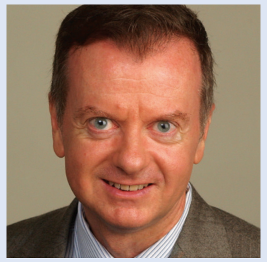
IAR Local Government Affairs Directors

The Association has assigned local staff to cover real estate related issues at the local government level. They monitor developments locally and weigh in on proposed ordinances and regulations that affect the industry. Shown below are the local Government Affairs Directors (GADs) and some of the areas to which they are assigned. The areas listed here are not all-inclusive. To find out who the local Government Affairs representative is in your area, contact Mike Scobey at **mscobey@iar.org.**



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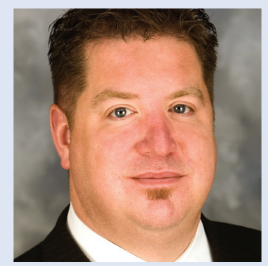

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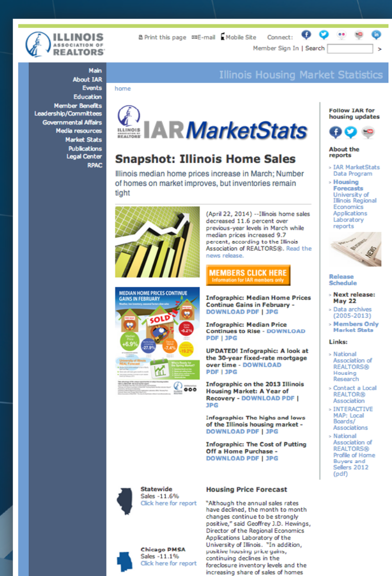
Home Sales Data

The Illinois Association of REALTORS® compiles information on home sales in Illinois. With this, you can see monthly reports, quarterly reports and other research.

In addition to market stats, you can also read reports by Dr. Geoffrey J.D. Hewings, of the University of Illinois, who provides IAR with economic analysis and housing market forecasts. Hewings is the director of the University of Illinois Regional Economics Applications Laboratory.

This can be found at:
www.illinoisrealtor.org/marketstats



Housing Price Forecast

"The partial government shutdown has dampened the housing market's continuing recovery," noted Geoffrey J.D. Hewings, Director of the Regional Economics Applications Laboratory of the University of Illinois. "However, both sales and prices are forecast to continue at a much faster rate than a year ago and continued completion rates for foreclosures promise a return to a more normal market situation within 6 to 12 months."

To see a complete analysis and regional breakdown of Hewings' report, go to: **www.illinoisrealtor.org/marketstats**.

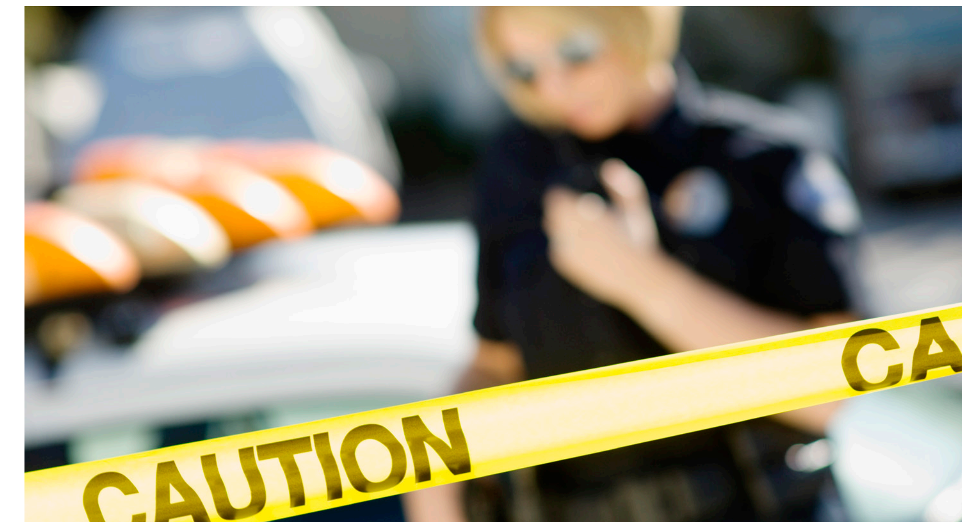
www.illinoisrealtor.org

June 2014

A NEWSLETTER OF THE ILLINOIS ASSOCIATION OF REALTORS

on common ground IN ILLINOIS

Inside



"Crime Free" Housing Proposals Warrant Scrutiny

In the last ten years, several Illinois municipalities have passed what is commonly known as the "Crime Free Housing Ordinance."

The stated purpose of these ordinances is to help prevent criminal activities in rental housing. The Illinois Association of REALTORS® has attempted to work with municipalities to ensure that the new requirements are not a de facto form of punishment of landlords who could not reasonably be expected to prevent the crime. REALTORS® believe that a well-crafted program can include the following components:

Municipal identification of "criminal nuisance properties"

Rental properties where there are recurring criminal activities can and should be identified. Some of these properties may be in need of special police attention or assistance. After identification, police can work with the owner to take steps to help reduce future criminal activities.

We have seen too many "crime-free" ordinances which treat ALL property owners as if crimes have already taken place on the properties. ALL owners must attend the municipalities' "crime-free" workshop. ALL owners must be licensed. ALL owners must evict the tenant where a crime has taken place even though it's unclear if that tenant is the perpetrator. This is not an effective targeting of resources. Police resources and other municipal resources should be targeted to properties where crimes frequently take place.

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Dear Illinois Elected Officials:

We had you—the local government official—in mind when we designed this new newsletter providing research, local ordinance and state law updates, and economic data related to the Illinois real estate industry.

The Illinois Association of REALTORS® (IAR) is "The Voice of Real Estate in Illinois." In this role, the Association works to protect the rights of private property owners and advocate for a healthy business environment.

We want to be a resource for you regarding real estate issues and look forward to an ongoing dialogue among Illinois REALTORS®, our elected officials, the IAR Governmental Affairs staff and interested citizens.

For more information on our role as the Voice of Real Estate in Illinois, see page 4 to learn who the Local Government Affairs Director is in your area.

Rural Housing Lending Programs Renewed

More than 900 communities that were at risk for losing access to federal rural housing programs are now protected through 2020.

For the last three years, NAR has worked with Congress to extend the eligibility of communities under a 40-year old definition of rural.

The United States Department of Agriculture (USDA) had been required to revise the list of communities eligible for rural housing loans based on the 2010 census data—and apply them to the 1974 definition. But in February, President Obama signed into law, the Agricultural Act of 2014 (aka the Farm Bill), that will protect these communities through the release of the 2020 census.

Rural families face unique difficulties in finding access to safe, affordable mortgage financing and rental housing. Programs such as Sections 502, 515, and 538 provide direct and guaranteed loans for both single and multifamily housing. This legislative language did not expand any program or authorize any additional funding. It simply retains the current pool of eligible communities (including those that have populations up to 35,000). NAR will continue to work to revise the outdated definition to conform to current demographic data and needs.

"Crime Free" Housing

continued from page 1

Municipal reporting to property owners on police reports

When a crime occurs on a property, the police should inform the owner of the property. While this may seem like a common-sense policy, there are many municipalities in Illinois where this does not occur. If the owner knows of an incident, the owner can be more vigilant and can take steps to make the property safer and less likely for crime to occur (enhanced security and lighting for example). An automated reporting system can work in tandem with a building registration requirement. With registration, the municipality can collect essential information from the owner (or agent) to establish a point-of-contact for each residential rental building.

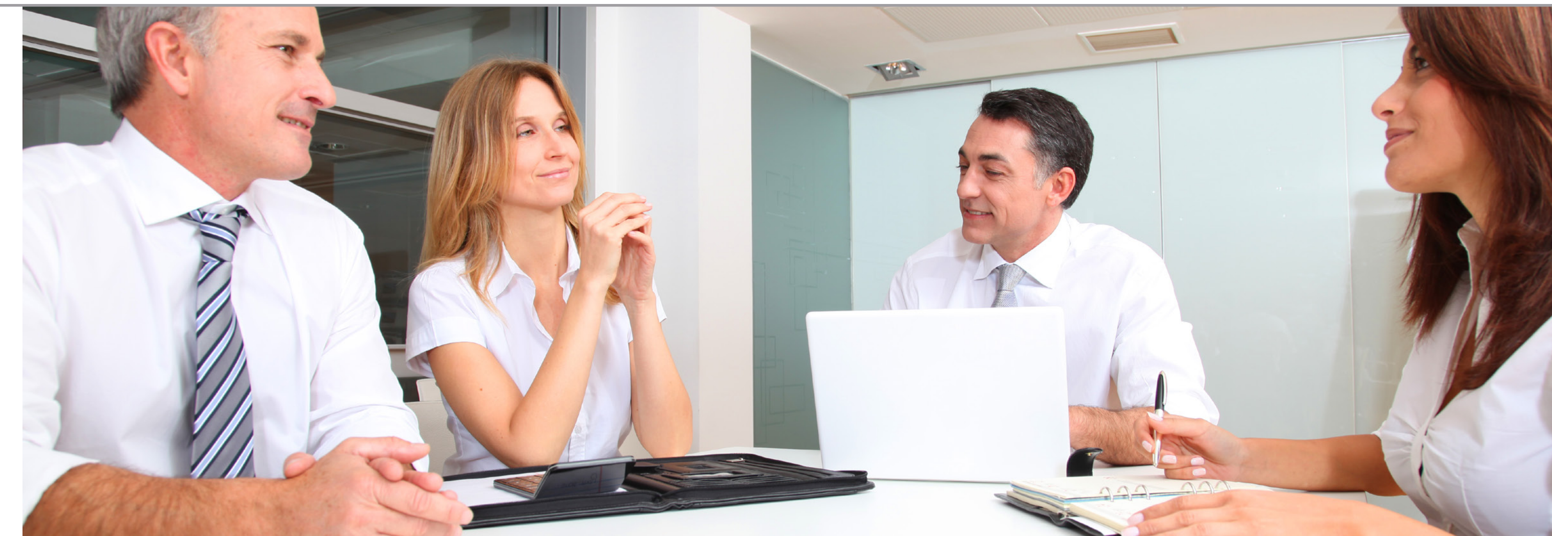
Eviction of problem tenants

Municipalities should be sensitive to the fact that the eviction process can take a long time to complete. The Illinois Association of REALTORS® is supporting state legislation to help in this regard. House Bill 1532 allows landlords to evict tenants for the repeated use of the leased premises in a manner that disturbs the peace or is detrimental to the health and safety of the neighbors. This bill deals with major problems—3 or more events in a 60 day period where an arrest or citation was issued for a major criminal or disorderly offense.

This bill (which passed the Illinois House and is pending in the Illinois Senate) contains specific standards, due process, notice and defenses to evictions for tenants who are victims of domestic violence or other crimes.

REALTORS® also recommend that ordinances include an "affirmative defense" for a property owner who cooperates with the police and could not prevent the criminal behavior of those residing in or visiting the property.

In addition, a "crime-free" program should never penalize a tenant or an owner for making calls for police service. If an owner or tenant calls for police service, this is the right thing to do, and the building should not become stigmatized as a result.



Why Should a Municipal Official Care about FHA?

Sharon Gorrell, Housing Policy Advisor, Illinois Association of REALTORS®

As an elected official there are so many things to watch, learn and make decisions on. The one that probably doesn't come up often, if at all, is the topic of housing finance.

In these last few years it has been a topic that was hard to miss—with cities and villages dealing with the aftermath of a property owners personal tragedy of foreclosure.

What is needed to keep municipalities moving forward with economic recovery and the rebuilding of "community" is homebuyers. The best thing that can happen to a vacant property is to breathe new life into the bricks and mortar and welcome a new citizen to your community. According to an article in U.S. News and World Report, "Homeownership—attained through prudent lending practices—confers benefits for the homeowner's family and their surrounding community, including improved health and school performance for children, increased civic engagement and volunteering, reduced crime, and higher lifetime wealth."[1]

A partial barrier to recovery and rebuilding of community is the current state of housing finance. While gone are the days of "stated income" mortgages and other predatory-style loans, the pendulum has swung, and now loan products such as FHA have become unattainable for many. The FHA loan has been a stable loan product that has helped many who don't have a lot of money to put down or who may have a lower credit score than required for conventional loan products. Now however, the U.S. Dept. of Housing and Urban Development has increased the cost of the mortgage insurance and has set a policy that the insurance premium no longer drops off after the purchaser builds enough equity. This was done so that the FHA Mutual Mortgage Reserve Fund could rebuild its capital reserve fund back to its standard 2%. The FHA MMI fund is well on its way to rebuilding. So now is the time to pull back on this policy so that more people can gain access to a safe and sustainable loan, purchase a home and become part of a community.

According to a letter to HUD from the National Association of REALTORS, "Achieving homeownership has become more difficult with current FHA mortgage insurance premiums. In 2014, FHA fees make up nearly 20 percent of a monthly mortgage payment. On a $150,000 loan, at 4.5 percent interest, the mortgage payment is 13 percent higher today than it was in 2008."[2] This increased cost is a barrier that many cannot overcome.

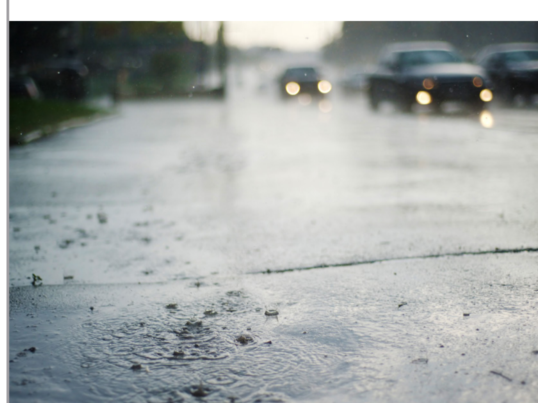
Consider talking with your member of Congress and ask them to encourage HUD and FHA to revisit their policy on insurance premiums in an effort to balance access to finance with a safe and sound system for both homeowners and taxpayers alike.

We all want the Fund to have the required safety net. However, this can be done in a way that doesn't prevent so many from gaining access to a new home and helping a community, maybe even yours to rebuild and welcome a new neighbor.

For more information on this topic visit **www.realtor.org/topics/fha** *or feel free to contact me at* **sgorrell@iar.org**

[1] Dietz, Robert. "Why Homeownership Still Matters." US News. U.S. News & World Report, 12 Mar. 2013. Web. 16 Apr. 2014. <http://www.usnews.com/news/blogs/home-front/2013/03/12/why-homeownership-still-matters>.

[2] "NAR Letter on FHA Premiums." Realtor.org. National Association of REALTORS, 7 Apr. 2014. Web. 16 Apr. 2014. <http://www.realtor.org/articles/nar-letter-on-fha-premiums>.



President Obama Signs Flood Insurance Bill Into Law

On March 21, 2014, President Obama signed the "Homeowner Flood Insurance Affordability Act" into law. This law repeals FEMA's authority to increase premium rates at time of sale or new flood map, and refunds the excessive premium to those who bought a property before FEMA warned them of the rate increase. The bill limits premium increases to 18% annually on newer properties and 25% for some older ones. Additionally, the bill adds a small assessment on policies until everyone is paying full cost for flood insurance.

For a section by section analysis of the "Homeowner Flood Insurance Affordability Act," go to: **www.fema.gov/flood-insurance-reform**

Making Property Taxes Easier to Understand

The Illinois Association of REALTORS® has created a video to help homeowners learn about Illinois' property tax system. The video walks consumers in the state through the process of how assessments are determined, and what to do if you think the assessment is incorrect.

The video is part of an outreach by the Illinois Association of REALTORS® to help protect and promote private property rights.

Both the video and a companion piece—a printable brochure—are available at: **www.illinisrealtor.org/propertytaxoff.**