

# ChicagoBuilder

*The Newsletter of the Home Builders Association of Greater Chicago*



May 2018

## New Home Sales Climb 4% in March

Sales of newly built single-family homes rose 4% in March to a seasonally adjusted annual rate of 694,000 units after an upwardly revised February report, according to recent data from HUD and the Census Bureau. This is the second highest reading since the Great Recession.

There was significant variability across the country. Regionally,

new home sales rose 28.3% in the West and 0.8% in the South. Sales decreased 2.4% in the Midwest and 54.8% in the Northeast.

The inventory of [new homes for sale](#) was 301,000 in March, which is a 5.2-month supply at the current sales pace. The median sales price of new houses sold was \$337,200.

## A Closer Look at NAHB's Membership

NAHB each year conducts a member census to better understand the [composition and characteristics](#) of its membership. Last year, 32 percent of NAHB's members were builders – those directly involved in home building. The remaining 68% were associate members – those involved in supporting industries and professions, such as trade contractors, manufacturers, retailers, architects and designers.

## LEADERSHIP

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## HUD Unveils Overhaul of Section 8 Programs

HUD has announced a major overhaul of its [rental assistance programs](#) — including Section 8 Tenant-Based Rental Assistance, Section 8 Housing Choice Vouchers and Section 8 Project-Based Rental Assistance — to help the agency meet its budget goals.

HUD Secretary Ben Carson is seeking to: increase the amount that low-income households pay for rent; institute a new work requirement for those receiving rental assistance; and establish a “core rent” proposal where Public Housing Agencies and owners would only be required to verify income every three years rather than annually.

These programs help about 4.5 million families, enabling them to keep housing costs at roughly 30% of their income.

## Developers May See Higher Sewer and Water Costs

Some utility companies are interpreting a tax change in a way that is forcing developers to [pay substantially more](#) for contributions in aid of construction (CIACs).

Under the old tax law, some CIACs — such as sewage infrastructure or cash

payments made to utilities for extending water lines — were not included in the utility’s gross income.

The tax reform law enacted late last year removed this exception, making these contributions taxable for a private, for-profit utility.

## EPA Review Leaves Lead Rule Unchanged

A federally mandated review of EPA’s [Lead Renovation, Repair and Painting Rule](#) has concluded that, despite the lack of an accurate lead paint test kit, the rule should remain the same.

While acknowledging that “a lead test kit meeting the

rule’s positive response criterion has not come to market,” the agency said the benefits of lead-safe work practices “continue to exceed its costs,” which NAHB Remodelers have demonstrated can be considerable.

## NFIP Premiums Are Increasing

Updates to the National Flood Insurance Program (NFIP) that became effective April 1 include a 6.9% increase in the average premium rate for standard [flood insurance](#) policies, rising from \$994 to \$1,062.

In addition to the rate hike, FEMA announced a rate increase for the Increased Cost of Compliance premium included in the standard NFIP policy, which had remained constant for several years.

## May is National Remodeling Month

Home owners spent more than \$152 billion on remodeling projects in 2017. And this year is projected to be even busier for the remodeling industry, which typically kicks into high gear in the spring. That’s why May is the best time to celebrate [National Home Remodeling Month](#), which provides an ideal opportunity for remodelers and home builders to promote their businesses.



# WOMEN IN BUILDING:

## A Candid Conversation on What it Takes to Succeed



**MODERATOR:**  
Judy Frydland Commissioner



Randy Fifield  
Fifield Companies



Patty McHugh  
McHugh Construction



Elissa Morgante  
Morgante - Wilson Architects

Join HBAGC and the Professional Women Builders Council for its first annual Women in Building panel. Hear insights and advice from leading ladies in the development, construction and design sectors on:

- The Evolution of Women in Real Estate and Adapting to Change
- Everyday Challenges and How to Overcome Them
- Deconstructing the Glass Ceiling
- Advocating for your Projects and Yourself
- Finding and Being a Positive Role Model
- The Latest Trends in Building and Design
- Lessons Learned and Keys to Success

And much, much more...

**THURSDAY JUNE 7TH, 2018**

- 7:30 AM Registration & Breakfast
- 8:15 AM - 9:15 AM Speakers
- \$35 Members
- \$45 Non-Members

Register at [HBAGC.com](http://HBAGC.com)

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## 17% Say They Plan to Buy a Home in the Next 12 Months

Roughly 17% of adults said they plan to buy a home within the next 12 months, according to a survey conducted in the first quarter 2018 for NAHB by the polling firm Morning Consult.

The poll is part of the Housing Trends Report (HTR), a new research product created by the NAHB Economics team with the goal of measuring prospective [home buyers' perceptions](#) about the availability and affordability of homes for sale in their markets.

The HTR will be released quarterly in order to track the evolution of buyers' perceptions.

Among those who said they planned to buy in the next 12 months, 45% were first time buyers looking to get into homeownership for the first time.

More granular findings for the first quarter of 2018 show that Millennials were most likely to have plans to buy a home in the next 12 months (19%) while Seniors were the least likely (13%). For a large majority (72%) of Millennials planning a home purchase, this is their first attempt at becoming home owners. In contrast, fewer than half of the older three generations say this next home will be the first one they ever own.

### Distracted Driving Is a Killer

As mobile phones become increasingly indispensable, and as car dashboards become more interactive, it's becoming harder for drivers to pay attention to the road.

But multitasking doesn't work in the driver's seat. Despite the advanced safety features found in modern cars, more people are dying on the roads. Motor vehicle fatalities climbed 6% in 2016 and stayed roughly the same in 2017 at 40,100 deaths.

Traffic accidents are also the leading cause of on-the-job fatalities in America, including residential construction jobs.

As part of its #safety365 campaign, and with the support of Builders Mutual Insurance, NAHB created a series of video toolbox talks to help home builders talk to their employees and their subs about safety on the jobsite. The toolbox includes [safe driving videos](#), available in both English and Spanish, that builders can download to

### NAHB Makes Progress in Code Hearings

Nine days of hearings on proposed amendments to many of the International Code Council's (ICC) building codes governing the construction of single- and multifamily homes have resulted in a series of victories for safe and affordable housing.

NAHB Construction, Codes and Standards volunteers and staff attended the ICC board of directors meetings and testified at the [Committee Action Hearings](#) in Columbus, Ohio, April 15-23.

Their arguments against the changes were quite persuasive: All 10 of the proposed changes that the association deemed most critical to home builders, developers and their customers were ultimately rejected by committee members.

Building officials, industry representatives and other advocates can submit comments on the results of the hearings until July 16.

## Rising Lumber Prices Are Hitting Home

John C. “Jack” Dawley got an unwelcome surprise recently when he opened an email from the company that supplies the white cedar shingles for the homes he’s building.

The shingles are imported from Canada, and as of March 14 are subject to an immediate 20.8% duty that the U.S. imposed as part of its ongoing [softwood lumber trade dispute](#).

That means an additional cost of \$1,400 per unit for the 12 homes planned for the next phase of construction – and half had already been sold.

“For most people, including me, the topic of tariffs and their impact is abstract,” said Dawley, president and CEO of Northland Residential Corp., a builder-developer focused on high-end communities in eastern Massachusetts. “It was instantly clarified with this message.”

Coniferous shingle and shake



products had not previously been subject to tariffs because there is so little production in the United States that imports from Canada do not compete with similar American products.

Moreover, no accusations of improper conduct had been levied against Canadian shake and shingle manufacturers, his supplier said.

The prices on softwood lumber imports skyrocketed after the 2017 hurricane season and were up 30% from the four months leading to January 2018. By April 6, the Random Lengths Framing Lumber Composite price hit \$492, up from \$414 a year

## CALENDAR OF EVENTS

### [GRAND APPLIANCE ACADEMY OF APPLIANCE](#)

Wednesday May 16, 2018

### [REGIONAL BOARD MEETING](#)

Monday May 21, 2018

### [HBAGC/RCEC GOLF OUTING](#)

Thursday May 24, 2018

### [Professional Women In Building Panel Discussion](#)

Thursday Jun 7, 2018

### [CAPS III](#)

Thursday Jun 7, 2018

## HUD Allocates \$28 Billion for Disaster Recovery

HUD announced recently that it will allocate nearly \$28 billion to support long-term [disaster recovery](#) efforts in nine U.S. states, Puerto Rico and the U.S. Virgin Islands. This is the largest single amount of disaster assistance in HUD’s history.

Most of the \$28 billion will be used to address unmet needs from major disasters that occurred in 2017, including hurricanes Harvey, Irma and Maria, as well as the California wildfires and subsequent mudslides. More than \$11 billion will go to Puerto Rico and the U.S. Virgin Islands.



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### **Re-Visions Window & Door Replacement Co. Inc.**

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