

# INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®



## Let's Get to Work on a Great 2019!

IVAR President kicks off the new year by working with you!

FOR MORE INFORMATION GO TO PAGE 3



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JANUARY 2019

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## Let's Get to Work on a Great 2019



JESSE STREETER,  
2019 IVAR PRESIDENT

The new year opens with housing at the top of the agenda in California. The fact that it now sits front and center in policy discussions is due largely to the fact that it was ignored until we reached this point. Now with housing costs overwhelming the budgets of working families across the state, the housing affordability crisis is finally our first priority.

IVAR is committed to representing REALTORS® and their clients as we work to help shape the housing debate in our communities and beyond. As President in 2019, I plan to continue working with our Board of Directors and staff to build our effectiveness and value for our members.

Most importantly, I want to encourage all of our members to let us know what we can do to address the issues that matter most to you. To that end, I'd like to welcome any member to reach out to me at any time. My cell phone number is 951-756-8437. I'd love to hear from you.

The Housing Policy Committee is beginning work with communities and professional partners to make more condominium units eligible for FHA financing. We feel that this is a common sense, reachable target that could help hundreds and maybe thousands of families in our region to find a foothold on the first rung of homeownership.

We are also continuing our work on making Property Assessed Clean Energy (PACE) a safe and better understood financing choice for property owners. We feel we have made huge strides in this effort and have reversed our opposition in recognition of the real reforms instituted by state lawmakers in recent years.

I also would like to encourage

every member to make 2019 a year in which you become part of our active networking community of professionals. Be it our annual golf tournament, installation dinner, charity networking event or an educational session, coming to an IVAR event helps to connect you with many of the best real estate professionals in our region. Our professional community helps each of its members develop their business and careers, share key insights and information and build the camaraderie that fosters the cooperation upon which our industry is built.

You can always keep up to date on our upcoming events by following IVAR on social media or checking our online calendar at [www.ivaor.com](http://www.ivaor.com).

Finally, I want to thank everyone who helped to make the 2019 Installation Dinner a memorable evening to kick off the new year. I would like to thank Assembly Member Jose Medina and Assembly Member James Ramos for joining us that evening. I would also like to thank Congressman Pete Aguilar, Congressman Paul Cook and Senator Richard Roth for helping us to congratulate Joe Cusumano on a great tenure as 2018 President.

And, of course, I want to thank Fontana Mayor Acquanea Warren for serving as our emcee for the evening!



# Governor Proposes “Marshall Plan” for Housing



PAUL HERRERA,  
GOVERNMENT AFFAIRS DIRECTOR

Housing, and especially the widening “affordability crisis” in California festered from a growing issue into THE issue of the California middle class in the last five years. Through that time, the chorus grew louder but never transcended from words into credible action that could truly impact the problems at hand. Despite the fact that Californians repeatedly pronounced housing as the major focus of their concern, other priorities somehow remained the focus of action in Sacramento.

New Governor Gavin Newsom’s budget speech this month are, admittedly, still just words. However, they are words pointing to specific actions that, if fulfilled, would be the most consequential action on housing in this generation.

In a detailed speech to unveil his proposed budget, Newsom proposed more than \$2 billion in state funding for housing, unveiled real benefits AND consequences for cities that don’t take their housing issues seriously and put the early credibility of his tenure on finding traction on housing.

The \$2 billion is a major new funding pledge that should make a dent in addressing the portion of the housing issue that can be subsidized. Unfortunately, it can’t do a lot more than make a notable dent. It’s likely that no amount of imaginable state funding could. But this amount of money will have some impact.

The money is to be spread among a series of priorities ranging from homelessness to supporting housing development targeting lower to middle income households. With \$2 billion in play, it’s reasonable to estimate that as many as 10,000 California households may be able to eventually benefit from the Governor’s budget increase. It should be noted, however, that estimates of the state’s housing shortage range from 3 million to 4 million units. So, clearly, Sacramento can’t

subsidize its way out of this problem.

For that, there’s another side to the coin.

Newsom proposed withholding transportation dollars under SB 1 from cities that fail to meet their housing goals under the Regional Housing Needs Assessment (RHNA). Pronounced “ree-nah”, the RHNA gives each city a target of housing at a range of income levels and asks them to show a land use plan to meet those construction targets. Once those numbers are created and the color-coded maps created, the work is done, thereby solving the problem for all time in the theoretical realm of future-projected maps.

In the real world, where inaction has consequences, this cynical practice carries significant blame for the now fully-festered crisis in affordability.

Still, the governor’s prescription is a very bitter pill. SB 1, better known as the “gas tax”, was a huge priority of cities who sought help to build, repair and reimagine their transportation infrastructure. It was a bitter fight, led to the recall of one state Senator and to an initiative to repeal it. The repeal failed in large part because the words “gas tax repeal” never appeared in ballot language or in any of the countless commercials asking voters to oppose Prop 6.

Cities and counties were major supporters of creating and protecting the gas tax. Now, they’re being threatened with losing the funding if they don’t change their ways on housing. In ensuing public comments, the Governor has been less forceful on this particular lever. However, his budget speech is already viewed as a call to arms by cities accustomed to unaccountably pretending that they are not ignoring housing.

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

# Homeownership Part of “American Dream”; Housing Costs Deterrent for Non-Owners

WASHINGTON (January 14, 2019) – Homeowners and non-homeowners both strongly consider homeownership part of the American Dream.

That is according to new consumer survey data from the National Association of Realtors®, which revealed that among those polled, approximately 75 percent of non-homeowners believe homeownership is part of their American Dream, while nine in 10 current homeowners said the same.

NAR’s Aspiring Home Buyers Profile analyzed 2018 quarterly consumer insights from its Housing Opportunities and Market Experience (HOME) survey to capture the housing expectations and sentiments of non-homeowners – both renters and those living with a family member.

When non-homeowners were asked for the chief reason why they currently do not own a home, most respondents said it was because they were currently unable to afford a mortgage. Over the last quarter of 2018, 43 percent of non-owners said they did not own a home because they were not in a position to purchase, which was down from the third quarter of 2018, when 49 percent of non-homeowners answered the same.

Also in the 4th quarter, 33 percent of non-homeowners said they do not own because current life circumstances are not suitable for ownership, while 16 percent said they need the flexibility of renting.

In addition, the survey looked at the main reason why non-homeowners would buy a home in the future. Throughout 2018, 28 to 31 percent of non-owners each quarter said an improvement in their financial situation would be the top reason that would encourage them to buy a home in the future. In each quarter, 26 to 30 percent of non-owners said a change in lifestyle – such as getting married, starting a family or retiring – would be the primary reason they would make a future home purchase.

Lawrence Yun, NAR chief economist, says unaffordable housing has caused a number of potential buyers to hold off on purchasing a new home. “The lack of affordable and moderately priced homes has forced non-homeowners to delay achieving that part of the American Dream. However, as the survey confirms, significant lifestyle changes like marriage or starting a family often spur non-owners to pursue homeownership.”

For this year’s survey, homeowners and non-owners were also asked about adult family or friends moving into their homes, the span of time this individual(s) lived within the household, and if they thought about moving to a new home because of the change.

According to the survey, 11 percent of homeowners had an adult child move into their residence, while 5 percent of non-owners had an adult move into their home.

Of those who had someone move into their home, 44 percent said that the individual intended to live with them for over one year or to stay permanently. Forty-four percent of non-owners reported that the individual planned on living with them for between six months to one year.

Eighty-eight percent of those surveyed who had someone move into their home reported that their living situation remained acceptable and therefore did not warrant consideration of moving into a different home. Twelve percent said they did consider moving or ultimately did move due to their home situation changing.

“While home sales were slightly down in 2018, there is still a sizable pent-up housing demand. Economic growth, interest rates, and the supply of moderately priced-homes will dictate how well the real estate industry will do this year,” said Yun.



## New Agency Disclosure Format - [AB 1289](#)

Be prepared for the revised agency disclosure and confirmation process taking effect January 1, 2019. Overall, the changes are intended to simplify the agency disclosure process and make the agents' roles more readily understood by the public. While the language changes, both in terms of referring to the agent and broker and the confirmation of agency, may take a bit of getting used to, through training and a little help from **zipForms®**, the transition to the new format should be fairly smooth.

### First, the Terms:

From at least 1986, and likely before that, the agent representing the seller has been known as the "Listing Agent" and the buyer's agent has been known as the "Selling Agent". Calling the seller's agent the Listing Agent was not a problem, but calling the buyer's agent the Selling Agent caused some confusion.

With this new law, the terms used reflect more common usage: The Seller's agent will be called the **Seller's Agent**. The Seller's Broker will be called the **Seller's Brokerage Firm**. The Buyer's agent will be called the **Buyer's Agent**. The Buyer's Broker will be called the **Buyer's Brokerage Firm**.

### Second, the Disclosure:

Under the new law, only two Agency Disclosures (ADs) are required:

1. The Seller's Agent or Seller's Brokerage gives a disclosure to the seller prior to entering into a listing agreement. The Agency Disclosure (C.A.R. Form AD) will be bundled with the listing agreements, just as it is now.
  2. The Buyer's Agent or Buyer's Brokerage gives a disclosure to the buyer as soon as practicable prior to the execution of an offer. The AD form will remain bundled with the purchase agreements.
- The Third Agency Disclosure (from Buyer's Agent to Seller when the offer is presented) is Eliminated

NO OTHER AGENCY DISCLOSURE IS REQUIRED.

### Third, Confirmation of Agency:

There are also changes to the agency confirmation language found in paragraph 2 of the Residential Purchase Agreement.

The Agency Disclosure and Confirmation, sections A. "Disclosure", and C. "Potentially Competing Buyers and Sellers" will remain the same.

Section B. "Confirmation" is where you will find the new language.

**A. DISCLOSURE:** The Parties each acknowledge receipt of a ✓ "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD). *No change for this paragraph.*

**B. CONFIRMATION:** The following agency relationships are confirmed for this transaction:

**Seller's Brokerage Firm** \_\_\_\_\_ License Number \_\_\_\_\_

Is the broker of (check one): [  ] the seller; or [  ] both the buyer and seller. (dual agent)

**Seller's Agent** \_\_\_\_\_ License Number \_\_\_\_\_

Is (check one): [  ] the Seller's Agent. (salesperson or broker associate) [  ] both the Buyer's and Seller's Agent. (dual agent)

**Buyer's Brokerage Firm** \_\_\_\_\_ License Number \_\_\_\_\_

Is the broker of (check one): [  ] the buyer; or both [  ] the buyer and seller. (dual agent)

**Buyer's Agent** \_\_\_\_\_ License Number \_\_\_\_\_

Is (check one): [  ] the Buyer's Agent. (salesperson or broker associate) [  ] both the Buyer's and Seller's Agent. (dual agent)

**C. POTENTIALLY COMPETING BUYERS AND SELLERS:** The Parties each acknowledge receipt of a ✓ "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS). *No Change for this paragraph.*

### Completing the Agency Confirmation:

Step 1.

- **Seller's Brokerage Firm** – means the Real Estate Broker Firm representing the Seller. This Section will require the Brokerage's DRE license number and a confirmation that the Firm represents the seller only, or is a dual agent representing both buyer and seller.

#### CHECK ONLY ONE BOX

- **Seller's Agent** – means the person in the Firm representing the seller. This section will require the real estate licensee's DRE number and also a confirmation that the Agent represents the seller only or is a dual agent representing both buyer and seller.

#### CHECK ONLY ONE BOX

**NOTE: THE BOXES CHECKED FOR BOTH THE FIRM AND THE AGENT MUST BE THE SAME.** If the Firm represents the seller only, the Seller's Agent can legally do nothing but also represent the seller only. And if the Firm represents the buyer and seller (a dual agent) the Agent is also legally a dual agent.

*continued on page 7*

continued from page 6

Step 2.

- **Buyer's Brokerage Firm** - means the Real Estate Broker Firm representing the Buyer. This section will require the Brokerage's DRE license number and a confirmation that the Firm represents the buyer only, or is a dual agent representing both buyer and seller.

**CHECK ONLY ONE BOX**

- **Buyer's Agent** – means the person in the Firm representing the buyer. This section will require the real estate licensee's DRE number and also a confirmation that the Agent represents the buyer only or is a dual agent representing both buyer and seller.

**CHECK ONLY ONE BOX**

**NOTE: THE BOXES CHECKED FOR BOTH THE FIRM AND THE AGENT MUST BE THE SAME.** If the Firm represents the buyer only, the Buyer's Agent legally can do nothing but also represent the buyer only. And if the Firm represents the buyer and seller (a dual agent) the Agent is also legally a dual agent.

If the Brokerage is a Dual agent (even if there are two different agents in the same brokerage firm) then the boxes in the Buyer's Brokerage Firm should also be checked to indicate a Dual Agent.

## Support our Mission, Support the REALTOR® Party

The most important thing each member can do to support our government affairs work is to stay informed and help spread the word on important issues to your colleagues, clients, friends and neighbors. Nothing is more important than your time, including the time you devote to making your voice heard at the ballot box each election day.

Our work is supported through voluntary contributions made by members to the REALTOR® Action Fund. These annual contributions of \$49 or more help ensure that we have the resources to research important issues, communicate with our members and mobilize our industry to have the impact necessary to make a difference.

You can make a contribution as you renew your membership – or anytime by going to [www.car.org/governmentaffairs/raf](http://www.car.org/governmentaffairs/raf).

Questions? Comments? You can reach Paul Herrera, Government Affairs Director, at [pherrera@ivaor.com](mailto:pherrera@ivaor.com) or on his cell phone at 951-500-1222.



# Housing Data Report December 2018

The Voice of Real Estate in the Inland Empire<sup>SM</sup>



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

**Mark Dowling, Chief Executive Officer**

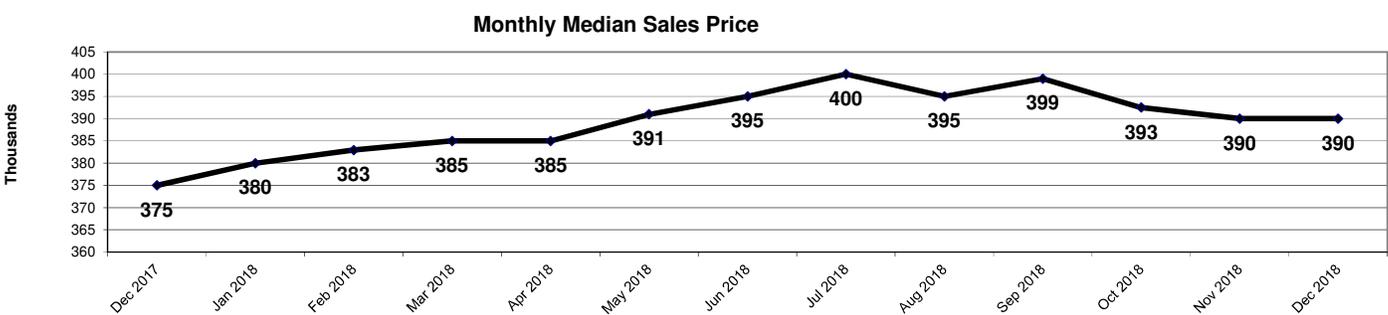
- The 2018 Inland Empire housing market data reflected “mixed signals”. When compared to 2017, year-over-year data has New Listings up 4.6%, while Sold Listings for the year were down 8.8%. Median Sales Price was up 6.3%, but total Sales Volume was down 8.1%. When you factor in the demand decline in the last few months of 2018, including December which saw an 18.1% month-over-year drop in Sold Listings, the housing marketing is flipping to a buyer’s market.
- Although Median Sales Price is up 6.3% year-over-year, the last seven months of 2018 saw that price hover consistently around \$390,000
- Reflecting a slowing, buyer’s market, Days on Market over the last quarter of 2018 saw an increase ranging from 35% to 54.5%



	Dec-2017	Dec-2018	Annual Change
<b>Monthly New Listings</b>			
New Listings	2,524	2,447	↓ -3.1%
Pending Sales	2,556	2,376	↓ -7.0%
Sold Listings	3,295	2,700	↓ -18.1%
Median Sales Price	\$375,000	\$390,000	↑ 4.0%
Sales Volume (\$M)	\$1,349	\$1,106	↓ -18.0%
Price/Sq.Ft.	\$212	\$217	↑ 2.3%
Sold \$/List \$	99.05%	97.55%	↓ -1.5%
Days on Market	22	34	↑ 54.5%
CDOM	25	39	↑ 56.0%



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.



## Jan through Dec 2018 - YTD Comparisons

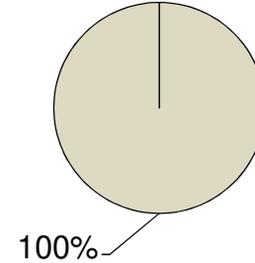
### Inland Valleys Regional Summary

www.ivaor.com

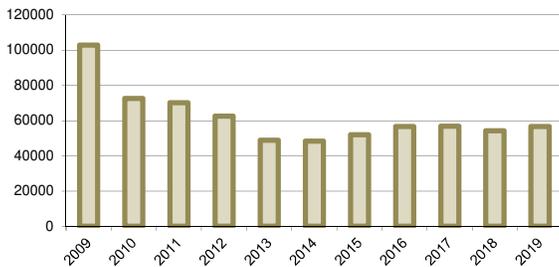
We are 12 months through the year:

The statistics shown below are for all 12 months of the years represented.

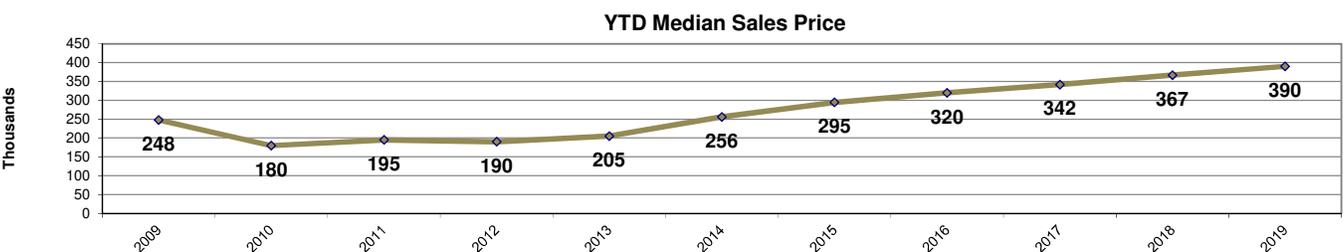
Month to month comparisons give you a quick way to see what is recently changing in the region. However, by comparing Year-To-Date (YTD) information across several years, you can observe more significant trends.



	Jan-Dec 2017	Jan-Dec 2018	Year-Over-Year Change
<b>YTD New Listings</b>			
New Listings	54,215	56,731	↑ 4.6%
Pending Sales	44,911	40,961	↓ -8.8%
Sold Listings	44,201	40,310	↓ -8.8%
Median Sales Price	\$366,900	\$390,000	↑ 6.3%
Sales Volume (\$M)	\$17,488	\$17,174	↓ -1.8%
Price/Sq.Ft.	\$204	\$220	↑ 7.6%
Sold \$/List \$	99.31%	99.10%	↓ -0.2%
Days on Market	20	20	→ 0.0%
CDOM	23	23	→ 0.0%



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.

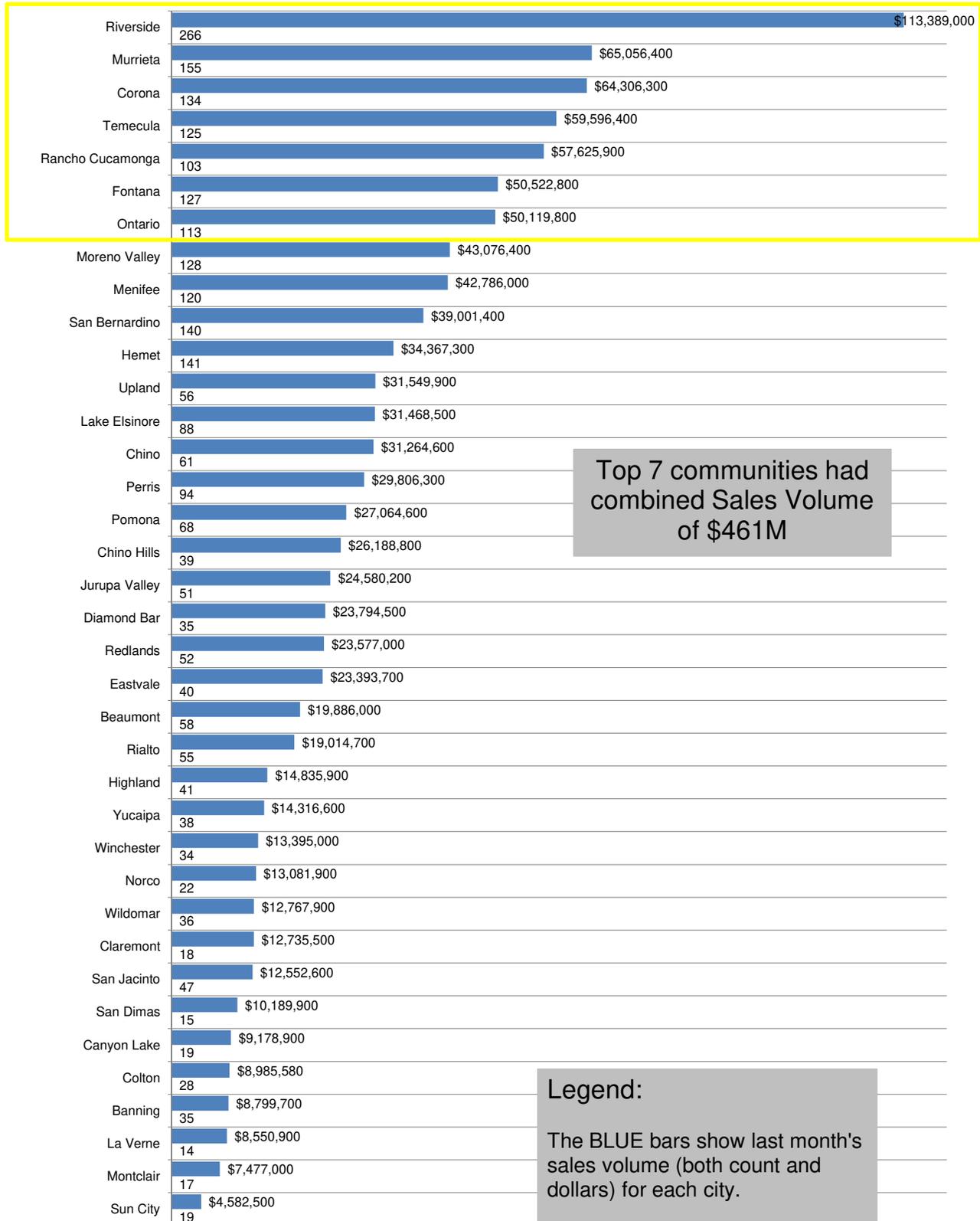




### Dec 2018 - Sales Volume per City

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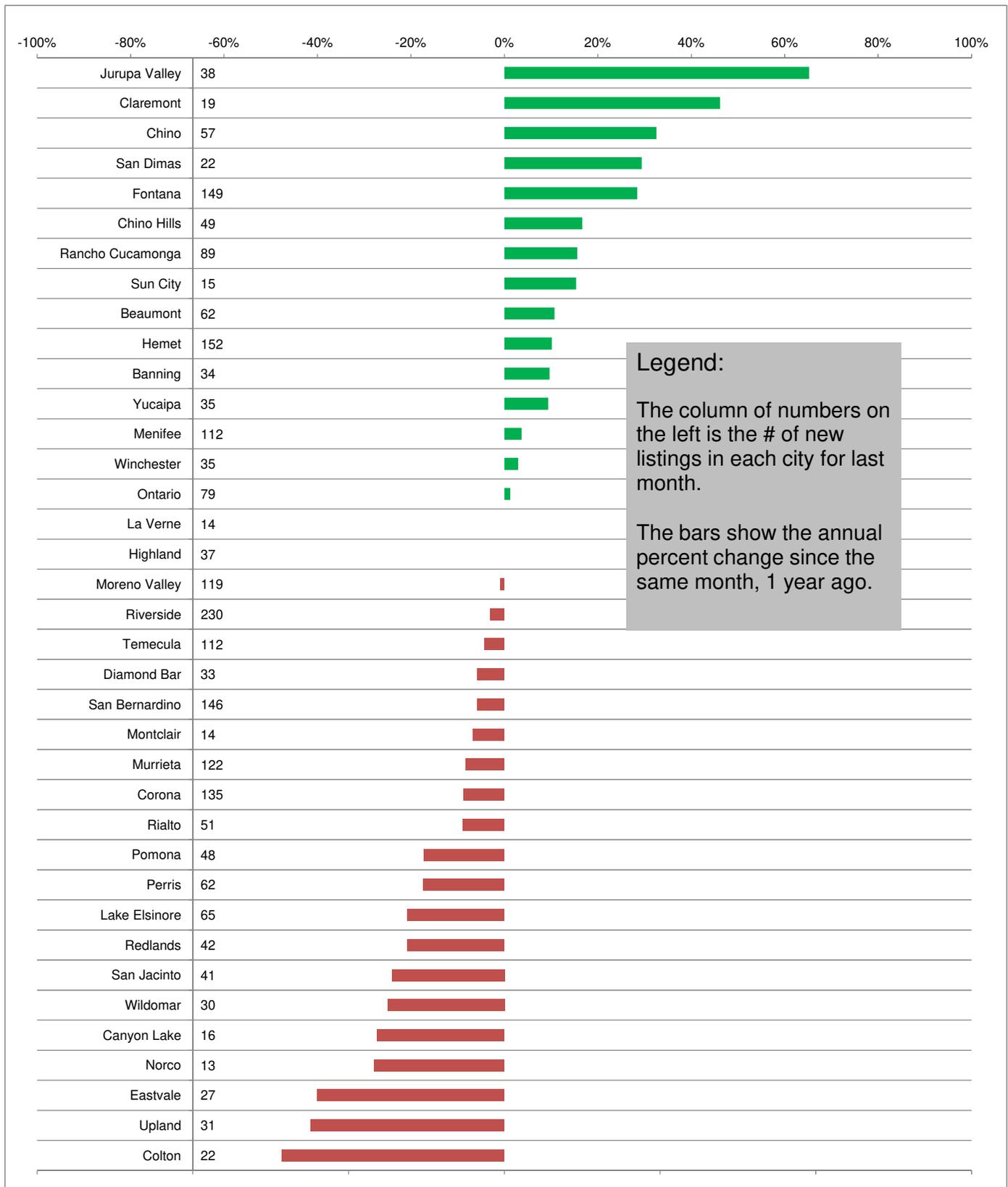
As a service and convenience to our members, IVAR is pleased to offer several "Quick Look" reports. This is one more way for IVAR members to stay informed with minimal effort.



**Dec 2018 - Top Communities with New Listings (year-over-year)**

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.

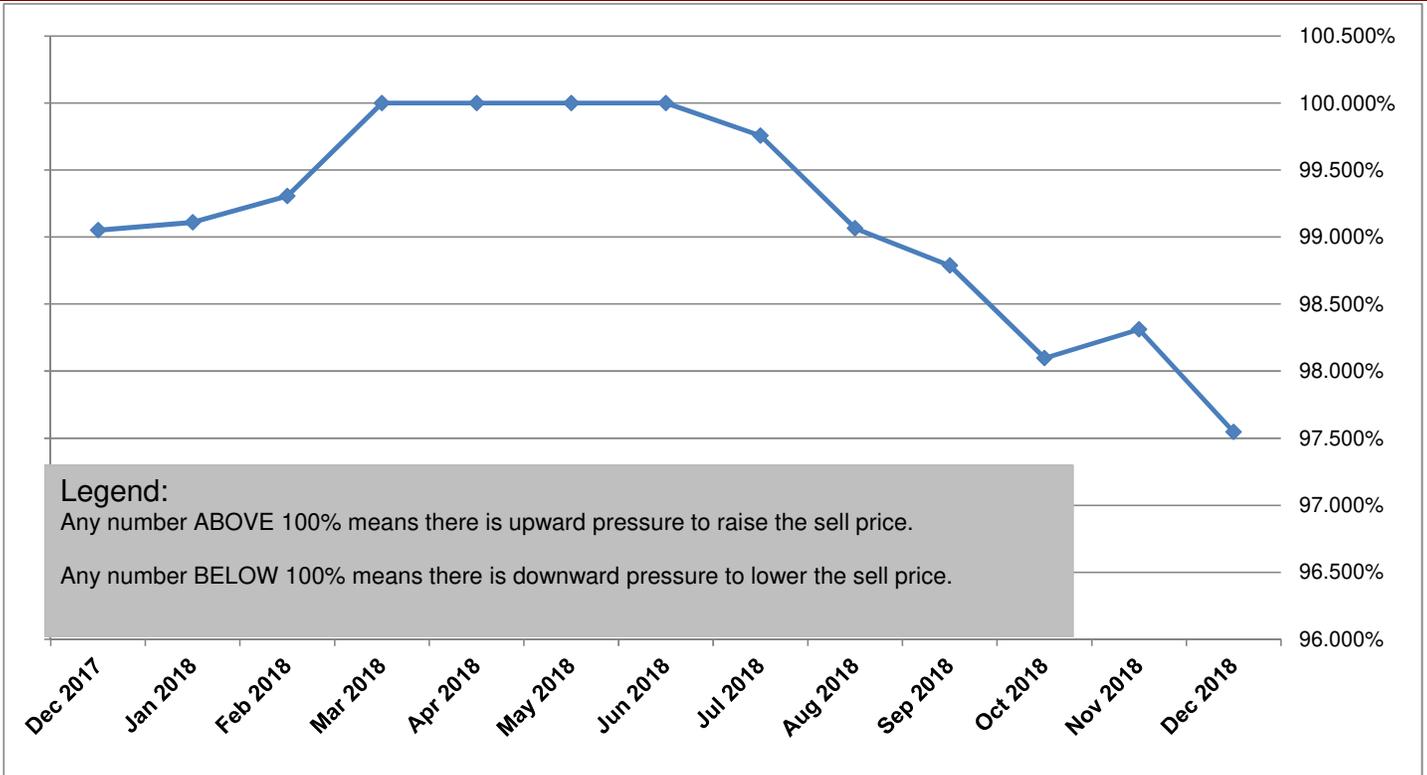
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## Sell Price vs Original List Price

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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.



### 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



# Treasury, IRS Give Big Win to Real Estate Professionals in Qualified Business Income Rule



WASHINGTON (January 22, 2019) – Late last week, the Treasury Department and the Internal Revenue Service issued final regulations regarding the new 20 percent deduction on qualified business income. As Americans begin preparations for the 2018 tax filing season, real estate professionals have been uncertain about the true impact of the 2017 Tax Cuts and Jobs Act on their respective businesses. Friday’s ruling from Treasury and the IRS, however, signaled a significant victory for the real estate industry and for many of the National Association of Realtors’ 1.3 million members.

“Friday’s ruling is a result of several months of advocacy and collaboration between NAR, our members, and the administration,” said NAR President John Smaby, a second-generation Realtor® from Edina, Minnesota and broker at Edina Realty. “These final guidelines will allow real estate professionals to benefit from the Section 199A 20 percent pass-through deduction, a move that will empower Realtors® to expand their operations and provide improved services to consumers and potential homebuyers across the country. The National Association of Realtors® is grateful for the openness and transparency encouraged by Treasury and the IRS, and we thank them for their hard work to ensure the real estate community was heard throughout this rulemaking process.”

A central component of the new tax law is a reduction of the corporate tax rate – from 35 to 21 percent. However, since nine out of ten American businesses are structured as pass-through entities rather than corporations, the Section 199A provision provides critical tax deductions for small businesses and self-employed independent contractors, which is how many real estate professionals are classified.

Within the 247-page rule issued last Friday, three major provisions for real estate professionals stood out as critical victories for members of the National Association of Realtors®.

Most importantly, the regulation clarifies that all real estate agents and brokers who are not employees but operate as sole proprietors or owners of partnerships, S corporations or limited liability companies are eligible for the new deduction, which can be as high as 20 percent. This includes those whose income exceeds the threshold of \$157,500 for single filers and

\$315,000 for those filing a joint return.

Second, the rule simplifies the process that owners of rental real estate property must follow to claim the new deduction. As written in the Tax Cuts and Jobs Act, only income that is from a “trade or business” qualifies for the 20 percent write-off. However, because this distinction was not clearly defined by Congress when crafting the law, various court rulings and prior IRS guidance have caused confusion among tax professionals in determining which rental properties were merely investments and which could accurately be considered a business enterprise.

NAR strongly urged Treasury and the IRS to simplify the rules in order to give millions of rental real estate owners certainty surrounding their ability to qualify for this new deduction. Friday’s final regulations included a bright-line safe harbor test requiring at least 250 hours per year spent on maintaining and repairing property, collecting rent, paying expenses and conducting other typical landlord activities.

Finally, within the proposed regulation released last August, those who had exchanged one parcel of real estate under Section 1031 for another parcel were unfairly denied deduction eligibility. However, NAR and multiple additional trade groups concerned with commercial real estate were vocal in highlighting this shortcoming. In a positive resolution to the situation, Treasury and the IRS recognized the initial ruling was misguided and corrected the policy in Friday’s final guidance.

“NAR maintained consistent and coordinated communication with Treasury and the IRS throughout this rulemaking process. The finalized ruling, which represents a tremendous win for real estate professionals across the country, is a direct result of that engagement,” said Shannon McGahn, NAR Senior Vice President of Government Affairs. “We are thrilled to see our members emerge from this process so favorably, and we thank Treasury and the IRS for all of their hard work in ensuring consistency and clarity within these policies as America’s 1.3 million Realtors® begin filing their 2018 tax returns in the coming weeks.”



# OWN YOUR PRESENT.



# EMPOWER OUR FUTURE.



**You can lead the way.** Commitment to Excellence is a program for REALTORS® that empowers you to enhance and showcase your high level of professionalism. It gives you an advantage in our highly competitive market, and will help lead the way in improving consumer perception of our industry as a whole.

**Be an advocate for the future of our industry. Be committed to excellence.**  
Get started at [C2EX.realtor](https://www.c2ex.realtor) by taking the self-assessment today!

