

Michigan Realtors®

**2015 Statement
Of
Public Policy**

To be approved by the Delegate Body on October 3, 2014

MICHIGAN
REALTORS®

I. Preamble

We, the Delegates to the October 3, 2014 meeting of the Delegate Body of the Michigan Realtors®, representing more than 23,000 REALTORS® in (42) Local Associations, affirm our commitment to being the recognized public policy and legal advocate for private property rights and the real estate industry. We will design and advance legislation and assess and recommend support or opposition to legislation and regulatory reforms which promote and protect REALTOR® interests and private property rights.

We offer to society in general and to government in particular the benefits of our professional knowledge, our experience and our concerns for the American political and economic system. We pledge our continuing support of the historic American institutions that protect and preserve private property rights. Michigan Realtors® reaffirms its faith in a way of life based upon competitive free enterprise, faith in our profession and faith in the future of America.

II. National Association of REALTORS® Statement of Policy

Subject to the policy adopted herein, we officially adopt and pledge our support of the Statement of Policy of the National Association of REALTORS® as annually adopted by that organization.

III. Legislative authority

Consistent with the policy adopted herein, the Public Policy Committee, with the concurrence of the Board of Directors, is authorized to adopt positions and initiate action on specific legislative issues.

When time does not allow such formal approval, the President and/or Public Policy Committee Chairman, in concert with the Chief Executive Officer and Chief Operating Officer/or the Vice President responsible for the Public Policy Committee, are authorized to adopt positions on specific legislative issues. In such instances, a report on the legislation involved and the actions taken on behalf of the Association shall be made to the Public Policy Committee and the Board of Directors.

IV. Legislative Policy

Licensing and regulation

Regulatory Scheme

In the absence of alternative means, we continue to support the Michigan Department of Licensing and Regulatory Affairs and pledge ourselves to cooperate with the Department to continue its efforts in issuing, renewing and transferring licenses for qualified applicants on a timely basis.

We support the exploration of a more streamlined, efficient, and industry-specific regulatory body in the State of Michigan. We support the exploration of improved prosecution and increased sanctions against the few wrongdoers within and without the real estate industry. We will continue to seek reforms in Michigan's real estate licensing, regulation, and enforcement model. We also support improvements within the pre-licensing and mandatory continuing education curriculum to ensure a timely and thorough understanding of the most current and vital issues within today's market. We believe these measures will continue to enhance the professionalism and reputation of all real estate licensees.

Agency responsibility

We support statutorily imposed minimum fiduciary duties for brokers upon entering into Exclusive Agency Relationships. Any waiver of these duties should be fully disclosed on clear, statutorily mandated disclosure form.

We support increasing the professionalism of our industry and legislation that fosters its development. We support and encourage legislation which advocates a licensee's ability to enjoy licensing reciprocity between states and/or to acquire a license in another state with a minimum of inconvenience.

Agency relationships

We support the law requiring written disclosure of agency relationships to buyers and sellers in residential real estate transactions, including the option of designated agency (P.A. 236 OF 2000).

Industry liability

We support legislative proposals and administrative rules that clearly define the obligations of real estate brokers, salespersons, and appraisers, to the public. We oppose legislative, administrative or judicial attempts to impose unfair liability or restrictions on real estate licensees and licensed appraisers.

We support legal and legislative initiatives to affirm the exclusion of real estate licensees from the provisions of the Michigan Consumer Protection Act.

Plain language in real estate contracts

We conditionally support legislative efforts to require the use of government-mandated plain language in real estate contracts.

Disclosure of property condition

We support the Seller Disclosure Act (Public Act 92 of 1993). This Seller Disclosure Form should remain based on information known only or primarily by the seller. The form should not include information commonly available to the public regarding other aspects of a standard real estate transaction.

Disclosure of terms of sale

We oppose any legislation that would require brokers and/or salespersons to disclose the real estate purchase price and its terms of sale except for real estate purchased by the licensee.

Real estate settlement services

We support legislation that allows real estate brokers to participate in offering multiple real estate settlement services. We advocate full written disclosure of controlled business arrangements and support legislation to create adequate separation of settlement services for the protection of the consumer.

Workers' compensation/independent contractors

We support the right of real estate brokers to establish independent contractor relationships with their licensees and to have them exempt from coverage under the Michigan Workers' Compensation Act. We believe that real estate brokers should have the option to make coverage available for their independent contractors if they so choose.

Property owners' rights

We believe property rights guaranteed by the United States Constitution and the Michigan Constitution should be preserved. We believe that whenever property rights become limited in part or in whole through judicial, administrative or legislative policies, owners shall be entitled to fair and just compensation. We actively support and encourage legislation that guarantees such fair and just compensation. We adopt a proactive position toward the development of legislation that guarantees the preservation of private property rights for all citizens of Michigan.

We support the use of Eminent Domain solely for the public use with just compensation to the property owner. We oppose the expansion of eminent domain for public purpose or benefit.

Government mandated inspections upon sale

We oppose government mandated testing and inspections at the time of sale. Such measures add increased costs and unnecessary delays to the home buying process. Disclosure of health hazards are part of the mandatory seller disclosure form and are currently handled through private sector inspections.

We support a statewide septic code that builds upon market based inspections through the recording of inspection results and allows for a buyer and seller to contract for the transaction of real property based on the inspection results free from government intervention.

Principles in Land Use Reform

Land use regulation

We support the right of property owners to utilize their land as zoned. We oppose government-imposed moratoriums, prohibitions against development, down-zoning and other forms of growth-limiting policies.

Market-driven, incentive-based solutions

We are resolved to respect the laws of supply and demand when adopting policies to encourage efficient land use. We oppose such anti-market measures as unreasonable minimum-lot-size ordinances and 10-plus acre minimum for unplatted land divisions.

Certainty and clarity in standards and flexibility in implementation

We support clear and fair rules for development and the streamlining of the platting process in Michigan. We support clear, specific, and consistent standards and regulations to guide private sector development and land use decisions. We encourage optional programs and incentive-based innovations such as incentivizing smaller lots and higher densities.

Urban reinvestment

We support the Michigan Land Bank Redevelopment Fast Track Authority as a tool to put tax reverted properties back into private ownership. Reuse of existing public and private infrastructure in our cities should be encouraged through market driven incentives. Administrative and regulatory impediments to urban reinvestment should be removed or reduced to the minimum required to protect the public and nearby private owners. We support Brownfields cleanup, review of building codes, and efforts to clear titles and return abandoned and government-owned parcels to productive use, reforms to tax reversion statutes, and urban homesteading. A property owner's rights should not allow him or her to create blight upon the community and thereby damage the rights of adjoining property owners.

Neighborhood planning standards

Expedited processes or other incentives should allow and encourage the development of model neighborhood designs that adhere to clear, specific, and consistent standards and regulations. These maximize market appeal, elicit more efficient land use, encourage protection of environmental assets, and maximize efficient infrastructure investment. Zoning should target area-wide densities, not minimum individual lot sizes.

Purchased and transferred development rights

We conditionally support Purchase of Development Rights programs. The appropriateness of a PDR program should be considered on a community by community basis.

Development rights easement value determination should be based on market values in the before and after states. They should not be determined by arbitrary or artificial minimum compensation levels. PDRs are consistent with free market forces in land use and development. Properly fashioned and applied, in particular to assure willing sellers in non-coercive transfers, these can be useful policies. It is essential to the preservation of private property rights that no law or regulation require a potential developer to purchase development rights from other parties prior to developing land they control with a reasonable and economically viable use.

Before a PDR program is implemented, the local governing unit should take into consideration effects of such a program on the local school systems, future growth potential of the population, and the local economy.

Before a PDR program is implemented, the local governing unit should take into consideration effects of such a program on the potential loss of property tax revenue.

A PDR program must not be in perpetuity and must contain a "buyback" provision.

The purpose and the goals of the PDR program should be stated in the comprehensive plan and should be adjusted every 10 years. The program should be reviewed along with the comprehensive plan to determine if the program should be continued, expanded or abandoned. When moving density from one area, the local unit of government must increase density in another.

PDRs should be carefully crafted to avoid a leapfrog affect, thereby promoting urban sprawl. PDRs can potentially create higher housing costs by limiting the supply of housing available. Overreaching programs pose the danger of creating "growth boundaries" that increase housing prices and restrict buyers' choices. As a result, Michigan counties may experience limited housing options for low and middle income families.

Local government proposals for PDR programs should not further the myth that it will increase the profitability of farms. While there has been a decrease in acreage and the total number of farms, farm production has increased tremendously in Michigan outside of PDR programs.

We oppose the use of PDR purchased lands for Concentrated Animal Feeding Operations (CAFOs) .

We oppose Transfer of Development Rights programs that are mandated by local governments and artificially tie together the value of two distinct parcels.

Subdivision control provisions to the land division act

We support the Streamlined Plat Act (PA 525 of 2004). The approval process must be designed to promote sound and prudent land use without creating excessive delays that prevent timely development to match economic demand cycles in this weather intensive state.

Natural resources

We support reasonable, consistent, and easily interpreted administrative rules and regulations of natural resources. We recognize the need for fair and efficient administration of legislation for the management and protection of our natural resources, e.g., lakes, streams, rivers, wetlands, aquifers, agricultural lands, scenic vistas, natural areas and open spaces. We oppose judicial, administrative or legislative actions that unfairly limit or delay development that does not significantly impact these natural resources.

Environmental issues

We support protection of the public from clear and present dangers associated with certain environmental issues. Any legislation should respect private property rights. We support reasonably defining environmental issues, fairly administered rules, regulations and penalties, reasonable cleanup standards for property's current and future use; and clearly defined broker obligations in the transfer of property. We oppose legislation that imposes penalties on innocent property owners and those within the chain of title.

Transportation

We support the provision of safe, convenient and efficient transportation infrastructure to enhance the quality of communities, and support property values as Michigan grows and redevelops. We support improving mobility in communities so that all citizens have access to the transportation that best suits their needs.

Transportation planning and implementation should be fully integrated into a comprehensive community planning effort, coordinated with state and local planning processes, using substantial citizen involvement and civic leadership to achieve a consensus vision.

We oppose legislation that would mandate certain transportation projects. Context sensitivity is important to make sure the proposed project is compatible with the community and the citizens it seeks to serve.

We oppose public transportation projects that are not self-supporting.

Placemaking

We support Placemaking, the concept of capitalizing on a local community's assets, inspiration and potential, to create good public space that promotes people's health, happiness, and well-being.

Taxation and State Budget

Property taxation

We support fair and equitable property taxation.

We are committed to monitoring present and future property tax/school finance reform proposals and will support appropriate legislative efforts or ballot proposals that address this issue in a fair and just manner.

We support "Pop-up tax" relief for purchasers as a means to encourage real property ownership in the State of Michigan.

Principal residence proration

We support the proration of the Michigan Principal Residence Exemption. We believe the day people move into a home that they will use as their principal residence is the day they should receive the homestead rate for their property taxes.

Special assessments

We support the concept of special assessments or adequate public facilities ordinances that ensure the provision of roads, sewer, water, and storm drain infrastructure as new development occurs, according to standards in the ordinances that:

- a) Permit negotiation in the determination of responsibility for provision of Roads, sewer, water, and storm drain infrastructure
- b) Equitably assign costs among benefiting parties and permits the community to establish a threshold for development size, below which the ordinance standards do not apply
- c) Do not charge expenses to a developer for benefits accrued to the public as a whole or for their cumulative impact over time

Transfer tax

We support the repeal or reduction of the current state real estate transfer tax.

Sales tax on services

We oppose any and all sales tax on real estate commissions in Michigan.

Business Taxes

We support a low rate corporate income tax. Michigan's business tax should provide a reasonable level of tax, simplicity, and fairness in order to be competitive to attract and grow jobs and investment.

We oppose the double taxation of pass through business entities.

State budget

We support the concept of budgeting for outcomes and the principles consistent with the *Price of Government*. At the beginning of each budget cycle the state legislature should set the price of government, set the priorities of government by those programs and services citizens value the most and which perform the best, and fund those priorities within the budgetary framework.

We oppose automatic funding increases to any state program or service. State funded programs and services must be subject to annual legislative oversight and accountability through the budgeting process.

Housing Policy

Equal opportunity in housing

We reaffirm our support for equal opportunity in housing and renew our dedication to fulfilling the requirements of the Federal Fair Housing Act of 1968, the Federal Fair Housing Amendments Act of 1988, the Americans with Disabilities Act, the Elliott-Larsen Civil Rights Act of Michigan and the Michigan disabled Civil Rights Act. We support the freedom of individual choice in housing and oppose any attempt to interfere with this freedom.

Housing affordability

We support and encourage legislative initiatives that enhance and increase the affordability of housing for both existing home owners and first-time home buyers.

We support the full deductibility of property taxes and mortgage interest on first and second homes.

We encourage the investment of public and private pension funds in Michigan residential mortgages. We support continuation of the FHA and VA financing programs with regular review of the maximum loan limitations so they accurately reflect housing market values, the elimination of FHA recapture and the non-finance of closing costs.

First-time home buyers

We support policies that are designed to facilitate the purchase of homes by first-time home buyers, including help with the down payment and lower-cost financing.

Landlord-tenant rights

We support legislation that promotes equality under the law between landlord and tenant. We support legislation that affords tenants the right to have, use, hold and peacefully enjoy leased premises for purposes for which they were intended. We oppose regulation that would dilute, diminish or restrict the rights of the landlord or the property manager. We oppose rent control in any form.

Rental housing

We support governmental policies that encourage private investment in rental housing, with major emphasis on increasing the supply of affordable rental housing.

Homelessness

We are sympathetic to the problems faced by many individuals who find themselves temporarily homeless and require financial assistance to access rental property affordable to low and very low income people. We support solutions to this problem that encourage direct private sector involvement and provide adequate public funding from broad-based sources.

Housing rehabilitation

We support state and local housing rehabilitation efforts as a means to preserve and enhance existing housing stock in the state. We recognize the importance of attaining minimum standards established by local building codes to protect consumers and preserve communities, but support policies that contribute to housing rehabilitation on terms that are reasonable and affordable. We oppose unreasonable standards and inspection schedules which unfairly penalize landlords. We also oppose inspection fees greater than the incremental cost of conducting the inspection.

Coalition development

Michigan Realtors® encourages and will assist Local Associations in joining with local governments and other organizations to address housing issues within local communities. This would include local, city and county commissions, neighborhood organizations and various nonprofit groups whose programs affect housing.

In particular, we are committed to researching issues related to the environmental, public resource, natural resource, developmental and private property rights aspects of land use in Michigan. We are also committed to developing policies on these issues that are necessary to allow this association to lead initiatives to address these issues and build coalitions with like-minded organizations.

Commercial Real Estate

We support governmental policies that encourage private investment in commercial real estate and increase Michigan's business competitiveness.

WPW commercial property taxation

We oppose any attempt to retroactively include additions in future property taxation.

Commercial broker lien

We support the ability of commercial real estate brokers to place a lien on real property for non-payment of commission.

Appraisers

We support governmental policies that enhance and protect the licensed appraiser profession.

Licensing standards

We support legislation that keeps Michigan's appraiser education and experience requirements on par with those required by the Appraiser Qualifications Board.

Undue influence

We support limiting the ability of mortgage brokers to unduly influence appraisers in meeting value for real estate appraisals.

Appraisal Management Companies

We support the State of Michigan in the regulation of appraisal management companies (AMCs). The regulation of these entities is important for protecting consumers, property values, and to maintain the independence of appraisers in the transaction of real property.