



**ILLINOIS
ASSOCIATION OF
REALTORS®**

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OF REALTORS®**
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HOUSING POLICY

ILLINOIS ASSOCIATION OF REALTORS® HOUSING POLICY

- As an Association, we reaffirm our commitment to the goal of decent housing and a suitable living environment for everyone. We believe that this goal can best be accomplished by a housing market that fosters sustainable and affordable homeownership or rental opportunities for every income level that can endure economic fluctuations whether local or global.
- We reaffirm our core value that the pursuit of decent housing for every person, from the homeless to the homeowner, should be raised to the highest level of state priorities.
- We believe housing is a right that comes with a responsibility on an owner and/or tenant to maintain and care for the property so as not to infringe on the health, safety or happiness of others.
- While we strongly believe that a healthy housing climate is predicated on a freely competitive, private-sector based housing industry, we believe that the government can and should play an important role in the housing area.
- We strongly believe that the real estate industry, and the state and local governments in Illinois can all work together in establishing policies and programs that promote an adequate supply of affordable owner-occupied and rental housing. Policies should be within a regulatory framework that do not create undue cost burdens or other barriers to creating, owning, or providing housing.
- Recognizing the Comprehensive Housing Planning Act (P.A. 94-965) has provided direction through the state Housing Task Force to focus on underserved populations, we continue to support development of a broad housing policy, and pledge to provide our support and assistance in the development of such a policy.
- Housing issues present serious challenges for public policy decision makers. How to balance the need for an adequate supply of affordable housing with efforts to minimize government intrusion in the economic and financial systems of our state and nation is an area that must be given serious consideration. All levels of government, housing providers, private-sector businesses, and nonprofit entities have a shared responsibility to encourage and improve the affordability of housing for all citizens by fostering an efficient and effective housing delivery system.

We stress the need for and importance of the governor and administration officials to adopt, promote and implement a comprehensive Illinois housing policy.





- It follows that the basic goal of a statewide housing policy should be decent, affordable housing and housing-related resources for all Illinoisans. Policies to meet this goal should focus on two key targets: diversity and affordability. Diversity is defined as a broad spectrum of housing types to meet the needs and desires of everyone on the housing spectrum. Affordability is meant as the ability for all income levels to have access to housing that fits into a sustainable housing budget.

To design effective policies to achieve diversity and affordability, we believe certain principles should be recognized:

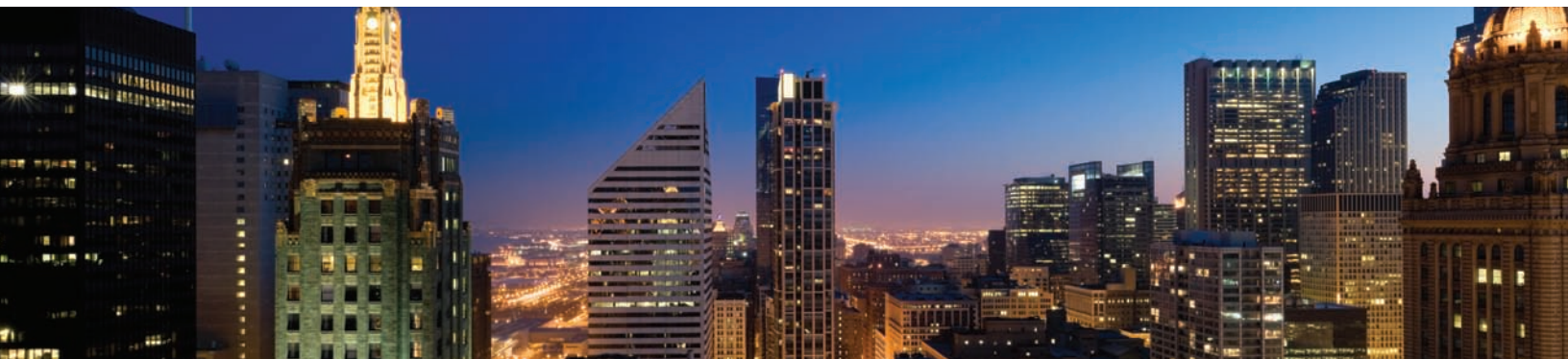
- A freely competitive housing market is a major source of prosperity for citizens.
- The private market is the best mechanism to meet the demands of housing for most Illinois citizens.
- Although the private profit and nonprofit market must assume chief responsibility, government at all levels must be partners.
- The government has a role in providing related services to the homeless, those at risk of foreclosure and those at the primary stages of leasing and/or homeownership.

We believe that additional goals of a statewide housing policy should be to:

- Promote the coordinated and efficient use of state housing resources.
- Reduce regulatory burdens and streamline access to those resources by consolidating regulations and state housing efforts.
- Enhance the supply of diverse and affordable housing by creating incentives and removing regulatory barriers rather than imposing restrictions and mandates.
- Encourage a partnership concept between state and local government in concert with private industry housing providers and not-for-profit entities.

REAL ESTATE FINANCE ISSUES

- We encourage the flow of funds into housing from all possible sources, including investment funds and out of state or foreign sources of capital.
- Elected officials should advocate the continuation of workable and viable FHA, USDA Rural Development, VA mortgage insurance and guarantee programs, as well as programs of the GNMA, the FHLMC and the FNMA according to rational underwriting standards.
- IHDA should continue to play a vital and expanded role in providing financing for affordable housing and should continue to experiment with innovative mortgage designs that have the potential to facilitate homeownership under all economic circumstances.
- A viable source of acquisition, development and construction financing should be readily available and maintained.
- We support continued funding for the locally based federal grant programs, including, but not limited to, the CDBG (CDAP) funds, HOME funding, ESGP, SRO, and Low Income Housing Tax Credits.
- Maximize access to available federal matching funds by maintaining the Affordable Housing Trust Fund and other state dollars at sufficient levels.
- Ensure that the application process for Affordable Housing Trust Fund monies are as clear and streamlined as possible.
- We oppose transfers out of the Affordable Housing Trust Fund to the General Revenue Fund to address budget deficits.
- We support programs to develop and offer incentives to encourage and assist financial institutions to be more involved in affordable housing efforts, i.e. linked deposit of state funds to financial commitment to affordable housing efforts.
- We support and seek out additional financing options for the rental market. Elected officials of Illinois should continue to support the project-based funding for Section 8 low-income rental housing and unit-based funding of the state Rental Housing Support program. Additionally, support for programs such as the USDA Rural Development 515 program, the U.S. Department of Housing and Urban Development (HUD) 202 program for the elderly, HUD Veterans Affairs Supportive Housing (VASH), and the HUD 811 program for the disabled should be sustained.



- We support policies and programs to permit and encourage employers to develop employee housing programs, including but not limited to programs that would provide for:
 - Down payments on home purchases and closing costs;
 - Security deposits and initial month's rent for leased residences;
 - Collateral for mortgage loans used for residential financing; and
 - Development of housing by employers.
- We support the continuation of tax-exempt financing for low- and moderate-income and owner-occupied housing through state and local housing finance agencies.
- We support the increased use of tax increment financing (TIF) to create affordable housing opportunities.
- We support the continuation of state-designated enterprise zones.

EQUAL OPPORTUNITY ISSUES

- We reaffirm our full support and advocacy of the practice of equal opportunity in housing and renew our dedication to fulfilling the requirements of all federal, state, and local fair housing laws. We pledge ourselves to uphold the spirit as well as the letter of the law, through programs, activities, and training designed to promote and further the right of equal opportunity in housing for all people.
- We believe equal opportunity exists only where there is complete freedom of individual choice in housing and we oppose any attempt to interfere with this freedom of choice.
- We reaffirm our endorsement of and commitment to the Fair Housing Partnership Resolution of the U.S. Department of Housing and Urban Development and the National Association of REALTORS®, believing it to be a constructive, voluntary means of promoting equal opportunity through freedom of choice.
- We will work with state agencies and other entities and organizations to develop and provide fair housing education.
- We will oppose any proposal that would place unreasonable limitations on the free and open marketing of real property, such as the advertising of property on the open market through the use of solicitation, including the use of real estate "For Sale" signs.

CREDIT, CREDIT EDUCATION AND COUNSELING

Support and encourage reforms and relief from certain activities of creditors, credit repositories, and collection agencies. The reform and relief measures should address, but not necessarily be limited to, the following issues:

- Greater accountability for creditors, collection agencies, and repositories who fail to take quick action to update the consumer's credit file to correct errors and to indicate when a credit item has been paid.
- Collections appearing on a consumers report when the consumer is complying with the terms of a payment agreement.
- Collections that appear in a consumer's credit file that are also listed as an additional collection after purchase by a subsequent collector.
- Consumer education and/or disclosures to heighten consumer awareness of the negative impact certain credit practices can have on their credit profile.
- The ability of nonprofit entities and public agencies to be allowed reasonable administrative costs in their funding requests for both state and federal funds.
- Homebuyer education as a legitimate homebuyer's closing cost on a HUD 1 form.
- State and federal funding for nonprofit entities for credit counseling and homebuyer education, and ongoing support (such as foreclosure prevention and intervention).
- The support and development of programs, and the support of state funding for such programs, to provide comprehensive education in schools regarding the importance of credit responsibility and setting of financial goals.
- Support and encourage the vigorous prosecution of unscrupulous practitioners who engage in "predatory" lending activities.

TAX POLICY REGARDING HOUSING

- We support and promote property tax abatement programs in targeted areas for affordable single-family or duplex housing projects.
- We oppose the imposition of real estate transfer taxes by local governments, with the exception of the .50 cents per \$1,000 of the value of property transferred imposed by counties to pay for transfer related purposes.
- We oppose future increases in the state real estate transfer tax.
- Illinois tax laws and other potential barriers to the development of manufactured housing in Illinois should be examined.
- We support school funding reform to address the significant negative impact that the current dependence on local real estate taxes has on housing affordability.
- We support the federal mortgage interest deductions and state enhancements such as mortgage credit certificates.

REMOVING BARRIERS TO THE SUPPLY OF DIVERSE AND AFFORDABLE HOUSING

While we acknowledge the need for various regulations that affect real estate, such as reasonable land use, zoning, building code, and planning ordinances at the local level and reasonable environmental regulations at the state level, we strongly believe that the enormous impact these regulations have on the supply and affordability of housing at all levels must be addressed in state and local housing policies.

- We support policies and programs to promote technological advances in the construction industry designed to reduce housing costs without adverse impact on the health and safety of residential housing.
- We support policies, programs, and initiatives to eliminate or reduce development and building code requirements (other than essential health and safety measures) that delay and add to the cost of the development and rehabilitation of housing.
- We support incentive programs to encourage increased energy efficiency in housing.
- We support the enactment of subdivision land development standards that remove overly restrictive infrastructure requirements and permit newer technologies.
- We support an increased role for vocational and technical schools in providing more training in the area of entry level job skills for housing construction and rehabilitation.
- We support and encourage the enactment of zoning allowances and exceptions for density for low-income, disabled and elderly housing projects, to make financially marginal projects feasible.
- We believe regulations that are imposed by non-housing state agencies should be identified, then eliminate or revise such regulations as necessary to avoid costly and conflicting regulation of housing providers and related entities, including supportive housing entities.
- We support incentives for property owners to participate in the Section 8 voucher program.
- We support efforts to remove the regulatory barriers associated with the Section 8 voucher program to make it a more attractive program for property owners.
- We oppose efforts to force owners to participate in the program by protecting the Section 8 voucher as a “source of income” under the Illinois Human Rights Act.
- We oppose any policy that explicitly prohibits a specific housing type within a total governmental jurisdiction.
- We oppose landlord-tenant legislation that is injurious to the basic rights of private property ownership.
- Rent control measures ultimately decrease the availability of affordable housing and infringe upon the right of Americans to own property free of unreasonable controls. We therefore oppose the adoption of rent control legislation at all levels of government.
- We support state legislation that provides a framework for reasonable development fees that are based on sound analysis and are specific, unique and attributable to the new development.

GLOSSARY

CDBG - Community Development Block Grant, administered by HUD to provide funding to cities over 50,000 in population located in metropolitan statistical areas as well as qualified urban counties with populations of at least 200,000. Funds must be used for low-and moderate-income persons, for neighborhood revitalization and/or economic development needs.

CDAAP - Community Development Assistance Program, a competitive housing rehabilitation program for low- to moderate income persons, funded by HUD. The Illinois administering agency is the Department of Commerce and Economic Opportunity.

ESGP - Emergency Shelter Grant Program. The ESGP provides homeless persons with basic shelter and essential supportive services. ESG also provides short-term homeless prevention assistance to persons at imminent risk of losing their own housing due to eviction, foreclosure, or utility shutoffs.

FARMER MAC - A separate agency, established as a secondary market within the Farm Credit System for farm real estate loans.

FHA - Federal Housing Administration is a division of the Department of Housing and Urban Development (HUD); insures mortgage loans secured by one to four family dwellings against default and foreclosure and compensates approved lending institutions for losses resulting from borrower default.

FHLMC - Federal Home Loan Mortgage Corporation (Freddie Mac), congressionally chartered corporation that purchases loans as a secondary mortgage market.

FNMA - Federal National Mortgage Association (Fannie Mae), a private corporation that purchases loans as a secondary market. Freddie Mac and Fannie Mae jointly developed uniform documents, qualifying requirements and insurance against loan default, creating a standardized conventional loan.

FARM CREDIT - An independent agency in the executive branch of the U.S. government with member lending institutions, run by a three-member board appointed by the president. The agency administers the Farm Credit System.

GNMA - Government National Mortgage Association, a secondary market (underwriting agency) of HUD, limited to underwriting only FHA, VA and USDA-RD loans.

HOME FUNDS - Funded by HUD, administered by IHDA, provides states and local governments funds for affordable housing through partnerships with states, local governments, developers, and nonprofits. IHDA distributes HOME funds as loans and grants on a competitive basis.

HUD - United States Department of Housing and Urban Development

HUD 202 Loan Program - Facilitates the development of low-cost rental housing and related facilities for very low-income elderly persons and households. Rental assistance contracts are available for 5 years, then renewed based on fund availability. HUD provides interest-free capital advances to private, nonprofit sponsors to finance development, which does not have to be repaid as long as the project serves very low-income elderly for 40 years.

HUD 811 Capital - Program provides interest-free capital advances to nonprofit sponsors to help them finance the development of rental housing with the availability of supportive services for persons with disabilities. Three-year renewable rental assistance contracts are also available through this program.

IHDA - Illinois Housing Development Authority, the state's affordable housing agency that administers HOME Funds, Tax Credits, Single Family Bond Programs, Mortgage Credit Certificates, and the Affordable Housing Trust Fund.

LIHTC - Low Income Housing Tax Credits, a tax incentive provided to investors for affordable housing, administered by IHDA, allowing a tax credit to be taken for 10 years after project completion. Tax authority is limited to \$1.25 per state capita.

SECTION 8 VOUCHER PROGRAM - Housing assistance payments to very low-income families, funded by HUD, administered by local public housing authorities to cover the difference between fair market rent in the private market and 30 percent of the family's adjusted income.

SRO - Single Room Occupancy Program. The SRO program is targeted for homeless individuals and provides rental assistance for units for a period of 10 years. Owners are compensated for the cost of some of the rehabilitation (as well as the other costs of owning and maintaining the property) through the rental assistance payments.

TIF - Tax increment financing.

USDA RD - 515 LOAN PROGRAM - Provides funding for multi-family rental housing and related facilities suited for independent living for very low- to moderate-income rural residents, the elderly, and persons with disabilities. Loans are made at an effective interest rate of one percent amortized up to 50 years. Rents are at 30 percent of tenants adjusted income; assistant subsidies can be used to reach the 30 percent level; 95 percent of tenants of new projects must have very low incomes.

USDA-RD - Rural Development, a division of the United States Department of Agriculture, provides financing with no down payment, at favorable rates, and grants to low- and moderate-income rural families.

VA - United States Department of Veterans Affairs guarantees no down payment loans up to an eligible veterans' entitlement.

VASH - Veterans Affairs Supportive Housing provides permanent housing for eligible homeless Veterans who are single or eligible homeless Veterans with families.

Illinois Association of REALTORS®
522 S. Fifth Street | Springfield, IL 62701
217/529-2600 | Fax 217/529-3904
www.illinoisrealtor.org
IARaccess@iar.org



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