

# ChicagoBuilder

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



July 2018

## Survey Finds Widespread Lumber Shortages

Shortages of framing lumber are now more widespread than at any time since NAHB began tracking the issue in 1994, according to results from the May 2018 survey for the NAHB/Wells Fargo Housing Market Index.



More than 30% of single-family builders responding to the survey's special questions in May [reported this shortage](#), outdistancing the other 22 listed building products and materials by a wide margin. In second place were trusses, with a shortage reported by 24% of builders, followed by lightweight steel and OSB at 20% each and plywood at 19%.

This is a significant worsening from last year, when the same survey found 21% experiencing a shortage of framing lumber.

In early June, 171 members of Congress [sent a joint letter](#) to the Trump administration calling on the U.S. to resume talks with Canada to negotiate a new softwood lumber trade agreement.

The congressional letter to Commerce Secretary Wilbur Ross and U.S. Trade Representative Robert Lighthizer does not take sides in this trade dispute. It simply highlights the urgent need for the U.S. and Canada to renew negotiations in an effort to come to an equitable solution that will satisfy all sides, including domestic

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## Dick Greenwood Assistance Fund

Dear Members,

You may have heard that our fellow member Dick Greenwood had a very serious stroke 1 ½ years ago, shortly after retiring from his long-time position at Coldwell Banker.

He has served the building industry so passionately. We would appreciate our members consideration in assisting in anyway.

A Gofundme account has been created to get him much needed therapy. More details are available here:

<https://www.gofundme.com/na6x4u>



## Entries Being Accepted for Key Awards



Entries are now being accepted for the 2018 Key Awards.

The deadline for entries is August 15, 2018.

**To register click here.**

Site judging will occur September 17-28, 2018.

If you would like to volunteer to be a judge please **apply here**.

New this year, the BEAM (Builders Engaging Associate Members) Award will be awarded to the builder that best exemplifies the motto, "It's good business to do business with a member."





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## Regulation Is 32% of Multifamily Development Cost

Regulation imposed by all levels of government accounts for an average of more than 32% of multifamily development costs, according to new research by NAHB and the National Multifamily Housing Council (NMHC). In fact, in a quarter of cases, that number can reach as high as 42.6%.

Apartment and condo development can be subject to a significant array of regulatory costs, including a broad range of fees, standards and other requirements imposed at different stages of the development and construction process. The joint research effort surveyed NAHB and NMHC members to quantify the [regulatory burden and its costs](#). It is the first research done to analyze the impact of such regulation on multifamily housing.

## AHP Rule Will Help Small Businesses

The Trump administration in June [issued a final rule](#) on association health plans (AHPs) that will help small businesses, including home building firms and local HBAs, rein in health care costs and provide better health coverage for workers.

NAHB has been a proponent of AHPs, which enable small businesses to pool together to purchase health insurance plans for employees.

The rule will give small businesses access to better health care plans.

## NAHB Files Amicus Brief in 'Takings' Case

NAHB recently submitted an amicus brief in a Supreme Court case that may have a profound effect on land use law.

This fall, the court will hear arguments in *Knick v. Township of Scott*, a case that has major implications for [Fifth Amendment "takings" claims](#). The takings clause provides a guarantee that property

owners will be paid "just compensation" when the government takes property for a public use.

The case will address "Williamson County," a 1985 Supreme Court decision that requires property owners to jump through a number of legal hoops before bringing a takings claim in federal court.

## Farm Bill Going To Conference

The U.S. Senate and House of Representatives have each passed their own versions of [the farm bill](#). The two chambers will soon be going to conference to hammer out a final bill.

NAHB is generally more supportive of the House-passed legislation, the Agriculture and Nutrition Act of 2018 (HR 2), in part because it includes forest management reforms needed to resolve lumber supply problems. The House measure would also repeal the Obama administration's waters of the U.S. (WOTUS) rule.

## Register Now for Systems-Built Summit

Leaders of the systems-built housing industry are gathering in Knoxville, Tenn., this fall for the [Building Systems Housing Summit](#).

The only national conference for the entire offsite construction community, the summit caters to builders, manufacturers and suppliers of modular, panelized, concrete, log and timber frame homes.

The conference takes place Sept. 30-Oct. 2, at the Hilton Knoxville.



## NAHB Student Chapter Partners with Local Firm to Win 'Race to Zero'

The NAHB Student Chapter program from Pennsylvania State University took first place in the Suburban Single Family category of the [2018 Race to Zero Competition](#).

Run by the Department of Energy, this competition challenges students to design cost-effective, zero-energy ready homes. NAHB is a program sponsor.

The winning Penn State team partnered with a local production home builder, NAHB member S&A Homes in State College, on the single-family design. The two groups met on several occasions as the project came together. S&A Homes shared its best-selling models and a lot of helpful, real-world advice about residential construction.

"The building firm had specific needs," said Sarah Klinetob Lowe, a housing systems specialist and faculty member at Penn State. "They emphasized that building materials needed to be very readily available, and this made students think carefully about their material choice."

She added that students were encouraged to design the house with simplicity in mind, and that "communication with subcontractors would make or break a systems choice."

In today's world of rapidly increasing building material costs, perhaps the most important lesson the students learned was sticking to a budget.

### NAHB Calls for Tax Safe Harbor

NAHB has called on the Internal Revenue Service (IRS) to [provide a safe harbor](#) for anxious home builders and other small businesses that pay estimated quarterly taxes but don't yet know how recent tax reform legislation will be implemented – and thus may underpay.

In a letter sent June 7 to Treasury Secretary Steve Mnuchin, NAHB acknowledged that the wide scope of the new tax law means the IRS will need more time to produce regulatory guidance. The letter said business owners need reassurance that good-faith estimates won't result in fines.

Specifically, NAHB wants the IRS to provide safe harbors when:

- Underpayment is a direct or indirect result of changes to the law.
- The taxpayer has made a good-faith effort to calculate and pay their estimated tax.
- There was insufficient IRS guidance to calculate tax liability.

### Entries Being Accepted for NAHB Awards

Entries are now being accepted for great NAHB awards in three broad categories.

The NAHB Associate Members Committee has opened the application and nomination process for four prestigious awards given annually to both [Associate and Builder members](#) for their service to the industry. The deadline for award applications and nominations is Sept. 30.

The NAHB Sustainability and Green Building Subcommittee has opened the application and nomination process for the 2018 NAHB [Best in Green \(BIG\) Awards](#). The deadline is Aug. 24.

The NAHB [Building Systems Councils](#) has opened the application and nomination process for the 2019 BSC Jerry Rouleau Awards for Excellence in Marketing and Home Design and the BSC Specialty Awards. The awards recognize the best in modular, panelized, concrete, log, and timber frame home design and marketing. The deadline for applications and nominations is Aug. 25.

## More Young Adults Are Sharing Housing

Sharing housing with roommates, housemates and other non-relatives is rising in popularity among young adults, according to new research from NAHB. While only 4% percent of young adults ages 25 to 34 shared housing in 1990, that segment increased to 7.5% in 2016.

At the same time, increasing numbers of young adults now choose to live with their parents or in-laws. Moreover, a [rising portion of young adults](#) (5.2% in 2016 versus 3% in 1990) choose to live with relatives other than parents. As a result, more than 15 million young adults ages 25-34 now live with parents or other relatives, or share housing with non-relatives. That's roughly one in three young adults.

The share of young adults living with parents or other

relatives remained relatively stable from 1990 to 2000, fluctuating around 15%.

The persistent and rising trend emerged a few years later. By 2006, 19% of young adults ages 25 to 34 lived with their parents or relatives. The trend continued its steady climb through the housing bust – an economic downturn characterized by declining home values – and showed no sign of reversing even as an economic recovery took place.

By 2016, the share of young adults ages 25 to 34 living with parents or relatives exceeded 26%. Out of these, more than 21%, or 9.4 million, lived in the homes of their parents or in-laws and an additional 5.2% (2.3 million) lived with other relatives.

### NAHB, Builder Win Clean Water Act Court Case

The U.S. Court of Appeals for the Seventh Circuit in June sided with an NAHB member engaged in a decade-long legal battle in a case supported by NAHB's Legal Action Fund – Orchard Hill Building Company v. U.S. Army Corps of Engineers.

Ultimately, the Seventh Circuit [ruled in favor of Orchard Hill](#), holding that the Corps had failed to prove the wetlands at issue had a significant nexus to any truly navigable water.

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