Southern Arizona Home Builders Association

NAHBNews

SAHBA the community builder

NAHB National Association of Home Builders

May 2023

March New Home Sales Rise as Mortgage Rates Ease



Lower mortgage rates and limited existing inventory helped to push new home sales up in March, even as builders continue to grapple with increased construction costs and material supply disruptions.

Sales of newly built, single-family homes in March increased 9.6% to a 683,000 seasonally adjusted annual rate from a downwardly revised reading in February, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

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 March reading of 683,000 units is the number of homes that would sell if this pace continued for the next 12 months.

New single-family home inventory fell 9.5% in March, however, it remained elevated at a 7.6 months' supply at the current building pace. A measure near a 6 months' supply is considered balanced. Completed, ready-to-occupy inventory stood at 70,000 homes in March and is up 119% from a year ago. However, that inventory type remains just 16% of total inventory.

The median new home sale price rose in March to $449,800, up 3.2% compared to a year ago. Elevated costs of construction have contributed to a rise in home prices.

Regionally, on a year-to-date basis, new home sales rose 1.7% in the Northeast, but fell 19.6% in the Midwest, 5.8% in the South and 32.2% in the West.

WOTUS Rule Struck Down in 26 States*

In a **major victory** for developers and landowners, the U.S. District Court for the District of North Dakota has ruled that the Biden "waters of the U.S." (WOTUS) rule cannot be implemented in 24 states while the challenge to the rule moves forward. NAHB and 17 other industry groups are party to this case. The court ruling adds to the two-state preliminary injunction NAHB received previously in a Texas court. The two rulings mean that the Biden WOTUS rule cannot currently be enforced in 26 states – more than half the nation.

** Does not apply to Arizona*

More Taxpayers Using Energy Tax Credits

More taxpayers are taking advantage of new home energy-efficiency tax credits. **Recent analysis** of IRS data conducted by NAHB indicates that more than 800,000 taxpayers claimed a new home-related energy-efficiency tax incentive.

Home buyers want new homes with cost-effective energy features. Whether it's efficient lighting options, new appliances, or solar power, many home builders are voluntarily incorporating green features into newly-built homes.

Legal Victory on Natural Gas Lines

In an **important legal victory** for NAHB and California builders and developers, the U.S. Court of Appeals for the Ninth Circuit has ruled recently that the city of Berkeley's ban on the installation of natural gas piping in new buildings is preempted by the Energy Policy and Conservation Act (EPCA). NAHB filed amicus briefs arguing against the ban at both the District Court and the Ninth Circuit in this case.

Plan to Join NAHB's Legislative Conference

NAHB will conduct its 2023 **Legislative Conference** on June 7 in Washington, D.C., in conjunction with its **spring leadership meetings**. Policy priorities include the shortage of distribution transformers, energy codes and workforce development.

NAHB's Government Affairs team has compiled resources to help members prepare for their Leg Con meetings on Capitol Hill. These tools include U.S. Senate and House directories, lobbying tips and template meeting invitations.

Major Contributions Go to Workforce Development

To help close the skilled labor gap, **the Lowe's Foundation** recently launched the Gable Grants program. This is a five-year, $50 million commitment to directly support community and technical colleges and community-based organizations in preparing the next generation of tradespeople.

Meanwhile, in Orlando, developer Robert Harper recently announced the **Harper Family Foundation's** $1 million contribution to the Home Builders Institute (HBI) to support the BuildStrong Academy of Orlando. Buildstrong offers tuition-free construction training programs.

Brochure Explains Single-Family Built-for-Rent Housing

Developers are exploring new ways to meet continued housing demand. One of the latest trends is built-for-rent housing. This type of housing is becoming increasingly popular among younger adults looking for affordable, flexible housing options.



There is an important distinction between built-for-rent housing and flip-for-rent housing, which converts for-sale housing to for-rent. Most of the built-for-rent product produced by NAHB members adds to the existing housing stock to meet a specific market demand for rental units with unique amenities relative to traditional apartments.

To alleviate confusion around built-for-rent housing, NAHB's Land Development Committee formed a working group to study and produce education on the topic. The group created **an introductory primer**, "Renters by Choice: The Truth about Single-Family Built-for-Rent Housing," to describe what the phrase "renters by choice" means: The people who live in these communities are there because they want to be.

Check Out New BizTools Videos

NAHB recently launched a new BizTools Video Series in which industry experts share the latest tips and discuss essential strategies to enhance business operations and boost profitability.

Each month, a new video recording will be added to examine topics such as managing cash flow, preparing for disasters, boosting profits and more. The first topic of the series will be "A Study in Cash Flow for Builders."

Register now for the BizTools Video Series, which is free to NAHB members and $99 for non-members. Learn more about the video series and enjoy a **quick sneak peek** of the first episode.

Poll Looks at Work from Home

Findings from a recent national poll reveal that 30% of American adults typically work from home at least two days a week. **The findings** could offer clues to the long-term financial health and value of commercial office space in the United States. The polling firm Morning Consult conducted the survey for NAHB in March 2023.

The three demographic characteristics that make the biggest difference when it comes to working from home are generation, income and education level. While 45% of millennials, 35% of Gen Zers, and 31% of Gen Xers can work from home at least twice a week, the share is only 15% among boomers.

Simple One-Pagers Explain Key Land Development Issues

Local land use policy has an impact on housing production and affordability, but the correlation is not always understood by those outside of the home building industry. NAHB's Land Development Committee formed a working group to study and produce educational resources on land use policy.

The result is three primers that effectively convey a pro-housing and development message in one page of simple, concise information. This is valuable when working with people who are unfamiliar with the subject or don't have time for a long report.

NAHB contracted with Opticos Design — the firm that coined the phrase 'missing middle housing' — to produce these resources. Opticos previously produced the NAHB report: **"Diversifying Housing Options** with Smaller Lots and Smaller Homes."



The primers cover three priority land use policy topics related to housing production and affordability: **density, zoning and development review**.

Each document defines the subject along with the present challenges, solutions and benefits to local communities.

For more information, check out NAHB's updated **Land Use 101 toolkit**.



DO
BUSINESS
WITH AN
NAHB
MEMBER.

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