

INLAND EMPIRE REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®



IVAR Local Candidate Endorsements

FOR MORE INFORMATION GO TO PAGES 6-7



RIVERSIDE OFFICE:

3690 Elizabeth Street
Riverside, CA 92506

RANCHO CUCAMONGA OFFICE:

10574 Acacia St., STE D-7
Rancho Cucamonga, CA 91730

www.ivaor.com

2020 IVAR BOARD OF DIRECTORS

Donna O'Donnell – *President*

Jesse Armendarez – *President Elect*

Jesse Streeter – *Past Immediate President*

Kama Burton – *Treasurer*

Jesse Armendarez – *Director*

Brent Bechtel – *Director*

Joe Cusumano – *Director*

Mary Brown Edwards – *Director*

Amado Hernandez – *Director*

Yvonne Leonard – *Director*

Veronica Peterson – *Director*

John Schulte – *Director*

Denise Valverde – *Director*

IVAR STAFF

Mark Dowling – *CEO*

Paul Herrera – *Government Affairs Director*

Griselda Cena – *Office Manager*

Lupe Lopez – *Accounting Assistant*

Linda Vansant – *MLS*

Alejandra Esquivel – *MLS Assistant*

Deanna McWilliams – *Member Services*

Melinda Medina – *Member Services*

Priscilla Bugayong – *Member Services*

Amanda Rios – *Member Services*

Van Romine – *IT/Operations*

Rachelle Quillman – *Member Outreach/Training*

OCTOBER 2020

Table of Contents

COLUMNS

- | | |
|-------|---|
| 3 | President's Message - REALTOR®
Sponsored Prop 19 Will Benefit
Homeowners Across California |
| 4-5 | Government Affairs Update -
Explaining Three Propositions on
Your Ballot that Impact Real Estate |
| 6-7 | IVAR Local Candidate Endorsements |
| 8 | Younger Americans Lead Desire for
Bigger Homes, Outdoor Space |
| 9 | Housing Affordability Weakens as
Prices Surge |
| 10-16 | Housing Data Report |

REALTOR®-Sponsored Prop 19 Will Benefit Homeowners Across California



DONNA O'DONNELL,
2020 IVAR PRESIDENT

This year, voters in California will have a chance to expand the benefits of Prop 13 for seniors, disabled homeowners and disaster victims who find they need to move. The initiative, developed by the California Association of REALTORS® and supported by IVAR, business organizations and a bipartisan coalition of lawmakers, addresses a part of Prop 13 that has led more and more Californians to stay in homes that don't work for them out of fear of a major tax increase.

Proposition 19 will allow seniors 55 and older to transfer their current Prop 13-protected tax basis when they sell their primary home and move to another anywhere in the state. It eliminates several restrictions that make Prop 90 and Prop 60 transfers unusable for many Californians. Specifically, Prop 19 would allow the transfer anywhere in California and allow for a blended basis when homeowners purchase a more expensive property. In essence, it eliminates the tax hike that's inherent when homeowners sell a property that has appreciated faster than the tax basis and moves to another within the state.

Prop 19 also extends these benefits to victims of natural disaster, regardless of age. In recent years, too many Californians have suffered from losing their homes to disasters such as wildfire or flooding. In many cases, their home is in a community facing devastation and years to rebuild. If those victims choose to not rebuild and instead move, they lose their Prop 13 protection. Prop 19 allows them to keep this benefit.

Prop 19 also benefits disabled homeowners of any age. In many cases, disabled homeowners may need to move to a home that better suits their specific needs. Under current law, that move may result in thousands of dollars in new taxes each year.

According to market research conducted by C.A.R. and later re-affirmed by the State's Legislative Analyst Office, the changes would result in more than 65,000 new home sales statewide. This is largely the result of the average homeowner (in California, the median homeowner is over 55 years old) no longer having their Prop 13 protection tethered anchored to the home they currently occupy.

The extended property tax benefits for homeowners comes with a trade of other tax protections currently available to inheritors of property. Under current law, enacted in Prop 58, children and grandchildren may inherit residential property from their parents and grandparents and retain the same tax assessment level, without limit. This tax benefit has come under increasing assault from analysts and media, which have pointed out that a large portion of the benefit goes to non-California residents and to very wealthy households.

Prop 19 seeks to protect the inheritance protections for children and grandchildren who inherit property that they will occupy as their primary residence. As long as the inheritors move into the home within the first year and make it their primary residence (assuming it's not that already), they would see no increase in their assessment level other than the Prop 13-based incremental increases.

In addition to the changes for non-owner-occupied property, the tax break would be capped at \$1 million in assessed value for primary residences. That means if you inherit and inhabit a \$1.5 million home that was assessed at \$500,000, you're able to keep the entire benefit of the intergenerational tax break. However, if you inherit a \$25 million estate that has a basis of \$10 million, the new assessment will be \$24 million (or \$25 million if it's not your residence).

continued on page 5



PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

Explaining Three Propositions on Your Ballot that Impact Real Estate

This year, three propositions are on your ballot that will have significant impacts on real estate. Below is an explanation of each, as well as our association's position. Prop 19 is also discussed in the President's Message in more detail in this issue.

Proposition 19

"The Home Protection for Seniors, Severely Disabled, Families and Victims of Wildfire or Natural Disasters Act." [FOR FULL TEXT CLICK HERE](#)

Position: Support

Summary: Proposition 19 was co-sponsored by the California Association of REALTORS® and California firefighters to both eliminate a significant tax penalty for homeowners who move and support funding for fire agencies. The initiative would essentially make Prop 13 protections portable statewide for homeowners over age 55, victims of natural disaster and permanently disabled homeowners. Specifically, these homeowners would be able to reassign their current Prop 13 tax assessment level from one primary residence to another anywhere in the state, up to three times in their lives. On the other side of the scale, Prop 19 raises new funds with new limits on the intergenerational transfers enacted in Prop 58. Specifically, children and grandchildren who inherit homes would be allowed to keep the same tax basis if they move into the home within a year of receiving title.

Otherwise, the home would be reassessed to current market level for tax purposes and then re-protected by Prop 13 going forward. Prop 19 also limits that tax break to no more than \$1 million in difference between the assessed value and the market value.

For a detailed explanation of Prop 19, please take a look at this month's President's Message from Donna O'Donnell.

Proposition 15

"Increases Funding for Public Schools, Community Colleges, and Local Government Services by Changing Tax Assessment of Commercial and Industrial Property." [FOR FULL TEXT CLICK HERE](#)

Position: Oppose

Summary: Prop 15 asks voters to approve a rewrite of the historic Prop 13 initiative from 1978 to enact the largest single tax increase in California's history. The initiative would eliminate Prop 13 protections from most commercial property, delivering a significant tax increase to businesses and other users of non-residential real estate across California. Specifically, Prop 15 no longer sets the tax rate for commercial property based on the sales price of the most recent transaction. Instead, it requires that Counties update the tax basis to market value at least once every three years. That change is estimated to create a tax windfall of \$7.5 to \$12 billion for California and require \$1 billion in new

continued on page 5

spending just to administer the regular reassessments. Prop 15 does attempt to mitigate the impact on small business. However, the carve outs created for small business are largely ineffectual.

More Detail: Prop 15 is a “split roll” proposal that would target the largest tax increase in California’s history on business property. While the initiative offers some limited protections for small business, those protections generally act only to delay the tax increase for a few years or provide very limited protections for a relatively small number of California businesses that fit tight definitions. Specifically, Prop 15 offers an exemption for business property worth less than \$3 million.

However, most small businesses do not own their real estate. Rather, most exist as a tenant in a larger commercial project. This exemption would not provide protections, for instance, for the dry cleaner or restaurant or real estate office located in a commercial center anchored by a grocery store or other major tenant. In many places, the \$3 million limit will not protect a modest strip mall at the corner of a significant intersection. Given the nature of most commercial leases, these increased taxes will likely be passed directly to the business tenant.

Does California need the money? That depends on the definition of “need.” The initiative was qualified for the ballot prior to the arrival of Covid in the United States, at a time when California had a more than \$20 billion budget surplus and an overall state budget two and a half times from a decade ago. However, California’s expenses, and appetite for more state spending, was growing faster than even the strong economy.

Proposition 21

“Expands Local Governments’ Authority to Enact Rent Control on Residential Property.” [FOR FULL TEXT CLICK HERE](#)

Position: Oppose

Summary: Proposition 21 would eliminate some of the legal guard rails that California law places on how local

governments may enact rent control. Under current law, local governments may create rent control ordinances, but with some limits. For instance, rent control may not apply to single family homes or 1-4 unit residential buildings. It also applies to tenants and cannot restrict rents once a unit is vacated and marketed for new tenants. Finally, it may not apply to new construction or anything built recently. Prop 21 would eliminate the first two, allowing rent control to apply to single family homes, duplexes and 1-4 units. It would also allow for control of rental increases when a unit is vacated. Those changes would have a particularly negative impact on small landlords who don’t own apartment buildings and are more likely to not have their rents keep up with the market over time.

More detail: Prop 21 is a revised version of 2018’s Prop 10, which California voters rejected by a margin of nearly 60-40. It attempts to allow local governments to expand rent control to situations and properties that have been off limits for a quarter century.

The impact of Prop 21 is definitely less pronounced than it would have been two years ago. At that time, state law prohibited rent control from attaching to anything built after 1996. However, legislation that went into effect this year moved that line to the past 15 years and made it statewide. So, in effect, that part of Prop 21 has little impact. It would allow cities to expand rent control to situations that are already rent-controlled.

The real impact is that it would authorize local governments to no longer allow market-driven pricing for units that become vacant. It would also significantly expand authority for rent control on small landlords with single family homes or individual condos (or duplexes, or triplexes or quadplexes).

Prop 21 offers a not-very-useful fig leaf by saying that owners of 2 or fewer units would be exempt. However, as written, if the owner owns their own home, they would be limited to one rental unit before they’re treated under the same local rent control laws as Wall Street firms with tens of thousands of multifamily units.

PRESIDENT’S MESSAGE *continued from page 3*

The end result of those property tax trade-ins would be a relatively small (by \$200 billion state budget dimensions) but important increase in state tax collections worth a couple hundred million dollars. Excess funding, such as the situation that existed prior to Covid, would place that additional revenue in a new, protected state firefighting fund that would support local fire districts across the state.

Unfortunately, it’s no secret that some policymakers would like to do away with the intergenerational protections of Prop 58 entirely – and would be in position to do so. We believe Prop 19 will protect the owner-occupied family home from taxing the next generation out of it while doing so much to help Californians benefit from tax portability.

I hope you’ll join me in supporting Prop 19.

IVAR Local Candidate Endorsements

Note: the listed office is the seat for which they are running. It may or may not reflect the position they currently hold.

City of Riverside



Patricia Locke Dawson *for Mayor*

City of Rancho Cucamonga



Lynne Kennedy *for City Council, District 4*

City of Lake Elsinore



Steve Manos *for City Council, District 2*

City of Perris



Michael Vargas *for Mayor*

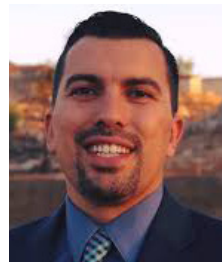


Sam Spagnolo *for City Council, District 1*

City of Menifee



Bill Zimmerman *for Mayor*



Malcolm Corona *for City Council*

City of Upland



Bill Velto *for Mayor*



Robert Karwin *for City Council, District 1*



Rita Rogers *for City Council*



Lesa Sobek *for City Council, District 3*

continued on page 7

City of Rialto



Deborah Robertson for Mayor



Sophia Holguin for City Council,
District 2



Angelov Farooq for Governing Board
Member, Trustee Area 3

City of Fontana



Peter Garcia for City Council, District 3

Riverside Unified School District



Tom Hunt for Governing Board Member,
Trustee Area 4

Western Municipal Water District



Teresa Rosales for Director, District 1

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.

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



Younger Americans Lead Desire for Bigger Homes, Outdoor Space



October 13, 2020

Young Americans are having their housing preferences shaped by the pandemic. They're seeking larger homes and outdoor space, yet in walkable areas, according to findings from the 2020 Community and Transportation Preference Surveys recently conducted by the National Association of REALTORS®.

Young adults who live in walkable areas tend to report a higher quality of life than those who live in less walkable areas, the survey shows. And young Americans may need a boost: Americans under the age of 40—millennials and Generation Z—are the most likely to say their overall quality of life has been negatively affected by the pandemic.

"Although COVID has dramatically changed people's lives, this study shows that a substantial demand for walkability

persists for Americans of all ages," says Vince Malta, NAR's president.

The survey also showed that families with children in school tended to show a stronger desire for detached homes and larger yards. Before the pandemic, a majority of Americans preferred smaller yards in a walkable community, the survey says.

Americans 55 and older and those with higher incomes also tended to show an increased desire for walkability in their neighborhood.

Overall, survey respondents who strongly agreed with the statement that there are "lots of places to walk nearby" showed an 8% increase in quality of life, the NAR survey shows.

Housing Affordability Weakens as Prices Surge

October 13, 2020

Housing affordability declined in August compared to a year ago, despite median incomes rising. However, the jump in home prices—up 11.7%—was way above family income increases of 2.2%, the National Association of REALTORS® reports.

Mortgage rates are helping to offset some of those high home prices, however. A 30-year fixed-rate mortgage dropped to 3% in August and has averaged below 3% in the past few weeks, the lowest on record.

National and regional indices measuring housing affordability were all above 100 in August, which indicates that a family with the median income had more than the income required to afford a median-priced home, NAR reports.

The most affordable region of the United States is the

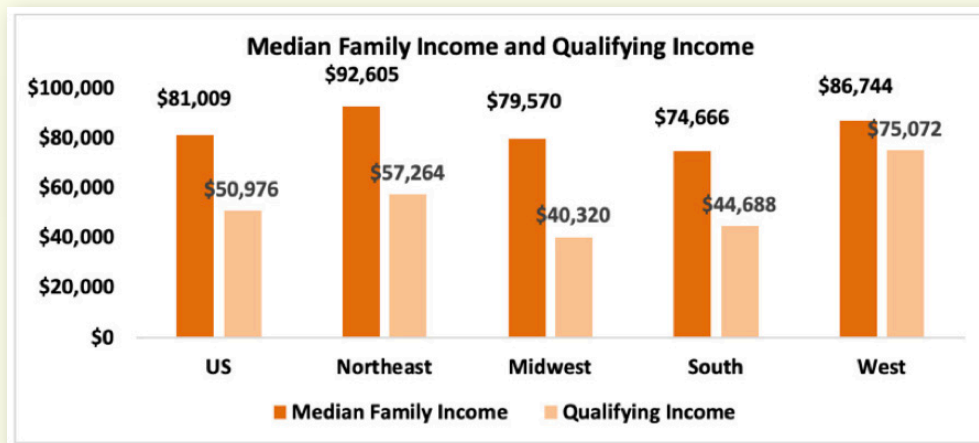
Midwest, where the median family income of \$79,570 is nearly double the qualifying income—\$40,320—needed to buy a home.

On the other hand, the least affordable region remains the West, where the median family income of \$86,744 compares with a qualifying income of \$75,072 to purchase a home.

Still, affordability was down in all four of the major regions of the U.S. last month. The Northeast saw the largest decline: 5.8%.

The median sales price for a single-family home that sold in August was \$315,000—up 11.7% from a year ago.

But even with lower mortgage rates, the percent of income increased. The mortgage payment as a percent of income was 15.7% nationally in August.



INLAND EMPIRE

BOARD OF

REAL ESTATE

A division of IVAR

Housing Data Report

SEPTEMBER 2020



RIVERSIDE OFFICE: 951-684-1221
3690 Elizabeth St. Riverside, CA 92506

RANCHO OFFICE: 909-527-2133
10574 Acacia St. D-7 Rancho Cucamonga, CA 91730

Sep 2020 - Monthly Summary Report

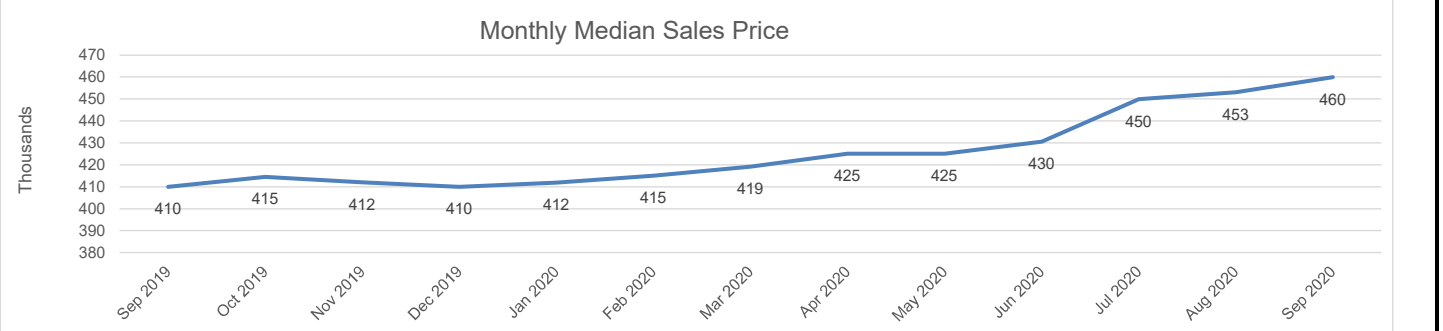
Mark Dowling, Chief Executive Officer

- Rebounding from the adverse COVID-19 housing market impacts in the months of March, April and May, in the last few months the Inland Empire housing market has shown tremendous resiliency. September was the strongest housing market month of 2020, with New Listings up 5.7%, Pending Listings up a whopping 31.2% and Sold Listings up 13.3% for the month. Additionally, the Median Sales Prices was up 12.2% in September, to \$460,000.
- However, due to the decrease in New Listings earlier this year, the overall housing inventory continues to remain limited, resulting in a very competitive market.
- Linked to tight inventory, Days on Market for September decreased to a stunning 8 Days.



	Sep-2019	Sep-2020	Annual Change
New Listings	4,296	4,540	↑ 5.7%
Pending Sales	3,413	4,478	↑ 31.2%
Sold Listings	3,550	4,021	↑ 13.3%
Median Sales Price	\$410,000	\$460,000	↑ 12.2%
Sales Volume (\$M)	\$1,550	\$1,988	↑ 28.3%
Price/Sq.Ft.	\$227	\$246	↑ 8.5%
Sold \$/List \$	98.89%	100.57%	↑ 1.7%
Days on Market	22	8	↓ -63.6%
CDOM	24	8	↓ -66.7%

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.

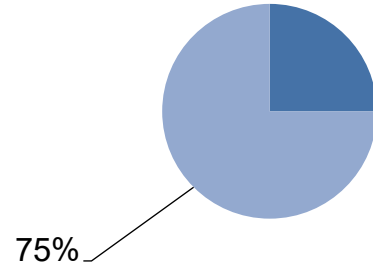


2020 - Year to Date Report

We are 9 months through the year:


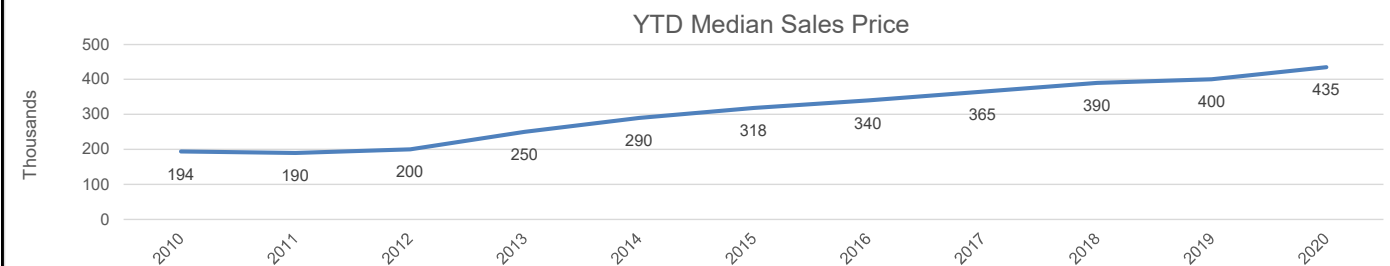
The statistics shown below are for the first 9 months of the years represented.

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-Sep 2019	Jan-Sep 2020	Year-Over-Year Change
YTD New Listings			
New Listings	43,602	37,235	↓ -14.6%
Pending Sales	33,764	33,543	↓ -0.7%
Sold Listings	31,154	29,475	↓ -5.4%
Median Sales Price	\$400,000	\$435,000	↑ 8.8%
Sales Volume (\$M)	\$13,379	\$13,650	↑ 2.0%
YTD Closed Listings			
Price/Sq.Ft.	\$222	\$234	↑ 5.3%
Sold \$/List \$	98.78%	100.00%	↑ 1.2%
Days on Market	25	15	↓ -40.0%
CDOM	29	17	↓ -41.4%

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.

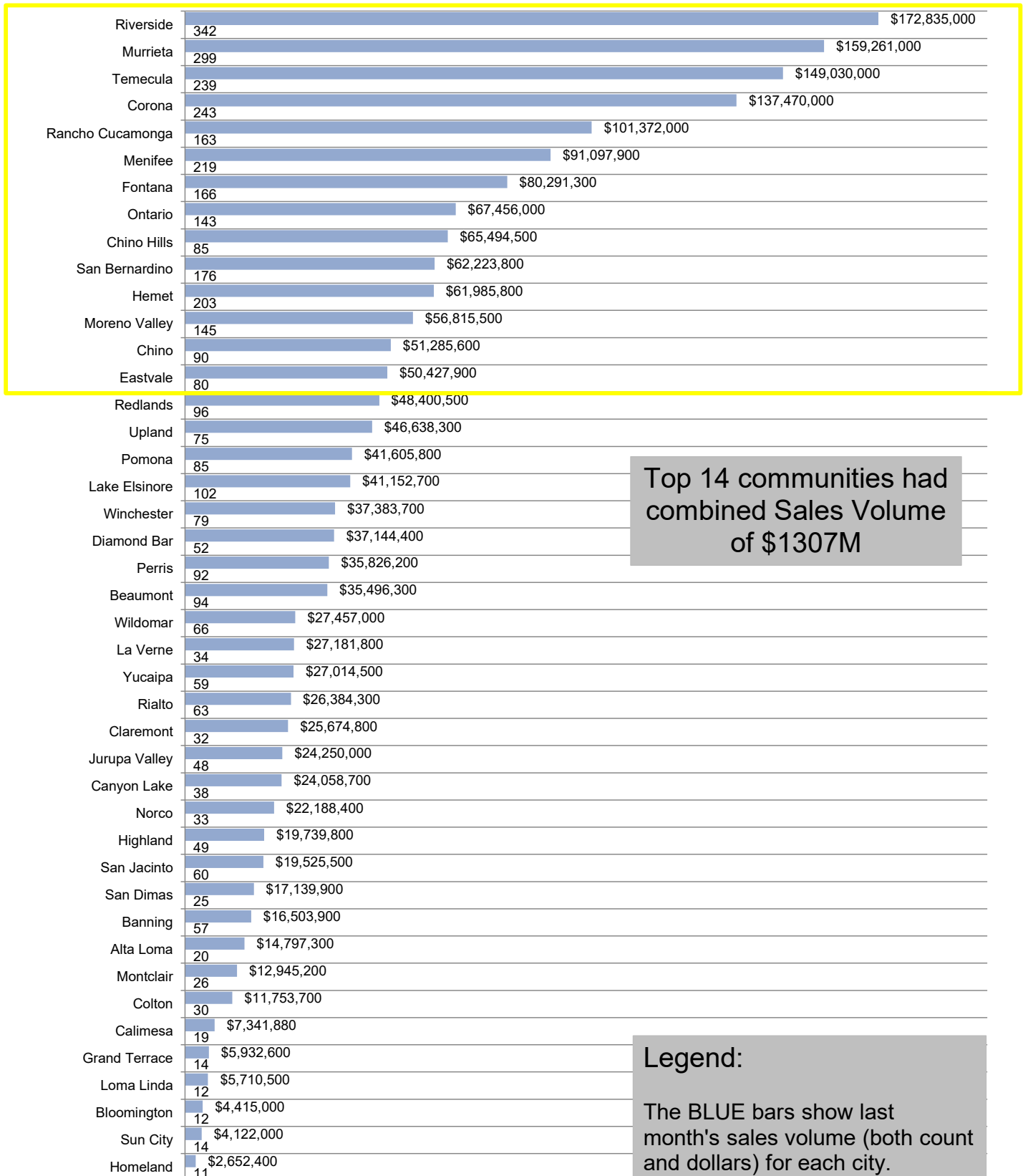



Sep 2020 City Overview

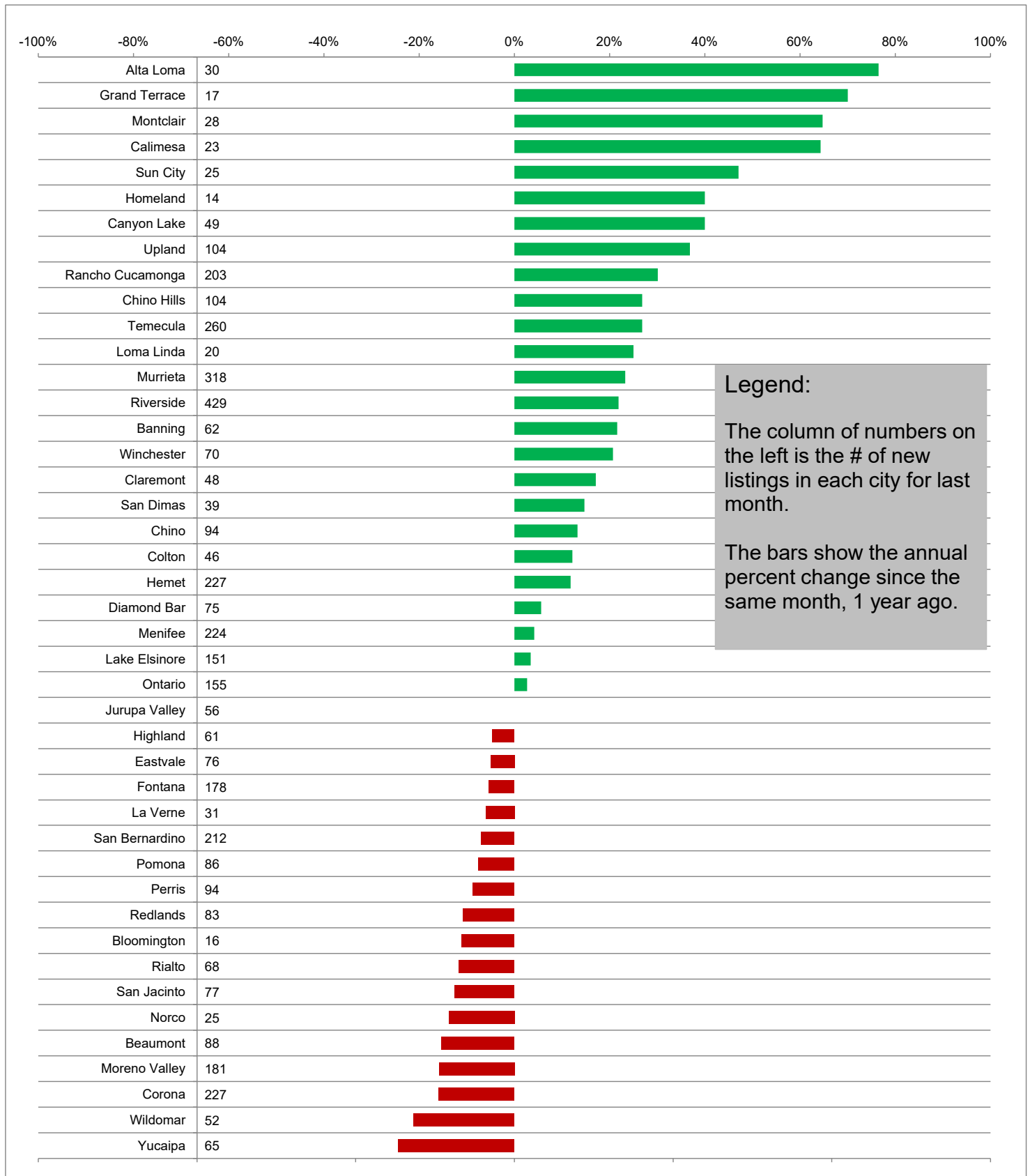
The following monthly data shows "YEAR-OVER-YEAR" (YOY) changes as well as current conditions in the real estate market

	YOY Sales Transactions	YOY Median Sales Price %	Median Sales Price \$	Active Listings	Price per Sq.Ft.	Total Days on Market
Alta Loma	↑ 82%	↓ -1%	\$ 685,000	19	\$ 323	10
Banning	↑ 21%	↑ 19%	\$ 286,500	53	\$ 194	24
Beaumont	↑ 31%	↑ 7%	\$ 375,000	73	\$ 190	6
Bloomington	↑ 140%	↓ -7%	\$ 348,500	15	\$ 316	7
Calimesa	⇒ 0%	↑ 11%	\$ 395,000	9	\$ 211	7
Canyon Lake	↓ -5%	↑ 12%	\$ 565,000	51	\$ 255	11
Chino	↑ 27%	↑ 8%	\$ 538,000	103	\$ 284	10
Chino Hills	↑ 18%	↑ 7%	\$ 710,000	99	\$ 349	21
Claremont	↑ 28%	↑ 7%	\$ 751,150	30	\$ 411	10
Colton	⇒ 0%	↑ 20%	\$ 382,750	39	\$ 256	8
Corona	↑ 18%	↑ 9%	\$ 545,000	207	\$ 290	7
Diamond Bar	⇒ 0%	↑ 8%	\$ 665,000	68	\$ 381	13
Eastvale	↑ 18%	↑ 13%	\$ 640,000	65	\$ 218	9
Fontana	↓ -10%	↑ 14%	\$ 485,000	161	\$ 246	7
Grand Terrace	↑ 8%	↑ 15%	\$ 426,000	11	\$ 257	6
Hemet	↑ 22%	↑ 10%	\$ 308,000	195	\$ 174	10
Highland	↑ 11%	↑ 5%	\$ 390,000	48	\$ 225	6
Homeland	↑ 175%	↑ 37%	\$ 250,000	10	\$ 112	48
Jurupa Valley	↑ 9%	↑ 5%	\$ 495,000	61	\$ 265	8
La Verne	↑ 48%	↑ 30%	\$ 812,500	32	\$ 395	12
Lake Elsinore	↓ -9%	↑ 10%	\$ 415,500	97	\$ 206	9
Loma Linda	↓ -8%	↑ 26%	\$ 461,000	17	\$ 249	14
Menifee	↑ 18%	↑ 18%	\$ 429,000	157	\$ 201	6
Montclair	↑ 37%	↑ 7%	\$ 492,500	17	\$ 288	15
Moreno Valley	↓ -18%	↑ 10%	\$ 385,000	138	\$ 210	8
Murrieta	↑ 32%	↑ 9%	\$ 475,000	231	\$ 220	5
Norco	↓ -8%	↑ 3%	\$ 625,000	39	\$ 334	13
Ontario	↑ 4%	↑ 8%	\$ 485,000	144	\$ 287	10
Perris	↑ 24%	↑ 11%	\$ 372,500	81	\$ 208	6
Pomona	↑ 15%	↑ 10%	\$ 475,000	65	\$ 344	10
Rancho Cucamonga	↑ 9%	↑ 16%	\$ 575,000	146	\$ 307	10
Redlands	↑ 12%	↑ 14%	\$ 470,000	78	\$ 274	11
Rialto	⇒ 0%	↑ 14%	\$ 429,000	52	\$ 260	7
Riverside	↑ 11%	↑ 9%	\$ 468,750	347	\$ 273	7
San Bernardino	↑ 2%	↑ 13%	\$ 341,500	174	\$ 246	7
San Dimas	↑ 9%	↑ 17%	\$ 680,000	25	\$ 380	12
San Jacinto	↓ -21%	↑ 11%	\$ 343,000	53	\$ 167	8
Sun City	↓ -18%	↑ 12%	\$ 302,500	10	\$ 197	17
Temecula	↑ 41%	↑ 13%	\$ 535,000	178	\$ 242	6
Upland	↑ 3%	↑ 3%	\$ 600,000	83	\$ 319	13
Wildomar	↑ 74%	↑ 13%	\$ 422,500	46	\$ 205	7
Winchester	↑ 103%	↑ 17%	\$ 485,000	50	\$ 188	8
Yucaipa	↑ 13%	↑ 5%	\$ 407,000	64	\$ 237	9

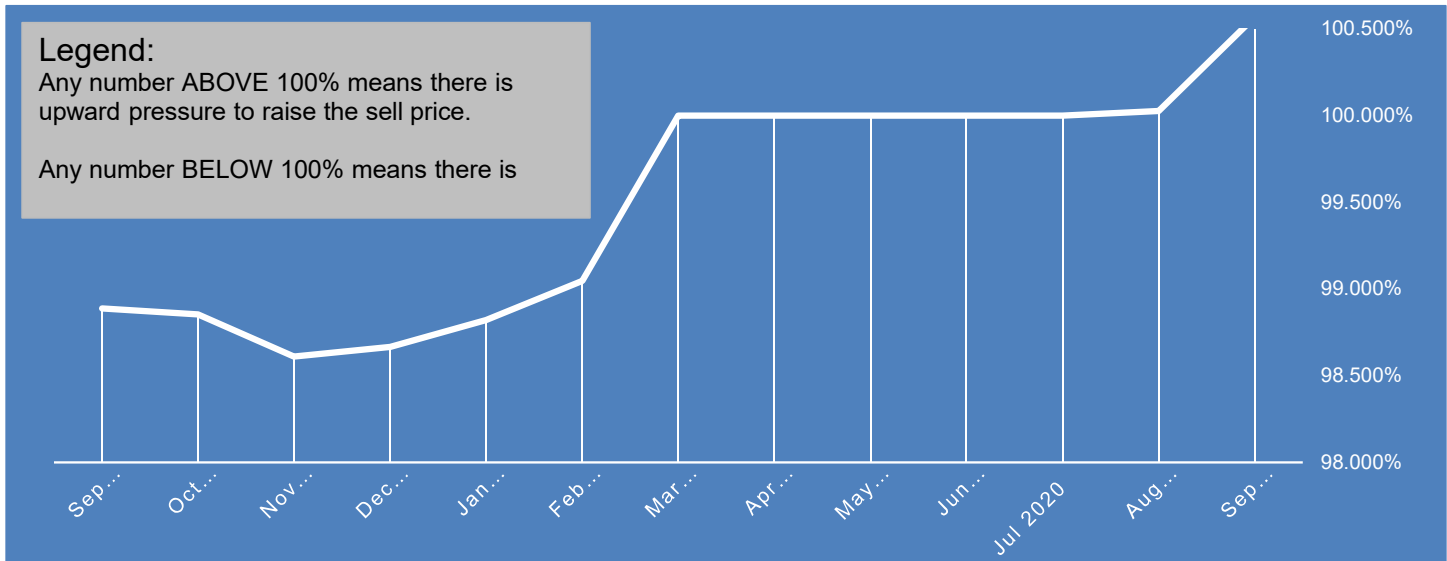
Sep 2020 - Sales Volume per City



Sep 2020 - Top Communities with New Listings (year-over-year)



Sell Price vs Original List Price



2020 INLAND EMPIRE LISTINGS OVERVIEW

	New	Pending	Closed
April	-41.3%	-37.6%	-25.5%
May	-30.3%	-3.1%	-42.3%
June	-20.0%	24.0%	-11.5%
July	-10.0%	18.2%	5.6%
August	-7.1%	15.0%	-4.6%
September	5.7%	31.2%	13.3%

MONTHLY FINANCING TYPES

