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NOVEMBER 2017

INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

Happy holidays

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ASSOCIATION OF REALTORS®

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FRANK LICEA,
2017 IVAR PRESIDENT

REALTORS® Have an Opportunity to Take the Tax Penalty Out of Moving

While Congress and the US Senate propose ways to make the tax code less friendly to home ownership and to most Californians interested in buying a home that they actually plan to live in, REALTORS® are working to not just protect against that assault, but to help senior homeowners across California move without paying thousands in additional taxes.

IVAR Government Affairs Director Paul Herrera has an excellent explanation of the problems with the federal tax bill in his update this month. I'd like to emphasize the importance of responding to that Call for Action.

At the same time we're working that issue, REALTORS® are beginning to receive signature petitions from the California Association of REALTORS® that you can use to help us extend prop 13 property tax benefits for seniors looking to move.

In October, REALTORS® serving on the C.A.R. Board of Directors voted to move forward with a ballot initiative that would allow senior homeowners 55 or older to carry their prop 13-protected property tax base to another home, anywhere in California. The voter initiative, which needs to be qualified for the ballot with voter signatures and decided by voters next November, would end the effective tax penalty that typically occurs when someone who has been in their home for many years decides to move.

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That tax hike is triggered by the fact that prop 13 keeps property taxes affordable by limiting how quickly a homeowner's property tax assessment level rises. Due to many factors, including California's inability to build housing at a level needed to match population growth, property value has been rising faster than the prop 13 limits for more than a generation.

The result is that the average senior homeowner today hasn't moved since before the turn of the century. Moving now could mean doubling or tripling their property tax bill. That raises their cost of living by thousands at a time when many are working off fixed incomes and trying to make their savings last.

It's also important to note that while rising property values appear lucrative on paper, a homeowner moving within California gets little benefit in their actual income. That's because the home they're buying has likely also risen in cost. Rising property values on your primary residence is not income.

Nonetheless, property reassessment is a powerful reason for seniors to stay put and reject a move that could bring them closer to family, allow them to downsize or otherwise bring them to the home they would prefer to live in during their retirement years.

Passing this initiative could be bring serious relief to senior homeowners and bring more homes to the market. While that doesn't fix our statewide housing shortage, it does help put people into homes more suited to their lives.

Here are the basics of the Seniors Property Tax Portability Initiative:

- Allows senior homeowners (age 55 and older) to transfer their current tax assessment level to a new primary residence
- There are no restrictions on how many times a senior may transfer their property tax base
- They may use it anywhere in California
- They may purchase a more expensive home and still benefit using a blended basis that adds the additional cost of the more expensive purchase to their current assessment level

Please help us collect the signatures to bring this issue before voters next year. Details will be in your mailbox, in this e-magazine and in you email inboxes.

PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

Washington DC Tax Bill Continues March Against Homeownership

By the time you read this, it's possible that the United States Senate will have already voted on its version of a tax overhaul. We hope that, with your help and calls to your legislators, we will have made the impact necessary to walk lawmakers back from the brink of cutting the benefits of homeownership out of the tax code altogether and even raising taxes on many California homeowners.

However, at the moment this is being written, that seems optimistic. A few weeks ago, the US Congress, supported, inexplicably, by a small but critically important group of California representatives, mustered the votes to approve its version of a tax bill. That legislation, if it were to become law, would include a series of details that would simultaneously amputate the benefits of homeownership from our tax code while piling on additional punishment to homeowners in high cost, high tax, high demand states like California.

It is absolutely possible – we would argue necessary – to reform the tax code and even lower rates for American business and individuals without the negative effects that we detail below. Unfortunately, Congress is currently choosing a path that has been opposed by REALTORS® and home builders for generations.

The Senate is now debating its version of a tax bill. The current details manage to actually do more damage to the issues outlined above.

The fact that there are two competing proposals with significant differences in detail makes this issue all the more complicated. The fact that lawmakers in Washington DC hope to pass the entire thing by Christmas makes it all the more urgent.

If you haven't already taken a moment to contact your representatives to ask them to oppose the tax bill as currently written, we hope you'll do so right away. And please let friends, neighbors, clients and others know that they can make a difference here too. Instructions for reaching your representatives are highlighted elsewhere on this page.

Here are a few bullet points on problems with the tax bills. Not all details are consistent in both House and Senate versions:

1) Changes rules so that any home not owner-occupied for at least five years (or five of the past eight years) will be subject to capital gains taxes at resale. For most families, this will be a 15 percent sales tax on the appreciation of their home.

2) Cuts the mortgage interest deduction in half, does not index it to inflation and eliminates all benefits on second homes (Congressional version)

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3) Eliminates property taxes as an eligible deduction (Senate version). Does the same with state income taxes (both versions). This forces Californians to pay federal taxes on the money they used to pay their state and property taxes.

These items combined with other elements of the tax bill mean that between 90 and 95 percent of American households will see no tax benefit from homeownership. Meanwhile, California homeowners will lose, on average, deductions that save them between $2,000 and $3,000 annually on their federal tax bills.

And while some of that is offset by lower tax rates, the Senate version ends those lower tax rates for individual homeowners within five years without bringing back the deductions, effectively raising taxes for everyone who benefits from itemized taxes today.

Simply put, we have not faced a challenge to homeownership like this in California. However, with your help, we can turn the tide to keep this from becoming a new reality for us in 2018.

REALTOR® Call for Action on Taxes

Please take a moment to call your member of Congress and ask them to reject any tax bill that raises taxes on California homeowners, cuts the mortgage interest deduction or effectively ends homeownership benefits for middle class families.

To get in touch with your representative, Call 800-278-3615 and enter the appropriate PIN below:

2042# For Rep. Ken Calvert (Corona, Norco, Eastvale, Woodcrest, Lake Mathews, Lake Elsinore, Menifee, Murrieta)

2008# For Rep. Paul Cook (Highland, Mountain Communities, High Desert to Mammoth Lakes)

2031# For Rep. Pete Aguilar (San Bernardino, Redlands, Rancho Cucamonga, Upland, Loma Linda)

2036# For Raul Ruiz (Banning, Beaumont, Hemet, east to the Coachella Valley)

2041# For Mark Takano (Riverside, Moreno Valley, Jurupa Valley, Perris)

2035# For Rep. Norma Torres (Fontana, Ontario, Rialto, Chino, Pomona)

Affordable Housing Fund Document Recording Fee

With keen awareness of California's shortage of affordable housing, the legislature passed more than 20 bills related to housing in this year's session. Chief among these laws is Senate Bill 2.

This law provides a permanent source of funding for affordable housing by imposing a flat $75 per document recording fee on every real estate instrument that is NOT part of a sales transaction. In this way, SB 2 is written to ensure that the fee will not burden home purchase transactions. The fee will be capped at $225 per transaction and coordinated with other revenue sources. C.A.R. supported SB 2 which dedicates 20% of the funds generated to affordable workforce housing and 70% of revenues to local governments for housing.

Landlord/Tenant – New Flood Disclosure Starting July 1, 2018

For every residential lease or rental agreement entered into on or after July 1, 2018, Assembly Bill 646 requires a landlord or agent to disclose in writing information regarding flood hazards, including the landlord's "actual knowledge." Specifically, the law requires disclosure of

1) Pre-printed language concerning floods, emergency services, and renter's insurance, and
2) The owner's actual knowledge of whether the property is located in a flood zone.

The flood zones that must be disclosed include both the special hazard area in which flood insurance is required and also flood inundation areas at risk because of dams. The owner or agent will be deemed to have actual knowledge of these flood areas if the owner has or is required to carry flood insurance or if the owner has received written notice from a public agency stating that the property is in one of these zones.

Landlord/Tenant – Protection of Immigrants in Residential Rental Housing

This new law (Assembly Bills 291 and 299) was part of a suite of 11 new laws aimed at protecting immigrants. In the context of residential rental housing, it prohibits any threat to disclose information relating to immigration status with the intent of harassing, intimidating or retaliating, or influencing a tenant to vacate.

Currently, a landlord is prohibited from inquiring into the immigration status of a prospective or actual tenant or discriminating generally against a person on the basis of immigration status, citizenship, or primary language. Nonetheless, a landlord under existing law may still request information or documentation necessary to determine or verify the financial qualifications of a prospective tenant or determine or verify the identity of a prospective tenant or occupant. The new law explicitly adds that the landlord may disclose information when complying with any legal obligation under federal law such as any federal government program that provides for rent limitations or rental assistance to a qualified tenant, or a subpoena, warrant, or other order issued by a court.

Three aspects of the new law stand out. First, there are significant penalties and damages for its violation. A statutory penalty of between 6 and 12 times the monthly rent can be imposed for a violation. This is in addition to all other damages. Second, under this law, a new affirmative defense is created in an Unlawful Detainer against discriminatory action based upon immigration or citizenship status. And third, the definition of immigration or citizenship status is expanded so that anyone who is perceived to have a particular immigration or citizenship status, whether they have one or not, falls under its protections, as well as any person being associated with a person within the protected class.

2018 Advertising Rules: Revised Q&A and New Quick Guide - One More Time

The Hotline continues to receive many calls from agents and brokers about the 2018 Advertising Rules, and the new rules are also a hot topic at Legal Outreaches. Keeping in mind that we often need to hear things a few times before they really sink in, this is a reminder that C.A.R. has two tools that can help you be in compliance in 2018. The recently revised Q&A, Advertising Your Services: Required Name and License Information, has the information you need to know. Another tool is the Quick Guide: The 2018 Advertising Rules. The Quick Guide is part of the new C.A.R. Legal Tools that provide easy to use videos, slide decks, flyers, and quick summaries of important topics for REALTORS®. In addition to the links above, you can access other Q&As, and Legal Tools through the Legal Hotline App. You can also use the Hotline App to contact the Hotline if you have additional legal questions.

CFBP's Richard Cordray Resigns

In a not-unexpected move, Richard Cordray, the first director of the Consumer Finance Protection Bureau, has announced that he will resign as director of the CFBP at the end of November. This resignation will lead to a new appointment to head the CFPB and has the potential to roll back regulations by an agency that some believe is too powerful. The CFBP was set up after the 2008 financial crises and has oversight of mortgages and consumer credit products. Whether a new director will change CFPB's approach to the interpretation and enforcement of RESPA/TILA regulations or its approach to marketing services agreements is unknown at this time.

House Passage of Flood Bill Critical Step Toward Reauthorization, Reform

WASHINGTON (November 14, 2017) – With less than a month left before the National Flood Insurance Program expires, the National Association of Realtors® is applauding the House of Representatives for passing what NAR believes is smart, much-needed support for the program.

"Realtors® know first-hand what happens when the NFIP expires, and it isn't good for consumers, businesses or our communities" said NAR President Elizabeth Mendenhall, a sixth-generation Realtor® from Columbia, Missouri and CEO of RE/MAX Boone Realty. "We appreciate the leadership that members of Congress have shown passing sound reforms, which will strengthen the program, protect property owners and deliver good results for taxpayers."

The NFIP is responsible for providing the vast majority of flood insurance policies in over 20,000 communities nationwide. Without it, most consumers would be unable to purchase the flood insurance that's required on mortgages in a flood plain. In the past, NAR has shown that 40,000 home sales are lost every month when the program is unavailable.

H.R. 2874, the "21st Century Flood Reform Act," reauthorizes the NFIP for five years, while taking steps to reform the program. These reforms include:

- Authorizing $1 billion to elevate, buy out or mitigate high-risk properties
- Capping flood insurance premiums at $10,000 per year for homeowners
- Removing hurdles to the private flood insurance market, which often offers better coverage at lower cost than the NFIP.
- Providing for community flood maps and a homeowner's ability to appeal their flood designation
- Better aligning NFIP rates to match a property's true risk, particularly for in-land and lower-value properties
- Improving the claims process for flood victims
- Addressing repeatedly flooded properties, which account for 2 percent of NFIP policies but 25 percent of claim payments

These changes, Mendenhall said, would improve the NFIP's financial health, put consumers on a stronger footing, and deliver certainty to current and prospective homeowners.

"The conversation happening in Washington on this issue is fundamentally about how we deliver the best results for consumers and taxpayers, and that's a good conversation to have," Mendenhall said. "Realtors® are simply asking that Congress swiftly deliver on the promise of this program so buyers can move forward without interruption and homeowners know their most important asset is protected. With December 8 around the corner, we're hopeful the Senate will now step up to the plate and do their part by passing a flood reform and reauthorization package without delay."

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Housing Data Report October 2017

The Voice of Real Estate in the Inland Empire℠

A report brought to you by the Inland Valleys Association of REALTORS® (IVAR)
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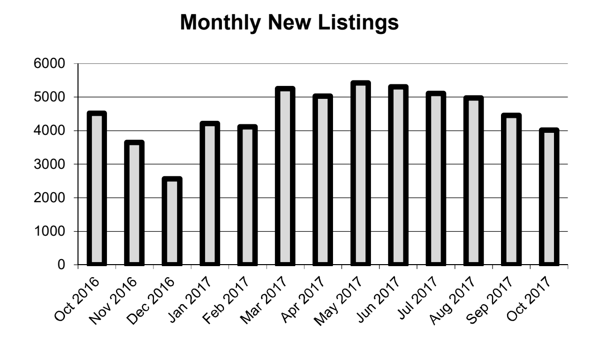
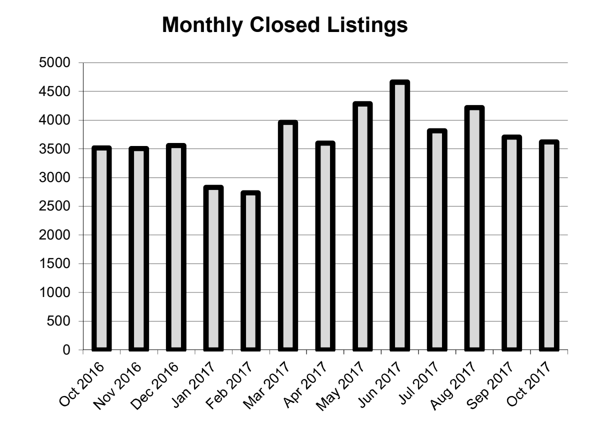
Mark Dowling, Chief Executive Officer

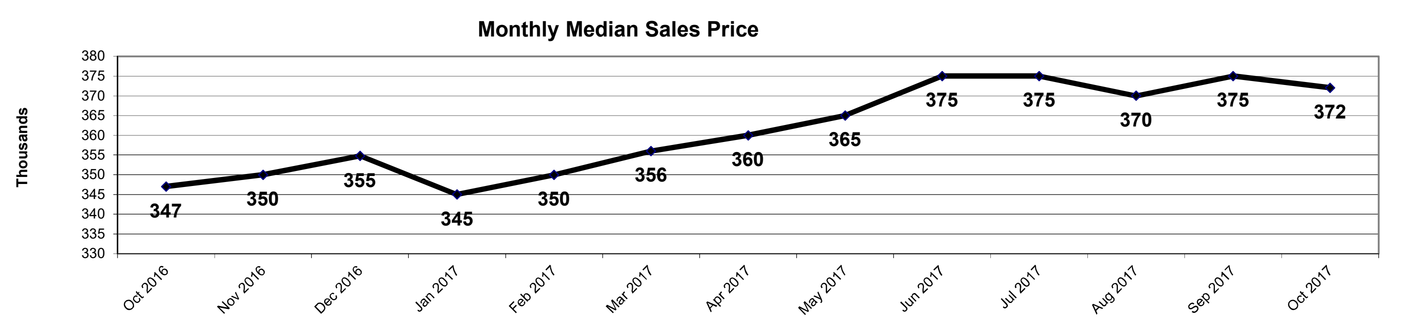
- Strong demand with limited housing supply is driving an aggressive residential real estate market. When comparing year-to-date housing data from (Jan-Oct. 2016 vs. Jan-Oct. 2017) there were strong increases in Sold Listings (up 4.5%), Sales Volume (up 12.2%) and Pending Sales (up 4.9%). However, New Listings continue to lag with a 5.2% decrease.
- Heightened demand has also caused a reduction in "Combined Days on Market" which decreased 57.7% year-over-year. Moreover, roughly one-third of the homes sold were on the market less than two weeks.
- Median Sales prices have leveled off and over the last 5 months continue to hover around $375,000, which is a 7.4% increase compared to Oct., 2016.
- 2017 continues to reflect a very strong demand for housing demonstrated through increased Sold Listings, Sales Volume and Median Sales Prices, and a drastic reduction of Days on Market for homes.





	Oct-2016	Oct-2017	Annual Change
New Listings	4,517	4,015	-11.1%
Pending Sales	3,602	3,864	7.3%
Sold Listings	3,516	3,622	3.0%
Median Sales Price	$347,000	$372,000	7.2%
Sales Volume ($M)	$1,305	$1,472	12.8%
Price/Sq.Ft.	$192	$214	11.1%
Sold $/List $	98.53%	99.28%	0.8%
Days on Market	41	20	-51.2%
CDOM	44	22	-50.0%

All data used to generate these reports comes from the California Regional Multiple Listing Service, Inc. If you have any questions about the data, please call the CRMLS Customer Service Department between the hours of 8:30am to 9:00pm Monday thru Friday or 10:00am to 3:00pm Saturday and Sunday at 800-925-1525 or 909-859-2040.



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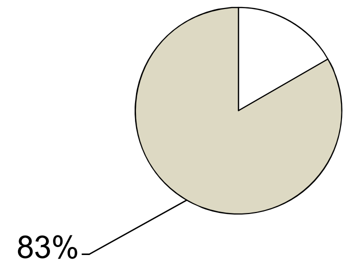
The statistics shown below are for all 10 months of the years represented.

Month to month comparisons give you a quick way to see what is recently changing in the region. However, by comparing Year-To-Date (YTD) information across several years, you can observe more signifiant trends.

We are 10 months through the year:



	Jan-Oct 2016	Jan-Oct 2017	Year-Over-Year Change
New Listings	50,502	47,888	-5.2%
Pending Sales	37,706	39,567	4.9%
Sold Listings	35,829	37,457	4.5%
Median Sales Price	$340,000	$365,000	7.4%
Sales Volume ($M)	$13,167	$14,767	12.2%
Price/Sq.Ft.	$188	$203	7.7%
Sold $/List $	98.72%	99.38%	0.7%
Days on Market	44	20	-54.5%
CDOM	52	22	-57.7%

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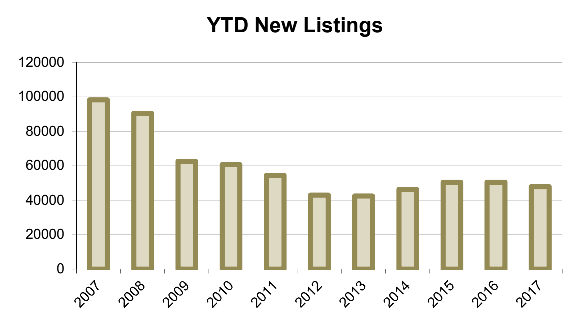

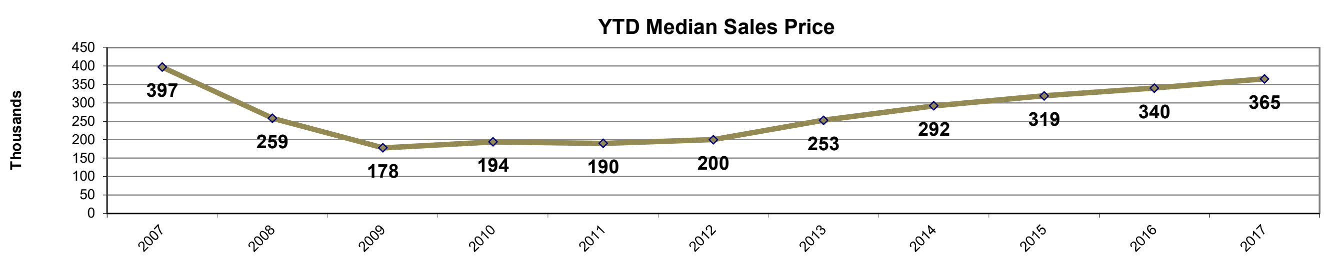

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Oct 2017 City Overview

As a service and convenience to our members, IVAR is pleased to offer several "Quick Look" reports. This is one more way for IVAR members to stay informed with minimal effort.

The following monthly data shows "YEAR-OVER-YEAR" (YOY)changes as well as current conditions in the real estate market

	YOY Sales Transactions	YOY Median Sales Price %	Median Sales Price $	Inventory	Price per Sq.Ft.	Total Days on Market
Alta Loma	-24%	10%	$ 592,000	26	$ 287	29
Banning	13%	10%	$ 240,000	80	$ 174	28
Beaumont	-15%	2%	$ 301,000	108	$ 158	23
Bloomington	122%	22%	$ 314,500	27	$ 232	22
Calimesa	15%	10%	$ 352,400	11	$ 214	34
Canyon Lake	-39%	21%	$ 425,000	57	$ 226	39
Chino	-5%	8%	$ 455,000	81	$ 265	18
Chino Hills	14%	11%	$ 648,500	107	$ 319	44
Claremont	65%	4%	$ 647,000	38	$ 356	20
Colton	25%	18%	$ 306,500	77	$ 207	27
Corona	8%	9%	$ 453,500	290	$ 245	24
Diamond Bar	27%	-2%	$ 607,500	111	$ 367	37
Eastvale	-19%	12%	$ 577,500	45	$ 196	10
Fontana	-16%	6%	$ 377,950	250	$ 215	17
Grand Terrace	217%	20%	$ 355,000	22	$ 203	12
Hemet	-7%	8%	$ 235,000	245	$ 147	23
Highland	-2%	27%	$ 371,500	87	$ 181	31
Jurupa Valley	6%	6%	$ 416,980	52	$ 223	21
La Verne	18%	6%	$ 610,000	36	$ 352	14
Lake Elsinore	-10%	11%	$ 365,000	140	$ 178	18
Loma Linda	-15%	-13%	$ 340,000	15	$ 226	19
Menifee	-6%	9%	$ 355,000	188	$ 182	21
Montclair	69%	8%	$ 410,000	31	$ 274	24
Moreno Valley	-1%	9%	$ 309,250	252	$ 184	21
Murrieta	1%	7%	$ 405,000	274	$ 183	21
Norco	47%	19%	$ 530,000	32	$ 247	32
Ontario	13%	6%	$ 381,500	158	$ 265	14
Perris	1%	10%	$ 294,000	152	$ 164	21
Pomona	24%	9%	$ 392,500	139	$ 294	19
Rancho Cucamonga	-5%	7%	$ 477,500	247	$ 279	36
Redlands	35%	6%	$ 380,000	79	$ 239	17
Rialto	-17%	5%	$ 330,000	116	$ 224	15
Riverside	-1%	3%	$ 375,000	554	$ 230	22
San Bernardino	8%	6%	$ 259,900	321	$ 196	22
San Dimas	-26%	22%	$ 695,000	38	$ 317	17
San Jacinto	-8%	7%	$ 272,500	75	$ 131	13
Sun City	63%	2%	$ 243,000	22	$ 174	23
Temecula	16%	8%	$ 450,000	244	$ 211	27
Upland	34%	11%	$ 525,000	112	$ 277	25
Wildomar	14%	-1%	$ 361,000	67	$ 163	14
Winchester	-9%	4%	$ 397,450	65	$ 177	19
Yucaipa	6%	14%	$ 360,000	92	$ 207	35

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Oct 2017 - Sales Volume per City

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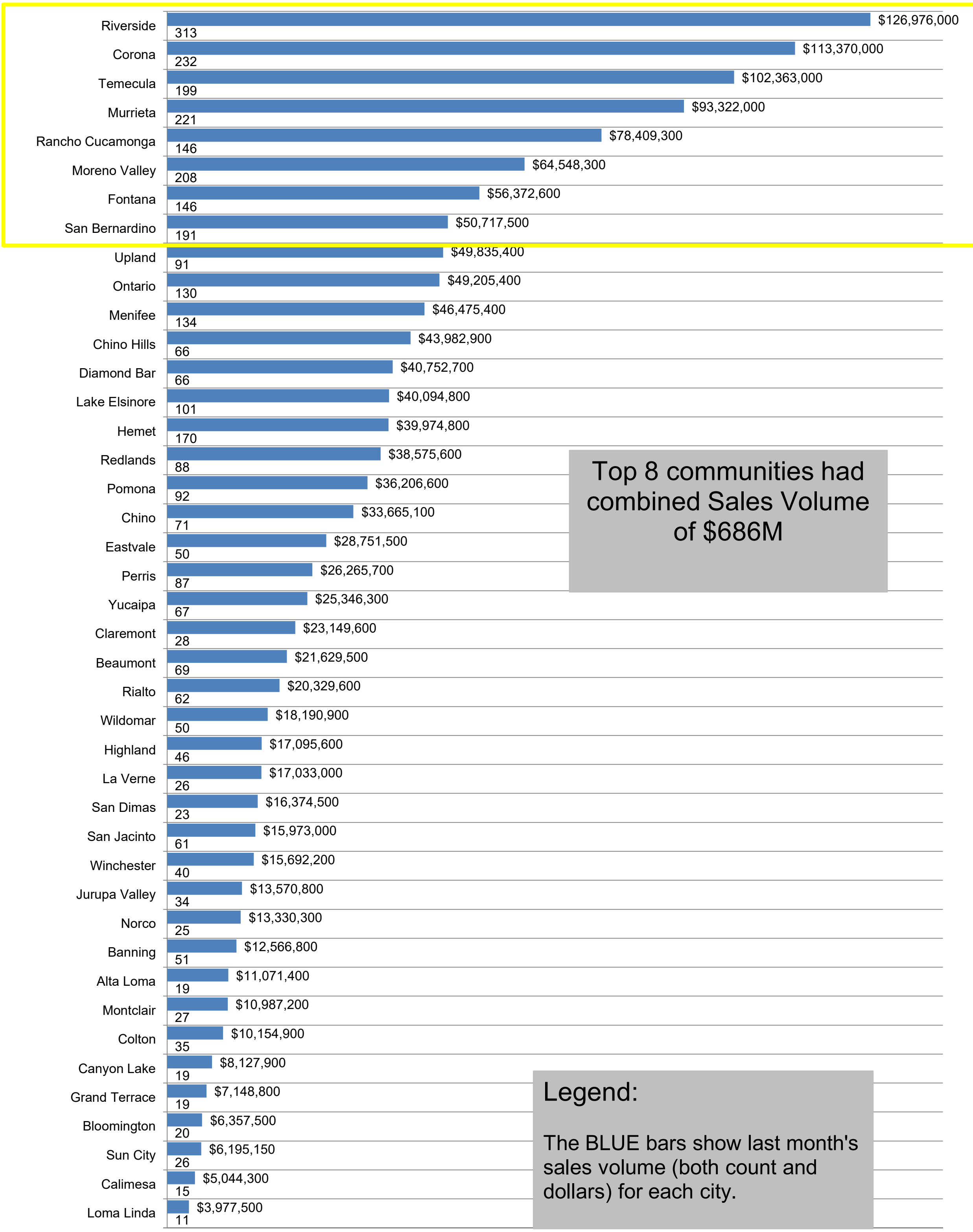

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Oct 2017 - Top Communities with New Listings (year-over-year)

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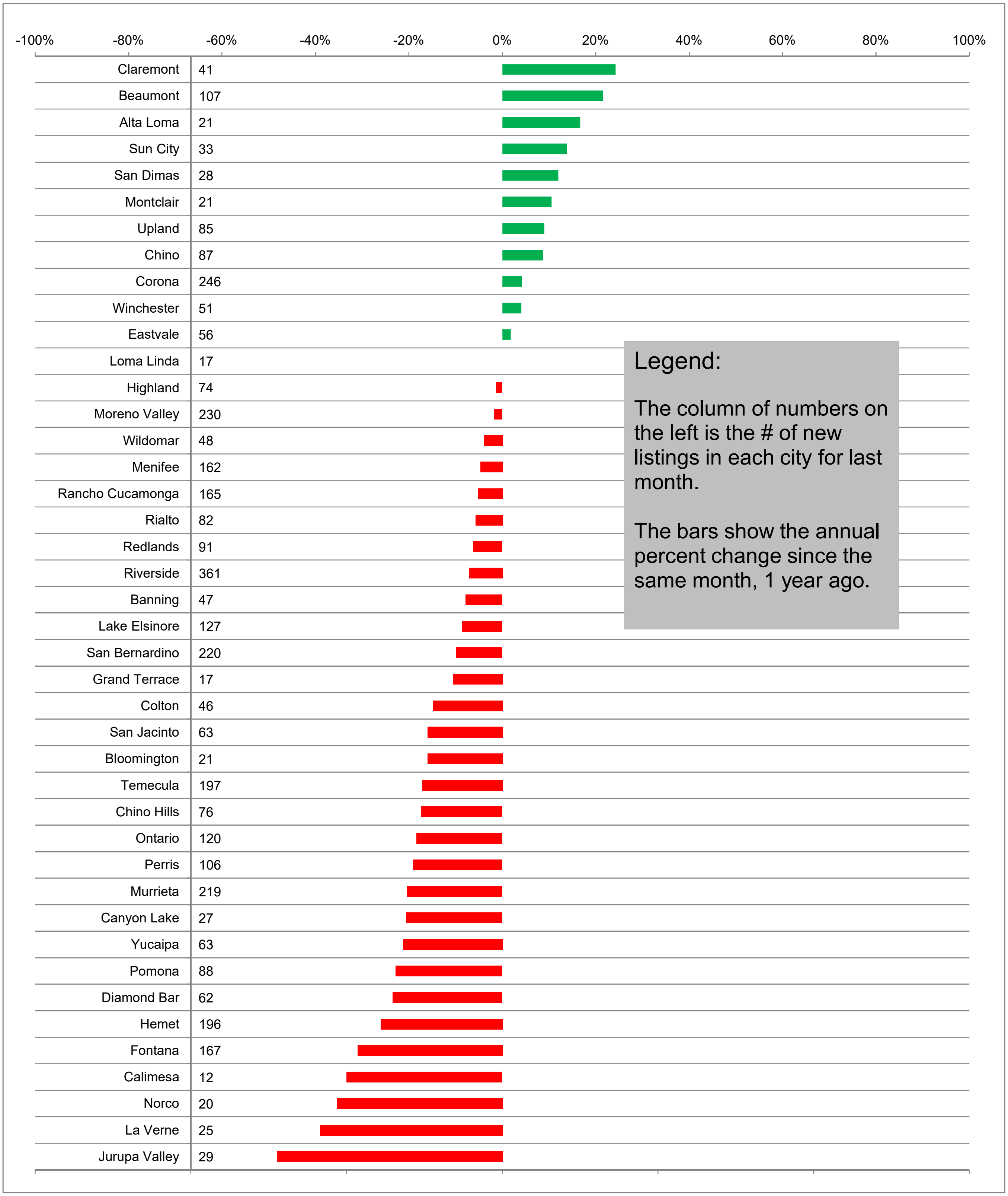

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Sell Price vs Original List Price

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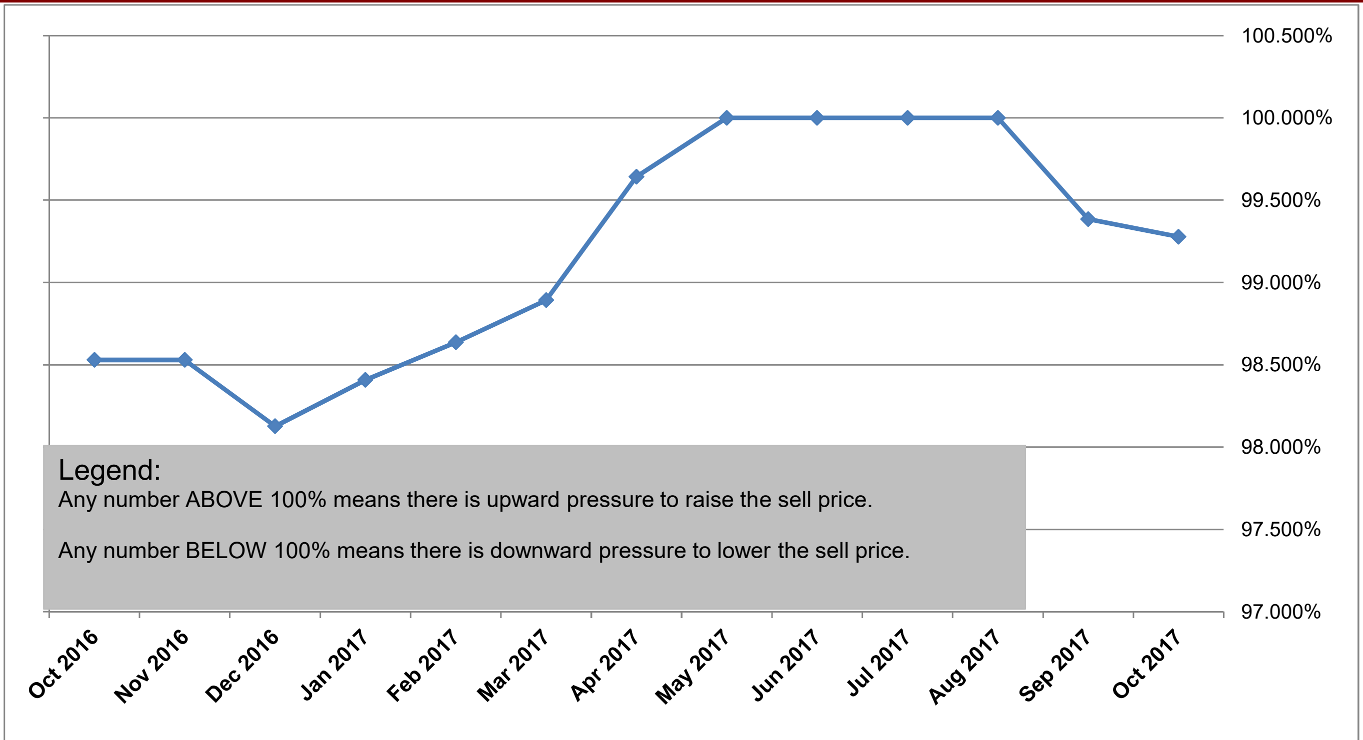


Legend:
Any number ABOVE 100% means there is upward pressure to raise the sell price.

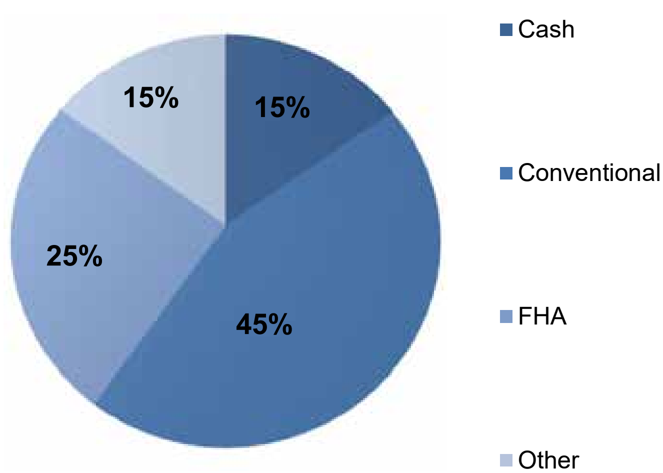
Any number BELOW 100% means there is downward pressure to lower the sell price.

This report is brought to you by IVAR:

As a service to the more than 4 million residents of the Inland Empire, the **Inland Valleys Association of Realtors®** is proud to distribute this data report on the housing market in the 50 communities served by our Realtor Members.

The core purpose of IVAR is to help its members become more professional and profitable, while promoting and protecting real property rights.

Finance Type



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Housing Supply Shortages Slowing First-time Buyers; Signs of Hope Exist for More New Construction

CHICAGO (November 6, 2017) – Stubbornly low inventory conditions in a large swath of the country are behind the below-average share of first-time buyers in recent years, but there is gaining evidence that an increase in homebuilding is around the corner.

That is according to NAR's Jessica Lautz, managing director of survey research and communications at the National Association of Realtors®, and Robert Dietz, chief economist at the National Association of Home Builders (NAHB), at a timely session yesterday on housing supply and affordability at the 2017 REALTORS® Conference & Expo. Lautz and Dietz shared their prospective insights on the causes and effects of the nation's continued shortage of new and existing homes for sale and how Realtors® can successfully help their clients navigate these challenging market conditions.

Lautz, highlighting findings from NAR's 2017 Profile of Home Buyers and Sellers, said supply constraints at the lower end of the market are a big part of the reason why first-time buyers made up only 34 percent of sales over the past year and have lagged the historical average of 39 percent for several years. With low inventory pushing prices upward, successful buyers have needed higher household incomes and in the past year made smaller down payments. Additionally, the time a home was on the market before fell to a new survey low this year of three weeks.

"The month's supply of homes continues to be way under a balanced market of six months, home prices have risen year-over-year for 67 straight months and multiple offers on listings for sale are a common occurrence," said Lautz. "Without enough listings on the market, affordability is decreasing and buyers are increasingly saying finding the right home is their top struggle."

Much of Dietz's presentation covered why the homebuilding industry is struggling to construct more homes. He said building lags overall demand for a variety of reasons, including an aging workforce that is causing a shortage of construction workers, low lot availability, steadily rising costs of building materials and land, and the difficulties builders are having in obtaining construction loans.

"It's more expensive to build homes and it's having an effect on supply. Over the last five years, the total effect of building codes, land use, environmental laws and other rules have caused regulatory costs to rise 29 percent," said Dietz.

Despite these continuous challenges hampering the building industry, Dietz did offer some signs of hope for improvements in coming years. He pointed to the post-election surge in builder confidence and the pace of single-family housing starts slowly trending towards normalized levels.

"There's also been the start of a shift to building smaller homes and townhomes," said Dietz. "I'm bullish on townhouses over the next few years. They are the perfect bridge from renting to homeownership for first-time buyers."

Another topic of discussion during the session was about the growing consumer appetite for energy-efficient features and green building. Realtors® are responding to these preferences by increasingly promoting green features in listings, and homebuilders are finding that buyers are willing to pay more for green homes.

"There's an incredible growth opportunity for green building in coming years," said Dietz.

Changing consumer home preferences amidst tight inventory conditions can be a challenging endeavor for buyers and sellers. That is why, according to Lautz, consumers now more than ever are seeking the experience and guidance of a Realtor®, a member of NAR, to help them buy and sell a home.

"For your buyer clients, help them understand that it is OK, and not uncommon, for them to not get the first home they make an offer on," said Lautz.

Lautz and Dietz both concluded their remarks with optimism that housing demand – driven by millennials and their overwhelming desire to eventually own a home – will only increase in coming years.

There's a reason homeownership is the foundation of the American Dream.

Over time, owning your home has proved to be a good decision. And while lately the economy has presented some challenges, it has also helped us focus on what matters most. It's reminded us that home is where we make memories, build our future and feel comfortable and secure. When you're ready, a REALTOR®, a member of the National Association of REALTORS®, can help you find the home that's right for you. REALTORS® are prepared—to answer your questions, show you options and guide you home.

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