Southern Arizona Home Builders Association

NAHBNews

SAHBA the community builder
Southern Arizona Home Builders Association

NAHB National Association of Home Builders

March 2023

Single-Family Starts Sluggish in New Year

Although rising builder sentiment indicates a turning point for housing later this year, lackluster single-family **production in January** is a sign that the housing sector faces further challenges, as elevated mortgage rates and high construction costs continue to put a damper on the market.



Overall housing starts decreased 4.5% to a seasonally adjusted annual rate of 1.31 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The January reading of 1.31 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts decreased 4.3% to an 841,000 seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased 4.9% to an annualized 468,000 pace.

On a regional basis compared to the previous month, combined single-family and multifamily starts were 42.2% lower in the Northeast, 25.9% lower in the Midwest, 7.3% higher in the South and 5.5% higher in the West.

As an indicator of the economic impact of housing, there are now 752,000 single-family homes under construction. This is 4.8% lower than a year ago. There are currently 948,000 apartments under construction, the highest levels since December 1973, and up 24.2% compared to a year ago (763,000). Total housing units now under construction (single-family and multifamily combined) are 9.5% higher than a year ago.

NAHB Testifies about WOTUS Rule

The Biden administration's new WOTUS rule is so extreme that the federal government will have the authority to regulate certain roadside ditches, isolated ponds and channels that may only flow after heavy rainfall, NAHB Chairman Alicia Huey said in recent Congressional testimony. **The new rule** will go into effect on March 20, 2023, but could be overturned soon, depending on the U.S. Supreme Court's decision in Sackett v. EPA, which is focused on the legality of the regulation's significant nexus test.

New Wrinkle in Transformer Shortage

NAHB and other groups sent a letter to Energy Sec. Jennifer Granholm to sound the alarm that DOE's recent rulemaking proposal to increase the energy conservation standards for electrical transformers will worsen the current supply shortage.

The rule would dictate that manufacturers increase the efficiency of transformers by a mere tenth of a percentage point. But increasing efficiency by even this nominal amount "could add months to an **already lengthy order cycle**."

OMB Proposes New Buy-American Rule

In a move that could affect single-family and multifamily affordable housing projects, the Office of Management and Budget (OMB) has proposed new standards to determine if construction materials for federally funded infrastructure projects are **made in the United States**.

Construction materials covered by the new guidance, which is required under the Build America, Buy America Act, include lumber, drywall, glass and plastics.

NAHB Creates Online Mentor Match Program

Knowledge is one of the most valuable assets of any business owner. And much of it can only be gained through real-world experience and collaboration. That's why NAHB recently established the Mentor Match program to further support members' professional development needs. **Mentor Match** is a free, online resource exclusively for NAHB members to help them establish mentoring relationships.

IRS Releases Guidance for Wind, Solar Under LIHTC

The Department of Treasury and Internal Revenue Service released IRS Notice 2023-17, which details a new bonus tax credit for certain low-income multifamily projects, including Low-Income House Tax Credit (LIHTC) projects, that include eligible **solar or wind energy** technologies.

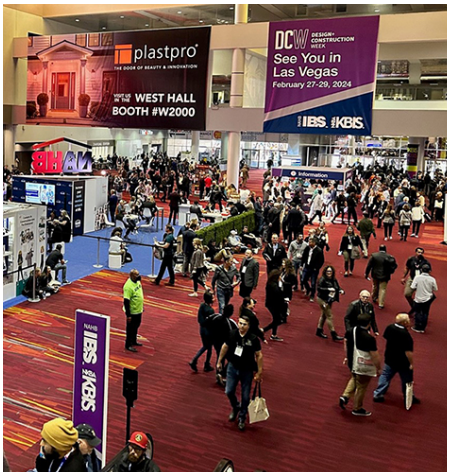
Qualifying solar and wind equipment is eligible for a federal tax credit of up to 30% of the cost as part of the Section 48 Investment Tax Credit. Under the Inflation Reduction Act enacted into law last year, Congress established a low-income communities bonus credit program, which allows certain Section 48-eligible projects to receive an additional 10% or 20% credit.

Builders' Show Sees Largest Attendance in More than 10 Years

Nearly 70,000 home building professionals from around the world filled the exhibition halls of the Las Vegas Convention Center as NAHB hosted the **International Builders' Show® (IBS)**, the largest annual light construction show in the world, Jan. 31-Feb. 2.

IBS exhibit space totaled more than 600,000 net square feet, where more than 1,300 exhibitors displayed the latest in building products and technology.

This year also marked the 10th anniversary of Design & Construction Week® (DCW), the co-location of IBS and the National Kitchen & Bath Association's (NKBA's) Kitchen & Bath Industry Show (KBIS). DCW drew nearly 110,000 attendees and nearly 2,000 exhibitors occupying more than one million square feet of indoor and outdoor exhibits.



IBS attendees also took advantage of more than 100 education sessions led by experts on a wide range of industry topics.

Next year, IBS and DCW will return to Las Vegas Feb. 27-29, 2024.

Remodelers Hall of Fame Inductees

NAHB Remodelers recently inducted Vince Butler, CAPS, GMB, GMR, a remodeler from Clifton, Va., and Tim Faller, a remodeler from Linthicum, Md., into the **National Remodeling Hall of Fame**.

Butler has led Butler Brothers Corporation as president since 1984. He was chair of NAHB Remodelers in 2006 and is a past president of the Northern Virginia Building Industry Association.

Faller is the Senior Consultant and Master of Production for Remodelers Advantage Inc. His insights have influenced many around the world through personal consulting, books, and his popular podcast, The Tim Faller Show.

Top States for NGBS Certification

Builders across the United States are continually adding to the pipeline of projects certified to the National Green Building Standard (NGBS), with more than 400,000 homes **built to the standard** since its launch in 2009.

Overall, since the inception of NGBS, the top 10 states for both multifamily and single-family certifications combined are:

1. Texas
2. Florida
3. North Carolina
4. Georgia
5. Virginia
6. Maryland
7. Colorado
8. Indiana
9. South Carolina
10. Tennessee

The NGBS provides builders with a national standard to define sustainable projects.

Industry Award Winners Announced During IBS

Many of NAHB's most coveted awards were announced during the recent International Builders' Show® in Las Vegas. These include BALA, The Nationals and other award programs that recognize the industry's best.

More than 140 single-family, multifamily, interior design, remodeling and community projects were honored at the 2022 **Best in American Living™ Awards** (BALA) ceremony during IBS. The awards are sponsored by Monogram, and the media partner is Professional Builder.

During the National Sales and Marketing Awards gala **("The Nationals℠")**, NAHB honored outstanding residential real estate sales, marketing and design, 55+ housing projects, individual achievement and global excellence. The Nationals: powered by Wells Fargo Home Mortgage.



NAHB also recognized the best in crafts-manship, innovation and excellence in remodeling at the **NAHB Remodeling Awards**, sponsored by Ferguson Bath, Kitchen & Lighting Gallery.

Other awards announced during IBS:
SAFE. The 17th annual NAHB/Builders Mutual Insurance Company **Safety Award for Excellence** (SAFE).
Best of IBS™. The 10th annual **Best of IBS™** Awards, including Best in Show.



DO BUSINESS WITH AN NAHB MEMBER.

Members Save Millions
Start saving at **nahb.org/savings**
NAHB