

HOW DO WE BOOST STATE SALES TAX REVENUE?

HOW CAN WE CREATE JOBS QUICKLY?

HOW DO WE HELP FAMILIES BUILD WEALTH?

FIX HOUSING FIRST!

The Speaker's Special Task Force on the Housing Market



In August 2008, the Missouri House Speaker appointed a 16-member task force of industry related professionals and key state staff to study the sagging housing market and determine what actions might be taken to accelerate a housing recovery.

The final recommendations of the Task Force on the Housing Market include:

- ▶ **Bank Oversight and Appraisals** – Division of Finance should direct state chartered banks to discourage market-to-market appraisals through an advisory letter. In addition, the Division of Finance should facilitate banks to loosen credit to residential home buyers.
- ▶ **MHDC Tax Credit Advance Loan Program** – The Missouri Housing Development Commission should continue their efforts to finalize and implement a Tax Credit Advance Loan Program to enable first-time homebuyers to use the recently passed federal income tax credit for closing costs and down payment assistance.
- ▶ **Require Fiscal Notes for Local Government** – Legislation should be enacted to require local governments to attach fiscal notes to proposed rules, codes and ordinances to allow local lawmakers to evaluate the true costs of the imposition of new requirements on housing.
- ▶ **Fair Assessment of Property** – Legislation should be enacted to delay the collection of taxes on property as residential (rather than agricultural) until services are provided to the property. Residential property is taxed at 19% of the value, while agricultural property is taxed at 12% of the value). In addition, legislation could be enacted to require that new homes do not go onto tax rolls until there are occupied ("taxation upon occupancy")
- ▶ **Streamline, While Eliminating Duplicative and Overlapping Regulation** – Legislation should be enacted to prohibit duplication and overlapping of regulation by clarifying that existing city or county regulations prevail over those of conflicting regulations by a single purpose government entity.

Continued on back of brochure

Final Recommendations of Special Task Force on the Housing Market Continued:

- ▶ **Laws Governing Land Development Escrows Need Fair Revisions** – Legislation should be enacted to prevent taxing districts from collecting taxes until they release escrows from developers for improvements or maintenance of a property.
- ▶ **Assure Potential for Workforce Housing** – Legislation should be enacted to require city and county master plan documents to include a component for adequately addressing the need for affordable and moderate housing.
- ▶ **Tax Credit for Home Purchase** – Legislation should be enacted to create a matching state tax credit to the existing federal tax credit for first-time home buyers.

ECONOMIC IMPACT OF HOUSING The Sales Tax Lifeline for our Cities, Counties and State

Research shows that for **every 100 single family homes built it generates:**

- ▶ \$16 Million in local income
- ▶ **\$1.8 Million in taxes & other revenue for local governments**
- ▶ 284 Local Jobs



HBA of Greater Springfield
Matt Morrow, Executive Officer
Cell - 417.838.7009 mmorrow@springfieldhba.com
636 W. Republic Rd., D-108 Springfield MO 65807
417.881.3711 Fax: 417.881.7334
SpringfieldHBA.com



2009 Legislative & Policy Agenda

OUR MISSION

The Home Builders Association of Greater Springfield is the voice of construction professionals leading the way to protect and promote the American dream of home ownership.

As chartered by the National Association of Home Builders, the HBA of Greater Springfield serves a 10-county region including: Barry, Christian, Dade, Dallas, Greene, Lawrence, Polk, Stone, Taney, and Webster.

blueprint for a healthy housing industry

A healthy housing industry translates into healthy sales tax revenue for the state as well as municipalities and counties. Studies show that **building 100 homes generates \$1.8 million in taxes and other revenues for government**. It also generates 284 jobs and \$16 million in income.

RED FLAGS FOR THE HOUSING INDUSTRY

ARTIFICIAL GROWTH MANAGEMENT, LIMITS ON NEW DEVELOPMENT BY GOVERNMENT HAVE NEGATIVE IMPACT

In general, the HBA supports policy which allows the free market to work. Growth boundaries or land use plans restrict the amount of developable land and thereby contribute to increased housing prices and leapfrog development patterns.

IMPACT FEES, LAND DISTURBANCE AND RECORDING FEES

Impact fees place a punitive and disproportionate share of the cost of community growth on a small segment of the overall community: families who buy new homes. Financing of off-site infrastructure that serves or has the potential for serving more than one project should be based on community wide funding sources. The HBA also opposes any significant or unwarranted increases in land disturbance fees.

MANDATING WARRANTIES AND HOMEOWNER WARRANTY & RECOVERY FUND

While homeowners and builders should certainly have the choice of purchasing a warranty, to mandate it appears to be motivated by an industry seeking to manipulate demand for its policies. Mandating warranties and fees to cover the cost of potential litigated damages of homeowners hurts housing affordability. As well, Right to Repair legislation passed in 2005 created a protocol for homeowners and builders to address legitimate problems and seek solutions cooperatively.

STATEWIDE LICENSING/STATEWIDE CODES FOR HOMEBUILDERS

One size does not fit all - local control proves the best approach when it comes to licensing and/or codes. Past statewide licensure proposals would have allocated more taxpayer dollars to create an unnecessary additional layer of bureaucracy to monitor an industry in which many trades are already licensed. These proposals have threatened to restrict competition, drive up cost to the consumer and do not ensure a defect-free product--construction disputes still occur in places that have licensing.

Concerns about quality and consumer protection can be addressed much more effectively without creating a new statewide bureaucracy for codes and licensing oversight, if local jurisdictions simply require proof of workers' compensation and general liability insurance before issuing a permit.

REVISIONS TO MECHANICS LIEN LAW

The HBA generally opposes revisions to this statute.

DUPLICATE REQUIREMENTS AND CHARGES FOR SAME INSPECTIONS

Currently, it is quite possible for multiple layers of government to require and charge the same fees for the same inspections. The HBA supports legislation which would curb the powers of fire protection districts, especially as those powers overlap with city and/or county controlled areas of oversight, thus removing the fee duplication potential.

For more information about the area housing market, visit
SpringfieldHBA.com

BLUE RIBBONS FOR HOUSING INDUSTRY

COUNTY OPTION BUILDING CODES

The HBA supports enabling legislation to allow third class counties the ability to adopt their own building codes.

WORKERS COMPENSATION REQUIREMENT & ENFORCEMENT

The HBA supports the requirement that basically everyone in the construction industry carry workers compensation insurance. Unfortunately, there is little enforcement of the work comp requirement. The statutory definition of an employee in this case is often misunderstood. If local jurisdictions require proof of compliance with state law regarding work comp before issuing a residential building permit, this would address enforcement issues plus many quality and consumer protection issues.

TAX CREDITS FOR FIRE SPRINKLERS

In 2011, the IRC will require fire sprinklers in every new home. This will add thousands of dollars to the cost of a new home. Some studies also show that this will ultimately adversely affect safety in the long term because as families cannot afford to buy a new home, they remain in older homes built before even smoke detectors were required and this is where most residential fires occur. To help families afford safer new housing, tax credits would help builders offset the cost of fire sprinklers (adds about \$5,000+ to cost of an avg. size home.) Such a provision could sunset when the cost of this equipment begins to decrease as production meets increased demand.

INCENTIVES FOR GREEN BUILDING

Incentives and flexible policies, rather than mandates, make green building more desirable and affordable to the homeowner. The HBA does not support mandating specific national guidelines or related certification.