

October 29, 2008

## **Marin REALTORS® Call for Moratorium on Laws and Fees Harmful to Local Housing Market**

Citing the impact of the current economic crisis on the local housing market, the Marin Association of REALTORS® (MAR) today called on local governments throughout the county to impose an immediate moratorium on proposed or existing laws that make it harder or more costly to buy or sell residential property.

“In an effort to beef up their own coffers, we are concerned that local governments will, as they have in the past, seek to place additional hardships on home sellers, home buyers, and the escrow process,” said MAR President Levi Swift.

Swift said these hardships may include point-of-sale retrofit ordinances, which require home sellers to make certain repairs before their houses can be sold; new or increased transfer taxes, which are collected when real estate changes hands; and affordable housing and other similar impact fees, which are tiered rate schedules imposed on remodeling, construction, or related residential projects.

Swift said that, “these fees and laws do not make things better. They can do quite the opposite by making homes more costly to buy or sell and delaying or complicating the escrow process. When tied to home sales, point-of-sale retrofit ordinances (such as requiring the installation of new low-flow toilets) can harm the environment by forcing the postponement of important community-wide improvements for decades.”

He noted that, “these are all bad ideas even in the best of times. Given the current economic turmoil and the fluctuations in the local housing market, they are akin to pouring gasoline on a fire that you want to put out.”

“Because of the difficult times we now face, local governments should do everything they can to make it easier, not harder, to buy or sell property,” Swift said.

He cited two recent examples of policies or proposals that can negatively impact housing markets. In October, the Marin County Board of Supervisors unanimously passed an affordable housing impact fee on new residential construction and other related projects. In the neighboring city of Alameda, there is a measure on the Nov. 4 ballot to raise the transfer tax from \$5.40 per thousand to \$12 – an increase of more than 220%

MAR CEO Edward Segal said that in Marin, “government agencies have a track record of implementing or proposing ways to raise money or enforce public policy on the backs of real estate transactions.” For example:

In 2002, the Marin Municipal Water District required home sellers to install low-flow toilets prior to the close of escrow and repair damage to the floor or plumbing caused by the installation. Home sellers had the option to pay the district a \$350 deposit for each

toilet that did not comply with the ordinance, thus making buyers responsible for installing the new toilets. Two years later, the district terminated the program.

In 2005, the Las Gallinas Valley Sanitary District tried to pass a point-of-sale sewer lateral retrofit ordinance that would have forced home sellers to spend up to \$25,000 to inspect and repair their sewer pipes before the close of escrow.

Homeowners would have had to enter a long bureaucratic process including submitting an application to the district, hiring a plumber, digging, inspecting and recording by video camera, and analyzing and reporting the results in order to get a certificate. The district's board of directors eventually voted unanimously to defeat the proposed ordinance.

According to Segal, "these are tough times for many people in Marin, including those who are trying or thinking about buying or selling a home. But times will only get worse if local governments have their way and impose harmful and burdensome fees and ordinances on home buyers, home sellers, and the escrow process."