



GOVERNMENT AFFAIRS UPDATE

A weekly review of government issues & activities important to the home building industry

Monday, August 9, 2010

Congress Approves Increase in FHA Premiums

The Senate on Aug. 4 approved H.R. 5981, legislation that will help recapitalize the Federal Housing Administration (FHA) and allow the program to operate responsibly without congressional funding. The House passed the measure on July 30, and the bill now awaits President Obama's signature. While the FHA now services nearly 30 percent of new mortgages, the agency's loan losses have depleted its capital reserves, leaving the Mutual Mortgage Insurance Fund below its statutory minimum reserve ratio. H.R. 5981 would enable the agency to better manage its risk and improve its financial position by adjusting the premium structure on FHA single-family mortgages for new borrowers and shifting some of the upfront cost to the annual premium. Specifically, the legislation allows the FHA to increase the annual mortgage insurance premium (MIP) from 0.55 percent to 1.55 percent for borrowers who make less than a 5 percent downpayment. While the FHA is only expected to increase the annual premium to between 0.85 percent and 0.95 percent, this additional flexibility will allow the agency to reduce the up-front MIP that was recently increased to 2.25 percent. Shifting some of the increase from the up-front to annual premium will reduce the impact on the consumer.

Jason Gant for Secretary of State PAC Contribution – Aug. 13

A check presentation will be made by the South Dakota Home Builders Association Political Action Committee to Jason Gant for Secretary of State on Friday, August 13 at 9:00 a.m. at the HBASE office. Gant has been a strong advocate of the SDHBA and state-wide housing issues including the prevention of code mandated residential fire sprinklers legislation and the spec home taxation bill. HBASE Legislative Committee members, Sioux Empire Friends of Affordable House PAC Trustees, and other interested members are encouraged to attend the check presentation. Please RSVP by contacting the HBASE office at 361-8322 if you are able to attend.

New Construction = New Revenue for County

The Minnehaha County Commission has approved the FY 2011 Provision Budget in the amount of \$64,639,170, an increase of \$530,576 from FY2010. A county official noted the increase is supported by new revenue that included a 1.9 percent growth in property taxes due to new construction, but there is no CPI adjustment. As a result, the owner of a \$100,000 property could see an increase of \$0.77 in county taxes in 2011. A public hearing on the budget will be held on September 7 so people can review and make comment on the provisional budget prior to the adoption of a final budget by the Commission on September 28.

Sioux Falls Building Permits (January through July)

The year-to-date building permit numbers have been compiled by the City of Sioux Falls and in three categories the numbers have increased significantly. There have been 4,146 building permits issued through July 2010. This is an increase from 3,626 at the end of July 2009 and an increase over the 17-year average of 3,683. The continual trend is that additions and remodel numbers are increasing; residential permits are at \$21.9 million, an increase from \$21.5 million from the end of July 2009, an increase over the 17-year average of \$15.5 million, and just below the 2006 record of \$22.9 million. Nonresidential permits are at \$73.2 million, an increase from \$50 million from the end of July 2009, an increase over the 17-year average of \$54.1 million, and the third best year below the 2008 record of \$85.4 million. Additional information is as follows:

Sioux Falls Building Permit Data (January through July)

	2008	2009	2010
No. of Permits Issued	3,654	3,626	4,146
Total Construction Value (\$Millions)	\$266,096,566	\$156,966,754	\$178,293,007
New Residential	\$103.5	\$60.2	\$65.7
Res.Add. & Remodel	19.2	21.5	21.9
New Non-Residential	57.9	25.2	17.4
Non-Res.Add. & Remodel	85.4	50.0	73.2
Total	\$266.0	\$156.9	\$178.2
<i>New Non-Residential</i>			
Manufacturing	\$3.0	\$4.6	\$4.0
Commercial	5.7	1.6	7.9
Office, Institutional	46.2	18.0	4.7
Other	3.0	1.0	0.8
Total	\$57.9	\$25.2	\$17.4
<i>New Residential</i>			
Single-Family Units	372	247	248
Townhome Units	42	12	88
Multiple-Family Units	505	326	188
Total	919	585	524

Source: Sioux Falls Planning Department

Direction 2035 Long Range Transportation Plan

Direction 2035 is a long-range transportation plan that guides future transportation projects based upon a comprehensive market research study. One major objective of the plan is to improve the condition of existing streets, including the budgeting of sufficient resources over the next 25 years to adequately maintain the entire transportation system. With significant growth estimated over the plan period, congestion is projected to increase greatly without significant improvements to the system. The following projects are detailed in "Direction 2035" to help east-west travel in the future:

- 49th Street extension
- SD 100
- Benson Road extension to Holly Avenue
- Russell Street to Rice extension
- Rice Street to Maple Street extension

- 57th Street extension across the Big Sioux River
- 60th Street North
- Russell Street reconstruction and expansion to six lanes

Outside of Sioux Falls, the improvement of roadway links from Sioux Falls to other communities in Minnehaha and Lincoln Counties is a priority.

- Cliff Avenue to Harrisburg
- Lincoln County 106 to Tea
- SD 38 to Hartford
- SD 11 north to Brandon
- SD 115 south to Harrisburg
- Tea-Ellis Road to Tea and western Sioux Falls

To view and comment on the draft Direction 2035 long-range transportation plan, go to www.siouxfallsmmpo.org.

IN THE WEEK AHEAD

Sioux Falls City Council Meeting

The Sioux Falls City Council will meet today on Monday, August 9 at 7:00 p.m. at Carnegie Town Hall, 235 W. 10th St. Among the issues to be discussed:

- A Resolution Approving the Special Assessment Roll for Tree Trimming in Various Areas in the City of Sioux Falls
- A Resolution Approving the Special Assessment Roll for the Mowing of Weeds and Grasses in the City of Sioux Falls
- A Resolution Approving the Special Assessment Roll for Litter Removal in Various Areas of the City of Sioux Falls
- A Resolution Approving the Special Assessment Roll for Repair or Demolition of Real Property in Various Areas in the City of Sioux Falls
- A Resolution Authorizing Use of Construction Manager At Risk for Great Plains Zoo Improvements

Minnehaha County Commission Meeting

The Minnehaha County Commission will meet on Tuesday, August 10 at 9:00 a.m. at the Minnehaha County Administration Building, 415 North Dakota Avenue. Among the issues to be discussed:

- Consider Authorization to enter into a Conditional Grant Award Agreement with the State of South Dakota Department of Public Safety Office of Homeland Security in the Amount of \$1,407,659.11 plus \$174,341.50 Administrative Funds

HBASE Local Government Affairs Committee Meeting

The HBASE Local Government Affairs Committee will meet on Wednesday, August 11 at 11:00 am at the HBASE office. Among the issues to be discussed:

- Kevin Smith, Assistant Director Planning & Building Services (Guest)
- Recap of Arterial Streets Funding Meeting with Mayor Huether
- Regional Detention Pond Subcommittee Update

- Equipment Removal/Placement on Development
- Gubernatorial Candidates Forum September 30 HBASE Membership Meeting

Urbanized Development Commission Meeting

The Urbanized Development Commission of the Sioux Falls Metropolitan Planning Organization will be holding its next regularly scheduled meeting on Thursday, August 12 at 4:00 pm. The meeting will be held at the SECOG Center, 500 North Western Avenue, Suite 100. Among the issues to be discussed:

- Final Draft 2011 – 2015 Transportation Improvement Plan
- Draft Sioux Falls MPO Long Range Transportation Plan
- Statewide Long Range Transportation Plan
- 2010 Building Permit Report Series: January - June

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For additional information on any of the issues listed above, please contact the HBASE's Government Affairs Director, Todd Anawski at 361-8322 or todd@hbasiouxempire.com