Southern Arizona Home Builders Association

NAHBNews

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Southern Arizona Home Builders Association

NAHB National Association of Home Builders

February 2024

Lower Mortgage Rates Boost December New Home Sales



Falling interest rates in the closing weeks of 2023 helped to bring buyers off the sidelines and provide a boost for new home sales.

Sales of newly built, single-family homes in December increased 8.0% to a 664,000 seasonally adjusted annual rate from an upwardly revised reading in November, according to data from HUD and the U.S. Census Bureau. The pace of new home sales in December was up 4.4% from a year earlier.

On an annual basis, new home sales totaled 668,000 in 2023, up 4.2% from the 2022 figure of 641,000.

A new home sale occurs when a sales contract is signed, or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed. In addition to adjusting for seasonal effects, the December reading of 664,000 units is the number of homes that would sell if this pace continued for the next 12 months.

New single-family home inventory in December remained elevated at a level of 453,000, up 0.4% compared to a year earlier. This represents an 8.2 months' supply at the current building pace. A measure near a 6 months' supply is considered balanced. Completed, ready-to-occupy inventory, 88,000 homes in December, is up 22.2% from a year ago. However, that inventory type remains just 19% of total inventory.

The median new home sale price in December was $413,200, edging down 3.0% from November, and down 13.8% compared to a year ago.

House Considering Key Tax Bill

The House is considering an NAHB-supported tax bill called the Tax Relief for American Families and Workers Act of 2024 that expands the federal child tax credit and includes a number of pro-business provisions of interest to NAHB members. The nearly $80 billion **tax package** would strengthen the Low-Income Housing Tax Credit (LIHTC), which helps finance the construction of affordable rental housing, by temporarily increasing the amount of tax credits issued by 12.5% and providing more flexibility when using bond financing to build or preserve LIHTC properties.

Higher Fines for OSHA Violations

Violations of safety rules on jobsites are now more expensive as the Labor Department announced its annual cost-of-living adjustments to **OSHA civil penalties** for 2024. The new penalty amounts went into effect Monday, Jan. 15. OSHA's maximum penalties for violations will increase from $15,625 per violation to $16,131 per violation. The maximum penalty for willful or repeated violations will increase from $156,259 per violation to $161,323 per violation.

Materials Price Growth Falls in 2023

Growth in the average price level of inputs to residential construction less energy (i.e., building materials) fell from 15% in 2022 to 1.3% in 2023 (not seasonally adjusted), according to the latest **Producer Price Index** (PPI) report. On a monthly basis, building materials prices rose 0.1% in December after increasing 0.1% in November (revised). The PPI for softwood lumber (seasonally adjusted) declined 2.3% in December, the third consecutive decrease.

NAHB Members Saved Over $40 Million in 2023

NAHB members who use the **Member Savings Program** know their membership more than pays for itself through numerous member-exclusive discounts. And the amount of savings keeps growing each year: In 2023, NAHB members saved more than $40 million — not only on their business expenses, but also on personal travel and entertainment costs.

The total member savings in 2024 will likely grow even more as the list of participating companies in the NAHB Member Savings Program continues to expand.

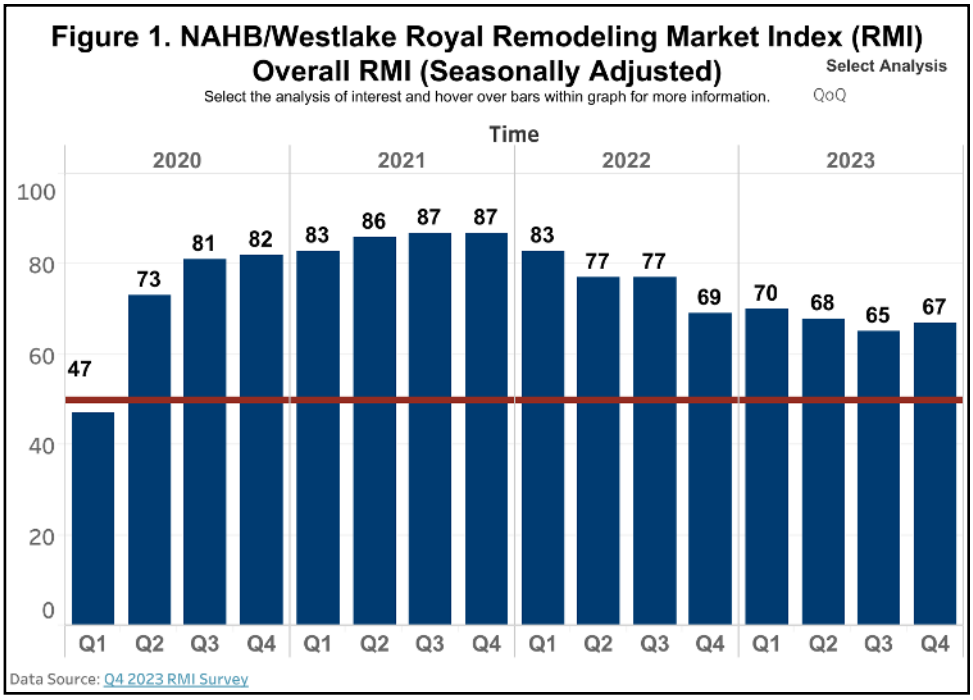
DOL Issues Final Rule On Contractor Status

The U.S. Department of Labor recently published a final rule changing its policy for determining **independent contractor status** under the Fair Labor Standard Act.

Unlike the current policy, which was issued under the previous administration and focuses on two of the five factors used to determine worker status, this final rule restores a "totality-of-the-circumstances" analysis, setting forth six factors to consider when determining whether a worker is an employee or an independent contractor. This test will not impact tests by the IRS or other federal agencies.

Remodeling Market Sentiment Improves in Fourth Quarter

NAHB recently released its NAHB/Westlake Royal Remodeling Market Index (RMI) for the fourth quarter of 2023, posting a reading of 67, an increase of two points from the previous quarter.



The **NAHB/Westlake Royal RMI** survey asks remodelers to rate five components of the remodeling market as "good," "fair" or "poor." Each question is measured on a scale from 0 to 100, where an index number above 50 indicates that a higher share view conditions as good than poor. For the full RMI tables, please visit **nahb.org/rmi**.

Plan to Participate in LegCon

NAHB's signature lobbying event in 2024 will take place on Wednesday, June 12, in conjunction with the four-day Spring Leadership Meeting in Washington, D.C. The power of the home-building industry lies with its grassroots advocacy efforts. Participating in this year's Legislative Conference will give more NAHB members the unparalleled opportunity to lobby members of Congress to protect their business and industry, establish constructive working relationships, and ensure that NAHB issues and matters pertaining to our state and local communities are heard by Washington policymakers. Visit the **Legislative Conference page** to learn more.

More Young Adults Moving Out

Despite record high inflation rates, rising interest rates and worsening housing affordability, **young adults continued to move out** of parental homes in 2022. According to NAHB's analysis of the 2022 American Community Survey (ACS) Public Use Microdata Sample (PUMS), the share of young adults ages 25-34 living with their parents or parents-in-law declined and now stands at 19.1%. This is a decade low and a welcome continuation of the post-pandemic trend toward rising independent living by young adults.

The decline in young adults living at home is welcome news. But it is worth noting that two decades ago, less than 12% of young adults lived with their parents.

Supreme Court Hears Arguments in Key Regulatory Cases

In January, the U.S. Supreme Court **heard oral arguments** in a key regulatory matter.

Plaintiffs in the case of *Loper Bright Enterprises v. Raimondo* and *Relentless v. Department of Commerce* are seeking to overturn a previous Supreme Court decision made in 1984 that gives the government an unfair advantage when someone challenges a regulation in court.

In 1984, the Supreme Court issued an opinion that created "Chevron Deference," which requires courts to defer to a federal agency's interpretation of an unclear statute if the interpretation is "reasonable," even if it is not the best interpretation.

The cases involve a National Marine Fisheries Service regulation that requires fishermen to pay for federal observers to board their ships and observe their fishing practices.



NAHB filed a friend-of-the-court brief in support of the plaintiff, arguing that Chevron is clearly biased toward federal agencies by granting them broad leeway to interpret and implement regulations.

If Chevron is overturned, then federal agencies such as HUD, OSHA and the EPA will have less discretion to impose new regulations that Congress did not clearly authorize.

A decision is expected by the end of June.



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