



**Northern
Colorado**
Home Builders Association

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December 2022

Single-Family Housing Contraction Continues

Elevated mortgage rates, high construction costs for concrete and other building materials and weakening demand stemming from [worsening affordability conditions](#) continue to act as a drag on single-family housing production.

Overall housing starts decreased 4.2% to a seasonally adjusted annual rate of 1.43 million units in October, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The October reading of 1.43 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 6.1% to an 855,000 seasonally adjusted annual rate.



Year-to-date, single-family starts are down 7.1%. The multifamily sector, which includes apartment buildings and condos, decreased 1.2% to an annualized 570,000 pace.

"This will be the first year since 2011 to post a calendar year decline for single-family starts," said NAHB Chief Economist Robert Dietz. "We are

forecasting additional declines for single-family construction in 2023, which means economic slowing will expand from the residential construction market into the rest of the economy."

On a regional and year-to-date basis, combined single-family and multifamily starts are 2.9% higher in the Northeast, 1.5% lower in the Midwest, 2.6% higher in the South and 5.1% lower in the West.

Midterms and the Housing Agenda

Republicans flipped the House in the recent mid-term elections while Democrats maintained control of the Senate. What does the divided Congress mean for housing? With narrow margins in both chambers, any legislation with a prayer of being signed into law by President Biden must be bipartisan. NAHB will work with the new Congress to propose bipartisan solutions to create more affordable and attainable housing. Read [NAHB's election analysis](#) for an in-depth look at how the outcomes will affect residential construction.

ICE Extends I-9 Compliance Flexibility

The Department of Homeland Security (DHS) and U.S. Immigration and Customs Enforcement (ICE) [announced an extension](#) until July 31, 2023, of flexibility in complying with requirements related to Form I-9, Employment Eligibility Verification when a workforce is working exclusively in a remote setting due to COVID-19-related precautions. This temporary guidance was set to expire on Oct. 31, 2022.

NAHB Offers Cybersecurity Resources

An overwhelming amount of confidential information and business data is stored on servers all over the world. But the loss of client and contractor data can lead to lawsuits and badly damaged business relationships. A cyber or ransomware attack can hit a company's bottom line hard. [NAHB offers resources](#) to help members protect their data and that of clients, contractors and partners from theft or catastrophic loss. Check out a [recent podcast](#) by attorney Philip R. Stein on data security and responding to ransomware threats.

Register for NAHB's Virtual Townhall Meetings

NAHB's Senior Officers will host a series of [Virtual Townhall Meetings](#) at various times on Thursday, Jan. 12, 2023.

The meetings are an important opportunity for members to provide feedback to NAHB leadership on emerging issues in their local communities. These conversations will help craft the agendas for the leadership meetings at the 2023 International Builders' Show. Register now for this opportunity to help shape discussions at the industry's premier event in Las Vegas.

Don't Miss the 2023 IBS Show Home

Despite the significant delays earlier this year, [The New American Home](#) (TNAH) 2023 is on track for completion this December. The home boasts 7,575 total square feet of living space, with four bedrooms and six and one-half bathrooms. It also will feature a spa, game room, outdoor kitchen and rooftop deck.

Registered IBS attendees can tour TNAH between 9 a.m. and 5 p.m., Jan. 31 - Feb. 2. Free shuttle buses will depart every half hour from the Las Vegas Convention Center (LVCC). Shuttle bus tickets will be available at the TNAH booth in LVCC's Central Hall. Visit [BuildersShow.com](#) to register for IBS.

A message from our EO: Kelly Schramm

Welcome to December!

As we begin to wind down 2022 there are some events you may want to add to your calendar.

HOUSING SUMMIT: Are you wondering what 2023 has in store for the Home Building Industry in Northern Colorado, or how to prepare your business for these uncertain economic times? If so you will want to sign up for the Economic and Housing Summit on December 8th from 10:30am to 2:00pm at the Lincoln Center at 417 West Magnolia Street in Fort Collins. Visit our website to register: <https://www.nocohba.com/housing-summit>.

ANNUAL MEMBERSHIP & AWARDS MEETING (HBA Members Only): Come out and celebrate the new year with your fellow NoCo HBA Members on January 4th from 5:00 to 8:15pm. Elevations Credit Union will be hosting this event (at no cost to you) at their downtown Fort Collins Location at 221 E. Mountain Avenue. Drinks and Hors d'oeuvres will be served from 5:00 to 5:45pm. After that we will be providing a year in review, will hand out member awards for 2022 and will then hold the installation of our 2023 Board Members and Officer Appointments.

SALES AND MARKETING COUNCIL'S 2023 KICK-OFF EVENT: Join the Northern Colorado Home Builders Association's Sales & Marketing Council on January 23rd, from 8:00am to 12:00 noon, at the Fort Collins Lincoln Center at 417 West Magnolia Street, for an action-packed event from two nationally renowned new home sales speakers, **Ryan Taft**, Senior Sales Trainer at Shore Consulting and **Chris Hartley**, Vice President of Sales at K. Hovnanian Homes.

2023 is set to be another dynamic year in for new home sales. Be prepared by joining the NoCo HBA and learn how to recession proof your sales strategies and business for the upcoming year!

This event is open to HBA and non-HBA members, so invite your colleagues and clients to join you. The cost is \$30 (SMC Member), \$50 HBA Members, \$75 Non-Members. There are also sponsorship opportunities available to help you promote your business. Registration will open soon.

Be sure to visit the NoCo HBA website for other events and activities and be on the lookout for the 2023 Marketing Guide for all the events planned for the new year and how you can get involved as a sponsor or attendee.

Sincerely,

Kelly D. Schramm

Housing Affordability Falls to 10-Year Low

Housing affordability fell to its lowest level since the National Association of Home Builders (NAHB) began tracking it on a consistent basis in 2012 as rising mortgage rates, ongoing building material supply chain disruptions, high inflation and elevated home prices pushed the housing market into a recession.



With mortgage rates moving even higher in the fall, affordability conditions are expected to further deteriorate through

the end of the year. According to the [NAHB/Wells Fargo Housing Opportunity Index](#) (HOI), just 42.2% of new and existing homes sold between the beginning of July and end of September were affordable to families earning the U.S. median income of \$90,000. This marks the second

consecutive quarterly record low for housing affordability since the Great Recession.

Patios Preferred Over Decks

The share of new [homes with patios](#) increased for the sixth year in a row in 2021 to a post-2004 high of 63%. At the same time, the share with decks was trending in the opposite direction, declining for the fifth year in a row to a post-2004 low.

Of the roughly 1.1 million single-family homes started in 2021, only 17.5 percent included decks, according to NAHB tabulation of data from the Survey of Construction (SOC), conducted by the U.S. Census Bureau and partially funded by HUD. This is the lowest point for new home decks since the 2005 re-design of the SOC.

Multifamily Index Sees Decline

Prospects for continued high levels of multifamily development declined significantly in the third quarter, as did the prospects for continued high occupancy rates, according to results from the [Multifamily Market Survey](#) (MMS) released recently by NAHB. The MMS produces two separate indices: The Multifamily Production Index decreased 10 points to 32 compared to the previous quarter while the Multifamily Occupancy Index fell 15 points to 45.

Both indices are now below the break-even point of 50, but multifamily construction levels and occupancy rates remain high compared to historic norms.



Welcome New Members

Builders Exchange
Challenger Homes
Deines Custom Homes
Boxwood Photos
Quantum Fiber
Mission Homes Colorado
Challenger Homes



Thank you for Renewing

Glen Homes
Signature Stone
Coan, Payton & Payne LLC
Harmony, LLC
Imagine More
NOCO Sod
L & L Acoustical Inc
Poudre Valley Air
Gateway Mortgage
Loveland Ready Mix
Ferguson Enterprises
Bank of Colorado
Western Fireplace Supply
Norris Design
Forestar
Heather Sommers with ReMax Alliance
Dave Rogucki with IPS
Laura Olive with ReMax Alliance
Dominic East with ReMax Alliance

Six Steps to Reset Building Materials Costs

Rising interest rates and high inflation are dampening the residential construction market as more consumers are priced out. To manage costs in this environment, many home builders are working with vendors in their supply chain to lower material costs.

Some will send off letters to suppliers mandating cost. They'll bid out the various categories and swap vendors wherever they can save money.

But that may not be the best way to treat trade and supply partners that held cost increases at bay, prioritized your orders, and worked like crazy to take care of you during the boom market.

The following is a [six-point guide](#) to making a more collaborative strategy work for you.

1. Start with data analytics.
2. Set up meetings with members of your supply chain.
3. Put everything on the table.
4. Review your specification levels.
5. Involve your internal team.
6. Avoid laying off purchasing professionals.



For more detail, [read the full article](#), which originally appeared in the September/October 2022 issue of Pro Builder.



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Thank you to our Housing Summit Sponsors



NAVIGATING THE NEW NORMAL

What does the future hold for the home building industry? Experts provide an update and forecast on the economy and housing market in Northern Colorado. As the economy struggles with the highest pace of inflation in four decades, what does that mean for economic growth, recession risk and interest rates? Compare local data to national trends.

Former Denver Bronco player, Reggie Rivers shares the importance of resiliency and a positive attitude during uncertain times. Bring your questions for our panel of experts who will conduct an engaging discussion of the economy with leading national economists.

SPEAKERS



ROBERT DIETZ
NAHB Chief Economist



REGGIE RIVERS
Former Denver Bronco &
Motivational Speaker



RYAN BRAULT
Senior Manager, Advisory, at
Zonda Home



Independent Plumbing Solutions, Inc.

Thursday, Dec. 8, 2022

10:30 a.m. - 2:00 p.m.

\$45 for Members, \$55 for Non-Members
RSVP online by scanning the code or
by phone 970.686.2798



www.NoCoHBA.com



Upcoming Events

Our First quarter membership meeting is scheduled for Wednesday January 4, 2023 from 5-8:30PM at Elevations Credit Union located at 221 E Mountain ave, Fort Collins, CO. This event is Free and open to HBA members only. Join us as we celebrate our 2022 Member Award recipients, acknowledge our 2023 Board of Directors and discuss what is in store for 2023 with your local HBA.

Registration for this event is required. Please call the HBA office if you have any questions.

NoCo HBA Foundation Corner



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Build The Future**



Thank You



ARE YOU AWARE OF THIS CAHB MEMBER BENEFIT?



Redeem Your BPA in 3 easy steps!

100% of the cost for your BPA is covered by your Association Membership

BPA stands for Business Diagnostic & Plan of Actions and is an exclusive and private business planning tool from Small Business Growth Partners, developed through focusing on the issues of builders, remodelers, HBA Associate members and how to solve them.

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