

CORPORATION STONE

The News of the

Association of West Florida

April 2015

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Concrete in Practice:
What, Why & How**
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**Are First Time
Buyers Back?**
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Clients** *page 7*

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The 2015 American Dream Home will be constructed by Classic Homes of Pensacola, LLC and is a Pensacola Energy Comfort Plus Home. The home will be located in the 2015 Parade of Homes central site, Huntington Creek, on Mobile Highway just East of Beulah Road, near the Escambia County Equestrian Center. Weekday Hours: 3:00 p.m. – 6:00 p.m. Weekend Hours: 12:00 p.m. – 6:00 p.m.



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CORNERSTONE

*The official magazine of the
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CORNERSTONE



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HBA Members Walk the Halls in Tallahassee to Promote Housing Legislative Priorities

I had the pleasure of attending the 2015 Spring Legislative Conference where over 130 FHBA members made the trip to Tallahassee to visit with their legislators. Tallahassee is an interesting place and I was glad to have HBA First Vice President Thomas Westerheim, HBA Treasurer Jon Pruitt of J.W. Dunnwright Construction and HBA Executive Director David Peaden with me as we walked the halls of the Capitol.

FHBA CEO Rusty Payton is a seasoned lobbyist and recently explained how the system works in Tallahassee. Payton said, "We are entering 4th week of the Legislative Session, and the focus for many of our priorities begins to shift from the House to the Senate. It is typical for the House to take the lead and work on issues early on in session. Remember, the House is comprised of 120 members and limits each member to no more than six bills (on a good year, three of the six will actually work through the system). The Senate is comprised of only 40 members and each Senator files anywhere from 35 to 75 bills. Larger numbers of members filing fewer bills allows House members to dive deeper into issues and work with various interest groups to resolve issues. Once the House appears to reach its position on the bills, the Senate will then start hearing companion bills and either match the House language or define its own position." I'm so very glad we have Rusty in Tallahassee working everyday for the betterment of the housing industry.

The following are some of the FHBA Legislative Priorities:

Building Code Bill:

- Eliminate advanced code training requirements mandated by Florida Building Commission;
- Grant statutory authority to UL to be an evaluation entity for product approvals;
- Clarify Dept. of Health's role relating to maintenance of commercial pools;
- Add Division II Contractors to Construction Recovery Fund;

more *Walk the Halls* page 6

President's Message



SHELBY JOHNSON

"I'm so very glad we have Rusty in Tallahassee working everyday for the betterment of the housing industry."



Photo by Emerald Coast Real Estate Photography

Kick Off Event:

Thursday, May 7th at 5:30 p.m.
Sanders Beach Community Center

Parade of Homes begins:

May 9 - 17, 2015

Central Site: Huntington Creek located on Mobil Hwy, just East of Beulah Road
www.HuntingtonCreek.com



American Dream Home Builder:
Classic Homes of Pensacola

HBA Members Walk the Halls in Tallahassee to Promote Housing Legislative Priorities *from page 5*

Lien Law: Legislation to repeal lien law for residential application

- Amendments were filed during 2014 session
- Oppose as proposed at this time (outright repeal of residential lien law)
- Alternatives are just as costly

Fire Code Bill:

- Revise Chapter 633, F.S. to make time constraints for fire code plan reviewers consistent with timelines for building official plan reviewers;
- Increase education and training for fire code plan reviewers;
- Address inconsistencies between fire and building codes regarding dead-end corridors and change of occupancy definition;
- Allow fire marshals to issue binding interpretations;
- Grant authority to combine fire and building code appeal boards where feasible;
- Exploration of moving Florida to the International Fire Code

Springs Protection

- House and Senate agree that 2015 will be the year of springs protection legislation
- Potential prohibition on new septic tanks in springsheds
- How large is a springshed? 70 percent of Leon County is in Wakulla Springs springshed

Growth Management/Exactions

- Changes to how School Impact Fee capacity is calculated. Has significant impact on total amount assessed
- Expansion of the definition of mitigation banking and who can provide service. Helps with costs where completion is limited
- Implement "Koontz" US Supreme Court decision on takings into Florida law limits local government and their regulation

Homeowners Associations

- Potential changes to lower the number of units that require turn over to homeowners. FHBA opposes this change.

Elimination of Sunset provision on Bulk Buyer Condo Statute

- No successor liability issues for purchase of units in bulk
- Significant barrier to transactions

Floodplain Management Percentages

- Rebuild issues with hitting 50% code trigger. Helps greatly to rebuild homes, especially after a disaster.

Final Year funding: Septic Tank Study

- Development of an effective yet less costly alternative to more regulation. Potentially \$1,000 in savings.

Continuing Funding of FBA at \$250,000

- Funding for Future Builders of America

Continuing Funding of FHBA Training/Grant

- Offer free training to contractors for CE

Continuing Funding of Sadowski Funding

- Funds many activities at the local level
- Continuing Funding of Unlicensed Activity Funds at DBPR
- Support more resources for more government enforcement action
- What's unlicensed activity cost you?

Statute of Repose

- Move from 10 to 7 years to limit your liability

Construction Defects Bill Requires Notice of Claim to contain:

- Specific location of each alleged defect to allow responding party to locate all alleged defects without undue burden
- ID specific provisions of the building code, project plans, project drawings, project specifications, or other documentation that serve as basis of claim

Estoppel Fees

- For those transactions that require an estoppel letter, individuals have used this essential administrative function to charge a significant fee
- Place a cap on this fee



Members of the HBA of West Florida and BIA of Okaloosa Walton Counties visit with Representative Clay Ingram.



Representative Mike Hill takes a moment with members of the HBA of West Florida and BIA of Okaloosa-Walton Counties.

Tips for Texting Effectively with Clients

Right or wrong, in our digital-driven world, communication has changed. Nowadays, it seems that more people use their phone to text than to make calls. And it

makes sense, it's a medium that allows us to read, ponder and reply on our own time—unlike a phone call where the person on the other end of the line is waiting for an immediate response.

Text messages are also read more quickly than emails—90 seconds versus two hours. So, if you want to grab someone's attention right away, texting seems to be the way to go. So how does texting fit into the new home sales process? The answer is: carefully.

Texting is easy to do, but in the sales world, professionals must understand how to use this medium properly. You can't text too soon, too often, or with TMI (too much information) — or you'll risk hurting the relationship before it's fully developed.

A sales optimization study conducted by Leads360[®] reported that the conversion rate improves by more than 100% when texting is used correctly. Prospects that received text messages from their sales professional converted 40% more often than those who received none. The study also showed that being too quick

to text a prospect dramatically decreases the likelihood of making contact with that lead.

“Is it okay if I text you?” is my go-to question,” said Kristie Ferguson, Broker, Realtor at Prudential Carolinas Real Estate. “I even have on my voicemail, ‘you may also choose to text me at

the same number.’ People often prefer to do that rather than leave me a message.”

Consider texting a privilege, not a right. Ask permission. When you're chatting with your prospect, ask if you can text



Reply in a timely manner and keep your messages brief. Texts are usually read within 90 seconds of receiving them. The sender expects a quick reply, so be sure to comply. Texting does not replace detailed conversations. Save it for quick questions or confirmations.

your contact information. Many will say yes, but how they say yes will reveal their comfort level. Even then, keep your texts professional, brief and to the point. It's a nudge, not a conversation.

“I usually find a way to ask if I can text a prospect that calls me,” said Andy Gottesman, an Internet sales associate at M/I Homes. “Asking, ‘Can I text you the address of the model home?’ opens the door and then I try to find other reasons to engage. It's much more casual than email and it builds trust at a much quicker rate.”

You can use text to confirm an appointment, acknowledge receipt of or ask for information, report progress on an application, offer updates, and other such brief, but effective messages. If the customer has sent you a message (by text, phone or email) and you are unavailable at the moment, send a brief text acknowledging receipt and let them know you will get back with a reply as soon as you are back at the office.

Of course, once the customer is on contract, you've established a relationship and can gauge how to use your text messaging communication. The California Association of Realtors reported that 29% of customers want to communicate via texting, but only 17% of the agents they worked with actually used this method.

If you know your clients are comfortable with texting, make sure to send them photos of the construction process, videos, updates, and follow up to make sure they've received important documents.

“I am able to send my clients quick snapshots of their home during their build process to update them on the process, or just tell them I love their color choices,” said Melissa Enrico, Realtor and sales coach at CBH Homes in Boise, Idaho. “I believe it's another way to stay in front of them, keep them excited, and it helps me stay on demand.”

Adapted from an article that appeared in the January/February 2015 issue of NAHB Ideas Sales + Marketing Ideas magazine

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Concrete in Practice: What, Why and How?

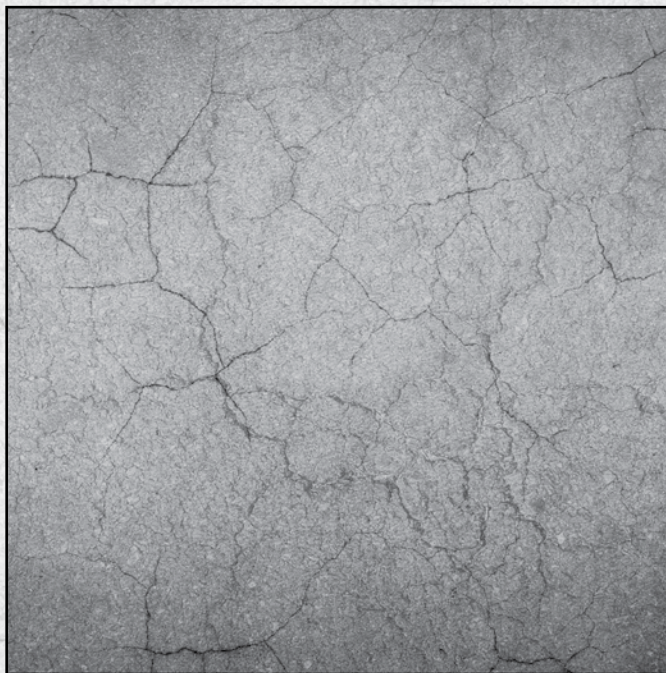
WHAT is Plastic Shrinkage Cracking?

Plastic shrinkage cracks appear in the surface of fresh concrete soon after it is placed and while it is still plastic. These cracks appear mostly on horizontal surfaces. They are usually parallel to each other on the order of 1 to 3 feet apart, relatively shallow, and generally do not intersect the perimeter of the slab. Plastic shrinkage cracking is more likely to occur when high evaporation rates cause the concrete surface to dry out before it has set. Plastic shrinkage cracks are unsightly but rarely impair the strength of concrete floors and pavements. These cracks, however, can permit the ingress of other aggressive chemicals that impact durability and as weak points for the initiation of later age cracking due to other reasons. The development of these cracks can be minimized if appropriate measures are taken prior to and during placing and finishing concrete. Note: Plastic shrinkage cracks should be distinguished from other early or pre-hardening cracks caused by settlement of the concrete around reinforcing bars, formwork movement, early age thermal

cracking, or differential settlement at a change from a thin to a deep section of concrete.

WHY Do Plastic Shrinkage Cracks Occur?

Plastic shrinkage cracks are caused by



a rapid loss of water from the surface of concrete before it has set. The critical condition exists when the rate of evaporation of surface moisture exceeds the rate at which rising bleed water can replace it. Water receding below the concrete surface forms menisci between the fine particles of cement and aggregate causing a tensile force to develop in the surface layers. If the concrete surface has started to set and has developed sufficient tensile strength to resist the tensile forces, cracks do not form. If the surface dries very rapidly, the concrete may still be plastic, and cracks do not develop at that time; but plastic shrinkage cracks will surely form as soon as the concrete starts to stiffen. Synthetic fiber reinforcement incorporated in the concrete mixture can help resist the tension when concrete is very weak.

Conditions that cause high evaporation rates from the concrete surface, and thereby increase the possibility of plastic shrinkage cracking, include:

- Wind velocity in excess of 5 mph
- Low relative humidity
- High ambient and/or concrete temperatures

Small changes in any one of these factors can change the rate of evaporation of water from the concrete surface. ACI 305R provides a chart to estimate the rate of evaporation and indicates when special precautions might be required. However, the chart isn't infallible

because many factors other than rate of evaporation are involved.

Concrete mixtures with an inherent reduced rate of bleeding or quantity of bleed water are susceptible to plastic shrinkage cracking even when evaporation rates are low. Factors that reduce the rate or quantity of bleeding include high cementitious materials content, high fines content, reduced water content, entrained air, high concrete temperature, and thinner sections. Concrete containing silica fume requires particular attention to avoid surface drying during placement due to its very low rate of bleeding. Any factor which delays setting increases the possibility of plastic shrinkage cracking.

Delayed setting can result from a combination of one or more of the following: cool weather, cool subgrades, high water contents, lower cement contents, retarders, some water reducers, and supplementary cementitious materials.

FOLLOW THESE RULES TO MINIMIZE PLASTIC SHRINKAGE CRACKING

1. Dampen the subgrade and forms when conditions for high evaporation rates exist.
2. Prevent excessive surface moisture evaporation by providing fog sprays and erecting windbreaks.
3. Cover concrete with wet burlap or polyethylene sheets between finishing operations.
4. Use cooler concrete in hot weather and avoid high concrete temperatures in cold weather.
5. Cure properly as soon as finishing has been completed.

HOW to Minimize Plastic Shrinkage Cracking

Attempts to eliminate plastic shrinkage cracking by modifying the concrete mixture composition to affect bleeding characteristics have not been found to be consistently effective. To reduce the potential for plastic shrinkage cracking, it is important to recognize ahead of time, before placement, when weather conditions conducive to plastic shrinkage cracking will exist. Precautions can then be taken to minimize its occurrence.

- a. When adverse conditions exist, erect temporary windbreaks to reduce

the wind velocity over the surface of the concrete and, if possible, provide sunshades to control the surface temperature of the slab. If conditions are critical, schedule placement to begin in the later afternoon or early evening. However, in very hot conditions, early morning placement can afford better control on concrete temperatures.

b. In the very hot and dry periods, use fog sprays to discharge a fine mist upwind and into the air above the concrete. Fog sprays reduce the rate of evaporation from the concrete surface and should be continued until suitable curing materials can be applied.

c. If concrete is to be placed on a dry absorptive subgrade in hot and dry weather, dampen the subgrade but not to a point that there is freestanding water prior to placement. The formwork and reinforcement should also be dampened.

d. The use of vapor retarders under a slab on grade can increase the risk of plastic shrinkage cracking. However, it may be necessary for interior slabs that will have a floor covering at any point during its service life. See CIP 29.

e. Have proper manpower, equipment, and supplies on hand so that the concrete can be placed and finished promptly. If delays occur, cover the con-

crete with moisture-retaining coverings, such as wet burlap, polyethylene sheeting or building paper, between finishing operations. Some contractors find that plastic shrinkage cracks can be prevented in hot dry climates by spraying an evaporation retardant on the surface behind the screeding operation and following floating or troweling, as needed, until curing is started.

f. Start curing the concrete as soon as possible. Spray the surface with liquid membrane curing compound or cover the surface with wet burlap and keep it continuously moist for a minimum of 3 days.

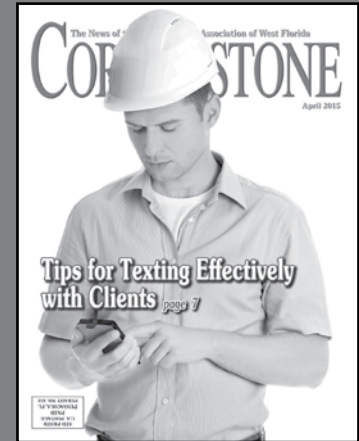
g. Consider using synthetic fibers (ASTM C1116) to minimize plastic shrinkage cracking.

h. Accelerate the setting time of concrete and avoid large temperature differences between concrete and ambient air temperatures. If plastic shrinkage cracks should appear during final finishing, the finisher may be able to close them by refinishing. However, when this occurs precautions, as discussed above, should be taken to avoid further cracking.

Article courtesy of the National Ready Mix Concrete Association. If you have questions, contact your local ready mix provider.

NEXT CORNERSTONE ISSUE

May 2015



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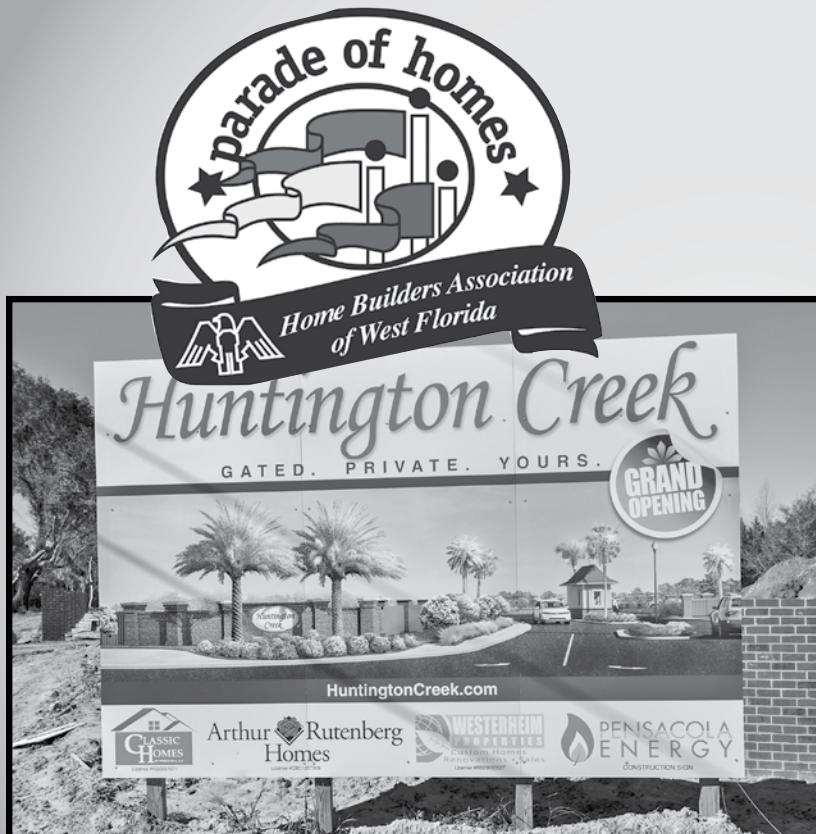


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NAHB Keeps the Wheels Turning

A strong housing industry is key to our nation's economic recovery. And when lawmakers and bureaucrats try to chip away at your profits with wrong-headed or just plain expensive rules, NAHB is here to make sure that you aren't regulated out of business.

Here's what we've been working on so far this year.

These dollar values represent the **savings per housing start** a typical builder will see as a result of select NAHB advocacy victories in 2014. Some members will experience more of these benefits than others, depending on location and market segment.

Learn more at valueofnabh.org

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EPA drops post-construction stormwater rule.

\$813

U.S. Supreme Court Clean Air Act ruling benefits multifamily builders.

\$1,477

Keeping costly provisions out of building codes saves construction costs.

\$1,132

Homeowner Flood Insurance Affordability Act saves business for builders and remodelers.

Special thanks to Ferguson Enterprises for another great Membership Meeting. The event was a success with great food and door prizes.



left to right: Cate Fugate, Jessica Leonard, Patrick Prine, Shannon Prine, Janna Boyd, Cheryl Johnson



Home Builders Association of West Florida Participates in the World of Possibilities

The Home Builders Association of West Florida participated in the Worlds of Possibilities Career Expo event at Pensacola State College. World of Possibilities is a partnership of students, teachers and industry working together to ensure America has a skilled workforce. This event helps teachers and high school and college students who are preparing for careers in trade, technical and skilled service occupations, including health occupations.



Students compete in the popular nail driving contest.

Photo courtesy of Pensacola News Journal / pnj.com



HBA President Shelby Johnson teaches a young lady how to operate a backhoe at the World of Possibilities Career Expo event at Pensacola State College. The backhoe was a big hit during the event.

Photo courtesy: Pensacola News Journal / pnj.com



HBA Board member Taylor Longworth of East Hill Building & Design, who spearheaded this event for the HBA with longtime HBA member John Hattaway of Hattaway Home Design. Thank you for your help with this much needed event.

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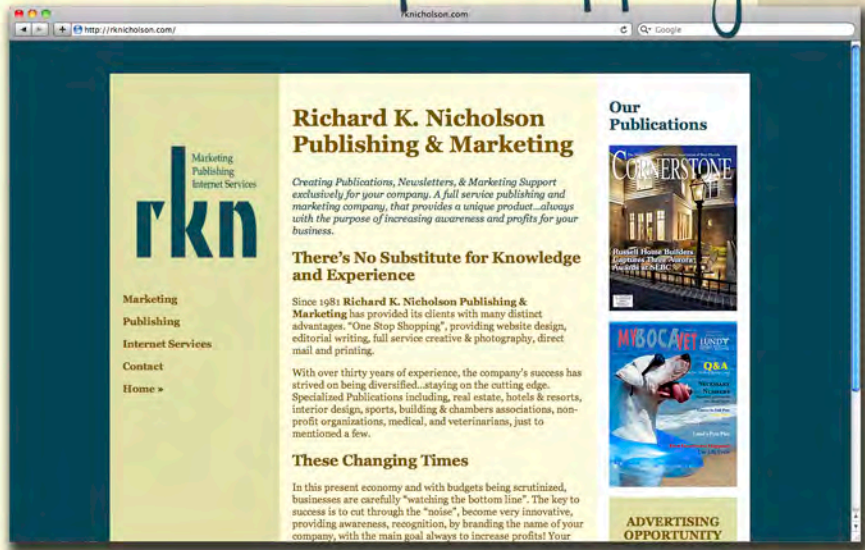


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GBC Pensacola
Green Building Council



The Green Building Council welcomed John H. Thomas, District Sales Manager of BASF Wall Systems, to its February meeting. Council members learned decisions that architects must make when designing air/water-resistive barriers for buildings that use EIFS and other claddings. John offered guidance on writing a performance-based air/water resistive barrier specification, and ways to design EIFS that provide optimized longevity and impact resistance. He also provided a brief comparison of the eco-efficiency of EIFS, stucco and brick walls is also included. Thank you, John for a great program.

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March 16, 2015

Gina McCarthy, Administrator
United States Environmental Protection Agency
OPPT Document Control Office
EPA East Bldg., Room 6428
1201 Constitution Avenue N.W.
Washington, D.C. 20460

(Submitted electronically via website www.regulations.gov)

**RE: Comments on EPA's National Ambient Air Quality Standards for Ozone;
Proposed Rule; Docket No. (EPA-HQ-OAR-2008-0699)**

Dear Administrator McCarthy,

The Home Builders Association of West Florida appreciates the opportunity to offer these comments on the U.S. Environmental Protection Agency (EPA) proposal¹ to revise the National Ambient Air Quality Standards (NAAQS) for ground-level ozone under the Clean Air Act (CAA). As a trade association representing home builders Northwest Florida, (Escambia and Santa Rosa counties) the HBA is extremely concerned that any change to the current Ozone NAAQS will negatively impact home builders and developers as they go about their daily job to provide affordable housing for a growing population. The ozone data from Northwest Florida has shown a steady decrease and is down 25% since 1998 (see below).

While we understand EPA is currently engaged in the standard setting process² it is unrealistic to operate as if this proposed regulatory action is wholly disconnected from the implementation issues that will undoubtedly follow. Should the Agency determine that a revised ozone NAAQS standard is necessary a series of federally mandated regulatory requirements under the CAA are triggered requiring action by both the EPA and the states that are a direct result of the EPA Administrator's decision to revise the existing ground-level ozone NAAQS.

EPA is proposing to revise the standard, currently set at 75 parts per billion (ppb), and issue a new primary and secondary Ozone NAAQS of 65-70 ppb. From a national perspective, under the proposed rule an estimated 358 counties would violate an ozone NAAQS set at 70 ppb and an additional 200 counties would violate an ozone NAAQS set at 65 ppb with a total number of newly impacted counties at 558 nationally³. Locally, Escambia and Santa Rosa counties would be in violation under the proposed new standard.

If EPA designates a county as non-attainment, the state has three years to prepare a State Implementation Plan (SIPs). The SIP must contain a combination of prescribed federal and state air pollution control regulations necessary to reduce ambient air pollution levels to achieve the revised ozone NAAQS. Under the CAA states typically have between 6 to 8 years to achieve federal air quality standards. The timeline below reflects EPA's timeframe for affected states to implement regulatory plans and requirements sufficient to achieve the revised ozone NAAQS⁴.



The challenge for states, and all non-attainment areas within an effected state, will be how to do it. Development of the SIP begins with inclusions of all federally mandated regulatory programs identified under Title I of the Clean Air Act. These federally mandated components of a SIP include regulatory programs such as New Source Review (NSR) that require all major manufacturing facilities to be located in a nonattainment area to offset their presumed air emissions prior to construction. Restrictive and expensive regulatory programs such as NSR are powerful disincentives for future economic development in non-attainment areas⁵. When it becomes harder to site new facilities in these areas, it also becomes harder to attract new jobs and directly impacts the economic vitality of local communities. In turn, an inability to attract facilities undermines the support needed to maintain and upgrade local infrastructure that is the backbone of local development and construction.

Furthermore, the CAA provisions targeting the reduction of emissions from mobile sources raise a broader array of concerns for the construction industry⁶. Direct restriction on the usage of fuel or equipment types or the requirement to make costly modifications to equipment are all part of the federal and state toolkit in mitigating the emissions that lead to increased levels of ground level ozone. New likely designated non-attainment areas will need to increasingly look toward non-traditional sectors like home building to help achieve a revised standards as they have a more limited number of emission sources to target.

While land development and residential construction activities are not typically directly regulated under the Act, there have been some fairly draconian measures proposed in the past with big impacts on home building. Revisions to the NAAQS will result in an increase in the number of builders and developers facing the prospect of having to comply with an assortment of new and/or expanded regulations that limit or effectively dictate, both where and how construction can occur⁷.

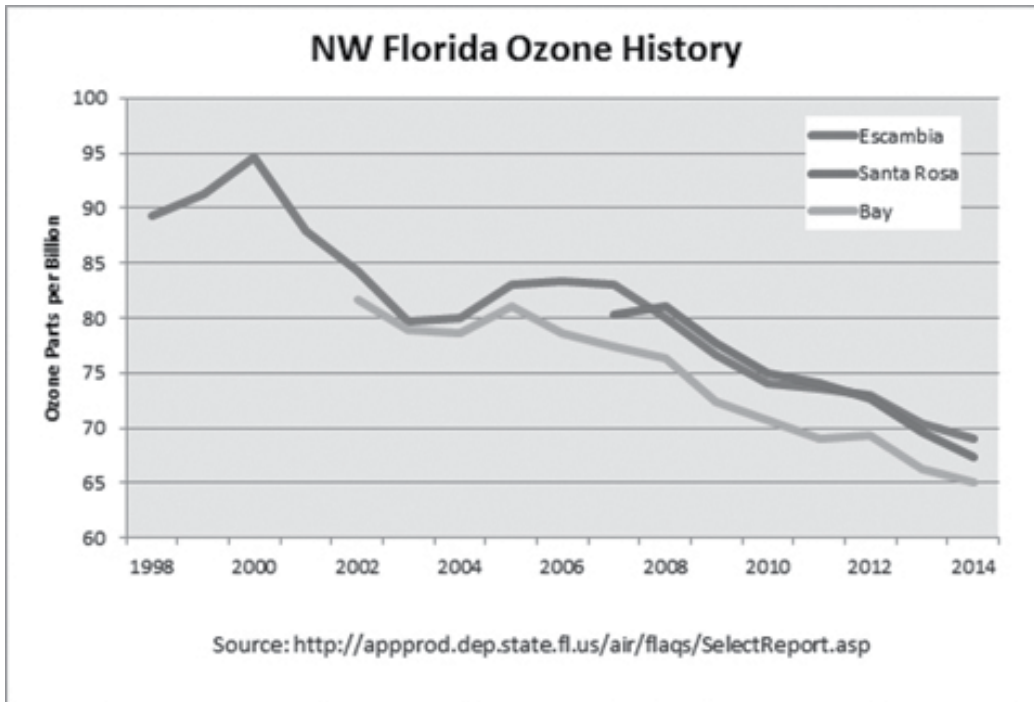
It is essential to note that these restrictions do not disappear when an area finally comes into attainment. Instead, former nonattainment areas face a legacy of EPA regulatory oversight. Before a nonattainment area can be redesignated to attainment, EPA must receive and approve an enforceable maintenance plan for the area that specifies measures providing continued maintenance of ozone standards and contingency measures to be implemented promptly if an ozone standard is violated⁸.

Among the federal pollution control requirements that non-attainment areas must adopt is the need to align transportation planning with the emissions reduction requirements developed under a SIP⁹. Restrictions and limitations on how federal transportation funding can be spent typically results in limited future investments in new or expanded highway infrastructure which is the precise type of infrastructure needed by suburban or fast growing rural areas to support ongoing development. Instead federal air



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pollution transportation policies are designed with a clear bias supporting transportation control strategies or measures that are reliant on existing infrastructure including mass transit systems that typically service a limited number of urbanized areas¹⁰. Efforts to comply with other transportation requirements, specifically transportation conformity¹¹, can also result in the adoption of impact fees used to offset the future emissions assumed to be generated by the occupants of new residential development¹².



Residential construction is one of the most heavily regulated industries in America. The time and costs of compliance not only impact a businesses' ability to thrive and grow, they can also negatively affect housing affordability and stifle economic development. For example, residential construction is one of the few industries where a government issued permit is typically required for each unit of production. Unfortunately however, the rules do not stop there, as a constricting web of regulatory requirements affects virtually every aspect of the land development and home building process, adding substantially to the cost of construction for a new home and preventing many families from becoming home owners. Imposed at the federal, state, and

local levels, the breadth of these regulations is largely invisible to the home buyer, the public, and even the regulators themselves, yet nevertheless has a profound impact on housing affordability and homeownership. New regulations to implement a revised ozone NAAQS will challenge the ongoing housing recovery, both in the Northwest Florida and nationally.

Again, the ozone data from Northwest Florida has shown a steady decrease and is down 25% since 1998. The area's power plants have added significant pollution control equipment to reduce NO_x emissions on all coal-fired units in Escambia and Bay counties.

As you can see, Northwest Florida has made vast improvements and the HBA strongly encourages the EPA to make no rule changes. Given these concerns, HBA opposes any revision to the ozone NAAQS and urges EPA to maintain the current standard.

Sincerely,

David Peaden
Executive Director

¹79 Fed. Reg. 75234 (December 17, 2014)

²42 U.S.C. §7409

³Based on 2011-2013 air quality data. This does not include counties without air quality monitors that may be considered for inclusion in area designations recommended by states or subsequently finalized by EPA.

⁴U.S. Environmental Protection Agency, The National Ambient Air Quality Standards: EPA'S PROPOSAL TO UPDATE THE AIR QUALITY STANDARDS FOR GROUND-LEVEL OZONE: DESIGNATIONS, MONITORING AND PERMITTING REQUIREMENTS available at <http://www.epa.gov/airquality/ozonepollution/pdfs/20141125fs-requirements.pdf>

⁵42 U.S.C. §7502(c)(5)

⁶42 U.S.C. §7547

⁷For example, Texas wanted to ban the daytime use of all diesel construction equipment of 50 horsepower or greater during the ozone season (defined as April to October). Such a ban would have had an economic impact as high as \$50-\$70 million annually in Dallas/Fort Worth metropolitan area and another \$100 to \$135 million annually in Houston/Galveston metropolitan areas. NAHB members and HBA staff in Texas convinced the state to withdraw this controversial rule.

⁸42 U.S.C. §7505a

⁹42 U.S.C. §7506(c)

¹⁰42 U.S.C. § 7511a(d)(1)(A)

¹¹42 U.S.C. §7506(c)(2)

¹²In California, the San Joaquin Valley local air quality district established an impact fee on developers and builders of up to \$1,772 per home for developments with 50 or more housing units. It based that figure on the projected air pollution generated from diesel construction equipment and the presumed transportation-related air pollution generated by future home owners while commuting between employment centers and these housing developments.

Are First-Time Buyers Back?

BY ROBERT D. DIETZ



The types of homes now being built suggest that housing growth continues, and there are signs of optimism for one of the market's key weaknesses in recent years: the lack of first-time buyers.

This is the premise put forth by NAHB economist Robert Dietz in a recent U.S. News & World Report article. Noting that builders have constructed new single-family homes for the demand that exists, Dietz said this has been aimed disproportionately at higher-end buyers, who are more likely to have savings for a downpayment and the income necessary to support a mortgage.

This change in the market mix for new homes is clearly seen in Census data reporting the typical/median new home size.

Coming out of the recession, the typical size of a newly built single-family home rose about 16% to 2,438 square feet (on a one-year moving average median basis) as of the fourth quarter of 2014. This increase occurred because of a shift away from entry-level housing.

However, that rise in size appears to have ended in 2014. In fact, at 2,414 square feet, the typical new home last year was smaller than the 2013 estimate (2,460 square feet).

It's worth repeating – these changes in new home size are reflections of market mix, rather than significant changes in home buyer preferenc-

es. Consequently, the 2014 data suggest a new dynamic may be on the horizon, with increasing numbers of entry-level buyers entering the market.

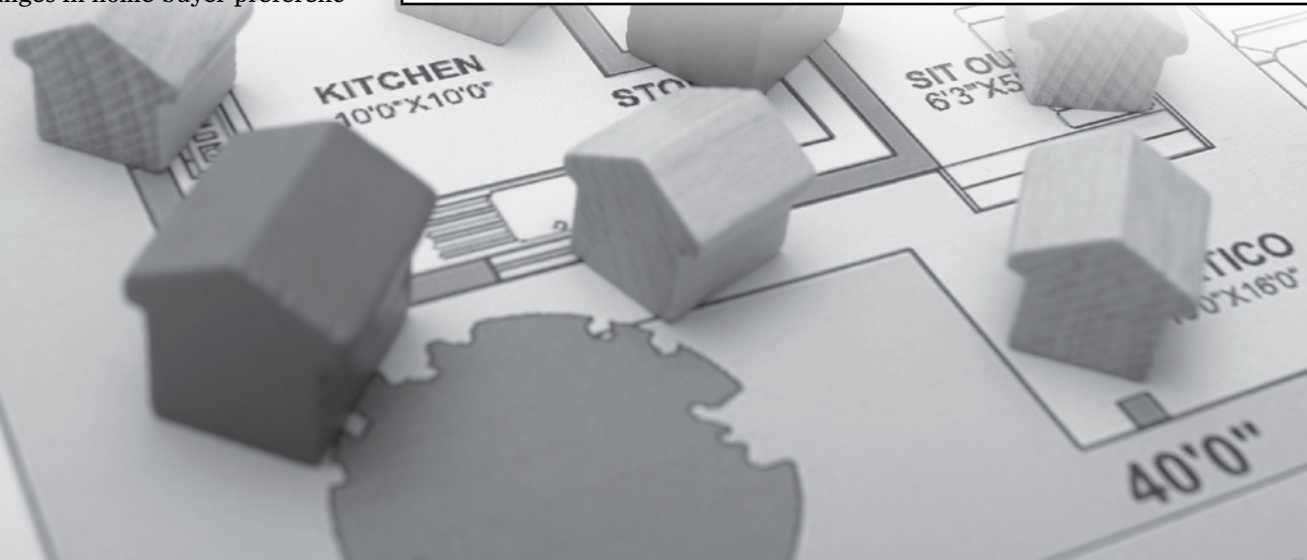
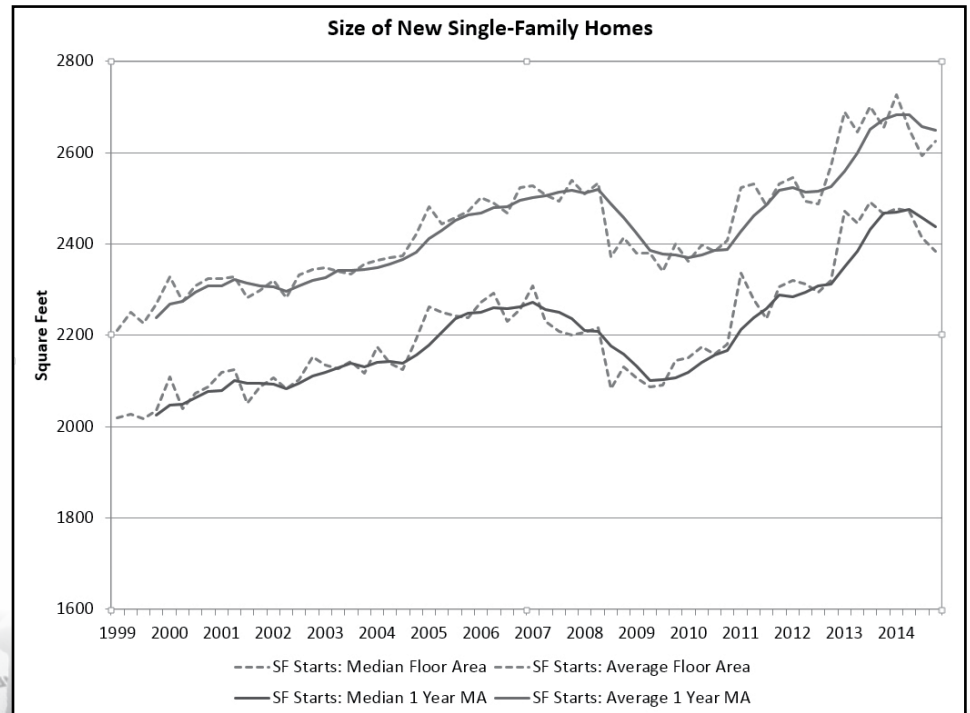
As these prospective buyers appear in greater numbers, expect the median size of newly built homes to fall as the market mix shifts back to a more normal composition of buyers.

Ultimately, for the entry-level housing market to expand, the economy needs to continue producing new jobs. The labor market has been performing relatively well recently, with the last quarter of jobs data averaging 288,000

new positions a month and a headline unemployment rate of 5.5% in February.

Income gains for younger households would also be a positive factor for the for-sale housing market in the year ahead. Mortgage rates remain low, but to benefit from low rates, you first have to qualify.

Robert D. Dietz is an economist with the National Association of Home Builders. Previously an economist with the Congressional Joint Committee on Taxation, Robert writes on housing and policy issues at NAHB's Eye on Housing blog and @dietz_econ on Twitter.



Making the Case for Housing Tax Incentives

While National Association of Home Builders (NAHB) members across the nation were busy Bringing Housing Home™ during in-district meetings with their lawmakers, NAHB tax staff was on Capitol Hill fighting to protect homeownership tax incentives, including the mortgage interest deduction, in any future tax reform effort.

The Senate Finance Committee is currently examining tax reform efforts and conducted a roundtable on homeownership tax rules that also included tax staff from industry groups and economists from Washington think tanks and local universities.

During the roundtable, NAHB staff and our industry allies from the Mortgage Bankers Association and National Association of Realtors® provided research and data explaining the history, role and beneficiaries of the mortgage interest and property tax deductions. The mortgage interest deduction is widely claimed by the middle class, providing

nearly \$70 billion in tax benefits a year to our nation's home owners. Moreover, the benefits tend to be collected by younger households, who being in the early years of a mortgage, are paying more interest and thus claiming larger deductions.

The roundtable also discussed the capital gain exclusion, an important rule particularly for older home owners looking to relocate, as well the deduction for mortgage insurance (include PMI) and the exclusion for forgiven mortgage debt.

A Trillion-Dollar Hit

While economists from the think tanks made the argument that the housing tax incentives should be transformed, weakened, or perhaps eliminated, NAHB explained to the Senate staffers the significant economic harm that would come from increasing the cost of homeownership. Citing studies from NAHB, academics, and tax think tanks, existing research indicates, for example, that repeal of the mortgage interest deduction would reduce GDP by \$100 billion a year, eliminate at least \$1 trillion in household net worth, and delay homeownership for younger households. The Senate Finance Committee will

also be holding other tax reform working groups and the collective findings could be used by members to craft a comprehensive tax reform bill later this year.

Many tax analysts believe that the 2015 political environment will not allow for consideration of comprehensive tax reform that includes changes to the individual side of the tax code. However, there is a window in 2015 for debate of business-only tax reform.

NAHB has argued that business tax reform must include rate reductions for pass-through entities (S Corporations, LLCs), as well as C corporations. And business tax reform should protect key tax rules that encourage investment and economic growth, such as the Low-Income Housing Tax Credit, business loan interest deductibility, like-kind exchange, and tax accounting rules for home construction contracts.

As the association has been doing during earlier rounds of tax reform discussions, NAHB will continue to be highly engaged, presenting our research concerning housing and tax policy and the economic benefits of housing, homeownership and residential construction. Courtesy of NAHBNow.com

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OSHA Issues Enforcement Procedures for New Reporting Requirements

On Jan. 1, the Occupational Safety and Health Administration's (OSHA) new reporting requirements took effect requiring employers to notify the agency any time there is a workplace fatality, hospitalization, amputation, or eye loss.

The new reporting rules have greatly increased the number of reports the agency receives.

To handle the influx, the agency recently developed and issued "Interim Enforcement Procedures for New Reporting Requirements." The procedures have not yet been made public; however, they have been reported by the Bureau of National Affairs (see Daily Labor Report, Feb. 18).

Here's how the new procedures will work:

- Once it first receives an accident report, OSHA will send the employer a new questionnaire. Among other things, the questionnaire will ask employers to determine the cause of the accident and state whether similar accidents have occurred before.
- The agency plans to place each report into one of three categories to determine whether it warrants an onsite inspection or a new Rapid Response Investigation (RRI).

- **Category 1:** Includes fatalities, hospitalizations of two or more employees, repeat offenders, hazards covered by an emphasis program, imminent dangers, or injuries to minors. These will automatically trigger an onsite inspection.
- **Category 2:** Includes reports involving two or more of the following. These reports may trigger an onsite inspection at the discretion of the area director.
 - Continued exposure to the hazard
 - Safety program failure such as lockout or tag out
 - Exposure to serious hazards such as falls
 - Temporary workers
 - Referral from another government agency
 - Employers with a prior inspection history
 - Employers with a pending whistleblower complaint
 - Employers in a cooperative program such as VPP
 - Health issues such as chemical exposure or heat stress
- **Category 3:** Includes reports that do not meet the criteria for Category 2. These reports may trigger the RRI, which is much more involved than the traditional phone and fax inquiry that OSHA now uses. Under an RRI, OSHA will send a letter requesting that the employer conduct its own investigation of the incident and report its findings with supporting documentation. The letter provides a blank investigation report form for employers to use. Some of the questions on the form are worded in such a way that could potentially raise liability issues for employers. As such, employers are highly encouraged to provide relevant information in lieu of completing OSHA's form.

- Finally, the procedures also call for a new database designed to capture all of the information received from employers. OSHA has not said how this data will be used or whether it will be made available to the public.

Employers facing a reportable incident should keep these considerations in mind:

- Are you actually required to report the incident under the new rule? If you aren't sure, seek advice from a safety and health professional or legal counsel. As time goes on, OSHA will issue interpretation letters explaining what's reportable and what's not.
- Once you've sent in a report, assume your facility will be subject to an onsite OSHA inspection. OSHA's new procedures for deciding which reports warrant an onsite inspection are not absolute. A report that starts as an RRI can quickly change to an onsite inspection. In all cases, get prepared for OSHA's inspection by addressing any onsite safety and health issues and having your management representative ready to go once OSHA arrives.
- Take care when responding to OSHA's requests for information. As with any audit or investigation, your responses can be used by OSHA (or others who might obtain OSHA's information) to hold your company liable or to expand OSHA's investigation. In a fatality, catastrophic accident or other significant cases, get the advice of legal counsel before responding with anything more than what you are required by law to initially report.
- Although the initial report is required by law, OSHA's new procedures are only internal enforcement guidelines and are not legally binding on employers.

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