



Akron Cleveland Association of REALTORS[®] Legislative Issues

Guiding Philosophy

REALTORS[®] are dedicated, within the framework of a democratic free enterprise system, to place home ownership within reach of all who desire it. Home ownership positively impacts neighborhoods, communities, and northeast Ohio's economic stability.

REALTORS[®] support policies which encourage new housing opportunities, economic development and the necessary infrastructure, while protecting the quality of life that has made northeast Ohio a desirable place to live.

REALTORS[®] are committed to the proposition that it is illegal to discriminate in the sale or rental of housing on the basis of race, color, religion, sex, familial status, ancestry, military status, disability, or national origin. People are entitled to exercise and enjoy the benefits of ownership without undue encroachment or intrusion by government, or individuals.

REALTORS[®] subscribe to the policy of fair housing. We believe equal opportunity in housing can best be achieved through observance of the law, education, and mutual cooperation of the real estate industry and the public in a free and open housing market.

REALTORS[®] believe that the administrative costs of government associated with the real estate industry should be paid from the appropriation of general tax revenues and not through the imposition of department-generated fees.

Growth Policy

Background

Economic growth is critical to the long-term health and vibrancy of northeast Ohio. The region must consistently pursue policies, which will attract the economic opportunities necessary to expand our tax base, provide housing choices and employment, and deliver necessary services. REALTORS[®] are committed to the proposition that economic growth can take place while simultaneously protecting the environment and quality of life.

Developers include public amenities as a matter of course in building new projects. Imposing impact fees unfairly shifts the burden of financing public facilities, used by the public at-large, to one segment of the community. In addition, these fees are passed on to homebuyers forcing them to pay twice for public facilities -- first through increased home prices, and then through taxes.

In order to make real estate and/or corporate expansion occur, a complex combination of municipal, county, state, and federal incentives are needed.

REALTORS[®] Position

- REALTORS[®] advocate streamlining the permitting process to reduce the time and administrative hurdles businesses face establishing themselves in northeast Ohio.
- REALTORS[®] believe a county should fund from its existing tax base the necessary public improvements such as schools, water and sewer, transportation improvements, and other public facilities at a rate to keep up with the growth in population.
- REALTORS[®] support policies that encourage and promote growth. These programs include, but are not limited to, grants, forgivable loans, port authority bond financing, tax increment financing, and income tax grants.
- REALTORS[®] oppose impact fees, or payments required by local governments of new development for the purpose of providing new or expanded public capital facilities required to serve that development, and other “nuisance” taxes, which discourage development of new homes and businesses.



Energy Efficiency

Background

Federal, state and local policymakers have been considering over the past few years a range of legislative and regulatory options to improve real estate energy efficiency. Local governments have also been looking for ways and incentives to help individual homeowners make energy efficient improvements to their homes so that they can ultimately reduce their utility costs.

Energy labeling every home and building in the northeast Ohio will not improve energy efficiency but could stigmatize older properties, complicating closing table negotiations with misleading ratings and reducing property values. Local, state and the federal government should find ways to provide incentives for homeowners on a voluntary basis to take advantage of a cost-effective way for them to make energy efficiency improvements to their home. This will not only benefit the homeowners by being able to reduce their utility costs, but more importantly it will increase the number of resale homes that can be seen as energy efficient.

Additionally, there is growing consumer demand for greener properties, with homebuyers ranking energy efficiency as ‘very important’ in a recent NAR survey, were willing to spend on average \$12,400 more for their property. These consumers understand the link between green properties, cost savings, and healthy living.

REALTORS® Position

- REALTORS® support improving energy efficiency through voluntary financial incentives, education and other commercially reasonable alternatives in lieu of government mandate.
- REALTORS® oppose expanding existing laws, which were not written to address “climate change,” triggering such requirements at the time when real property is sold, or otherwise imposing undue economic burden on property owners or managers will only slow energy retrofits
- REALTORS® are committed to the principles of sustainability, energy conservation and the safe extraction of domestic energy supplies.
- REALTOR® recognize value that green systems and materials have, including reduced energy bills, increased asset value, and decreased marketing time.
- To help advance an economically prosperous and environmentally sustainable future, REALTORS® are committed to supporting all commercially reasonable strategies with voluntary, performance-based incentives to reduce greenhouse gases and use energy more efficiently.

Affordable Housing

Background

It is important for governments at all level to look for tax incentives to help expand the supply of affordable housing available for purchase by lower-income individuals. Increasing the supply of affordable and entry-level housing will spur additional transactions and, more importantly, will enable more families of modest means to become homeowners. Homeownership strengthens communities and is an important mechanism for creating family wealth.

ACAR supports local efforts that support and promote homeownership, including education programs, homebuyer incentives, homeowner incentive programs, and other tools designed to help homeowners.

REALTORS® Position

- REALTORS® support a concerted effort to reduce barriers to home ownership.

- REALTORS[®] oppose all efforts to increase transfer and recordation taxes as a means to increase general county revenues, and support the elimination of taxes on the transfer of property.
- REALTORS[®] oppose the pre-payment of property taxes.
- REALTORS[®] support the government’s buyer assistance program as an important avenue for moderate-income people and first-time homebuyers to purchase a home.
- REALTORS[®] support incentives to increase the supply of affordable single-family housing.

Sign Ordinances

Background

The right of homeownership confers with it the freedom to make full use of one’s property. The freedom of property owners to display signs on their own property without government interference is a matter of free speech guaranteed by the First Amendment of the U.S. Constitution.

Imposing fees on “For Sale,” “Sold” and other types of real estate marketing signs authorized by owners on their own property is an intrusion on the right of property owners and an unnecessary tax.

Sign ordinances should strike a reasonable balance between the needs of buyers and sellers, who depend upon real estate signs to help market and sell homes, and the necessity to ensure that signs do not present a threat to the public safety.

Sign ordinances should be consistent and easily understood by all.

REALTORS[®] Position

- REALTORS[®] support sensible regulation of size and placement of signs on private property.
- REALTORS[®] support reasonable regulation of the number, duration, and placement of signs in the public rights of way.
- REALTORS[®] oppose efforts by government to impose additional burdens on the ability of property owners to market their property.

Transfer Taxes

Background

Approximately two-thirds of the 50 states, including Ohio, impose a tax or taxes on the transfer of real estate. A tax on real estate transactions should mean fewer transactions take place and then housing becomes less affordable. State and local governments should continue to look into the possible negative impacts any increase in the transfer tax could

have on the County's ability to provide ample housing choices for citizens of all income levels. They should be looking at broader based taxes or fees as viable alternatives and more appropriate solutions to funding budgets.

REALTORS® Position

- REALTORS® strongly oppose taxes on real estate transfers because it inhibits the buying and selling of real estate, makes housing less affordable, and supports public services that benefit the many by taxing the few.
- REALTORS® strongly believe that any increase, or removal of current exemptions, in the recordation or transfer tax will increase barriers to homeownership and runs counter to the goal of increasing affordable housing.
- Transfer and recordation taxes are not a stable source of revenues and the revenue estimates cannot always be accurately relied upon. Therefore, government entities should be looking for alternative sources of revenue and not always relying on these real estate taxes.

Impact Fees

Background

Economic vitality is critical to sustaining northeast Ohio. A healthy housing market builds strong communities, enhances the tax base, and creates new employment opportunities. The imposition of impact fees discourages new businesses from locating in Cuyahoga and Summit counties, existing businesses from expanding here, and inflates the cost of housing.

New development ultimately increases the County's tax base, which pays for additional public services required by the growth, therefore paying for itself. The requirement of additional initial outlays by developers is passed on to buyers. This limits housing affordability and increases the cost of housing.

Impact fees place the burden for funding public facilities on only one industry; however, the entire county benefits from these improvements. Good public policy allocates the financial responsibility for public facilities equitably.

Impact fees, in the form of excise, sales, and property taxes are imposed on building materials for home construction and lot development. The builder passes these costs on to the homebuyer. This further increases the cost of housing.

REALTORS® Position

- REALTORS® oppose both the concept of system development charges and any efforts to increase them.
- REALTORS® are committed to working with government officials to identify alternate means of financing additional public facilities such as tax credits for providing certain public improvements.

Transportation Investment

Background

Expansion of our capacity to transport people represents an important investment in the future growth of our economy and the quality of life in northeast Ohio. By investing in roads and public transportation, the quality of life is maintained and enhanced. The failure of transportation systems to meet the growing demands placed on it has reached a critical point.

Failure to make improvements to the transportation system stunts economic growth.

REALTORS[®] Position

- REALTORS[®] support necessary road improvements to facilitate cross-county traffic.
- REALTORS[®] support the expansion of RTA beyond its current termination points.
- REALTORS[®] support circumferential rail and rapid transit bus routes.
- REALTORS[®] support construction of safe bikeways and sidewalks.
- REALTORS[®] support making infrastructure improvements an important priority in the capital budget.

Local Housing Inspections – Point of Sale

Background

ACAR believes in a housing market that consists of safe, diverse and affordable homes that meet the needs of every buyer. In order to maintain a healthy market, government must play a role. Specifically, ACAR supports a local government's authority to systematically inspect the exterior of all residential units located in that city's jurisdiction.

In order to effectively market properties, the neighboring houses must be well maintained. In the instances when a house falls into disrepair, the marketability of the entire neighborhood is compromised. As such, it is appropriate – and expected – that a city exercise its policing power to insist on the exterior upkeep of all homes in its jurisdiction, not only those that are for sale.

ACAR believes that in order for systematic inspections of all residential properties (not just those for sale) to be truly effective, a city must employ certain components to the inspection process.

REALTORS[®] Position

- REALTORS[®] support using a clear, concise list defining items which are subject to inspection must be developed by a city and uniformly applied for every inspection conducted by a city inspector.
- REALTORS[®] support limiting items subject to inspection to those which will directly affect the health or safety of the occupant or neighbors of the home that is inspected.

- REALTORS® oppose ever using the aesthetics and personal preferences of a city inspection in items subject for inspection.
- In order to maintain as much uniform application of city inspection guidelines, REALTORS® strongly recommended that the city inspector who conducts the initial inspection also conduct follow-up inspections.
- REALTORS® believe a city should never require an amount to be placed into escrow in an instance when repairs are necessary.
- REALTORS® support a city's obligation to only charge an amount that is equal to the cost of performing the service, rather than padding a city's operating fund by burdening homeowners with exorbitant fees.
- REALTORS® support a city conducting follow-up inspections in a timely fashion, not to exceed five business days from when notification was given that violations have been fixed.
- REALTORS® believe inspection provisions must comply with the Fourth Amendment. An inspection provision should: (1) clearly set forth the scope of the inspection; (2) require that reasonable notice be provided; and (3) not punish an owner for refusing to give entry to an official who does not have a warrant.

Vacant Property Registrations

Background

Given the negative impact vacant properties have on neighboring homes' values, ACAR encourages its members to notify city officials of potential health and safety problems properties.

ACAR believes that in order for a community's housing stock to be safely maintained, a city should employ certain components designed to protect property values. If a municipality believes that enforcement of maintenance codes already on the books and/or a systematic inspection of all properties within in its jurisdiction – not to be confused with any kind of point of sale inspection – is not enough to ensure the health, safety and general welfare of a neighborhood, ACAR strongly recommends that the following items are considered before a Vacant Property Registration Ordinance (VPRO) is proposed.

REALTORS® Position

- REALTORS® support a VPRO clearly stating what properties are subject to its provisions and what exactly triggers a property registration. Clarity will allow for fairness and alleviate due process concerns.
- REALTORS® support associated fees for a registration and/or property maintenance not exceeding the actual cost to the city.

- If a property owner is actively listing a property for sale or rent; or is undergoing active construction, rehabilitation, renovation or repair, REALTORS® recommend associated registration and fees be waived.
- REALTORS® should not be liable under any VPRO. It is customary and usually fair for a property owner or occupant to bear legal responsibility for ensuring that a property complies with maintenance standards and registration requirements. It is unfair to treat REALTORS® as if they are the owners and make them responsible for ensuring compliance. VPROs should be clear that REALTORS® are not responsible for the obligations imposed by the ordinance.
- REALTORS® believe maintenance standards for the vacant property should be clear, and property owners understand what exactly is required of them while the property is vacant.
- REALTORS® recommend fines or other civil penalties should be clearly defined and fairly applied. The official responsible for imposing penalties should be given the authority to waive or suspend penalties in appropriate circumstances.
- REALTORS® believe inspection provisions must comply with the Fourth Amendment. An inspection provision should: (1) clearly set forth the scope of the inspection; (2) require that reasonable notice be provided; and (3) not punish an owner for refusing to give entry to an official who does not have a warrant.

Sheriff Sales

Background

Northeast Ohio has for years been at the epi-center of the foreclosure crisis. Moving properties from foreclosure back to the market has become incredibly time consuming and full of unique challenges and delays. Due to the sheer volume of properties scheduled for Sheriff's Sale, these transactions are critical to the overall health of the real estate market. Fundamental to this position is ACAR's desire to preserve or improve the valuation of our neighborhoods and simply make the judicial process more efficient.

REALTORS® Position

- REALTORS® support and encourage open communication between all parties involved including attorneys, REALTORS®, the Sheriff's department, Fiscal Officer, and other agencies, to resolve outstanding issues.
- REALTORS® support an easily accessible and understood website detailing the progress made on properties going through the Sheriff Sale process.
- REALTORS® support expedited communication with appropriate parties when an issue is discovered that could delay the sale process.

Public Schools

Background

The quality of public schools influences where people buy a home and what they pay for it. Regardless of whether they have children, buyers care about the reputation of the schools because they know that schools directly affect a community's vitality as well as its property values.

School quality depends on a variety of factors. The most basic definition of a quality school is one that provides a clean, safe environment with up-to-date facilities and equipment — an environment that is conducive to learning and brings out the best in both teachers and students. Such schools enhance the overall quality of life, strengthen communities, and attract new life to the neighborhoods that surround them. Quality schools require public involvement — including the involvement of REALTORS®.

Based on the 2011 National Association of REALTORS® (NAR) Community Preference Survey, school quality was among the four top community-related factors influencing homebuyer decisions. In fact, 75 percent of those surveyed cited high quality public schools as either very important or somewhat important in their decision-making process.

REALTORS® Position

- REALTORS® encourage the General Assembly to resolve the unconstitutionality of school funding and the impact it has on homeowners.
- REALTORS® support accountability in our system of school funding by requiring local school districts to go to the electorate in order to obtain increases in real estate taxes.

Residential Rentals

Background

Either by choice or other circumstance, some persons may not want to or be able to purchase a home. Rental property owners offer a valued service to provide housing to those individuals and families.

Rental property often serves as transitional housing for those saving and preparing for homeownership, and can help stabilize housing markets and communities during economic downturns. For residents and communities, it is important that rental properties are safe and adequately maintained. The overwhelming majority of investment property owners provide safe housing options and maintain property(s) in a responsible manner. Thus, rental housing should be viewed through the lens of private property rights, similar to other types of housing.

REALTORS® Position

- REALTORS® support holding all property owners accountable for maintaining property(s) in accordance with existing regulations.

- REALTORS[®] do not support subjecting a select segment of property owners – investment property owners – to onerous and costly governmental inspection and registration, as it is unfair and discourages investment in communities.
- REALTORS[®] oppose any type of city-mandated property inspection without due cause to believe problems exist on the property. Every effort should be made to enforce existing municipal maintenance codes equally upon all properties, regardless of occupancy type.
- REALTORS[®] oppose licensing, in lieu of current rental registration policies, as it generally decreases due process rights of property owners and discourages investment in communities through costly fees, which are inevitably passed on to tenants.
- REALTORS[®] support programs to educate both tenants and landlords about proper property maintenance and code requirements, their rights and recourse in cases where maintenance is necessary or where other disagreements exist, and on positive landlord – tenant relationships in compliance with state and federal law. Education may come in the form of classes, written information (printed and/or online), counseling, or community outreach programs.
- REALTORS[®] do not support “Agent in Charge” legislation whereby a city holds real estate agents accountable for property maintenance, financial and legal obligations and other responsibilities reserved for the property owner(s).

Other Real Estate Related Issues

Although this manual addresses several areas key to the real estate industry, there many others not cited. The Akron Cleveland Association of REALTORS[®] has toolkits available on topics related to diversity, housing opportunity, smart growth, public school, transportation, and water infrastructure.

Additionally, ACAR and its Legislative Committee welcome the opportunity to meet with government leaders who wish to craft their guidelines after those recommended by ACAR, and will actively engage its internal resources and our nearly 5,000 members to support those public officials who share our viewpoint on real estate related issues.