

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #22
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HIGHLIGHTS/NEWS

IBA RAMPES UP HOME ENERGY CONSERVATION PROGRAM

IBA is preparing to administer the home energy conservation program in 37 counties throughout Indiana. Indiana's State Plan is awaiting final confirmation by the Department of Energy in Washington. In anticipation of the ramp up of activity IBA is compiling a list of energy auditors and contractors. The success of the program is heavily dependent on high quality energy audits and high quality contractors. For details on becoming a qualified auditor or contractor please visit:

- Auditor training information - <http://www.in.gov/ihcda/2523.htm>
- Contractor training information -<http://www.ivytech.edu/weatherization/>.

IBA is compiling a list of members who have registered for auditor and/or contractor training. If you are participating in either of these training programs, e-mail your contact information to info@BuildIndiana.org. Additional information on the Home Energy Conservation program is available on IBA's website at www.BuildIndiana.org.

IBA MEMBERS MEET WITH CONGRESSMAN BURTON TO DISCUSS HOUSING

Several IBA members and staff met with Congressman Burton (R-Indianapolis) recently to discuss the ongoing turmoil affecting the housing and credit markets. Of particular concern is the importance of fair and accurate appraisals in the market and the use of distressed sales as a comparison to new construction. Congressman Burton also has signed on as a co-sponsor for H.R. 1245 which provides for a 10% tax credit of the home price, up to \$15,000 for all home buyers for one year. The bill was introduced by Congressman Ken Calvert of California.

PLAN TO SPUR HOUSING CONSTRUCTION IN INDIANA DISASTER AREAS

Senators Bayh and Lugar joined a number of their colleagues in offering S. 1326, legislation to amend the American Recovery and Reinvestment Act to ensure that Indiana's disaster credits will be treated the same as its Section 42 housing credits under the Act's Tax Credit Exchange Program. If enacted, S. 1326 will permit the Indiana Housing & Community Development Authority to monetize a portion of its inventory of unallocated 2009 disaster credits, as well as 2008 disaster credits returned by developers who have been unable to close on their equity. The proposed legislation would make \$230 million in funding immediately available to begin work on shovel-ready affordable housing developments in areas of Indiana damaged by floods. According to the National Association of Home Builders, the Bayh legislation could create up to 1,728 new jobs in Indiana.

Bayh's *Disaster State Housing Recovery Act* ensures that states that were provided with disaster credits—including Indiana, Alabama, Arkansas, Illinois, Iowa, Kansas, Louisiana, Michigan, Missouri, Minnesota, Nebraska, Texas and Wisconsin—will be able to take advantage of construction benefits that Congress intended when it provided credits to aid in natural disaster recovery. For additional information on this, contact Brian Weiss at 202-224-6807.

MORTGAGE LOAN ACTIVITY DECREASES

On a seasonally adjusted basis, the pace of mortgage loan activity increased 6.6 percent last week, according to the Mortgage Bankers Association. Rates for 30-year loans decreased from 5.5 percent to 5.44 percent. Fifteen-year mortgages decreased from 4.99 percent to 4.93 percent.

LEGISLATIVE

BUDGET APPROVED, SPECIAL SESSION ADJOURNS

Lawmakers approved a new two-year state budget Tuesday evening and Governor Mitch Daniels has signed it into law. The new \$27 billion budget leaves a projected surplus of \$1 billion and was approved by the House 62-37 and in the Senate 34-16. The passage of the bill ended the special legislative session and ensured state services are maintained. While the budget was the only piece of legislation passed during special session, the bill contains a number of other provisions including a bailout for the Capital Improvement Board in Indianapolis.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=1092&session=1&request=getBill&docno=1001>

REASSESSMENTS DELAYED UNTIL 2010

Property tax reassessments scheduled to begin July 1 will instead begin in 2010. Language in the budget bill delayed the start of reassessments at the request of local governments to provide extra time after many did not mail property tax bills on time and others have not reconciled 2007 bills.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=1092&session=1&request=getBill&docno=1001>

NEW INCENTIVE APPROVED FOR SOLAR ROOF VENTS OR FANS

The budget included language to provide an AGI tax deduction to individual taxpayers for the purchase and installation of solar-powered roof vents or fans beginning in tax year 2009. The credit is equal to the lesser of one-half of the amount paid for labor and materials for the installation of a solar-powered roof vent or fan or \$1,000. In order to obtain the deduction, a taxpayer must file proof of the costs for the installation of a solar powered roof vent or fan and list of the persons or corporation that supplied labor or materials for the installation of the solar powered roof vent or fan.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=1092&session=1&request=getBill&docno=1001>

REGULATORY

COMMISSION TO DISCUSS AMENDMENTS TO BUILDING AND FIRE CODES

Following last weeks public hearings for chase amendments to the 2008 Indiana Building Code and the 2008 Indiana Fire Code, the Fire Prevention and Building Safety Commission is expected to discuss and rule on these amendments at its meeting on Tuesday, July 7. IBA

testified in support of the proposed rule to amend the 2008 IBC (LSA Doc# 09-186) 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 amendments go to <http://www.in.gov/dhs/2375.htm>.

2ND OPEN MEETING ON JULY 15TH TO OFFER AMENDEMENTS FOR ASHRAE 90.1

The state is moving forward with the adoption of ASHRAE 90.1 for Class 1 structures and will hold the 2nd open meeting to offer amendments on July 15 from 9:00 a.m. to 5:00 p.m. at 302 W. Washington St., Conference Center Room D, Indianapolis, IN 46204. Following the hearings, the comments will be summarized by 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, there 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>.

NAHB NEWS

HOUSE VOTES TO PREEMPT NATIONAL BUILDING CODE PROCESS

By a vote of 219 to 212, the House on June 26 narrowly approved climate change legislation that would establish a “cap and trade” market for buying and selling pollution allowances and create mandatory national energy code requirements for all homes and buildings.

Prior to consideration of the American Clean Energy and Security Act, NAHB sent a letter to House members expressing concern that federal preemption of the states’ rights to determine building codes would needlessly increase the cost of housing in America and fail to achieve its aim by focusing solely on new homes. The legislation would require new homes to be 30% more energy-efficient than mandated in the 2006 International Energy Conservation Code (IECC). By Jan. 1, 2014, the target would rise to 50% above the 2006 IECC. Between years 2017 and 2029, the code target increases 5% every three years until it reaches 75% over the 2006 IECC by 2029. States that fail to certify within one year after the date of enactment that they have adopted and will enforce the new code targets will be subject to federal penalties for non-compliance by the U.S. Department of Energy. At that point, if the DOE doesn't have a certification from a state that its code meets the targets, then the national energy code automatically becomes the applicable building code for that state or locality. There is no companion climate bill in the Senate, and it is uncertain when that chamber will move forward with its energy legislation, which differs markedly from the House bill. NAHB will continue to monitor the situation closely. To read the legislation, [click here](#) and enter H.R. 2998 in the box at the center of the page.

TEXAS GOVERNOR SIGNS FIRE SPRINKLER BILL

A fire sprinkler bill signed in Texas will prohibit any jurisdiction, city or municipality in the state from requiring home owners to install fire sprinklers in one- or two-family dwellings built after

Dec. 31, 2008. In addition to not forcing Texas home owners to spend thousands of dollars towards a system that may never operate over their home's lifetime, the bill also rescinds any local jurisdiction's ordinance mandating fire sprinklers that was approved on or after Jan. 1, 2009. Those ordinances on a jurisdiction's books prior to that date are allowed to remain in effect. Jurisdictions wishing to provide an incentive to the home buyer to have a fire sprinkler system installed must pass a city ordinance that can only require builders to offer an option to buyers to install the sprinklers for a fee. The bill also allows home owners who voluntarily elect to install a multi-purpose piping fire sprinkler system in their home the ability to have the plumbing contractor perform the installation. Texas joins North Dakota, Montana and Idaho as the fourth state to pass legislation that prohibits mandating fire sprinklers in one- and two-family dwellings. For more information on this, contact Steve Orłowski at 800-368-5242 x8303 or sorłowski@nahb.com.

SUPREME COURT RULING ON SINGLE DISCHARGE OF POLLUTANTS

A favorable Supreme Court ruling was handed down on June 22 in an important environmental case for which NAHB supplied an amicus brief. In *Coeur Alaska v. Southeast Alaska Conservation Council*, the Court ruled by a 6-3 majority that a single discharge of pollutants did not require two permits under the Clean Water Act. Environmental groups had sought a ruling that would have required a land owner to obtain permits from both EPA (or a state delegated with permitting authority) and the Army Corps of Engineers for a single addition of fill material.

The Court also made clear that effluent limitation guidelines (ELGs) – technologies to control pollutant discharges which are conditions in EPA/state Section 402 permits – have no application to a section 404 permit issued by the Corps for the discharge of fill material. This is a critically important point, because EPA is currently in the process of developing an ELG for construction that will be issued by the end of this year. In short, any construction ELG from EPA will NOT also apply to a Corps Section 404 permit.

DUNN OFFERS NEW HOME SALE INFORMATION FOR APPRAISALS

Sandy Dunn, NAHB's Immediate Past Chairman of the Board, created the [attached](#) sheet to provide appraisers with information about new home sales. Dunn stated that sales are often not reported to real estate multiple listing services and, therefore, are missed by appraisers who are seeking comparables for new home appraisals. Dunn added categories pertaining to the energy efficient and/or green building features a new home since it can make a significant difference to a home buyer in terms of the cost of operating a home, its durability, and the impact of the home on the planet – all of which should add to the value of a new home as compared to one that was built to lesser standards. If new home sales information is not being captured in your area's multiple listing service, gather this information and share it with appraisers who are accepting assignments in your area. For more information on this, contact Bill Renner in NAHB's Housing Finance Department at wrenner@nahb.com or 800-368-5242 x8597.