

2009
Local Candidate Questionnaire

Name of association: Greater Lewisville Association of REALTORS®

Name of candidate: John Gorena

Candidate's information

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Rental registration

Question 1. Several cities across Texas have undertaken excessively restrictive measures on rental property in their communities in an effort to monitor landlords and generate local fee driven revenues through rental property. Some of these actions are registration of rental property and the inspection of rental property with permitting and other subsequent fees associated with these measures. Would you oppose such proposals to enact a rental registration or rental property inspection fee?

Answer: Yes

Further Explanation of Position: The way the Statement and the Question are written, I have to answer two ways. If the reason is to “generate local fee driven revenues” then the answer is YES, I would oppose doing this to generate revenues”. I want a good standard - no slumlords. Quality comes from enforcing good codes and standards and having rental properties on the same playing field.

However, I am aware that Farmers Branch has passed Ordinances 2903 and 2952 that may be considered part of this subject. In the 2007 election two-thirds of the voters approved such actions. On January 22, 2008, the City Council passed Ordinance 2952 which will stop rentals of housing to illegal aliens and will place the enforcement burden on the city and federal government rather than landlords. The Ordinance states, “*It is the occupant’s responsibility to submit an occupancy license application to the building inspector, pay a fee of \$5 to the City, and obtain a residential occupancy license. If there are multiple occupants seeking to occupy a single rental unit, each occupant must obtain his or her own residential occupancy license.*” I would have to say that \$5 per occupant application does not make a revenue income.

The current status of implementation of Ordinance 2952 in Farmers Branch is currently pending a court decision and if denied will be appealed to the next higher court until it reaches the Supreme Court. There is much optimism that it will pass. We do not have to go to this extreme at this time. My advice would be to wait and see the result of Farmers Branch’s efforts. They are dedicated to that fight and we can avoid any litigation. If it passes and becomes legal, I would be in favor of this and therefore would not oppose such actions if they were needed in Lewisville. . It would be a tool for the City to help enforce the laws of this Country and help enforce one family dwelling ordinances, overcrowding in apartments, schools, etc.. This will improve the quality of life in Lewisville.

TAR Position: While REALTORS® support quality neighborhoods and resident safety, these programs are often duplicative regulations, ineffective and intrusive to owners and tenants of rental properties. These programs also result in nothing more than a tax on renters and property owners, further increasing the already high cost of living.

County Rule Making Authority

Question 2. Counties in Texas have various powers and duties related to regulating land use, regulating structures, platting and subdividing of land. Other border counties also are allowed to require water, sewer, and other utility service to residential property. Do you support a counties' authority to have wholesale authority to regulate development through local rulemaking powers?

Answer: No

Further Explanation of Position: The entity that supplies the service should be have the wholesale authority. If the land is annexed part of the governing body, then they should control through voting or the authority allowed by Law. I favor voter approval.

TAR Position: The Texas Association of REALTORS® does not support wholesale expansion of county rulemaking authority to Texas counties without voter approval.

Question 3. County rulemaking powers have been used in very specific circumstances in some fast-growth areas of the Texas. Would you support voter approval to enact any new county rulemaking powers in specific cases?

Answer: Yes

Further Explanation of Position: If voter approved, then yes.

TAR Position: The Texas Association of REALTORS® does not support wholesale expansion of county rulemaking authority to Texas counties without voter approval.

Appraisal Caps

Question 4. Currently, Texas has a 10% cap on the increase in Assessed Values for residential homesteads. Several proposals in the Texas Legislature would artificially cap property appraisals at 3% or 5% annually. The following is a two part question: **A).** Do you support an artificial lowering the cap on appraisals? Further, some of these proposals would allow local-option elections that would allow for appraisal caps on a local level. **B).** Would you support efforts to lower the appraisal cap at the local level?

A). Answer: Yes

B). Answer: Yes

Further Explanation of Position: From what I understand of the Texas Property Tax Code is that it provides that the maximum increase in a homeowner's assessed value is 10% per year times the number of years since the property has been appraised. Here in Lewisville, it appears that homes are appraised annually since they keep changing the values every year. I also understand that the 10% cap only applies to residence homesteads. Since any cap is really artificial, the cap will only serve to limit the abuse of raising the appraised value higher than the actual value properties are bought and sold (the real cap).

If appraised values were actually more in line with the real cap, this topic would not be such a big issue. I believe that most home owners are willing to pay their fair share of property taxes that are needed to sustain the local government.

That is, appraised for a value that it will actually sell.

It is my opinion that the artificial cap should be at or below the rate of inflation (cost of living rate). This will help people maintain their cost of living and help them to keep affording their homes. Currently, Lewisville's City Property tax rate is slightly under the average for the Metroplex area which makes Lewisville a good place to live.

TAR Position: The Texas Association of REALTORS® opposes all efforts to reduce the property-tax appraisal cap from its current level of 10%. Lowering the property-appraisal cap creates havoc within the appraisal system—experience and research strongly supports this position. The Real Estate Center at Texas A&M University published a report outlining the detrimental impacts various tax plans would have on the Texas economy. The report stated that a "... proposal to cap value increases at 5% per year similar to the California Proposition 13 model offers a promise of relief from climbing taxes, but the cure could produce undesirable side effects in the long run." Lowering the property-tax cap "... would work to distort housing purchase decisions by keeping property taxes low for long-term residents." The report concluded: "... these measures threaten to impact the marketability of new homes and retard demand for new development by increasing the burden of purchasing new homes or even moving to another existing home. As time passes that



impediment would continue to grow into a sizable distortion of the housing market.” In both California and Florida, the real estate market is being adversely affected by these artificial caps and many homeowners are now locked into their homes with no way to afford the taxes on opportunities to buy a larger home for a growing family or downsize for retirement.

Local Homestead Exemption

Question 5. Currently, local taxing jurisdictions have the ability to grant local property owners an exemption for their homesteads of up to \$15,000. The following is a two part question: **A).** Do you favor the \$15,000 local homestead exemption for your taxing jurisdiction as a way of providing property tax relief? **B).** If the legislature gave local taxing jurisdictions the option of increasing the \$15,000 local homestead exemption, would you support such an increase?

A). Answer: Yes

B). Answer: Yes

Further Explanation of Position: Tax relief to the citizens of Lewisville is a good thing but only if the City budget can afford the increase. The Current exemption at \$15,000 at the combined rate of 2.05598% saves homeowners about \$308 a year on taxes. The local City tax portion of the combined rate is 0.44021% which is about \$66 per year. With a good economy and a good commercial and retail sales tax base, Lewisville may be able to do this without raising the property tax. This will apply only to homeowners that live in their home and will not apply to all property in Lewisville. I think it would be better to adjust the property tax rate at the local level so that all will benefit. But both options should be considered if a break is going to be given. It is a good incentive for property owners to live in the home. Ownership generally bring stability to the value of homes.

TAR Position: The Texas Association of REALTORS® supports efforts to make homeownership more affordable for all Texans. The Texas Association of REALTORS® believes that local taxing jurisdictions should take advantage of tax breaks already allowed by statute to relieve the tax burdens without creating inequities among property taxpayers.

Effective Tax Rate

Question 6. Currently, when a taxing jurisdiction other than a school district, increases its tax rate by more than 8%, the taxpayers' only recourse is through a burdensome petitioning process. Would you support increased accountability to the public through automatic referendum on tax rates that increase by greater than 5%?

Answer: Yes

Further Explanation of Position: I would also like to see that that percentage be lowered to match the cost of living with a cap of 5%. I want voter approval to increase this percentage.

TAR Position: The Texas Association of REALTORS® supports measures to increase accountability of local taxing jurisdictions. The current calculation of an effective tax rate and burdensome petitioning requirements for contesting the established tax rate increase often result in an unfair tax increase on local property owners.

Eminent Domain

Question 7. Currently, the Texas Constitution permits condemnation of land for public use. Before the U.S. Supreme Court ruling in *Kelo vs. New London*, public use was understood to be for parks, roads, and other infrastructure. In light of this recent ruling allowing the taking of private property for economic development purposes, the scope of public use needed to be redefined. SB 7, recently passed during the second special session, attempts to protect private property from local governmental entities taking private property through the power of eminent domain for purposes of economic development. However, the bill is full of exceptions. The following is a two part question: **A).** Do you support the taking of private property through the powers of eminent domain for the purpose of economic development? **B).** Do you support a local governments taking of private property through powers of eminent domain and conveying that condemned property to another private sector entity or owner?

A). Answer: No

B). Answer: No

Further Explanation of Position: It is my opinion that eminent domain should only be used for the necessity of acquiring land for required roads and the amount paid to the owner of the property should not be the less than the highest appraised value (land and structures) over the preceding 5 years. I would also like the projected value of the land and structures to be a consideration. For



example, if 10 people buy an acre of land each and one acre is going to be taken by eminent domain and thus raise the value of each of the surrounding acres, then the person that is getting forced out should be compensated accordingly.

I do not think that any level of government should obtain the land forcefully through eminent domain to build a parking garage, building, etc.... This land should be obtained through fair market negotiations with the owner of the land. If an agreement for the sale of the land cannot be reached, then the project will have to be abandoned. The value of someone's land is the price that it can be sold which is the combination of the seller's and buyer's perceived value. The owner of the land should determine what the land should be sold for – after all, they are the ones that actually invested their money in buying the land in the first place.

Assuming that a banking institution does not own a property to foreclose on the owner and place the property back on the market. If a property is condemned for the greater good and acquired by the city, the land should be placed on the market and sold. Proceeds should be used to pay operating expenses of this project and any overage returned to the previous owner. I do not think the City should be acquiring property for redistribution to another entity or owner as this leaves a way for corruption.

TAR Position: Currently, the Texas Legislature is reviewing the powers of numerous entities that are granted eminent domain authority. The debate over the appropriate basis for compensation to landowners, the definition of blight, and other statutes that affect the authority and use of eminent domain will be considered during the 80th Legislature. The Texas Association of REALTORS® continues to support legislative efforts to prohibit the use of eminent domain for economic purposes only and to limit its use only to officials accountable to the public.

Local real estate transfer taxes

Question 8. As local officials look for new ways to fund city and county services and transportation needs, proposals have been made to enact new local taxes, including a proposal that places a flat fee or percentage sales tax on all real estate transactions (a.k.a., “real estate transfer tax”). Would you support a transfer tax on real estate transactions of any dollar amount or percentage either locally or on the state level?

Answer: No

Further Explanation of Position: I am not for new taxes even though I know that there are some vehicles that can cost more than some homes and these vehicles are taxed. Renting a hotel room has a tax. Everything seems to have a tax. I would think that a transfer tax would inhibit people from buying a home. In general, I do not favor adding more taxes.

TAR Position: The Texas Association of REALTORS® opposes any and all efforts to create a transfer tax on real estate. Real estate transfer taxes and fees are a major burden to buyers and sellers, particularly at the time of closing. Additionally, these taxes and fees have a negative impact on housing costs and, therefore, economic development. Finally, because of their volatility, these taxes and fees are a particularly poor revenue source for the general.

Energy Efficiency Standards at Point of Sale

Question 9. Some city councils have proposed to mandate certain energy efficiency upgrades in residential properties which must be completed and certified prior to the sale of the property. These mandates would require all properties to be retrofitted to meet the standards of the mandates costing sellers thousands of dollars. If elected, would you support efforts to impose mandatory energy-efficiency upgrades in existing housing?

Answer: No

Further Explanation of Position: I do not think the City should impose mandatory energy-efficiency upgrades in existing housing. This should be voluntary. I would encourage the City and the energy provider to offer some type of incentive for the property owner to make the upgrades. That should be up to the property owner and his ability to rent or sell the property. However, the property should be up to code and meet minimum safety upgrade if applicable. For example, Lead pipes would need to be replaced with a material that does not affect health.



TAR Position: The Texas Association of REALTORS® supports efforts at the state level to provide incentives for compliance with voluntary green standards for homes and commercial buildings. Through varying incentives and broad consumer education, the state can create more informed homeowners and homebuyers who will have an interest in cutting their energy consumption, not just homeowners who are selling their property. Additionally, by providing incentives for voluntary energy efficiency upgrades in existing homes and buildings, the harmful effects on the local economies and the state economy will be mitigated. A recent study commissioned by the Texas Association of REALTORS® concluded that measures mandating retrofitting at the point of sale would cost \$80 million in economic output for the City of Austin alone.