Southern Arizona Home Builders Association

NAHBNews

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NAHB National Association of Home Builders

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Lack of Resale Inventory Boosts April New Home Sales

Stabilizing mortgage rates and a lack of resale inventory provided a boost for **new home sales** in April, even as builders battle rising costs from shortages of transformers and other building materials and a presistent lack of construction workers.



Sales of newly built, single-family homes in April increased 4.1% to a 683,000 seasonally adjusted annual rate from a downwardly revised reading in March, according to newly released data from HUD and the U.S. Census Bureau. This is the highest level since March 2022.

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 April 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 increased 0.2% in April and remained elevated at a 7.6 months' supply at the current building pace. A measure near a 6 months' supply is considered balanced. However, the lack of existing home inventory for resale means that overall inventory for the single-family market remains tight.

The median new home sale price fell in April to $420,800 and was down 8% compared to a year ago. The report showed growth in the lower price ranges, with 9,000 sales in the $200,000-$299,999 price range in April 2023, compared to just 4,000 sales a year prior. The $300,000-$399,999 price bracket grew by 14,000 sales in that same time frame.

Regionally, on a year-to-date basis, new home sales fell in all regions, down 19.2% in the Northeast, 9.8% in the Midwest, 0.7% in the South and 27.5% in the West.

Big Win in SCOTUS Decision on WOTUS

In a major victory for NAHB, builders, developers and property owners, the Supreme Court on May 25 issued **a unanimous decision** in Sackett v. EPA that will force the Biden administration to overhaul its "waters of the U.S." (WOTUS) rule and ultimately provide builders and developers more certainty in the federal permitting process.

NAHB had filed a friend-of-the-court brief in the Sackett case, arguing that it does not make sense for isolated wetlands, isolated ponds or human-made ditches on private property to be subject to federal jurisdiction.

Concerns about Flood Insurance Prices

More than 50 House lawmakers have sent a letter to Federal Emergency Management Agency (FEMA) Administrator Deanne Criswell about concerns over the **National Flood Insurance Program's** (NFIP's) new Risk Rating 2.0 mechanism that has pushed up premiums for millions of Americans.

NAHB has been advocating on Capitol Hill about the lack of transparency in setting flood insurance rate increases. Lawmakers have responded, and are sharing these concerns with FEMA.

HUD Proposes Tougher Energy Codes

In a move that will raise housing costs, HUD, FHA and the USDA are proposing to increase the **stringency of energy codes** for new construction of HUD- and USDA-insured housing.

The Biden administration is proposing that homes built under some federally financed programs leap-frog several code iterations and adopt the 2021 International Energy Conservation Code (IECC) .

Addressing Affordability Through Zoning Reform

Code and zoning reform can help increase the supply of new homes and address the nation's housing affordability crisis. A **new resource from NAHB**, the "Model Housing and Land Development Code Guide," includes information about how updating housing and land development code can have real impacts on the costs and availability of housing. NAHB members in communities considering these changes can share this document with local officials.

FHFA Rescinds Certain Proposed Upfront Fees

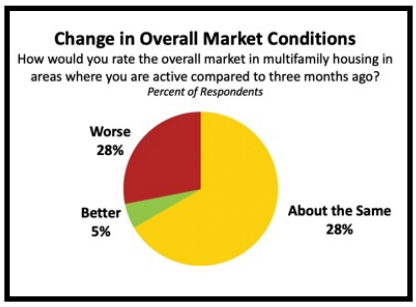
In January, the Federal Housing Finance Agency (FHFA) announced a new fee for borrowers with debt-to-income (DTI) ratios at or greater than 40 percent on loans acquired by Fannie Mae and Freddie Mac. The housing industry **strongly opposed this DTI** ratio-based fee. The fee would be difficult for lenders to implement and confuse borrowers with potential pricing changes throughout the loan application process. The fee was scheduled to take effect on Aug. 1.

In response to the concerns, FHFA on May 10 announced it rescinded this loan fee on borrowers with a DTI ratio greater than 40 percent.

NAHB Introduces New Index for Multifamily Activity

The National Association of Home Builders (NAHB) redesigned its **Multifamily Market Survey** (MMS) in the first quarter of 2023 to make it easier to interpret and more similar to the NAHB/Wells Fargo Housing Market Index for single-family housing. The MMS produces two separate indices: the Multifamily Production Index (MPI) and the Multifamily Occupancy Index (MOI). In the first quarter of 2023, the MPI had a reading of 50 while the MOI reading was 82.

The MPI measures builder and developer sentiment about current production conditions in the apartment and condo market on a scale of 0 to 100. The index and all its components are scaled so that a number above 50 indicates that more respondents report conditions are good than report conditions are poor.



The MOI measures the multifamily housing industry's perception of occupancies in existing apartments on a scale of 0 to 100. The index and all its components are also scaled so that a number above 50 indicates more respondents report that occupancy is good than report it is poor.

Use Updated Contracts from NAHB

To help business owners protect their organizations, NAHB offers 27 contracts written specifically for home builders and remodelers that cover a wide range of construction industry activities.

NAHB Contracts has long been a go-to resource for home builders looking to save time and money in the development of their critical contracts. Nearly all the contracts have been significantly modified to expressly address the potential impacts from pandemics and epidemics. New language also gives contract parties the flexibility to amend the time for performance due to labor and material shortages.

Highest Paid Occupations

Half of payroll workers in construction earn more than $54,540 and the top 25% make at least $77,030, according to NAHB analysis of the latest data from BLS's **Occupational Employment and Wage Statistics** (OEWS). The OEWS publishes wages for more than 406 occupations in construction. Out of these, only 58 are construction trades.

Among construction trades, elevator installers and repairers top the median wages list, with half of them earning more than $100,480 a year and the top 25% making at least $123,020. Rock splitters/ quarry are next on the list, followed by first-line supervisors.

Tobin Takes the Helm as New CEO of NAHB

NAHB has named Jim Tobin as the association's new president and chief executive officer. Tobin, executive vice president and chief lobbyist at NAHB, will succeed outgoing-CEO Jerry Howard, who is leaving NAHB after more than 30 years. **Tobin assumed the post** effective June 1.



Tobin joined NAHB in 1998. In his role as EVP, government affairs and chief lobbyist he directed the federal, state and local lobbying, as well as political activities for NAHB. He also guided the activities of the association's political action committee, BUILD-PAC, and grassroots network. Before becoming NAHB's chief lobbyist, Tobin was NAHB's vice president for federal relations. Prior to NAHB, he was senior legislative assistant to former U.S. Representative Frank Riggs (Calif.) and former U.S. Representative Gary Franks (Conn.).

Tobin will be based at NAHB's headquarters in Washington, D.C., where he will lead NAHB's more than 200 staff. The CEO is also part of NAHB's national leadership team, which includes the Senior Officers of the Board, who are elected annually by the Leadership Council.



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