

ChicagoBuilder

The Newsletter of the Home Builders Association of Greater Chicago



January 2018

Builder Confidence Hits 18-Year High

Builder confidence in the market for newly built single-family homes increased five points to 74 in December's NAHB/Wells Fargo [Housing Market Index](#) (HMI). This was the highest report since July 1999, over 18 years ago.

"Housing market conditions are improving in part because of new policies aimed at providing regulatory relief to the business community," said NAHB Chairman Granger MacDonald, a home builder and developer from Kerrville, Texas.

"The HMI measure of home buyer traffic rose eight points, showing that demand for housing is on the rise," said NAHB Chief Economist

Robert Dietz. "With low unemployment rates, favorable demographics and a tight supply of existing home inventory, we can expect continued upward movement of the single-family construction sector next year."

Derived from a monthly survey that NAHB has been conducting for three decades, the HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor."

Any number over 50 on the HMI indicates that more builders view conditions as good than view them as poor.

LEADERSHIP

John Wozniak
Fred Weiner
Rich Tonioni
Corey B. Stern
Scott Sevon
Kristy Riedel
Eric Pickell
Michael Nagel
Michael A Menn
Jim Marzullo
Paul Link
Mitch Levinson
Matthias A Jans Jr.
Michael P. Freiburger
John Forssander
Thomas Drake
Patrick Coveny
Paul Colgan
Rich Bridges
Frank Binetti
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MaierLumber.com

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847-979-8230
MidwestWindowAndDoor.net

**Midwest
Window & Supply**
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Elburn, IL
630-365-5772
MidwestWindow.com

**Re-Visions Window &
Door Replacement**
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630-617-5970
ReVisionsWindow.com

**Searls Windows
and Doors, Inc.**
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Chicago, IL
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SearlsWindows.com

**Woodland
Windows & Doors**
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Roselle, IL
630-869-1450
WoodlandWindows.com

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Joliet, IL - 815-725-0030
Woodstock, IL - 815-356-8600
alexlbr.com

Ashland Millwork, Inc.
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Wheeling, IL
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AshlandMillwork.com

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Orland Park, IL
877-978-2606 | 708-349-7676 x16
AuburnCorp.com

Creative Millwork
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St. Charles, IL
630-762-0002
CreativeMillworkLLC.com

Door & Window Super Store
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The Cost of Constructing a Home

Construction costs account for 55.6% of the final sales price of the average new home, while the cost of the lot represents 21.5% of the total sales price, according to a recent [NAHB survey of home builders](#). Overhead and general expenses (5.1 %), sales commissions (4.1%) and financing costs (1.8 %) are among the other factors contributing to the final sales price.

Of the eight major stages of construction, interior finishes, at 28.6%, account for the largest share of construction costs, followed by framing (17.3%), exterior finishes (13.9%), major system rough-ins (13.8%), foundations (10.8%), final steps (7.0%), site work (6.7%), and other costs (2%).

Rising materials prices and limited labor have been primary concerns for builders throughout 2017, and those issues are expected to continue into next year as well.

But NAHB Chief Economist Robert Dietz notes that recent figures for starts and sales [suggest continued growth](#) moving forward.

Homeownership Rate Slowly Recovering

The homeownership rate fell for all race and ethnic groups from 2004 to 2016, but has rebounded in recent years, according to the Census Bureau's [Housing Vacancy and Homeownership survey](#).

Looking at just the last year, the overall U.S. homeownership rate increased to 63.9% in the third quarter of 2017, up 0.4 percentage points from the third quarter of 2016.

Interior Reverses Migratory Bird Rule

The Interior Department has reversed an Obama-era decision that subjected private landowners, including home builders, to federal prosecution under the [Migratory Bird Treaty Act](#).

The decision nullifies the previous interpretation of the act that included civil and criminal penalties for unintentional "incidental takings," or killing or injuring endangered species.

NLRB Overturns 2015 Joint Employer Ruling

In a victory for small business, the National Labor Relations Board (NLRB) voted recently to overturn its 2015 ruling in the case of [Browning-Ferris](#) Industries. NLRB's ruling restores the

traditional definition of joint employment in which a company must exercise 'direct and immediate control' over a worker in a business-to-business relationship.

Start Planning Now for Bringing Housing Home

NAHB this year will conduct Bringing Housing Home™ featuring in-district meetings with members of Congress to discuss critical issues affecting the home building industry.

Bringing Housing Home™ is scheduled for April 30 to May 5, 2018.

For more information, contact Karl Eckhart, NAHB's vice president for intergovernmental affairs, at 202-266-8319, or keckhart@nahb.org.

NEW SALES & MARKETING COUNCIL FORMED 2018

The new SMC will be holding a membership drive in February, this new council will include all three HBA's (HBAGC, SSHBA, & NIHBA) these three associations have come together and will be known as Chicagoland Area SMC and will provide events, education and networking for all our members.

The cost will be \$99.00 for more information on how you can be a part of this new council please contact Mitch Levinson at mitch@mrelevance.com or call Mitch at 847.345.6329.

All of our HBA's are excited about this new venture and are looking forward to growing it!

WANTED



A FEW GOOD MEMBERS

TO JOIN THE SALES AND MARKETING COUNCIL

JOIN THE SMC OF CHICAGOLAND



Please visit your local HBA website for more information.

Featured New Member



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New Members be sure to take advantage of great discount programs from the National Association of Home Builders!

Visit www.nahb.org/ma



ECONOMIC FORECAST BREAKFAST

FRIDAY JANUARY 26TH

135 LASALLE, 43RD FLOOR

8:30 A.M. - 10:00 A.M.

BREAKFAST WILL BE SERVED
\$35 MEMBERS \$45 NON-MEMBERS
MEMBERS BRING A FRIEND FREE!

JOIN US for a look at the economic factors that will determine your business bottom line in the coming year.

Panel Discussion moderator:
Michael Golden, Co-Founder, @Properties

Panelists include:

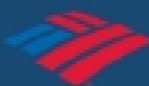
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Pat Provenzano, Senior Vice President

Merrill Lynch:
Ryan Carte, Vice President
Administrative Manager

Consumer Lending:
Drago Stevanovic, Vice President
Retail Sales Manager
Matthew O'Donnell, Assistant Vice President - Sales Operations Manager

Builder Division:
Michael D. Sanderson, Vice President
Realtor/Builder Relationship Manager

Bank of America



Tax Reform Will Benefit Builders, Small Businesses

The tax reform bill signed into law by President Donald Trump on Dec. 22 will provide tax relief for hard-working families and create a more favorable tax climate for small business.

NAHB achieved [significant victories](#) in the bill, such as the real estate exception to the business interest deduction, second homes, private activity bonds, the capital gains exclusion, and many other provisions.

Changes within the Tax Cuts and Jobs Act take effect for the tax year starting Jan. 1, 2018. Major provisions of the law include:

Mortgage interest deduction. Retains the mortgage interest deduction and the deduction for second homes, but reduces the mortgage interest cap from \$1 million to \$750,000.

State and local property taxes. Allows taxpayers to deduct up to \$10,000 of state and local taxes, including property taxes and the choice of income or sales taxes.

Capital gains exclusion. Maintains existing law that allows home owners to exclude up to \$250,000 (or \$500,000 for married couples) in capital gains on the profit from the sale of a home if they have lived in the house for two of the last five years.

HELOC. Eliminates the deduction for interest on home equity loans.

Private activity bonds. Retains private activity bonds (PABs), which will enable the Low Income Housing Tax Credit to maintain its effectiveness as the most indispensable tool for the production of affordable housing. Without PABs, we would face the loss of more than 788,000 affordable rental units over the next decade.

Alternative Minimum Tax. Eliminates the Alternative Minimum Tax (AMT) for corporations and increases the AMT exemption amounts and phase-out thresholds for individuals.

Individual tax brackets. Retains seven tax brackets, with rates ranging from 10% to 37%. This will provide tax relief for individuals and small businesses and represents a tax cut for most taxpayers.

Estate tax. Doubles the estate tax exemption.

Carried interest. Retains existing carried interest rules, but assets must be held for three years.

Pass-through deduction. Allows most taxpayers with pass-through income to deduct 20% of that income based on wages or on wages plus a capital element.

Business interest deduction. Provides the taxpayer a choice of making a one-time election for a deduction limited to 30% of adjusted gross income; or for real estate, a 100% deduction for business interest, but with certain trade-offs.

Like-kind exchanges. Preserves the benefit for real estate investors to make tax-free exchanges of property, commonly referred to as “like-kind” exchanges.

Multifamily depreciation. Gives the taxpayer the choice of taking 27.5- or 30-year depreciation, depending on how they elect to treat their business interest.

Individual tax provision sunsets. Almost all individual tax elements – mortgage interest, state and local property taxes, individual brackets, etc. – expire at the end of 2025.



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FOR THE INSTALLATION
OF OUR 2018
CITY & REGIONAL OFFICERS
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BILL WARD



FEBRUARY 13, 2018

7pm - 10pm

EUROPEAN CRYSTAL BANQUETS
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\$45 Members \$50 Non-Members



NAHB Launches Instagram Initiative

NAHB is proud to announce a new consumer awareness initiative – and a great promotional opportunity for your projects – on the photo-sharing app [Instagram](#).

"This initiative is designed to build awareness among the home buying audience of the craftsmanship and innovation of NAHB members," said NAHB Chairman Granger MacDonald. "We want Instagram's 700 million monthly users to see how our members are building homes, enriching communities and changing lives."

Getting your company involved is simple: If you already have an Instagram account, just follow us [@homebuilders](#) and tag us in the pictures that you would like us to share.

If you don't have an Instagram account, you can submit your photos, along with a short description of the home or a story about the home owners for whom you built or remodeled the home, at [nahb.org/photos](#).

Either way, make sure to include the Instagram handle for other key people or companies that were involved in the project, along with photo credits.

There are lots of possibilities:

- Completed homes.
- Entire communities – including homes and amenities like trails and clubhouses.
- Furnished and/or staged rooms such as kitchens, baths, living rooms, master bathrooms, wine rooms and bars, outdoor areas.
- Before-and-after images.

Photo quality is key. Please submit professional photographs, or at least ones that are lighted appropriately. Photos that are dark, blurry or aren't using a flattering angle cannot be used – and such photos don't make your product look good anyway. It's okay if the "before" images aren't taken by pros.

Questions? We have answers. Please contact [Camilo Cuba](#), NAHB's senior brand marketing manager.



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Merrill Lynch:
Ryan Carte, Vice President
Administrative Manager
Consumer Lending:
Drago Stevanovic, Vice President
Retail Sales Manager
Matthew O'Donnell, Assistant Vice President - Sales Operations Manager
Builder Division:
Michael D. Sanderson, Vice President
Realtor/Builder Relationship Manager

Economic Forecast

Date: January 26, 2018

Time: 8:30 AM - 10:00 AM
CST

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COURT OF HONOR
INDUCTEE

Date: February 13, 2018

Time: 7:00 PM - 10:00 PM
CST

[Register Now](#)