

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 on to tax rolls until they are occupied.

▶ **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.

▶ **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.

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2009

LEGISLATIVE PLATFORM

AND

STATE HBA DIRECTORY

BUILDING THE AMERICAN
DREAM IN MISSOURI,
ONE QUALITY HOME
AT A TIME

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a healthy housing industry means a healthy state economy

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**.

ARTIFICIAL GROWTH MANAGEMENT

The HBAM opposes limits on new development, including impact fees, urban growth boundaries and excise taxes.

LOCAL COUNTY OPTION BUILDING CODES

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

LICENSING ISSUES

The HBAM opposes license and/or registration legislation. HBAM opposes statewide home builder licensure bills such as the legislation introduced in the 2002 Legislative Session.

WORKERS COMPENSATION REFORM

The HBAM supports the requirement that everyone in the construction industry carry workers' compensation insurance.

HOMEOWNER WARRANTY & RECOVERY FUND

HBAM opposes statutory home warranties and any fees to cover the potential litigated damages of homeowners. Instead, HBAM encourages homeowner association boards and builders to work cooperatively to identify legitimate problems and to develop reasonable and cost-effective solutions without the need for costly and time-consuming litigation.

POWER OF FIRE PROTECTION DISTRICTS

The HBA supports legislation which would curb the powers of fire protection districts, especially as those powers overlap with city and/or county controlled issues. HBAM does not support multiple government entities within the same jurisdiction charging service fees for the same inspections.

RIGHT TO REPAIR LEGISLATION

The HBAM remains supportive of Senate Bill 168 passed during the 2005 session. This legislation created a statutory procedure for homeowners to follow before filing a lawsuit for alleged defective construction. This legislation should continue to contain provisions that will ensure that the contractor and the homeowner have the ability to resolve their disputes before a lawsuit is filed.

RECORDING FEES

The HBAM generally opposes any additional fees proposed on recording instruments.

CAREFULLY EVALUATE COUNTY PLANNING STATUTES

The Missouri Chapter of the American Planning Association has advocated a streamlining of the state's laws governing local and state planning. Conceptually, this is admirable. Modernizing and streamlining such laws could result in holding down needless costs incurred with bringing new home communities to the public. Yet, one must recognize that such proposals can be written in ways to burden and slow down the opportunity for economic growth and job creation for local communities. There must be very careful evaluation of any and all proposals within such changes so that a proper balance is struck to provide for good planning and expedited economic activity while not burdening the private sector with needlessly added costs and time delays.

LAND DISTURBANCE FEES

The HBAM opposes any significant or unwarranted increases in land disturbance fees imposed by the Missouri Department of Natural Resources that do not have a direct nexus to timeliness or effectiveness of the program.

GREEN BUILDING

Incentives and flexible policies, rather than mandates, make green building more desirable and affordable to the homeowner. HBAM generally supports initiatives to promote the use of green building technology in residential construction, but does not support government mandated use of specific guidelines.

MECHANIC'S LIEN LAW

The Home Builders Association of Missouri supports an effective, strong mechanic's lien law. For that reason, the HBAM very carefully scrutinizes any amendments to the lien law, particularly regarding attorneys' fees, which we oppose. Currently, the HBAM does not feel that any proposal to change the lien law would be mutually beneficial to all parties involved in the residential building industry.

The HBAM is not opposed to the legal, appropriate collection of attorneys' fees, which is presently available if the subcontractor and a builder, general contractor or property owner agree to said fees within any credit agreement or contract executed by said parties. Attorneys' fees are presently recoverable if the collection of such fees are provided for in the contract and requested in a suit to enforce a mechanic's lien. Mechanic's liens themselves are nothing more than a

notice filed with the recorder of deeds and attached to a title to warn all interested parties of a pending claim on the improvements associated with the real property. The proposed statutory language specifying attorneys' fees would fundamentally change the legislative intent of the mechanic's lien statute, which currently provides security for payment of costs directly improving real property in the form of materials or labor.

Additionally, the Prompt Pay Act, adopted by the Missouri legislature, presently allows material and labor suppliers to recover attorneys' fees against the contractors with whom they are in contract if they withhold payment. Missouri's mechanic's lien law is one of the strongest in the nation and provides subcontractors of all tiers a means of recourse. The provision for attorneys' fees as proposed in SB 267 and HB 595 does not provide for equitable recovery of attorneys' fees to the property owner/general contractor/builder if the mechanic's lien is proved to be unsubstantiated.

The HBAM has been involved in numerous discussions internally and with other organizations to determine if amending the lien law would be fair to all parties that are involved with the home building industry. The HBAM is concerned about the costs to home buyers and the ability of lenders and title insurers to continue to profitably operate in Missouri with the proposed provision. SB 267 and HB 595, while intended to help subcontractors in the collection of debts, ultimately complicates an extremely valuable collection tool. The unintended consequences will be increasing the fees and costs related to filing, perfecting and litigating mechanic's lien claims. HBAM strongly opposes these two legislative proposals at this time.

TAX CREDIT FOR HOME PURCHASE

HBAM supports the passage of a one-time \$1,000 state tax credit for the purchase of a home to be used as a primary residence. This language has been amended to HB 191 and SB 45. This tax credit would be capped at \$4 million annually and will expire on December 31, 2010.

TRANSPORTATION

The HBAM will monitor legislation, but generally supports highway funding initiatives.