTC are open to the public. The specific language of the IGCC code draft will be developed over several months of SBTC meetings followed by public comment, draft review hearings, and formal code hearings. The IGCC will be the nation's first code to address green commercial and high performance buildings. For more information on the IGCC and the activities of the SBTC, visit www.iccsafe.org/igcc.

NEW CODE ENFORCEMENT OFFICE BECOMES PERMANENT

The Indianapolis City-County Council recently approved the city's first Office of Code Enforcement, making permanent the department created by Indianapolis Greg Ballard in February. The department handles many code-enforcement functions, including licensing and permits; building, infrastructure, and zoning inspection; property maintenance; unsafe buildings; high weeds and grass; illegal dumping; forestry; towing; and weights and measures. For additional information, please visit www.indy.gov/oce.

NAHB NEWS

FAULTY APPRAISAL PROCESS HARMING HOUSING AND THE ECONOMY

Twenty-six percent of builders are seeing signed sales contracts fall through the cracks because appraisals on their homes are coming in below the contract sales price, according to an NAHB nationwide survey. The survey showed that nearly sixty percent of the builders are reporting that inadequate appraisals are causing serious problems in the market, with the biggest problem being comparables of new single-family homes that are too often based on foreclosures and distressed sales. Of those who are reporting appraisal problems, fifty-four percent said that the appraisal amount was actually less than the cost of building the home. While the appraisal practices currently in use are taking a heavy toll on the housing market, they are also further exacerbating economic distress by affecting the availability of acquisition, development and construction (AD&C) credit.

In response, Freddie Mac issued an important clarification on appraisals publicly stating that it does not require appraisers to use Real Estate Owned (REO), foreclosures or short sales in selecting comparable sales to provide an accurate opinion on home values based on market data. Freddie Mac also stipulates that appraisers must certify that the comparable sales chosen are those most similar to the subject property.

NAHB will continue to work with Freddie Mac, Fannie Mae, HUD, the banking regulators and other organizations that have oversight over the appraisal process to curb inappropriate appraisal practices. For more information, contact Dave Ledford at dledford@nahb.com or 1-800-368-5242, x8265.

PARTICIPATE IN FREE WEBINAR ON STORM WATER COMPLIANCE

With the U.S. Environmental Protection Agency tightening the screws on job-site storm water permitting compliance, NAHB is holding a free webinar on Wednesday, July 29th to give

builders and land developers the information they need to cut through the maze of overlapping, confusing and cumbersome regulations so they can increase compliance and reduce their risk of enforcement action and high-dollar fines resulting from unscheduled inspections. The webinar is presented by NAHB's Land Use Development Committee with support from the Environmental Issues Committee, will give participants an overview of the regulatory framework as well as practical tips on how to submit storm water permit applications, develop storm water pollution prevention plans and survive inspections. To register, visit <https://nahbevents.webex.com/mw03051/mywebex/default.do?siteurl=nahbevents&service=6> or contact Jennifer Jones at NAHB at (800) 368-5242 ext. 8469 or jjones@nahb.com.

BUILDERS QUESTION PROPOSED CHANGES TO ENERGY STAR

Proposed changes to the Energy Star certification program for new homes go far beyond the voluntary program's charge of promoting energy efficiency and duplicate green building rating systems, including the National Green Building Standard, says NAHB. In a letter to the U.S. Environmental Protection Agency commenting on a proposal for the next iteration of the Energy Star Qualified New Homes program, NAHB raised a number of issues, including concerns with the five new checklists that have been proposed. The checklists cover new requirements in indoor air quality, advanced framing techniques and water management that are important goals, NAHB said, but beyond the scope of an energy-efficiency program. According to estimates provided by the Residential Energy Services Network, or RESNET, Energy Star verifiers are likely to charge an average of \$1,200 more per home to administer and inspect the checklist items. The EPA estimates an additional \$4,950 for the actual cost of the upgrades, the letter said. NAHB reiterated its support for the voluntary energy-efficiency program in the letter and said, "NAHB and Energy Star not only share the same goals, but also the same committed builders who are dedicated to voluntarily building highly energy-efficiency housing."

HEALTH CARE BILLS INCLUDE EMPLOYER MANDATES

The House Ways and Means Committee on July 16 concluded mark up on H.R. 3200, the America's Affordable Health Choices Act of 2009. Ways and Means is one of three committees moving separate portions of the larger House legislation this week, along with Energy and Commerce and Education and Labor. The House bill, funded by a graduated surtax on higher-income individuals and several smaller tax provisions, would penalize individuals who do not secure adequate coverage and employers who do not offer it. The bill would also offer a tax credit to small businesses to help cover the costs of providing coverage. The legislation is likely to come to the House floor next week.

The Senate Health, Education, Labor and Pensions (HELP) Committee approved the Affordable Health Choices Act which would require individuals to purchase a creditable insurance plan or pay a maximum fine of \$750 per year. Exemptions would be made in areas where affordable coverage is unavailable and in instances where purchasing coverage would create a financial hardship. The bill also includes a mandate for employers. Those who employ at least 25 workers would be required to provide health insurance to their workers and cover 60 percent of the premium costs, or pay the government an annual fee of \$750 per full-time worker or \$375 for part-time workers. Companies with fewer than 25 employees would be exempt.

The Senate Finance Committee continued work this week on crafting a financing plan to pay for a health care overhaul. For more information, contact Erin Tario at etario@nahb.com or 1-800-368-5242, x8413.