

2009 LEGISLATIVE PRIORITIES

www.car.org

Executive Office:
525 South Virgil Ave.
Los Angeles, CA 90020
213.739.8200

Legislative Office:
980 Ninth St., Ste. 1430
Sacramento, CA 95814
916.444.2045

1. MOVING THE HOUSING MARKET FORWARD

HOUSE & SENATE ACTION REQUESTED: *Congress needs to make the 2008 loan limits permanent, secure the future of Fannie Mae and Freddie Mac in order to ensure capital for mortgage markets, and extend the \$8000 homebuyer tax credit to all homebuyers to encourage purchases.*

While the 2008 conforming loan limits (CLL) for FHA and the GSEs were expanded into 2009, it took a while for them to be implemented because lenders were wary of their temporary nature. This indecisiveness has also led to limits in mortgage lending. Making the limits permanent at the 2008 CLL levels will provide homeowners and homebuyers with safe, affordable financing and help stabilize local housing markets.

Since being put into conservatorship, the GSEs have been crucial participants in the secondary mortgage market as most private sector participants withdrew when the economic crisis expanded. Without the GSEs and FHA-insured loans, there would be almost no capital available for mortgage lending, which would bring home sales to a halt. Preserving their future and vitality are pivotal for the future of the housing market.

The current \$8,000 tax credit has helped move buyers into homes and clear some inventory, but expanding it to all borrowers would greatly increase activity and would facilitate the stabilization of home prices and the housing market.

2. ENERGY EFFICIENCY AND POINT OF SALE LABELING

HOUSE & SENATE ACTION REQUESTED: *Enact energy efficiency legislation for homes and commercial buildings that provides tax credits, financial incentives, and educate consumers on the benefits of energy efficiency, but does not include Point-of-Sale (POS) provisions.*

Reps. Waxman (D-CA) and Markey (D-MA) introduced legislation which develops Energy Star labels for homes and buildings and provides funds to states that implement a labeling program. C.A.R. and NAR oppose this legislation because it asks states to implement POS mandates to receive funding from the bill. The POS labeling mandate would add unnecessary costs to transactions and has been shown to be an ineffective tool for implementing changes in energy efficiency.

REALTORS® oppose mandatory POS energy labels for buildings and homes, but support legislation that provides financial incentives for energy retrofits, including: H.R. 1778 (Matching Grants) – Rep. Welch (D-VT) and H.R. 1573 (Zero-Interest Loans) – Rep. Van Hollen (D-MD). Energy labels will only stigmatize older properties, causing a loss in home value and further weakening the national economy. Labeling every home in America will not, in and of itself, save energy; providing incentives to property owners who make energy improvements will.

3. HEALTHCARE REFORM

HOUSE & SENATE ACTION REQUESTED: *Any healthcare reform should address the unique set of issues that self-employed and small businesses owners face in finding affordable health insurance coverage. The self-employed, independent contractor, free-lance and small business work force should be afforded the same health insurance coverage terms, underwriting consideration and tax treatment available to larger firms.*

A fair amount of attention has been given to the challenges facing small businesses that would like to provide health insurance, but are unable to do so. However, the problems facing the self-employed – a category that includes the overwhelming majority of REALTORS®- have been, for the most part, overlooked. As a result, approximately 28%

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of REALTORS® nationwide are uninsured.

Congress is addressing the need for comprehensive national health care reform with the goal of passing a comprehensive bill this year. Any reform efforts must afford the self-employed, independent contractor, free-lance and small business work force an affordable health insurance product and cost containment/affordability as part of any proposed plan. Insurance that is cost-prohibitive is no solution to the problems faced by the self-employed and small employers.

4. PRESERVING THE MORTGAGE INTEREST DEDUCTION

HOUSE & SENATE ACTION REQUESTED: Any proposals that would reduce or limit the Mortgage Interest Deduction (MID) would undermine consumer confidence in the housing market at a time when the goal is to stabilize housing prices and sustain homeownership. Congress needs to retain current law as it applies to the MID.

The MID is deeply embedded in both the minds of consumers and the value of their homes. Its inclusion in the original provisions of the tax laws underscores the well-established understanding of the importance of homeownership.

The Administration's FY 2010 Budget recommendations included a proposal that would limit the MID by limiting its value for taxpayers with more than \$250,000 (\$200,000 for singles) of adjusted gross income by capping deductions, including the MID at 28%.

Any action that has a chilling effect on consumers is particularly ill-advised in today's housing market. Stabilizing housing prices should be the primary goal of all tax policy related to homeownership. This change would dramatically shake the foundation of an already volatile housing market.

5. LIQUIDITY TO THE COMMERCIAL REAL ESTATE MARKET

HOUSE & SENATE ACTION REQUESTED: Congress needs to address the crisis in the commercial credit markets, both conventional and jumbo loans, by extending the term of Term Asset-backed Securities Loan Facility (TALF) loans used to finance the purchase of Commercial Mortgage Backed Securities (CMBS) beyond the current permissible three year limit and enhancing federal tax policies that strengthen the commercial real estate market.

The commercial and multifamily real estate industry plays a vital role in the economy and now faces its worst liquidity challenge since the Great Depression. Hundreds of billions of dollars of commercial real estate loans are expected to mature in 2009 and over \$1 trillion in the next few years. Under current conditions, there is insufficient credit capacity to refinance this wave of loan maturities.

With no liquidity, commercial borrowers face a growing challenge of refinancing maturing debt and the threat of rising delinquencies and foreclosures, which could result in widespread systemic damage. NAR strongly supports the Treasury's decision to expand the initial reach of the TALF program to include CMBS. TALF loans used to finance the purchase of CMBS must be extended beyond three years to accommodate the longer term nature of commercial real estate lending.

These programs need to help both conventional and jumbo loan markets. The housing market cannot truly regain strength and move forward unless there is also support for the jumbo market in the same fashion that the conventional market receives. Having a sound and functioning commercial and multifamily real estate sector is critical to our country's economic growth and development.