

Where Are They Now?

Joe Napier

Set a High Standard Through Honesty and Integrity

PAGE 06

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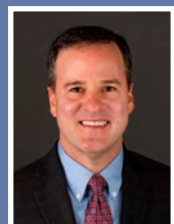
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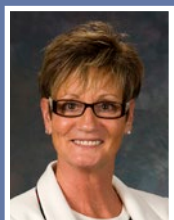
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Cover Story

Where Are They Now?

Joe Napier Set A High Standard Through Honesty and Integrity 06

CORNERSTONE COLUMNS

President's Message: U.S. Must Resume Negotiations With Canada on Lumber Trade Deal 05

FEATURE STORIES

Treasury, IRS Extend Federal Tax Filing Deadline Until May 17th 09

HBA NEWS

HBA Executive Director David Peaden Lands Appointment to Escambia Children's Trust and Pensacola-Escambia Development Commission 10
Women's Council of Realtors; Pensacola Bay Area Awards Ceremony 11
Top Ten Reasons Do Business With an Active HBA Associate Member 14
What Builders Should Know About Appraisals and Lumber Prices 15
A Houseful of Savings 16
Spring Golf Classic Registration Form 17
Spring Golf Classic Sponsorship Form 18
For Future Events 21
Like Us on Facebook 21
Get Involved in Committees and Councils 21
HBA Membership News 21

FHBA NEWS

Member Rebate Program 12
A Houseful of Savings 17

NAHB NEWS

Housing Production Weakens in February 10
Housing Affordability Restraints Are Rising 13
Appliance Shortage 20
What Builders Really Want 20
Could Impact. Housing Affordability 20

DEPARTMENTS INDEX

Next Issue Deadlines 04, 21 & 22
Advertisers Index, Web, & Email Addresses 22

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U.S. Must Resume Negotiations with Canada on Lumber Trade Deal

American home builders need access to reasonably priced lumber to build homes that average working families can afford. However, U.S. domestic production is not sufficient to meet demand.

To help fill the gap in demand, the United States and Canada are long-standing trade partners in softwood lumber. Yet despite U.S. reliance on Canada to fully satisfy our lumber demand, there is currently no trade agreement in place and, while the United States reduced tariffs on Canadian softwood lumber imports to around 9% in December 2020, tariffs still add to the overall cost for home builders.

WHY IT MATTERS

The tariffs on Canadian softwood lumber are acting as a tax on American home builders and home buyers, making housing less affordable for American families and forcing builders to look overseas to other markets, including Sweden, Germany, Brazil and Austria in order to meet demand.

These tariffs on Canadian imports are particularly acute when lumber prices overall are high, which they have been for several months, beginning in 2020. That is why it is imperative that the Biden administration focus its efforts on working with Canada to develop a long-term solution to the trade dispute that will ensure American home builders and consumers have access to a reliable supply of softwood lumber at competitive prices.

Any long-term solution should necessarily include a U.S.-Canada settlement regarding the current anti-dumping duties and countervailing duty cases and the overall legal challenges associated with the current softwood lumber dispute.

SOLUTIONS

America cannot meet the nation's demand for softwood lumber, therefore, NAHB believes the following steps should be taken:

- Negotiate a long-term settlement with Canada to address American home builder concerns regarding price and availability of lumber. NAHB will focus its efforts on meeting with representatives of the Biden administration and Congress, as well as Canadian federal and provincial officials, to achieve this goal.
- Boost domestic production by seeking higher targets for timber sales from publicly-owned lands and opening up additional federal forest lands for logging in an environmentally sustainable manner.
- Reduce U.S. lumber exports. Domestic producers are selling abroad to China and other international clients in order to increase profits. Lumber used in residential construction should remain in the United States while there is a gaping need at home.
- Seek out new markets to reduce our nation's reliance on Canadian lumber imports and make up for our domestic shortfall. Actions should include identifying potential markets and working with countries already exporting softwood lumber to the United States to increase their exports here.

continues on page 07



“The National Association of Home Builders (NAHB) continues to move rapidly and aggressively to engage the Biden administration on lumber and to urge policymakers to take immediate action to address skyrocketing lumber prices and supply shortages that are harming home builders, home buyers, remodelers and the economy.”

Where Are They Now?

Joe Napier Set a High Standard Through Honesty and Integrity

By PAUL THOMPSON

In the early 1970s, as Escambia and Santa Rosa counties began to experience exponential population growth, developers and builders were often cast as villains with reputations for reckless and relentless pursuit of profits. Not single handedly but surely significantly, former HBA of West Florida and Florida HBA President Joe Napier helped change the image of an industry through the strength of his character.

Yes, he developed land and built hundreds of single-family homes and apartments, but he did it with honesty and integrity, and in a way that won community-wide respect for himself, his peers, and his industry.

“We did seem to wear the black hat at times,” said Napier, who lives on a 130-acre farm in a small town near Hattiesburg, Mississippi. “But I committed from the very start of my career that I would do things right and treat people right. I believe the large percentage of people in our industry take that same approach.”

Napier’s passion for his industry kept pushing him to the take his leadership skills to the next level. He served as President of the HBA of West Florida in 1971 and was instrumental in developing the Parade of Homes® into a signature community event. At the same time, he immersed himself in community service as President of the YMCA, and a Board member for the Pensacola Area Chamber of Commerce, Baptist Hospital, and the Waterfront Rescue Mission.



Those roles prepared him for the ultimate challenge: serving as President of the influential FHBA. “As a developer, I saw first-hand how over-regulation was driving up the cost of housing and putting home ownership beyond the reach of many people,” said Napier. “Many of those regulations were coming out of the Florida Legislature and the state agencies in Tallahassee. My goal (in running for FHBA President) was to make sure we kept our voice strong on all the issues that impacted construction and development.”

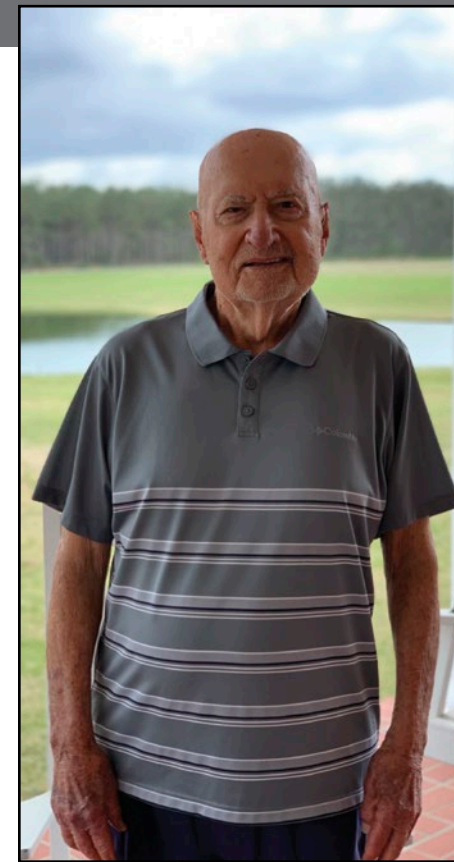
The FHBA presidency is a prestigious position that is coveted and often hotly contested. Never a self-promoter, Napier had to run an aggressive statewide campaign to sell himself and win votes from the 200-member FHBA Board of Directors. In what proved to be a campaign game-changer, Napier decided to make a bold promise. “I pledged that if elected President, I would listen to the voices of all the members by travelling to every local builders association in the state, from Pensacola to Key West, during my year in office,” said Napier. “Probably should have looked at a map first but that pledge let people know how serious I was about doing a good job. I got elected and kept my promise to visit all 28 HBAs. I learned a lot and made lots of friends. It was a great experience.”

During his year as President in 1977, Napier realized that for FHBA to be successful, it needed two things: valuable member services and financial resources. He found the solution to both when he spearheaded the development of two FHBA-sponsored self-insurance funds for health coverage and workers’ compensation. The “members-only” benefit of low-cost insurance propelled FHBA enrollment to record levels and generated a wealth of non-dues revenue. Needless to say, the strength and

stature of FHBA soared under Napier’s leadership and it remains today one of the state’s most respected and powerful lobbying groups.

Napier’s endearing personality and general friendliness helped him connect with people in the political world, where he put his industry’s best interests at the top of every agenda. He was on a first-name basis with city and county leaders, Florida Governor Reubin Askew (a Pensacola native), powerful U.S. Congressman Bob Sikes, and U.S. Senator Lawton Chiles. In fact, at Napier’s invitation, Askew endorsed FHBA’s “The Future Is Florida” marketing campaign that featured legendary Miami Dolphins football coach Don Shula as the celebrity spokesperson.

As much as Napier loved his builders association, it clearly took a back seat to faith and family. He served many years as a deacon of First Baptist Church of Pensacola and he and his wife Olive Rae raised sons David and Philp with an emphasis on Christian service and church involvement. David, who lives in Little Rock, Arkansas, was a Baptist minister for 23 years and now serves as the CEO



of Youth Home, Inc., a non-profit that provides residential and clinical care to 1,500 young people with health and emotional challenges. Philip graduated

with honors from the Rinker School of Building Construction at the University of Florida and today is one of the most respected custom home builders in Pensacola. “Awfully proud of both my boys,” says Napier.

It was Philip who chose to follow in his father’s footsteps in the building industry. “Those were big shoes to fill,” says Philip. “But Dad taught me the things that were most important in life, especially hard work. One summer – I was probably about 14 – Dad didn’t like the way the grass was growing over the curb leading to one of his developments (Villa Venyce in Gulf Breeze). There was more than two miles of curb so I worked in the hot sun every day to clean it up. That got me promoted to “garbage truck helper” where we picked up trash and construction debris every day. Dad always said ‘whatever you do, do it right’ and that lesson has served me well.”

While Napier taught Philip about being a successful home builder – Philip won the Parade of Homes® Best of Show

continues on page 08

U.S. Must Resume Negotiations with Canada on Lumber Trade Deal

from page 05

The National Association of Home Builders (NAHB) continues to move rapidly and aggressively to engage the Biden administration on lumber and to urge policymakers to take immediate action to address skyrocketing lumber prices and supply shortages that are harming home builders, home buyers, remodelers and the economy.

This week, letters were sent to Agriculture Secretary Tom Vilsack and the U.S. Forest Service Chief Victoria Christiansen that addressed NAHB’s urgent concerns on this issue and recommended key strategies to ease lumber price volatility and boost supply.

Last week, NAHB spearheaded an effort that led to 35 organizations signing onto a joint letter to Commerce Secretary Gina Raimondo urging the secretary to “examine the lumber supply chain, identify the causes for high prices and supply constraints, and seek immediate remedies that will increase production.”

The letter to Agriculture Secretary Vilsack urged him to include the lumber supply chain in a report to the White House

regarding President Biden’s executive order to secure supply chains for critical and essential goods.

“Thank you for your efforts to examine America’s agricultural supply chains,” the letter stated. “We respectfully encourage you to include the lumber supply chain in your review and report to President Biden. We stand ready to work with you to ensure American consumers and home builders have a reliable, affordable supply of lumber to meet housing demand.”

The message to U.S. Forest Chief Christiansen noted that “improving the health of our nation’s forests and increasing the supply of domestic timber are not mutually exclusive goals, and we strongly urge you to maintain current harvesting plans for the National Forest system.”

“Better forest management practices will not only promote the health of our nation’s forest system but also improve housing affordability,” the letter stated. “As additional supply of domestically produced timber is brought into the market, upward pressure on lumber prices will soften.”

Where Are They Now?

Joe Napier Set a High Standard Through Honesty and Integrity

from page 07

Award for the first house he ever built on his own – his most valuable lessons were about life itself. “Back then, the building industry experienced radical peaks and valleys,” says Philip. “Dad never flaunted his success in the good times. In the down times, I know Dad struggled to make ends meet. I know he and Mom

“During his year as President in 1977, Napier realized that for FHBA to be successful, it needed two things: valuable member services and financial resources.”

made personal sacrifices in their lifestyle to make my college tuition payments but they never missed one. And Dad always kept his spirit up and that smile on his face. I am grateful for the example he set, the accomplishments he had, and the person he is. I am a better man, husband, and father because of him and his influence on me.”

When Olive Rae passed away in 2000, Napier dearly missed his partner of 50 years, and battled loneliness. But eventually he reconnected with a friend from his FHBA days: Panama City mortgage banker Virginia Cotton. They married, split time living on the farm and in the Florida Panhandle, travelled to places like New York City, Branson, Missouri, and Gatlinburg, Tennessee, and enjoyed a wonderful life together for almost 16 years. Sadly, Cotton passed in 2017.

Now, at age 95, Napier is content to enjoy a peaceful life on the farm that includes frequent visits from his sons, their wives, 12 grandchildren, and 13 great grandchildren. “I’ve had a blessed life,” says Napier.

Yes he has. But he’s been a blessing too. With a pure heart and gentle soul, he touched the lives of family and friends in profound and lasting ways. Professionally, he stands as a giant of our industry and, without question, his legacy of leadership helped form the solid foundation on which the success of the HBA of West Florida rests.

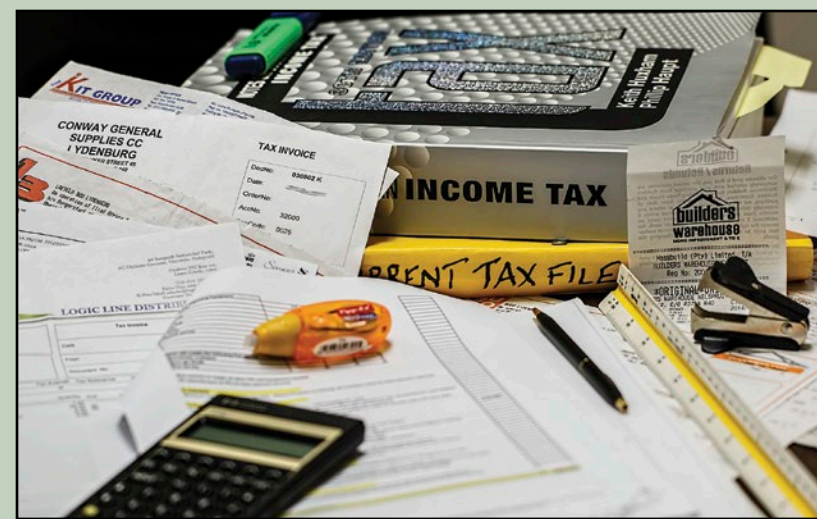
Paul Thompson is the former Executive Director of the HBA of West Florida and the Florida Home Builders Association.

Treasury, IRS Extend Federal Tax Filing Deadline Until May 17

The Treasury Department and Internal Revenue Service announced today that the federal income tax filing due date for individuals for the 2020 tax year will be automatically extended from April 15, 2021, to May 17, 2021. The IRS will be providing formal guidance in the coming days.

Individual taxpayers can postpone federal income tax payments for the 2020 tax year due on April 15, 2021, to May 17, 2021, without penalties and interest, regardless of the amount owed. This postponement applies to individual taxpayers, including individuals who pay self-employment tax. Penalties, interest and additions to tax will begin to accrue on any remaining unpaid balances as of May 17, 2021. Individual taxpayers will automatically avoid interest and penalties on the taxes paid by May 17.

Individual taxpayers do not need to file any forms or call the IRS to qualify for this automatic federal tax filing and payment relief. Individual taxpayers who need additional time to file beyond the May 17 deadline can request a filing extension until Oct. 15 by filing Form 4868 through their tax professional, tax



software or using the Free File link on IRS.gov. Filing Form 4868 gives taxpayers until Oct. 15 to file their 2020 tax return but does not grant an extension of time to pay taxes due. Taxpayers should pay their federal income tax due by May 17, 2021, to avoid interest and penalties.

This relief does not apply to estimated tax payments that are due on April 15, 2021. These payments are still due on April 15. Taxes must be paid as taxpayers earn or receive income during the year, either through withholding or estimated tax payments.

Moreover, the federal tax filing deadline postponement to May 17, 2021, only applies to individual federal income returns and tax (including tax on self-employment income) payments otherwise due April 15, 2021, not state tax payments or deposits or payments of any other type of federal tax.



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HBA Executive Director David Peaden Lands Appointments to Escambia Children's Trust and Pensacola-Escambia Development Commission

Congratulations to our own David Peaden for being appointed by Governor Ron DeSantis to the Escambia Children's Trust Board of Directors.

Last November, voters approved the formation of the Escambia Children's Trust to be funded by an increase in ad valorem taxes of up to a maximum of 0.5 mil that will cost the average Escambia County property owner \$40 per year beginning in 2022. The tax is expected to generate \$8 million or more each year, enabling the trust to provide early childhood education, safety, developmental, preventative,

health, and well-being services, including after school and summer enrichment programs. Governor DeSantis also appointed Stephanie White, Rex Northrup, Lonnie Wesley, and Tori Woods. Other board members include Escambia County School Board member Patty Hightower, Department of Children and Families Northwest Region Managing Director Walter Sachs, Circuit Judge Jennifer Frydrychowicz, Escambia County Commissioner Lumon May and Escambia County School District Superintendent Dr. Tim Smith.

Peaden was appointed to the Pensacola-Escambia Development Commission (PEDC) by the Escambia County Board of County Commissioners. The



PEDC is a nine-member, quasi-governmental board responsible for "the promotion and development of industrial, tourist, and commercial attributes and facilities of area including the promotion of conventions, convention facilities and visitors to area." Its membership is composed of two Pensacola City Council members; two Escambia County Commissioners; the president of the Pensacola Bay Area Chamber of Commerce; and two at-large members appointed (one each) by the city council and county commission. Except for members holding specific offices, board members serve for two-year terms.



HOUSING PRODUCTION WEAKENS IN FEBRUARY

Housing production weakened in February as higher material costs and interest rates continue to affect the housing industry. Overall housing starts decreased 10.3% to a seasonally adjusted annual rate of 1.42 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The February reading of 1.42 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 8.5% to a 1.04 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased 15% to a 381,000 pace.

"Despite strength in buyer traffic and lack of existing inventory, builders are slowing some production of single-family homes as lumber and other material costs, along with interest

rates, continue to rise," said NAHB Chairman Chuck Fowke. "Shortages of lumber and other building materials, including appliances, are putting future construction expansion at risk."

"While single-family starts for the first two months of the year are 6.4% higher than the first two months of 2020, there has been a 36% gain over the last 12 month of single-family homes permitted but not started as some projects have paused due to cost and availability of materials," said NAHB Chief Economist Robert Dietz. "Single-family home building is forecasted to expand in 2021, but at a slower rate as housing affordability is challenged by higher mortgage rates and rising construction costs. The February winter storm Uri also held down home building in Texas and some neighboring states."

On a regional basis compared to the previous month, combined single-family and multifamily starts are 39.5% lower in the Northeast, 34.9% lower in the Midwest, 9.7% lower in the South and 17.6% higher in the West.

Overall permits decreased 10.8% to a 1.68 million unit annualized rate in February. Single-family permits decreased 10% to a 1.14 million unit rate. Multifamily permits decreased 12.5% to a 539,000 pace.

Looking at regional permit data compared to the previous month, permits are 9.8% lower in the Northeast, 1.2% higher in the Midwest, 13.9% lower in the South and 11.3% lower in the West.

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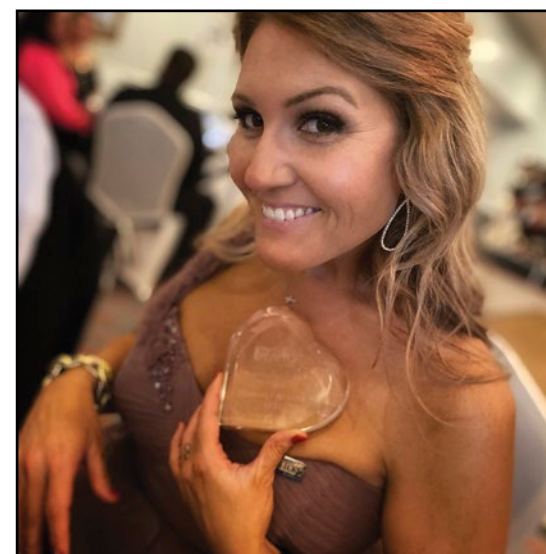
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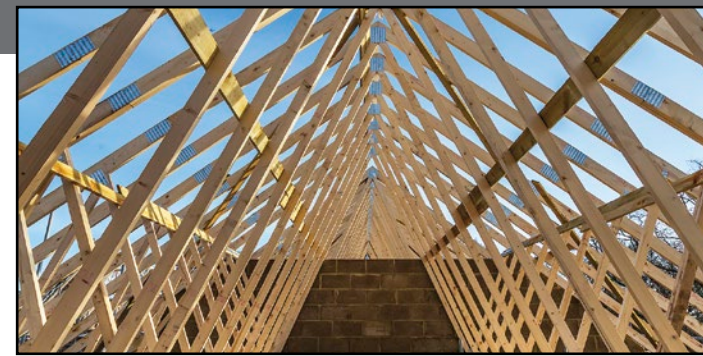
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HOUSING AFFORDABILITY CONSTRAINTS ARE RISING

The housing industry is being squeezed. While the sector was the bright spot of the economy for 2020 and possesses considerable momentum at the start of 2021, a number of external factors are restraining the industry as well as the nation's overall economic recovery.

For example, shortages of steel and semiconductors are slowing production of cars and other high-end manufacturing goods. In the housing sector, a lack of lumber and other key building materials have sent softwood lumber prices soaring to all-time highs. NAHB determined the current run-up on lumber is adding more than \$24,000 to the price of the average newly-built home.

Builders anticipate these limiting factors will continue

through 2021. In fact, a recent NAHB survey revealed 89% of builders view building materials prices as their No. 1 challenge. Nos. 2 and 3 on the list were concerns over availability and delivery times of materials, and availability of labor, respectively.

Combined with other supply-side limits such as regulatory burdens and lot supplies, housing will grow at a slower rate in 2021 compared to last year.

This is consistent with the recent pattern of the NAHB/Wells Fargo Housing Market Index (HMI). While still achieving a strong reading of 84 in February, the HMI is down slightly from its all-time high of 90 in November due to rising building material costs and policy change concerns.

And as a consequence of supply-side limitations, a rising share of permits and sales are connected to construction delays: The count of single-family homes that are permitted but have not started construction is up 28% from a year ago. And because of strong demand, the count of new homes offered for sale that have not started construction is up 45% from a year ago.

These data reveal a market facing severe inventory constraints, particularly as the existing for-sale single-family homes market is down to less than a two-month supply, and the inventory of new homes for sale is down to just a four-month supply. As a result, home prices are rising at an unsustainable pace, pricing out significant numbers of prospective home buyers — NAHB estimates that for every \$1,000 increase in the price of an average new home, approximately 154,000 more households would be unable to afford it.

Moreover, mortgage interest rates are rising, as economic growth expectations increase. On the bright side, demand remains strong and there is a growing number of households entering their key home-buying years.



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What Builders Should Know About Appraisals and Lumber Prices

Lumber prices continue to rise, with pricing as of mid-March reaching new record highs. Other materials, such as gypsum and ready-mix concrete, are also experiencing price volatility. In addition, components such as interior doors, shingles, cabinets and others are experiencing significant delays in delivery that make it more challenging for builders to construct homes efficiently and on time.

As builders struggle with these front-end issues, they are also experiencing additional challenges on the backend, as appraisal standards make it difficult to recognize the full impact of sharp increases in the cost of building materials. In addition, appraisers often have limited access to information to accurately assess the value of a home.

"The appraisers use market value, so if we sold a house three months ago and just completed a new build with higher material costs, they only give a market value of the house that sold three months ago," explained James Blyth, an affordable housing spec builder in North Carolina. "In our situation the appraisal came in \$10,000 lower than our asking price. Our price increase was to cover cost increases. It forced the buyers to come up with an additional \$10,000 out of pocket to cover our cost increases."

"We have 10 houses under construction right now that will be ready for early spring and summer occupancy," he added. "Normally we would start marketing once the foundation is in the ground. I will not quote a price until we have all of our costs in."

Cost-Based Appraisals Better Reflect Rising Material Costs

In order to best address these significant increases in the price of materials, it is important to

understand that appraisers can incorporate three approaches to determine the value of a property: sales comparison, cost and income methods. Under the cost approach, the appraiser estimates what it would cost to rebuild or construct an equivalent structure. Because this component of property valuation considers the costs of materials used to construct the property, it is often very helpful in analyzing the value of a newly constructed home.

It is also important that builders understand that it is acceptable — and extremely important — for a home builder to speak with an appraiser and provide all the information the appraiser needs to perform an accurate assessment of value. One item that has proven effective in assisting appraisers in considering material costs in developing new home valuations is an "appraisal binder."

An appraisal binder — which is given to the appraiser upon his or her arrival to the property — will provide the appraiser with a cost breakdown of all materials used in the construction of the home. This information will assist the appraiser in balancing the market value of the home with what it cost the builder in materials to construct the home.

Keep in mind that the cost approach to value is always used in combination with the sales comparison approach — with greater weight or emphasis given to the sales comparison approach, per Fannie Mae and Freddie Mac guidelines. Builders should also incorporate existing home sales as comparables if there is a lack of new construction comps that can be used.

Cost-Based Appraisals Better Reflect Actual Building Costs

Rising material prices are adding tens of thousands of dollars to the cost of a new home. Builders are encouraged to take the following actions when dealing with appraisers to ensure their new home's appraisal reflects the true cost.



Talk to the Appraiser

Builders should talk to the appraiser to provide all the info he or she needs to make an accurate appraisal.



Provide Appraisal Binder

Give the appraiser a detailed cost breakdown of all materials used in the construction of the home.



Encourage Cost-Based Approach

This approach allows the appraiser to estimate what it would cost to rebuild or construct an equivalent structure.



Help with Comps

Builders should also incorporate existing home sales as comparables if there is a lack of new construction comps that can be used.

For more information, visit nahb.org.



One builder in Greenville, S.C., was recently able to utilize this appraisal approach for a spec home he was building. He had been able to successfully sell the same home recently for \$711,000, but when he received the invoice for the lumber package on the new spec home, it was \$56,000 higher than the home he had just sold. The initial appraisal for the new spec home was \$711,000 — the same as the home he had just sold, but that had been built at a lower cost. When the builder revisited the value approach with the appraisal, he was able to secure a construction loan that reflected the increase in prices.

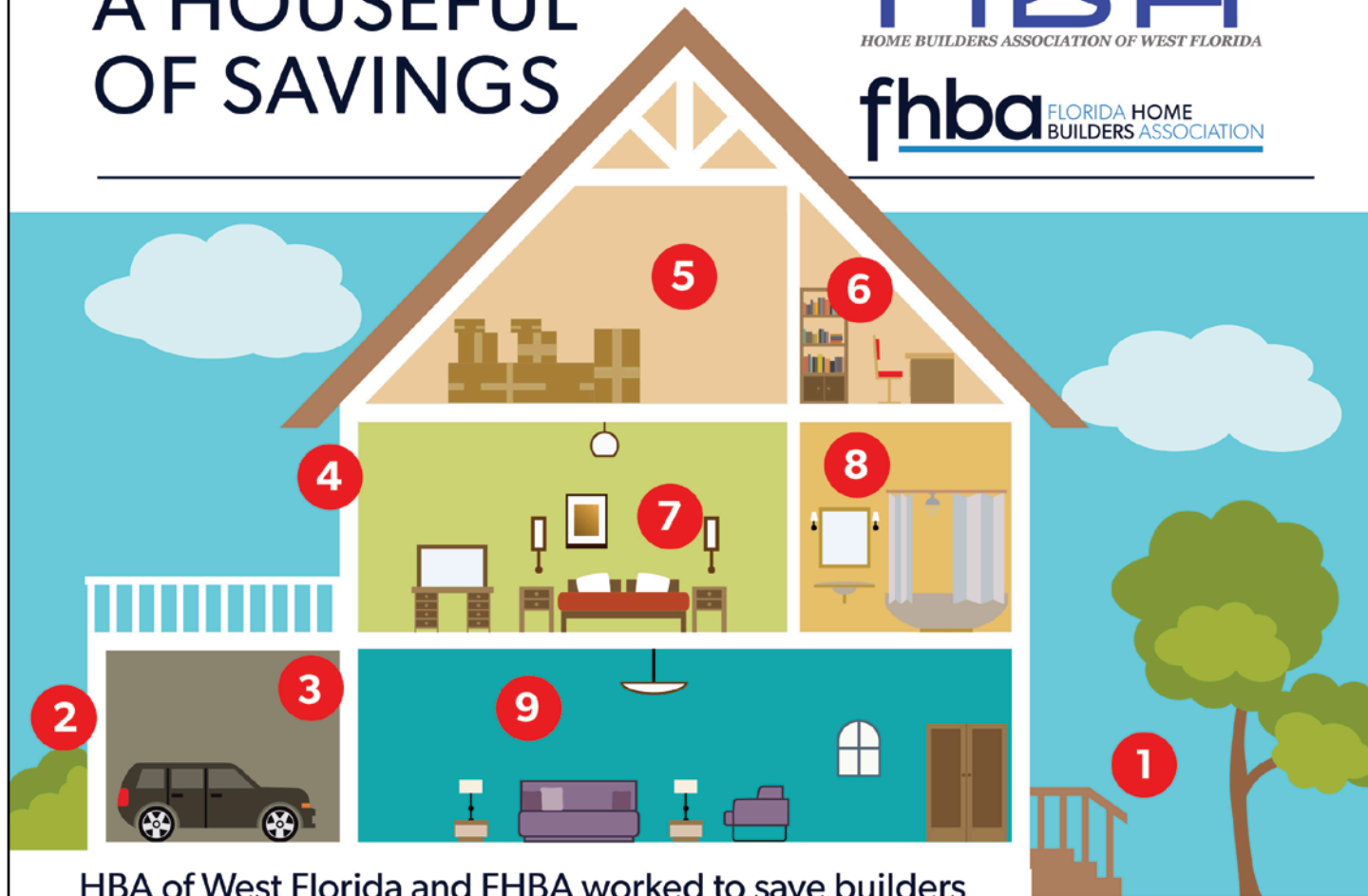
In a recent listening session with Federal Housing Finance Agency (FHFA), NAHB suggested that more consideration be given to the cost approach to value new homes, particularly in rural areas where there may be few comps or sales to help produce a fair and accurate assessment of value.

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3. Duct Penetration Garage = \$300
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9. Door Swing = \$750
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April 22, 2021 • Scenic Hills Country Club
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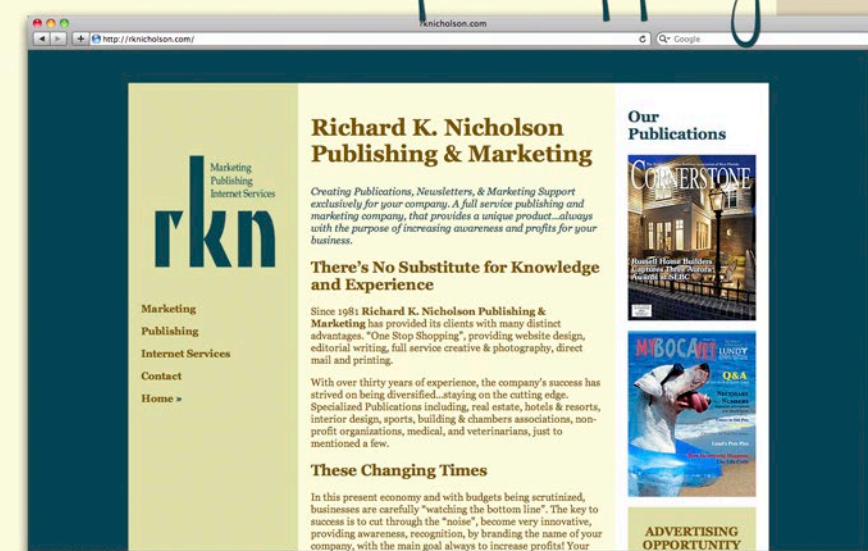
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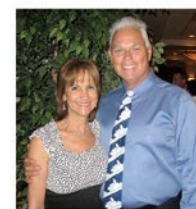
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APPLIANCE SHORTAGE

While builders continue to report they are facing problems obtaining lumber and other building materials, you can add appliances to that list.

In a February survey for the NAHB/Wells Fargo Housing Market Index, builders were asked if they had experienced difficulty obtaining appliances in a timely fashion over the past six months. Nearly 90% of the builders said yes —51% to a major extent and 38% to a minor extent.

Though the survey didn't ask for more information about the nature of the difficulty, one builder wrote in that his appliances had been on backorder for months.

Although the appliance problem is clearly affecting builders of all sizes, it is not quite as ubiquitous among smaller builders. "Only" 82% of builders who built fewer than six homes last year

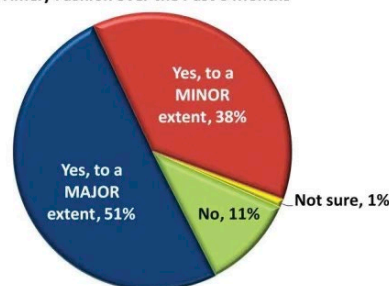
reported trouble getting appliances in a timely fashion—compared to at least 90% of builders in the three larger size tiers.

Although only a third of new single-family homes come with clothes washers and clothes dryers (according to the 2017 reports from the Annual Builder Practices Survey conducted by Home Innovation Research Labs), the percentages are much higher for standard kitchen appliances, which are often designed and marketed as an integral part of the space.

According to the same survey report, builders provide refrigerators in two-thirds of their single-family homes, garbage disposals in 85%, microwaves in 88%, dishwashers in 93%, and some combination of range/cooktop/wall oven in 97%. So when these appliances are not available as usual, large proportions of new home completions and closings are affected.

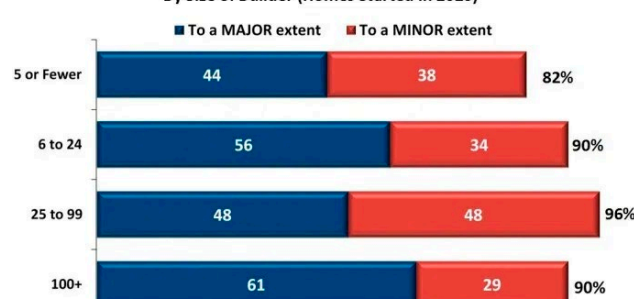
The shortage of appliances is also likely to be affecting the residential remodeling market, as kitchen renovation has long been one of the most common types of remodeling projects.

Share of Builders Reporting Difficulty Obtaining Appliances in a Timely Fashion over the Past 6 Months



Percent of builders responding to the February 2021 HMI Survey, NAHB Economics and Housing Policy Group.

Builders with Difficulty Obtaining Appliances By Size of Builder (Homes Started in 2020)



Percent of builders responding to the February 2021 HMI Survey, NAHB Economics and Housing Policy Group.

WHAT HOME BUYERS REALLY WANT

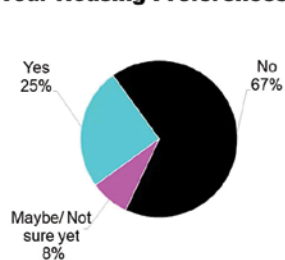
NAHB's latest edition of What Home Buyers Really Want examines home buyer preferences across the industry, including the impact that COVID-19 may have on the types of features, size and location of homes that buyers are seeking.

Although 67% of buyers noted that COVID has had no impact on their preferences, a closer look at buyer demographics shows that those households with at least one telecommuter and one virtual student are more likely to have different preferences in the wake of the pandemic.

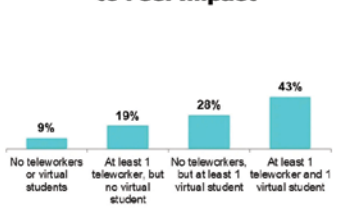
of the home. About one in five buyers is now interested in a larger home, while 12% would prefer a smaller one. Among households with at least one telecommuter and one virtual student, preference for a larger home jumps to 35%, or about one in three buyers, compared to 10% among households with neither.

See more in this Eye on Housing post from Rose Quint, NAHB's assistant vice president of survey research. Quint also shared additional findings during the IBSx presentation "Home Trends, Buyer Preferences & Most Likely Features for 2021," which is available on demand for IBSx registrants until June 30.

Has the Pandemic Impacted Your Housing Preferences?



Households with Teleworkers/Virtual Students Are Most Likely to Feel Impact



One of the factors some buyers have altered opinions on is the size



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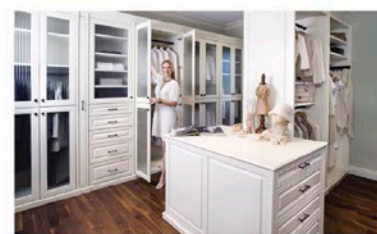
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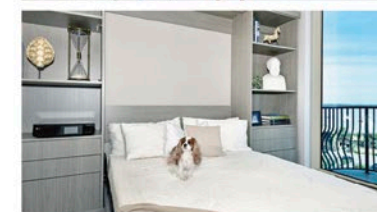
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