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SEPTEMBER 2018

INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

YES ON PROP 5

NO ON PROP 10

FOR MORE INFORMATION GO TO PAGE 3

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INLAND VALLEYS ASSOCIATION OF REALTORS®

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SEPTEMBER 2018

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COLUMNS

Prop 5 Helps Housing Affordability, Prop 10 Undermines it

JOE CUSUMANO,
2018 IVAR PRESIDENT

California is facing a housing crisis – and it's getting worse. Inventory is too low and too many potential homeowners and renters are simply priced out of the market. This November, the 3,600 members of the IVAR can take decisive action to protect homeownership and private property rights in California.

Join us and the California Association of REALTORS® and vote YES on Prop 5 and NO on Prop 10.

Prop 5, the Property Tax Fairness Initiative, removes the unfair moving penalty for seniors, the severely disabled and disaster victims across the entire state while still ensuring they pay their fair share of property taxes. It allows these homeowners to carry their current tax basis when they move, maintaining the affordability that they purchased years ago.

For many of these homeowners, Prop 5 makes a move they would benefit from affordable. People with physical disabilities can move into lower maintenance homes or ones that are easier for them to manage.

Meanwhile, another proposition, Prop 10, will make California's housing crisis worse. It's the wrong solution for a state that desperately needs to create more affordable housing for middle class families. Seniors, veterans, both gubernatorial candidates – Democrat Gavin Newsom and Republican John Cox – and affordable housing experts all oppose Prop 10 because it will make housing less available and less affordable.

The key to solving California's housing affordability crisis is to open the path to building more homes that suit our state's middle class. Prop 10 makes that task far more difficult, especially for young families looking for more affordable options to rent, save money and eventually be able to afford a home.

It's absolutely critical that REALTORS® vote YES on Prop 5 and NO on Prop 10. Together, we can make our voice heard and protect our interests.

Are you registered? There are 26,239 REALTORS® across California not registered to vote. Be sure to visit on.car.org/voterreg and register, today!

For more information on the YES on Prop 5 and NO on Prop 10 campaigns, please visit: on.car.org/yes5no10.

Prop 10, Rent Control and the Debate on Housing Affordability

NO ON PROP 10

PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

Under existing state law, much of California's rental housing stock cannot be subject to rent control laws. This includes single family homes and anything built after 1995. For some jurisdictions, including Los Angeles and parts of the Bay Area, that date goes back as early as 1978 or whenever they enacted their rent control laws originally.

Spurred by rising rents, particularly over the last decade, proponents of Prop 10 are seeking to overturn the state law that enacted those restrictions. That law, known as the Costa-Hawkins Act, has been a bedrock limit to how far cities may extend rent controls for more than 20 years.

At the time, Costa Hawkins was seen as a compromise measure between local options to use government to try to control rental prices and the negative impact that sweeping rent controls have on housing affordability.

Rent Control and Affordability

One thing is very certain – cities that have enacted rent control do not enjoy more affordable rents than those that have not. This could be specious, given the fact that rent control has traditionally been a last resort when policymakers perceive that market conditions simply don't work for moderate and low income residents. However, the correlation is clear.

Further, economists across ideological backgrounds and affiliations agree almost universally that rent control does not make housing more broadly affordable. Most agree that it does the opposite. One highly cited Chicago Booth School survey of economists asked whether they agreed with the following statement:

"Local ordinances that limit rent increases for some rental housing units, such as in New York and San Francisco, have had a positive impact over the past three decades on the amount and quality of broadly affordable rental housing in cities that have used them."

Slightly more than 81 percent of economists disagreed or strongly disagreed with that statement. Just 2 percent agreed with it. The balance were uncertain or didn't offer a response.

As prop 10 qualified for the California ballot, UC Berkeley issued a statement arguing against rent control as a solution to affordability and asking proponents and opponents to consider a series of alternatives to help address the impact rising rents are having on residents in high cost areas.

The expert consensus is that rent control is generally a bad alternative to actually solving the housing affordability crisis that clearly exists in California. It substitutes for less popular approaches – such as encouraging more housing construction. Residents of many California communities seem to agree on one perplexing problem – building more housing will create more people and more problems. Furthermore, they seem to argue, while they agree that more housing would help address affordability, it should be built somewhere else, preferably along someone else's freeway system.

Having been thwarted in the state legislature and a number of local cities, proponents of expanding rent control will turn directly to the public in November to make their case. IVAR opposes prop 10 as a counterproductive measure that will exacerbate the housing crisis and allow policymakers to hit the snooze button on the hard work of actually solving affordability problems.

Paul Herrera is the Government Affairs Director for the Inland Valleys Association of REALTORS®. You can reach him at pherrera@ivaor.com or by phone at 951-500-1222.

NAR Commends FHFA Decision to Abandon Single Family Rental Program

The Federal Housing Finance Agency (FHFA) today announced that Fannie Mae and Freddie Mac will conclude their single-family rental pilot programs.

National Association of Realtors® President Elizabeth Mendenhall, a sixth-generation Realtor® from Columbia, Missouri and CEO of RE/MAX Boone Realty, issued the following statement commending the FHFA for its decision:

"With inventory shortages facing housing markets across the country, the National Association of Realtors® has long advocated for the Federal Housing Finance Agency to end its expansion into the single-family rental market and return its focus to promoting a liquid and efficient housing market, as Congress intended. By financing the purchase of thousands of single-family homes for institutional investors to use as rentals, Fannie Mae and Freddie Mac compounded on inventory shortages and affordability concerns, which are holding back prospective homebuyers across the country.

"NAR applauds today's FHFA decision, and we look forward to continue working with Fannie Mae and Freddie Mac to help more Americans achieve homeownership going forward."

September is Realtor® Safety Month

REALTOR® SAFETY PROGRAM

NAR has a wealth of resources to help agents, brokers, and associations better understand and educate each other about the safety risks they face.

From planning your safety strategy to extensive safety resources including apps, products, and educators, NAR has many useful items for all real estate professionals including regularly-scheduled safety webinars, numerous articlesorganized by category, and videos.

If you need assistance or have suggestions, please email safety@realtors.org.

Realtors® Chief Economist Reflects on Past Recession, What's Ahead for Housing

DESPITE RISING MORTGAGE RATES AND SLOWER SALES, HOME PRICES TO RISE AT A HEALTHIER PACE IN 2018 AND BEYOND.

WASHINGTON (August 27, 2018) – American financial and lending systems look vastly different nearly a decade after the defining moments of the Great Recession, thanks in part to safe and sound lending and regulatory policy reforms, strongly supported by the National Association of Realtors®. Today, home prices are at or approaching record highs in many markets, and mortgage default and foreclosure rates sit near historic lows.

Overall, the housing market has recovered from the financial crisis that began ten years ago, as the nation's homeownership rate continues to inch higher. And although some regions have experienced sales declines in recent months, NAR Chief Economist Lawrence Yun says concerns about whether the housing market has peaked and is headed for another significant slowdown are unfounded.

He believes some of the nation's most overheated real estate markets will see sales slowdown in 2018, but notes those are occurring because of insufficient supply and rapidly rising home prices rather than weak buyer demand, a more reliable indicator of a true slowdown. This is a much better problem to have than a shortage of demand, which remains high across much of the country, says Yun.

"Over the past 10 years, prudent policy reforms and consumer protections have strengthened lending standards and eliminated loose credit, as evidenced by the higher than normal credit scores of those who are able to obtain a mortgage and near record-low defaults and foreclosures, which contributed to the last recession. Today, even as mortgage rates begin to increase and home sales decline in some markets, the most significant challenges facing the housing market stem from insufficient inventory and accompanying unsustainable home price increases," said Yun.

Realtors® across the country have stated that limited housing inventory is hindering local market home sales. Inventory levels have fallen for three straight years, and multiple bidding is still prevalent on starter homes in many markets across the country. Some of the nation's hottest housing markets – which include cities like Seattle and Denver – are said to be slowing, but drops in homes sales can be connected directly to supply shortages and corresponding price increases.

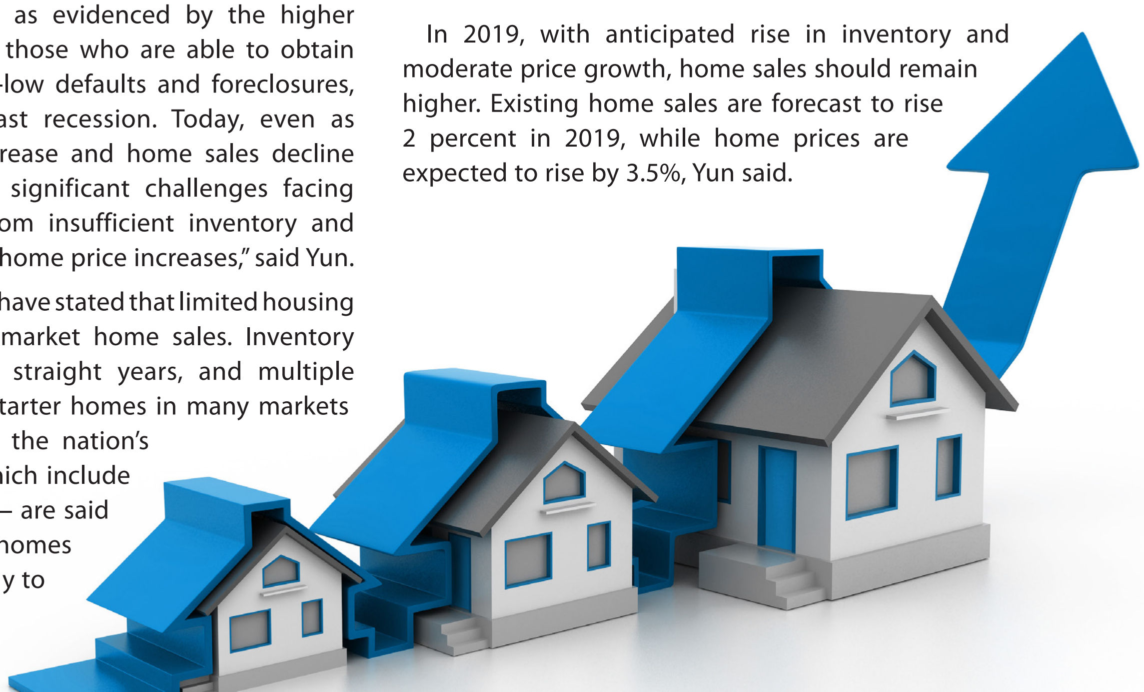
"The answer is to encourage builders to increase supply, and there is a good probability for solid home sales growth once the supply issue is addressed," Yun said. "Additional inventory will also help contain rapid home price growth and open up the market to perspective homebuyers who are consequently – and increasingly – being priced out. In the end, slower price growth is healthier price growth."

While homebuilding increased 7.2 percent year-to-date to July, Yun contends that even more construction is needed to fill national shortages. Some unavoidable barriers stand in the way, but more deliberate and well intentioned policy decisions can help alleviate the housing shortages facing markets across the country.

"Rising material costs and labor shortages do not help builders to be excited about business," Yun said. "But the lumber tariff is a pure, unforced policy error that raises costs and limits job creations and more home building."

As a result of those headwinds, Yun forecasts existing-home sales in 2018 to decrease 1.0 percent to 5.46 million – down from 5.51 million in 2017. Despite the expected drop in sales in some markets, home price growth should remain strong in markets across the country and increase about 5 percent on a nationwide basis.

In 2019, with anticipated rise in inventory and moderate price growth, home sales should remain higher. Existing home sales are forecast to rise 2 percent in 2019, while home prices are expected to rise by 3.5%, Yun said.



PROBATE SEMINAR

WHEN

Thursday,
September 27
11am – 12pm

WHERE

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- Overview of the Probate Process
- Probate Forms
- Full Authority v. Limited Authority
- Tips

Q & A INFO SESSION

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REGISTER TODAY!

Email Your RSVP To

Melinda Medina

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Seating is Limited

California Wildfires

In connection with the California wildfires, including what has become the largest wildfire in California history, state agencies and Fannie Mae and Freddie Mac have issued several notices and alerts:

Department of Insurance: Insurance Commissioner Dave Jones has announced several steps he has taken to protect those whose homes were damaged or destroyed. Among the steps taken were a declaration of emergency to allow insurers to act more quickly, a formal notice to insurers that all claims adjusters must be properly trained on the California Unfair Practices Act, and a notice requesting that insurers expedite claims of those who have suffered wildfire damages. Attorney

General Consumer Alerts:

Attorney General Xavier Becerra has issued Consumer Alerts following each of the Governor's declarations of emergency for the four major California wildfires. The states of emergency cover San Diego, Santa Barbara, Siskiyou, Shasta, San Bernardino, Lake, Mariposa, Mendocino, Napa, Orange, and Riverside counties.

The Attorney General, while acknowledging that most people do the right thing, reminds us of the consequences for those who do not: "Our State's price gouging law protects people impacted by an emergency from illegal price gouging on housing, gas, food, and other essential supplies. I encourage anyone who has been the victim of price gouging, or who has information regarding potential price gouging, to immediately file a complaint through my Office's website or call (800) 952-5225, or to contact their local police department or sheriff's office." California law generally prohibits charging a price that exceeds, by more than 10 percent, the price of an item before a state or local declaration of emergency. This law applies to those who sell food, emergency supplies, medical supplies, building materials and gasoline. The law also applies to repair or reconstruction services, emergency cleanup services, transportation, freight and storage services, hotel accommodations and rental housing. Exceptions to this prohibition exist if, for example, the price of labor, goods, or materials has increased for the business.

Violators of the price gouging statute are subject to criminal prosecution that can result in a one-year imprisonment in county jail and/or a fine of up to $10,000. Violators are also subject to civil enforcement actions including civil penalties of up to $5,000 per violation, injunctive relief and mandatory restitution. The Attorney General and local district attorneys can enforce the statute. An FAQ on price gouging is available here.

Department of Real Estate:

The DRE has issued a reminder and warning that it will investigate complaints against real estate licensees who may be participating in rent gouging in connection with the wildfires.

Fannie Mae and Freddie Mac:

Fannie Mae and Freddie Mac sent out reminders to servicers, saying homeowners impacted by the fires are eligible to stop making mortgage payments for up to 12 months. During this period, impacted homeowners will not incur late fees or have delinquencies reported to the credit bureaus. Fannie Mae servicers also have other options available, such as suspending or reducing a homeowner's mortgage payments for up to 90 days without any contact with the homeowner if the servicer believes the homeowner has been affected by a disaster. Servicers can also suspend foreclosures and other legal proceedings if the servicer believes the homeowner has been impacted by the disaster.

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Real Estate Professionals and 2018 Taxes

While disaster after disaster seems to be engulfing the state, there may be some relatively good tax news for real estate professionals. The IRS has just issued proposed regulations implementing "The Tax Cuts and Jobs Act." The most interesting provision for REALTORS® is the 20% deduction for qualified business income under Section 199A of the Tax Cuts and Jobs Act.

An IRS Q and A provides some straightforward answers. C.A.R. has prepared a Quick Guide and the following brief fact sheet. The 20% Qualified Business Income Deduction; What You Need to Know (with Examples) What is it? It's part of the new tax law, "The Tax Cuts and Jobs Act." It was intended to give a 20% deduction off the net business income of pass-through entities -- but only if they qualify. Are agents and brokers eligible? Yes, it's possible. They can be eligible to take a 20% deduction off their qualified business income.

Who qualifies?

- Pass-through entities including sole proprietors and independent contractors
- If $157,500 or less in taxable income (for individual filers) or
- If $315,000 or less in taxable income (for joint filers)

What if I earn more than the threshold amounts? There is a $50,000 phase out (or $100,000 for joint filers). Beyond these limits, as an agent or broker earning commissions, you will not be eligible.

Can I take the standard deduction to reduce my taxable income below the threshold amounts? Yes. You're not required to itemize to be eligible.

If I qualify, then I simply take a 20% deduction off my taxable income? No, you only get 20% off the amount of your qualified business income.

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Housing Data Report
August 2018

The Voice of Real Estate in the Inland Empire℠

A report brought to you by the Inland Valleys Association of REALTORS® (IVAR)
www.ivaor.com

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Mark Dowling, Chief Executive Officer

- The housing data for the first 2/3rds of 2018 reflects a mostly positive but tightening real estate market. When comparing year-over-year 2018 data to 2017 housing data, New Listings are up (3.6%), but Pending Sales and Sold Listings are down 6.7% and 7.2%. As increased New Listings convert to Sold Listings, the 7.2% Sold Listings percentage should decrease. Additionally, the Median Sales Price is up 6.8%.
- Heightened demand has also caused a reduction in “Combined Days on Market” which is now 20 days.
- Although Median Sales price was generally flat the last six months of 2017, Median Sales price has steadily increased in 2018 more than 6.8% to $395,000.

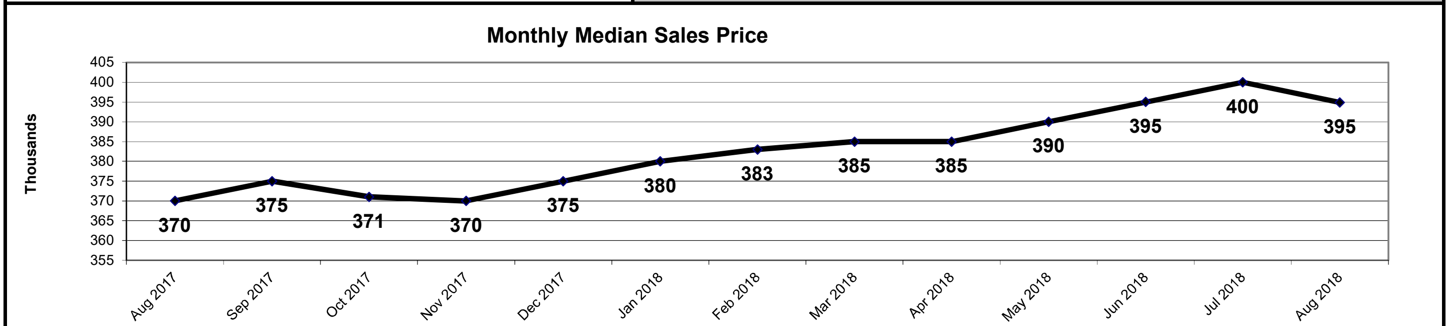
Monthly New Listings

Monthly Closed Listings

	Aug-2017	Aug-2018	Annual Change
New Listings	4,985	5,377	7.9%
Pending Sales	4,056	3,899	-3.9%
Sold Listings	4,224	3,853	-8.8%
Median Sales Price	$370,000	$394,900	6.7%
Sales Volume ($M)	$1,678	$1,619	-3.5%
Price/Sq.Ft.	$206	$221	7.0%
Sold $/List $	99.98%	99.07%	-0.9%
Days on Market	17	20	17.6%
CDOM	18	22	22.2%

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.

Monthly Median Sales Price



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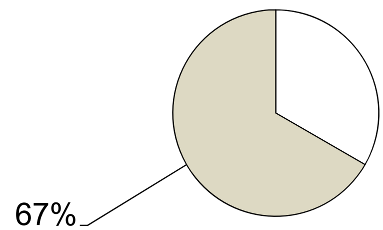
Jan through Aug 2018 - YTD Comparisons

Inland Valleys Regional Summary

www.ivaor.com

We are 8 months through the year:



The statistics shown below are for all 8 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.

	Jan-Aug 2017	Jan-Aug 2018	Year-Over-Year Change
New Listings	39,441	40,848	3.6%
Pending Sales	32,049	29,914	-6.7%
Sold Listings	30,135	27,976	-7.2%
Median Sales Price	$365,000	$390,000	6.8%
Sales Volume ($M)	$11,795	$11,703	-0.8%
Price/Sq.Ft.	$201	$219	9.4%
Sold $/List $	99.39%	99.81%	0.4%
Days on Market	21	18	-14.3%
CDOM	23	20	-13.0%

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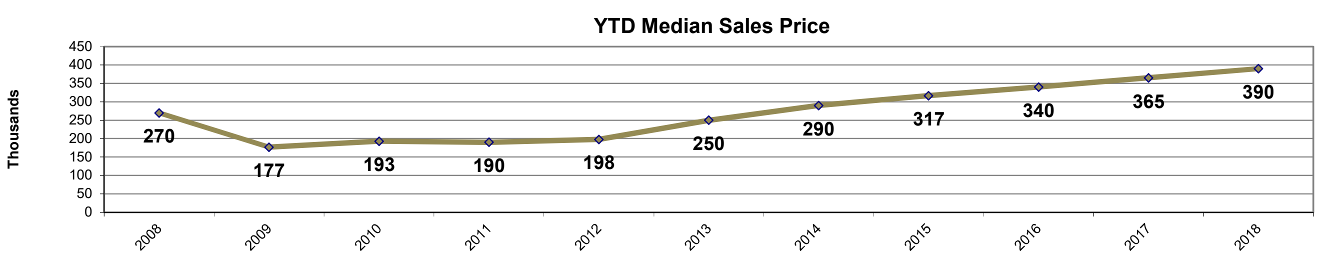
CRMLS California Regional Multiple Listing Service, Inc.



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Aug 2018 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
Banning	-14%	9%	$ 261,250	59	$ 194	37
Beaumont	10%	6%	$ 329,450	118	$ 170	28
Bloomington	-44%	1%	$ 301,000	27	$ 256	17
Canyon Lake	-3%	12%	$ 414,950	58	$ 218	47
Chino	-5%	7%	$ 484,000	106	$ 277	31
Chino Hills	14%	15%	$ 685,000	121	$ 330	32
Claremont	-18%	6%	$ 697,500	41	$ 375	13
Colton	-13%	4%	$ 301,000	80	$ 241	13
Corona	-11%	7%	$ 485,000	340	$ 252	23
Diamond Bar	-24%	24%	$ 658,900	95	$ 363	32
Eastvale	5%	4%	$ 580,000	87	$ 200	19
Fontana	2%	11%	$ 409,550	234	$ 232	22
Hemet	5%	7%	$ 255,000	288	$ 157	24
Highland	-12%	3%	$ 341,450	71	$ 202	13
Homeland	0%	58%	$ 245,000	17	$ 151	40
Jurupa Valley	-17%	7%	$ 442,500	88	$ 225	28
La Verne	3%	3%	$ 608,500	30	$ 366	26
Lake Elsinore	-24%	6%	$ 375,000	169	$ 176	29
Menifee	-14%	3%	$ 376,990	233	$ 182	25
Mentone	10%	10%	$ 290,000	12	$ 185	14
Montclair	6%	2%	$ 431,000	27	$ 297	29
Moreno Valley	-6%	11%	$ 334,450	317	$ 196	16
Murrieta	-6%	1%	$ 418,000	324	$ 198	24
Norco	8%	27%	$ 560,000	38	$ 252	55
Nuevo/Lakeview	33%	122%	$ 422,500	18	$ 181	30
Ontario	26%	12%	$ 430,000	151	$ 285	15
Perris	-3%	7%	$ 320,000	155	$ 171	18
Pomona	-4%	8%	$ 430,000	108	$ 304	20
Rancho Cucamonga	-7%	9%	$ 522,000	219	$ 281	20
Redlands	-25%	0%	$ 389,950	102	$ 261	22
Rialto	-8%	7%	$ 359,000	105	$ 227	27
Riverside	-14%	7%	$ 403,000	662	$ 246	25
San Bernardino	5%	9%	$ 285,500	272	$ 214	18
San Dimas	-24%	24%	$ 632,000	36	$ 377	15
San Jacinto	-22%	10%	$ 292,000	104	$ 146	24
Sun City	-39%	7%	$ 245,000	34	$ 191	32
Temecula	-23%	3%	$ 470,000	303	$ 216	26
Upland	-16%	13%	$ 576,088	103	$ 309	20
Wildomar	-17%	3%	$ 405,000	72	$ 171	20
Winchester	0%	4%	$ 430,000	74	$ 185	32
Yucaipa	-20%	12%	$ 380,250	90	$ 211	18

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Aug 2018 - Sales Volume per City

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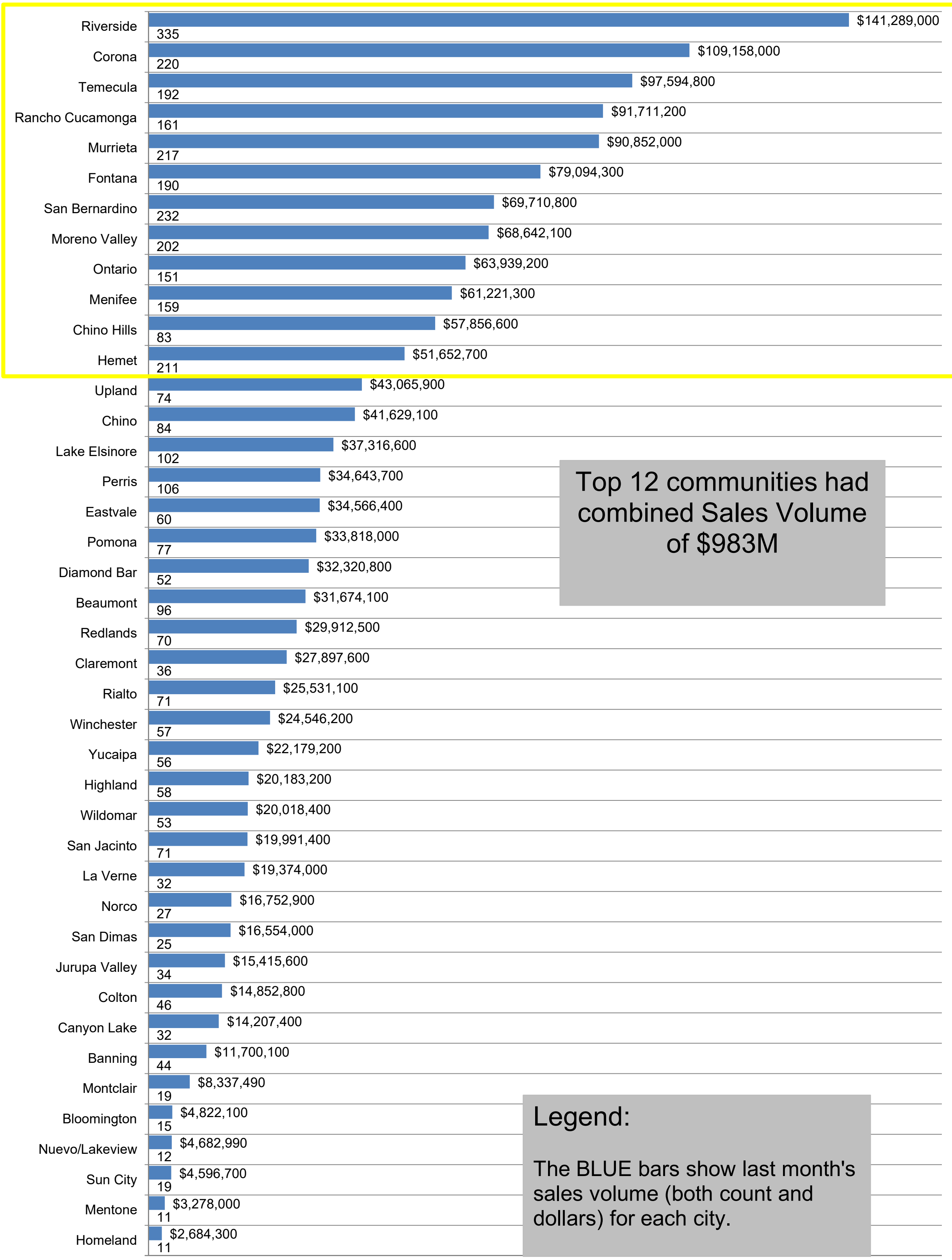

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Aug 2018 - Top Communities with New Listings (year-over-year)

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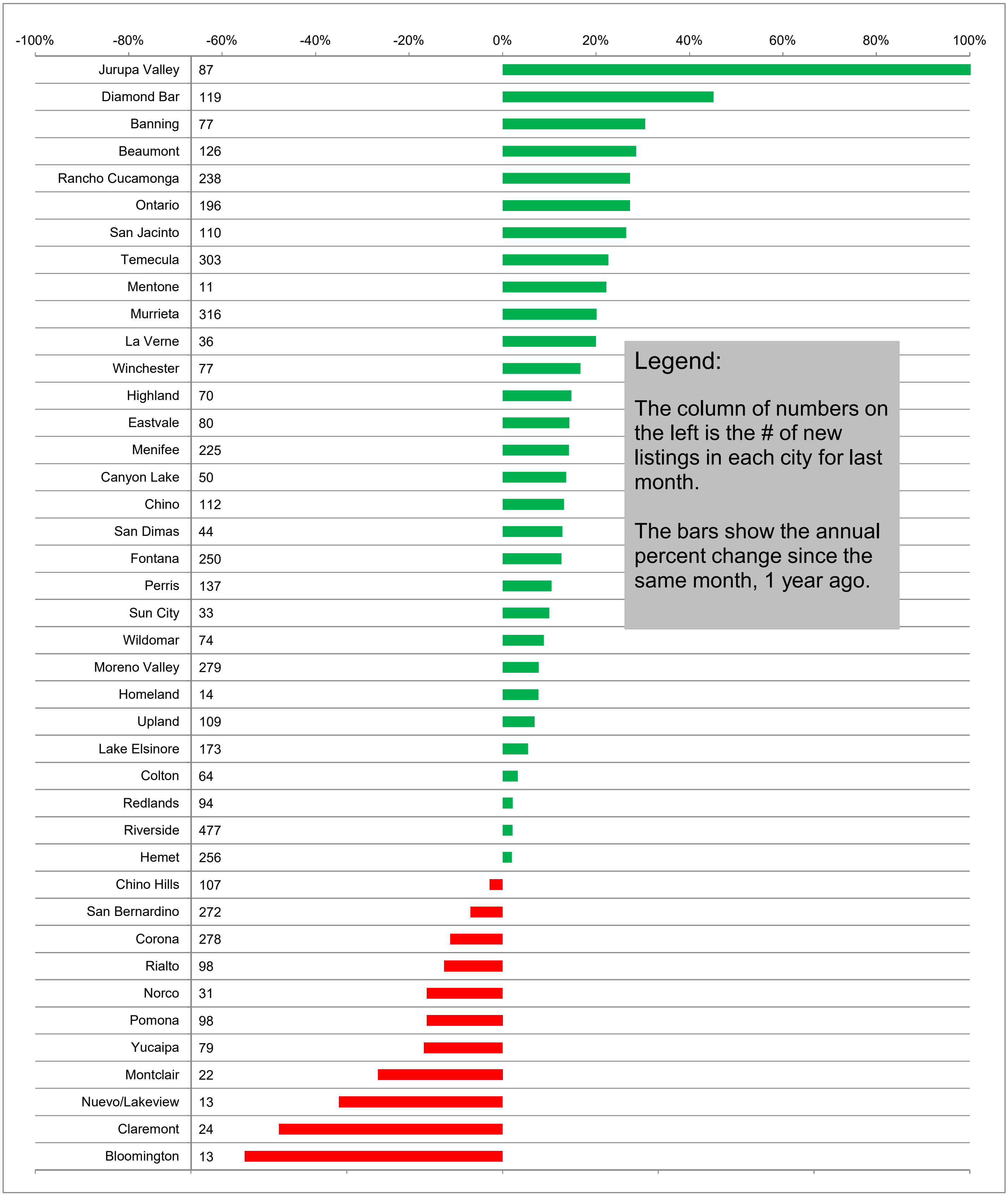

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Sell Price vs Original List Price

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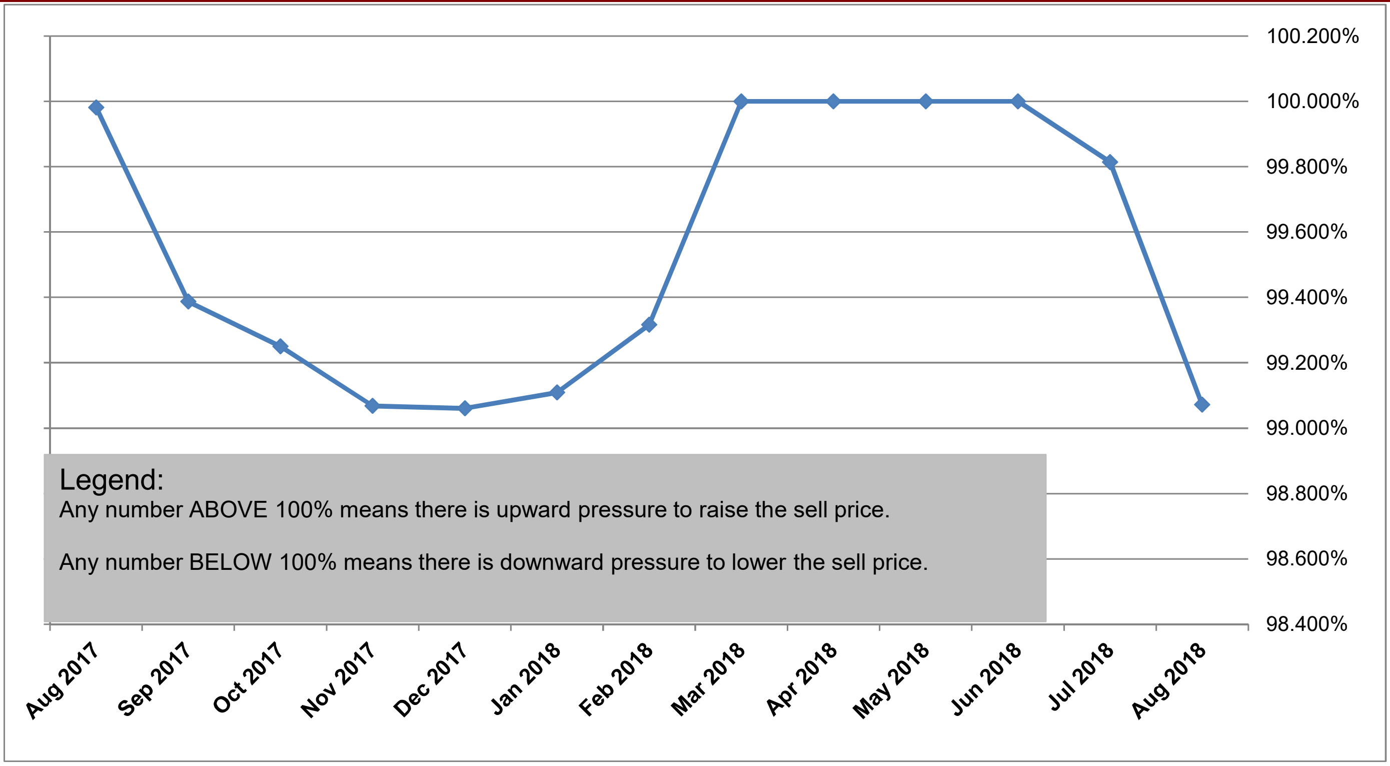


Legend:
Any number ABOVE 100% means there is upward pressure to raise the sell price.

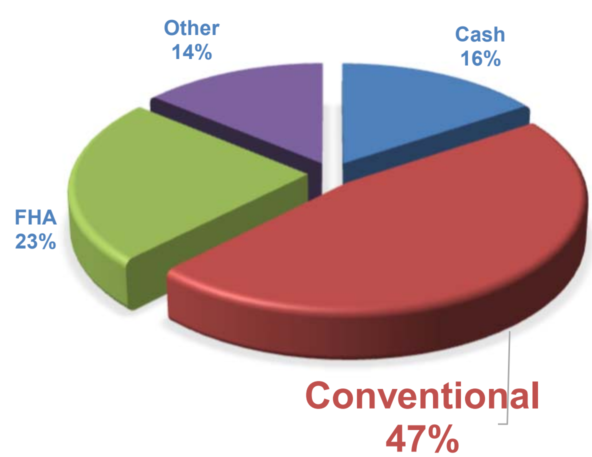
Any number BELOW 100% means there is downward pressure to lower the sell price.

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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