

## ILLINOIS REALTORS® HOUSING POLICY

As an Association, we reaffirm our commitment to the goals of decent housing and a suitable living environment for everyone. We believe that this goal can best be accomplished by a housing market that fosters sustainable and affordable home ownership or rental opportunities for every income level and generation and endure economic fluctuations whether local or global.

We reaffirm our core value that the pursuit of decent housing for every person, from the homeless to the homeowner, should be raised to the highest level of state and local priorities.

We believe housing is a right that comes with a responsibility on an owner and/or tenant to maintain and care for the property so as not to infringe on the health, safety or happiness of others.

While we strongly believe a healthy housing climate is predicated on a freely competitive, private-sector based housing industry, we believe the government can and should play an important role in the area of housing and housing finance.

We strongly believe that the real estate industry, and the state and local governments in Illinois can all work together in establishing policies and programs that promote an adequate supply of affordable owner-occupied and rental housing. Policies should be within a regulatory framework that does not create undue cost burdens or other barriers to creating, owning, or providing housing.

Recognizing the Comprehensive Housing Planning Act (P.A. 94-965) has provided direction through the state Housing Task Force to focus on underserved populations, we continue to support development of a broad housing, and pledge to provide our support and assistance in the development of such a policy.

Housing issues present serious challenges for public policy decision makers. It is well established that housing is a vital and core component of the state and local economies; serious consideration must be given on how to balance the need for an adequate supply of affordable housing with efforts to minimize government intrusion in the economic and financial systems of our state and nation. All levels of government, housing providers, private-sector business, and non-profit entities have a shared responsibility to encourage and improve the affordability of housing for all citizens by fostering an efficient and effective housing delivery system.

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

meant as the ability for all income levels to have access to housing that fits into a sustainable housing budget.

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

- A freely competitive housing market is a major source of prosperity for citizens.
- The private market is the best mechanism to meet the demands of housing for most Illinois citizens.

Private profit and nonprofit markets must assume chief responsibility. Government at all levels must be partners, such as providing related services to the homeless, those at risk of homelessness or foreclosure, veterans, the disabled, and elderly, and those at the primary stages of leasing and/or homeownership.

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

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

#### REAL ESTATE FINANCE ISSUES

We encourage the flow of funds into housing from all possible sources, including investment funds and out of state or foreign sources of capital.

Elected officials must advocate the continuation of workable and viable, Federal Housing Administration, United States Department of Agriculture Rural Development Rural Housing Service, United States Department of Veterans Affairs insurance and guarantee programs, as well as programs of the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Bank.

IHDA should continue to play a vital and expanded role in providing financing for affordable housing and should continue to experiment with innovative mortgage designs that have the potential to facilitate homeownership under all economic circumstances.

A viable source of acquisition, development and construction financing should be readily available and maintained.

We support continued funding for locally-based federal grant programs.

Maximize access to available federal matching funds by maintaining the Affordable Housing Trust Fund and other state dollars at sufficient levels.

Ensure that the application process for Affordable Housing Trust Fund monies are clear and as streamlined as possible.

We oppose transfers out of the Affordable Housing Trust Fund to the General Revenue Fund to address budget deficits.

We support programs to develop and offer incentives to encourage and assist financial institutions to be more involved in affordable housing efforts, i.e. linked deposit of state funds to financial commitment to affordable housing efforts.

We support and seek out additional financing options for the rental market. Elected officials of Illinois should continue to support the project-based funding for Section 8 low-income rental housing and unit based funding of the state Rental Housing Support program. Additionally, support for programs such as the USDA Rural Development 515 program, the U.S. Department of Housing and Urban Development (HUD) 202 program for the elderly, HUD Veteran Affairs Supportive Housing (VASH), and the HUD 811 program for the disabled should be sustained.

We support policies and programs to permit and encourage employers to develop employee housing programs, including but not limited to programs that would provide for:  
Down payments on home purchases and closing costs;  
Security deposits and initial month's rent for leased residences;  
Collateral for mortgage loans used for residential financing; and,  
Development of housing by employers.

We support the continuation of tax-exempt financing for low-and moderate-income and owner occupied housing through state and local housing finance agencies.

We support the increased use of tax increment financing (TIF) to create affordable housing opportunities.

We support the continuation of state—designated enterprise zones.

#### EQUAL OPPORTUNITY ISSUES

We reaffirm our full support and advocacy of the practice of equal opportunity in housing and renew our dedication to fulfilling the requirements of all federal, state, and local fair housing laws. We pledge ourselves to uphold the spirit, as well as, the letter of the law, through programs, and training designed to promote and further the right of equal opportunity in housing for all people.

We believe equal opportunity exists only where there is complete freedom of individual choice in housing and we oppose any attempt to interfere with this freedom of choice.

We pledge to work with state agencies and other entities and organizations to develop and provide for housing education.

We will oppose any proposal that would place unreasonable limitations on the free and open marketing of real property, such as the advertising of property on the open market through the use of solicitation, including the use of real estate "For Sale" signs.

#### CREDIT, CREDIT EDUCATION AND COUNSELING

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

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

## TAX POLICY REGARDING HOUSING

We support and promote targeted property tax abatement programs for affordable housing.

We oppose the imposition of real estate transfer taxes by local governments, with the exception of the .50 cents for \$1,000 of the value of property transferred imposed by counties to pay for transfer related purposes.

We oppose future increases in the state real estate transfer tax.

Examine Illinois tax laws and other potential barriers to the development of manufactured housing in Illinois.

Support school funding reform to address the significant negative impact that the current dependence on local real estate taxes has on housing affordability.

We support the federal mortgage interest deduction, non-classification of forgiven mortgage debt as income, and state enhancements such as mortgage credit certificates.

## REMOVING BARRIERS TO THE SUPPLY OF DIVERSE AND AFFORDABLE HOUSING

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

We support policies and programs to promote technological advances in the construction industry designed to reduce housing costs without adverse impact on the health and safety of residential housing.

We support policies, programs, and initiatives to eliminate or reduce development and building code requirements (other than essential health and safety measures) that delay and add to the cost of the development and rehabilitation of housing.

We support incentive programs to encourage increased energy efficiency in housing.  
We support the enactment of subdivision land development standards that remove overly restrictive infrastructure requirements and permit newer technologies.

We support an increased role for vocational and technical schools in providing more training in the area of entry level job skills for housing construction and rehabilitation.

We support and encourage the enactment of zoning allowances and exceptions for density for low to moderate income, disabled, elderly, veterans and multigenerational housing.

We believe regulations that are imposed by non-housing state agencies should be eliminated or revised as necessary to avoid costly and conflicting regulation of housing providers and related entities, including supportive housing entities.

We support incentives for landlords to voluntarily participate in housing voucher programs as well as any efforts to remove the regulatory barriers.

We oppose any policy that explicitly prohibits a specific housing type within a total governmental jurisdiction.

We oppose landlord-tenant legislation that is injurious to the basic rights of private property ownership and/or privacy right of the tenant.

We oppose the adoption of rent control legislation at all levels of government; it is our belief that rent control measures ultimately decrease the availability of affordable housing and infringe on the right of Americans to own property free of unreasonable controls.

We support state legislation that provides a framework for reasonable development impact fees that are based on sound analysis and are specifically and uniquely attributable to the new development.

## Glossary

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

CFPB – Consumer Financial Protection Agency, an agency established through the Dodd-Frank Act in 2010, with a main focus to establish rules for and enforce consumer financial protection laws.

CDAP – Community Development Assistance Program, a competitive housing rehabilitation program for low- to moderate-income persons, funded by HUD; and administered in Illinois by the Department of Commerce and Economic Opportunity.

CoC – Continuum of Care created through The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), which consolidates three previous homeless assistance programs into a single grant program to provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families; its intent and design is for community wide efforts to end homelessness.

ESG – Emergency Solutions Grants program, formerly known as the Emergency Shelter Grants Program has been revised and renamed through the HEARTH Act. This program provides grants to state and local government which can then be subgranted to non-profits to help prevent homelessness, provide services to the homeless, and assist in rapid re-housing efforts.

FCA – Farm Credit Administration is an independent Federal Agency that regulates and examines the banks, associations, and related entities of the Farm Credit System (FCS). Banking cooperatives within the FCS provide rural home and farm loans.

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

FHLB – Federal Home Loan Bank, consists of 11 district banks, including Chicago, which are chartered by the U.S. Congress to ensure liquidity by providing a secure source of mortgage funds to banks, thrifts, credit unions, insurance companies, community development financial institutions, and housing finance institutions. FHLB's Community Investment arm offers a variety of programs for their member institutions to facilitate affordable housing and economic development in the communities they serve.

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

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

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

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

HOUSING FIRST – United States Interagency Homeless Program offers permanent, affordable housing for individuals and families experiencing homelessness. Housing First provides the supportive services and connections to the community-based supports system to assist people in need to keep their housing and to avoid returning to homelessness.

HUD United States Department of Housing and Urban Development

HUD 202 – Supportive Housing for the Elderly authorized to provide capital advances, as appropriated by Congress, to finance the construction, rehabilitation or acquisition of structures that will serve as supportive housing for very low-income elderly persons, the frail elderly, including providing rent subsidies for the projects to help make elderly housing affordable.

HUD 811 – Supportive Housing for Persons with Disabilities authorized to provide funding, as appropriated by Congress to develop and subsidize rental housing with the availability of supportive services for very low – and extremely low-income adults with disabilities; and provide project rental assistance to state housing agencies.

IHDA – Illinois Housing Development Authority, the state’s affordable housing agency that administers HOME Funds, Tax Credits, Single Family Bond Programs, and the Affordable Housing Trust Fund.

LIHTC – Low Income Housing Tax Credits, a tax incentive provided to investors for affordable housing, administered by IHDA, allowing a tax credit to be taken for 10 years after project completion but meet compliance rules for 15 years. Tax credit authority is based on a per capita rate indexed for inflation.

QAP – Qualified Allocation Plan, a program under IHDA, serving as a framework for awarding LIHTC.

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

Tax Increment Financing – TIF, a tool state lawmakers gave local governments to help local governments restore their most run-down areas or jumpstart economically sluggish parts of town. Financially strapped local governments can make the improvements they need, like new roads or new sewers, and provide incentives to attract businesses or help existing businesses expand, without tapping into general funds or raising taxes.

USDA RD RHS – US Department of Agriculture Rural Development Rural Housing Service, an agency that offers loans, grants and loan guarantees as authorized by Congress, for single and multi-family housing. Also available are loans for single family housing rehabilitation and programs for multi-family housing which provide affordable rental housing for very-low, low – and moderate- income residents, the elderly, and persons with disabilities in designated rural areas as defined by Congress.

VA – U.S. Department of Veterans Affairs, guarantees no down payment loans up to an eligible veterans’ entitlement.

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