

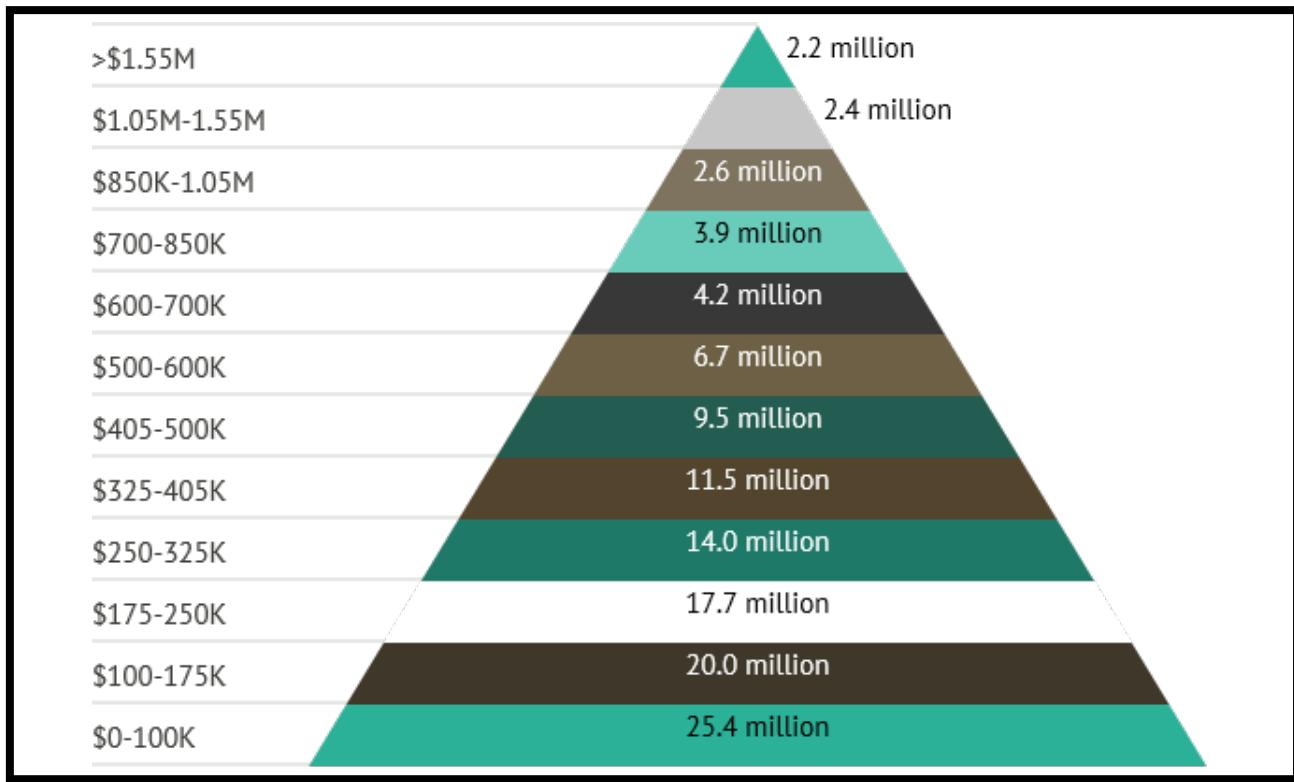
Southern Arizona Home Builders Association

NAHB News



March 2020

Housing Affordability Explained in One Graph



Applying conventional underwriting standards that the cost of a mortgage, property taxes and property insurance should not exceed 28% of household income, NAHB economists have calculated how many households have enough income to afford a home at various price thresholds. The [housing affordability pyramid](#) reveals that 63 million households out of a total of 120 million are unable to afford a \$250,000 home.

The affordability problem is explained in NAHB's new [priced-out estimates](#) for 2020.

IRS Clarifies LIHTC Income Limits

The IRS has released revenue ruling 2020-4 instructing taxpayers how to calculate Low-Income Housing Tax Credit (LIHTC) [income limits](#) should they choose to use the income averaging minimum set-aside test to meet LIHTC eligibility and compliance requirements.

This test was created by the Consolidated Appropriations Act of 2018 to complement the existing tests established by the Tax Reform Act of 1986 and allows LIHTC projects to serve households earning as much as 80% of Area Median Gross Income in some circumstances.

Costs Up in Recent Builder Survey

The cost of constructing a typical single-family home has gone up, but builder profits have fallen slightly, according to a [recent survey](#) of home builders. On average, 61.1% of the sales price, goes to construction costs. Add to that finished lot costs (18.5%), overhead (4.9%), sales commissions (3.7%), financing (1.7%), and marketing (1%), and the average builder profit is 9.1%, before taxes. In separate studies, NAHB economists have found that 24.3% of the cost of a typical, new single-family home comes from regulatory compliance.

BUILD-PAC Focused on Election Success

As the 2020 BUILD-PAC chairman, Justin MacDonald has his eyes on the November prize of electing more pro-housing candidates. He knows the best way to get there is to increase the number of members involved in [BUILD-PAC](#), NAHB's political action committee.

With the 2020 elections approaching, MacDonald wants a continued push for pro-housing legislation, including efforts to reduce excessive regulations that stifle growth.

Mortgage Delinquency Rates Hit Record Low

The [delinquency rate](#) for mortgage loans on single-family homes decreased to 3.8% of all loans outstanding in the fourth quarter of 2019, according to the Mortgage Bankers Association's National Delinquency Survey. This is the lowest it has been since the series began in 1979.

Codes Vote Could Affect Affordability

Preliminary results indicate that a number of aggressive energy efficiency proposals were approved during the [online vote](#) on the 2021 cycle of the International Codes Council (ICC). These proposals, known as "zombie proposals," had been defeated at ICC Committee Action Hearings and during the Public Comment Hearings and therefore required a two-thirds vote to pass. No previous proposal had ever met the threshold. But during the ICC's Online Governmental Consensus Vote, held late last year, 20 aggressive International Energy Conservation Codes passed that hurdle.

Labor Shortage Remains Top Concern for Home Builders

The cost and availability of labor continues to stand out as the most significant challenge that builders will face in 2020, according to a [recent survey](#) of members as part of the monthly NAHB/Wells Fargo Housing Market Index (HMI).

Roughly 85% of builders expect to face serious challenges regarding the cost and availability of labor this year.

Building material prices and the cost and availability of lots were tied as the No. 2 problem builders expect to face in 2020, with these issues cited by 66% of the survey respondents.

All three of these supply-side issues have been a growing concern for builders over the past several years. To put it into perspective, in 2011, just 13% of builders cited labor issues as an important concern, with the rate steadily rising over the ensuing years before peaking at 87% last year.

Rounding out the top five concerns for builders in 2020 are impact/hook-up/inspection or other fees (60%) and gridlock/uncertainty in the nation's capital making buyers more cautious (56%).

LA Now Least Affordable

San Francisco, which has been the nation's least affordable major housing market for the past two years, was supplanted by Los Angeles in the fourth quarter of 2019, according to the most recent NAHB/Wells Fargo [Housing Opportunity Index](#) (HOI).

Indianapolis-Carmel-Anderson, Ind. was rated the nation's most affordable major housing market, defined as a metro with a population of at least 500,000. Cumberland-Md.-W.Va. was rated the nation's most affordable smaller market.

In all, 63.2% of new and existing homes sold from October through December were affordable to families earning the U.S. median income of \$75,500.

Suicides in Construction Climb

Public health experts are increasingly concerned at the high level of suicides among construction workers, according to Scott Earnest, acting director of NIOSH's Office of Construction Safety and Health.

Speaking during the 2020 International Builders' Show, Earnest told the NAHB Construction Safety and Health Committee about the nationwide trend of rising suicide rates among construction workers.

A study showed that the profession with the highest [rate of suicides](#) was Construction and Extraction, at 52.1 suicides per 100,000 people.

NAHB has joined the Construction Industry Alliance for Suicide Prevention in an effort to raise awareness of the problem.

Coffee With...



SAHBA
the community builder
Southern Arizona Home Builders Association



Judy Lowe
Commissioner
Arizona Department of Real Estate



Join us for "Coffee With"...

Judy Lowe, Commissioner of the Arizona Department of Real Estate.

This is a unique opportunity to hear directly from Commissioner Lowe, as well as ask questions about issues impacting your business.

RSVP: www.sahba.org
Select Events Tab

Calendar of Events

Thursday, March 12

Board Meeting
12:00pm-1:00pm
SAHBA Board Rm

Friday, March 13

Coffee With...Judy Lowe
8:00am-9:00am
SAHBA Board Rm

Tuesday, March 17

BRE Meeting
7:30am-8:30am
SAHBA Board Rm

Tuesday, March 17

Tech Committee Mtg
3:30pm-5:00pm
SAHBA Board Rm

Wednesday, March 18

Membership Committee Mtg
4:00pm-5:30pm
Tap & Bottle (North)

Wednesday, March 26

Legal Lunch & Learn
12:00pm-1:00pm
SAHBA Board Rm

LUNCH & LEARN SERIES

Presented by:



ACT
CONSTRUCTION TRADES



SAHBA
the community builder
Southern Arizona Home Builders Association

**EFFECTIVE SOLUTIONS
TO YOUR LEGAL ISSUES**



Thursday, January 23
12pm-1pm

Indemnification vs Insurance/Design Errors
Kristen Wendl — Farhang & Medcoff

Thursday, February 27
12pm-1pm

Warranties & Defects Claims
Eric Hawkins — Farhang & Medcoff

Thursday, March 27
12pm-1pm

Termination of Employees
TBA — Snell & Wilmer

Thursday, April 23
12pm-1pm

ROC Complaints
Neal Eckel — Farhang & Medcoff

Thursday, May 21
12pm-1pm

Estate Planning for your Construction Business
Kristen Wendl — Farhang & Medcoff

LOCATION:
SAHBA
2840 N. Country Club Rd.
Tucson, AZ 85716



REGISTER AT: WWW.SAHBA.ORG
Click on the Events tab & select Events Calendar

Questions? Please call Art Flagg at (520) 624-3002 or email at art@actaz.net

To see a complete list of events or to register,
visit www.sahbha.org
and click on the **Events** tab.