

# BuilderNews

The Newsletter of the Home Builders Association of Great Falls



## May 2017

### Small Banks Hold Most Home Builders Loans

Roughly 64% of residential construction loans in 2016 were made by **small and midsize banks** – those with less than \$10 billion in assets – according to NAHB analysis of Federal Deposit Insurance Corporation data.

The largest banks have the smallest concentration of residential construction loans, and the small portion of their total assets focused on those loans has remained largely

unchanged for several years, said NAHB Senior Economist Michael Neal.

Meanwhile, the portion of residential construction loans has steadily grown for the smaller banks each year since 2012, especially for those with \$100 million to \$1 billion of assets.

“This suggests smaller banks are where the relationship banking aspect of home building is taking place,” Neal said.

### Leadership:

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### Spending Reaches Post-Recession High

Private residential construction spending grew 1.2% in March to a seasonally adjusted annual rate (SAAR) of \$503.4 billion, according to **NAHB analysis** of Census data. This is 7.5% higher than a year ago and represents a new post-recession high. The gains are largely attributed to growth in spending on multi-family and home improvements.

Multifamily construction spending continued its record breaking pace to a SAAR of \$66.1 billion. Spending on home improvements has now increased for six straight months, reaching an SAAR of \$178.9 billion in March.

## Lumber Duty Will Cost 8,000 Jobs

Analysis by NAHB economists shows that more than 8,000 full-time jobs will be lost this year as the result of the decision by the U.S. Department of Commerce to impose a 19.88% duty on [Canadian softwood lumber](#) exports to the United States.

Due to "special circumstances," the duties will be retroactive 90 days from the date that the rates are officially published in the Federal Register, likely back to the beginning of February.

NAHB senior economist Paul Emrath estimates that the annual impact of the 19.88% duty, if in effect throughout 2017, would be:

- A loss of \$498.3 million in wages and salaries for U.S. workers;
- A loss of \$350.2 million in taxes and other government revenue;
- A loss of 8,241 full-time U.S. jobs.

Many of the jobs are in construction, but the effects are not limited to a single industry, as wages and jobs will be lost in the many industries that support housing.

## NAHB Responds to White House Tax Plan

NAHB Chair Granger MacDonald recently responded to the White House's federal tax reform proposal.

"NAHB commends President Trump for tackling tax reform and keeping the mortgage interest deduction as one of two

individual deductions. However, doubling the standard deduction could severely marginalize the mortgage interest deduction, which would reduce housing demand and lead to lower home values."

Read [the full statement](#).

## OSHA Again Delays Silica Rule Enforcement

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) has announced that it will further delay the enforcement of the [crystalline silica standard](#) that applies to the construction industry.

Originally scheduled to begin

June 23, enforcement is now set to begin Sept. 23, 2017.

Despite the delay, NAHB and its fellow members of the Construction Industry Safety Coalition will continue to challenge this excessively burdensome rule.

## Applications Open for Pillars Awards

The application process is open for the 2017 NAHB Multifamily Pillars of the Industry Awards competition. Multifamily owners and developers, builders, architects, interior designers and other industry professionals are encouraged to enter – and let NAHB shine the spotlight on their creative projects.

The awards highlight excellence in apartment and condominium design, both market rate and affordable. They also honor interior merchandising and superior property management and marketing.

All applications must be submitted online by Aug. 4. More information about the awards competition is available at [nahb.org/pillarsawards](http://nahb.org/pillarsawards).

## Make Plans for 2017 Leg Con and Midyear Meeting

All NAHB members are encouraged to join the 2017 NAHB [Legislative Conference](#) on June 14 to make sure our representatives in Congress hear the housing industry perspective. If you're a member of NAHB's Board of Directors or sit on a committee, then please make plans to attend the [Midyear Board of Directors Meeting](#) June 13-17 in Washington, D.C.

# What Young Adults Think of the Construction Trades

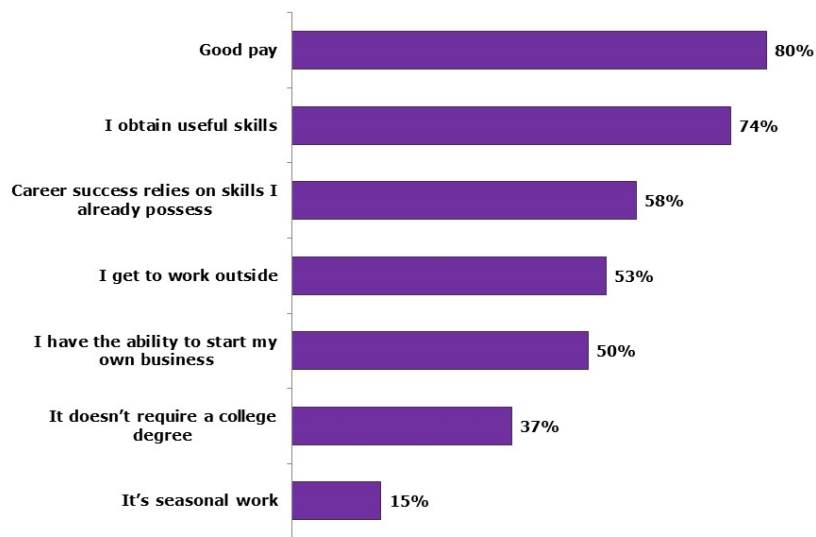
Most young adults between the ages of 18 and 25 say the two most important benefits of a career in the construction trades are good pay (80%) and learning useful skills (74%), according to [a recent poll](#) of this age group conducted by NAHB.

Only 15% cite seasonal work as a benefit, while a modest 37% rate it as an advantage that this field does not require a college degree.

The vast majority of those surveyed, 74%, say they already know the field in which they want to have a career.

Meanwhile, the 26% of respondents who do not yet know the career path they want to take got a follow-up question about the chance they might consider a number of fields (construction trades being one of them) using a scale from 1 to 5, where 1 meant “no chance no matter the pay” and 5 meant a “very good

**Most Important Benefits of a Career in the Construction Trades**  
(% of Respondents Who Want to Work in Construction Trades)



chance if the pay is high.”

Construction trades got an average rating of 2.1, with 63% of undecided young adults rating it 1 or 2 (no or little chance regardless of pay) and 18% a

## Distracted Driving a Serious Matter

Whether the driver is off-the-clock or on the job, [Distracted Driving](#) is a growing problem.

The National Safety Council estimates that in 2016, roughly 40,000 people died in motor vehicle crashes — the highest total in nine years and an alarming 14% increase from just two years ago.

“From an insurance industry perspective, distracted driving is the No. 1 issue for automobile safety, as the vast majority of people admit they frequently drive while talking on the phone, texting, eating, or doing any number of other activities,” says Bill Schaffner, director of risk management for Builders Mutual Insurance Company.

Schaffner suggests that more employers should be mindful of how often their workers are potentially distracted while operating company vehicles and heavy equipment.

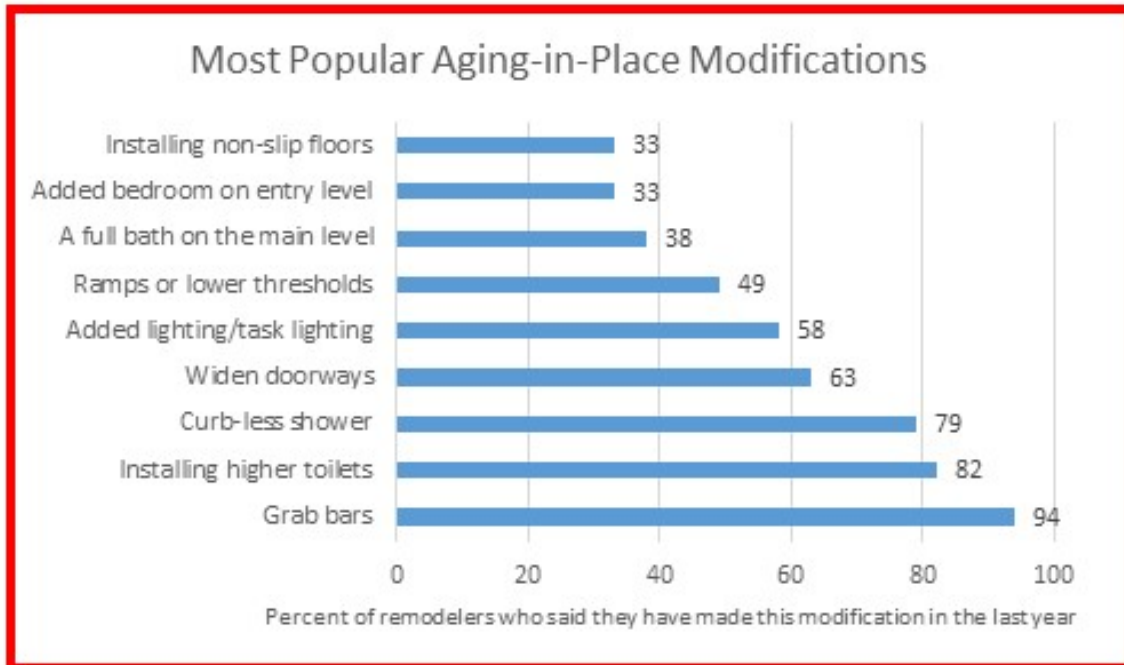
## Model Codes Adoption Kits

Forty-eight states adopt some version of the model International Energy Efficiency Code (IECC). But there are a number of provisions in the model that can be improved.

The NAHB Construction Codes and Standards department has put together a Code Adoption Kit for each edition of the IECC to help states navigate the code adoption process.

The 2015 version of NAHB's [energy codes adoption kit](#) is a great tool for home builders and HBAs seeking sensible codes that save home owners on their energy bills.

There's no national requirement for states to use the latest version of the codes. Some states use the 2012 or 2009 editions, or a combination of the three. NAHB has adoption kits to help builders and HBAs convince the adopting authority that a modified version of the model code is a better way.



## Aging-in-Place Modifications a Growing Trend

The past five years have seen increases in the number of remodelers engaged in aging-in-place home modifications and in home owner awareness of these types of remodeling projects, according to a survey by NAHB Remodelers, the remodeling arm of the National Association of Home Builders (NAHB). Conducted in conjunction with National Home Remodeling Month in May, the [survey of remodelers](#) also revealed that simple and less costly modifications are increasing in popularity.

"Low-cost, simple modifications to help people be safer and more comfortable in their homes, such as installing grab bars and higher toilets, continue to be the most popular aging-in-place remodeling projects," said 2017 NAHB Remodelers Chair Dan Bawden, CAPS, CGP, CGR, GMB, a remodeler from Houston. "A professional remodeler can make recommendations to home owners that meet both their lifestyle and budget needs."

According to the survey, 80 percent of remodeling companies are doing aging-in-place projects, up from 68 percent in 2013. Remodelers reporting that "most" of their customers were familiar with the aging-in-place concept increased from 11 percent in 2013 to 17 percent in 2016.

The five aging-in-place modifications that have increased the most in application since 2013 were:

Added lighting/task lighting	12 percent increase
Curb-less showers	9 percent increase
Grab bars	7 percent increase
Non-slip floors	7 percent increase
Widening doorways	5 percent increase

More complex and costly projects have decreased slightly in popularity since 2013. Adding an entry-level bedroom dropped one point to 33 percent, and installing ramps or lowering thresholds dropped two points to 49 percent.