



What First-Time Buyers Want in a Bathroom

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(850) 476-0318
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Cornerstone



David Peaden II
Executive Director
dpeaden@hbawf.com



Vicki Pelletier
Director of Marketing & Communication
vicki@hbawf.com

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Senate Takes Up
Broad-Based Tax Relief
for Florida's Families

Thanks to the Florida Legislature, you could save big on construction industry items and a lot more. The legislation results in savings for Floridians who are preparing for the upcoming 2022 Hurricane Season and the 2022-2023 school year, raising young children, purchasing ENERGY STAR appliances or skilled worker tools; as well as, individuals and families enjoying outdoor activities and events. With gas prices at an all-time high, a month-long gas tax holiday will provide relief for every Floridian who drives a car.

SHORT-TERM BROAD-BASED SALES TAX HOLIDAYS

Establishes the 2022 Gas Tax Holiday

The legislation creates a month-long fuel tax holiday from October 1 – 31, 2022. The holiday will reduce the tax on motor fuel by \$0.25 per gallon.

Establishes the 2022 Back-to-School Sales Tax Holiday

The legislation creates a 14-day “back-to-school” sales tax holiday from July 25 – August 7, 2022, for clothing, footwear, and backpacks costing \$100 or less, school supplies and learning aids costing \$50 or less, and personal computers or computer-related accessories, including non-recreational software costing \$1,500 or less.

Establishes the 2022 Disaster Preparedness Sales Tax Holiday

The legislation creates a 14-day “disaster preparedness” sales tax holiday from May 28 – June 10, 2022, for disaster preparedness supplies. Some examples of tax-free items include: flashlights and lanterns costing \$40 or less; radios costing \$50 or less; tarps costing \$100 or less; coolers costing \$60 or less; batteries costing \$50 or less; smoke detectors, fire extinguishers, and carbon monoxide detectors costing \$70 or less; and, generators costing \$1,000 or less. The holiday also includes a number of items related to the safe evacuation of household pets.

Establishes the 2022 Freedom Week Sales Tax Holiday

During the week of July 1 – 7, 2021, purchases of admissions to music, sporting, and cultural events; tickets to movies and museums; single admission or season tickets to theatre and dance performances; state park admission and annual passes; and use of fitness facilities will be tax free. Tickets, memberships and passes, purchased during the Freedom Week Sales Tax Holiday for use from July 1 – December 31, 2022, are tax free.

The Freedom Week Sales Tax Holiday also applies to sales of boating and water activity supplies, camping supplies, fishing supplies, general outdoor supplies, and sports equipment.

Establishes the 2022 Skilled Worker Tools Sales Tax Holiday

The legislation creates a seven-day sales tax holiday from September 3 – 9, 2022, for certain tools used by skilled trade workers. Tax-free items include certain hand and power tools, work boots, safety equipment, shop lights, toolboxes and belts, plumbing and electrical equipment, and industry textbooks and codebooks.

continues on page 06



CHAD EDGAR

“With gas prices at an all-time high, a month-long gas tax holiday will provide relief for every Floridian who drives a car.”

Senate Takes Up Broad-Based Tax Relief for Florida's Families

from page 05

LONG-TERM BROAD-BASED SALES TAX RELIEF

Cuts Mobile Home Tax in Half

The bill permanently reduces state sales tax to three percent on the sale of a new mobile home. Currently, mobile homes are subject to a six percent sales tax and classified as tangible personal property prior to being permanently affixed to land.

Impact-Resistant Windows, Doors, and Garage Doors

The bill creates a two-year sales tax exemption from July 1, 2022 – June 30, 2024, on the retail sales of impact-resistant windows, doors, and garage doors. Retrofitting buildings with impact-resistant doors can help reduce the damage caused by hurricanes.

Children's Clothing and Shoes

The bill creates a one-year sales tax exemption from July 1, 2022 – June 30, 2023, on the retail sale of baby and toddler clothing and shoes. This would include baby and toddler clothing primarily intended for children age five or younger. Florida is home to more than one million children under age five, and welcomes nearly 600 newborns each day.

Children's Diapers

The bill creates a one-year sales tax exemption from July 1, 2022 – June 30, 2023, on the retail sale of children's diapers, including single-use diapers, reusable diapers, and reusable diaper inserts. In the first year of a child's life, parents can expect to use approximately 3,000 diapers, or an average of eight diapers per day.

Energy Efficient Appliances

The bill creates a one-year sales tax exemption from July 1, 2022 – June 30, 2023, on the retail sale of certain ENERGY STAR appliances including refrigerator/freezer units selling for \$3,000 or less, and water heaters, washers or dryers selling for \$1,500 or less. The federal government, through the Environmental Protection Agency, certifies a number of products under the ENERGY STAR program.

Children's Books

The bill creates a three-month sales tax exemption from May 14 – August 14, 2022, on the retail sale of all children's books. A two-decade long study found that having a home library increases children's academic success, vocabulary development, attention and future job attainment.

Farm Trailers and Fencing

The legislation creates a permanent sales tax exemption for fencing materials used to replace, repair or build farm fences on agricultural land. Additionally, the bill exempts all trailers used for agricultural and farm work from sales tax.

PROPERTY TAX RELIEF

Champlain Towers Condominium Collapse

The bill creates s. 197.3195, F.S., to provide tax relief homeowners affected by a sudden and unforeseen collapse of a residential building. The bill requires the tax collector to abate all taxes for destroyed parcels, and the property appraiser must notify the owners of the abatement.

Residential Property Rendered Uninhabitable Due to a Catastrophic Event

The bill creates s. 197.319 F.S., to provide for the prorated refund of property taxes on residential properties rendered uninhabitable by a catastrophic event. The bill defines "catastrophic event" as a calamity or misfortune not caused by the property owner. If a residential property is rendered uninhabitable for 30 days or more, the owner may be refunded a portion of their property taxes for the time the property was uninhabitable.

Property of Widows, Widowers, Blind, and Totally and Permanently Disabled Person

Since 1885, the Florida Constitution has provided a specific exemption for the property of widows and those who are totally and permanently disabled. The bill increases from \$500 to \$5,000 the value of property exempt from ad valorem taxation for residents who are widows, widowers, blind, or totally and permanently disabled.

Property of Deployed Service Members

The Florida Constitution grants a property tax exemption for military service members during the time they are deployed on active duty outside the United States. The bill expands the number of active deployments that qualify for the exemption by including military operations unclassified by the federal government in the last year.



Americans Want Policymakers to Act on Housing Affordability

Americans overwhelmingly expressed their support of government initiatives to facilitate the production of more housing, with 82% agreeing in a recent survey that policymakers should factor in housing affordability when considering new legislation and regulations.

The survey was conducted by the polling firm Morning Consult on behalf of NAHB.

Respondents from across the country said housing inventory and housing affordability are a problem in their city, county, state and across the country, with 79% citing housing affordability as a problem in their state.

When asked about potential solutions to address affordability woes, 66% of survey respondents said government should provide incentives to private builders and developers to create more housing that is affordable to low- and moderate-income households.

Respondents also showed support for other federal policies to improve housing affordability:

- 61% support incentivizing home owners to update their older homes to make them more resilient to flooding and high winds.
- 59% support incentivizing local governments to ease zoning regulations that prevent the construction of more affordable housing.
- 54% said easing regulations that create roadblocks to the construction of accessory dwelling units, such as in-law suites and tiny homes, would be helpful.

In addition to citing an urgent need for increased housing affordability across the country, respondents were in favor of building lower-cost and higher-density homes in their own communities. Mid-rise condo building with units for sale, a two-story apartment building with units for rent, and new townhomes for sale all garnered solid support from current home owners, at 40%, 55% and

60%, respectively.

When asked about government policies to improve the nation's existing housing stock, 70% of respondents said they support government spending that would improve the nation's existing housing by incentivizing home owners to bring their older homes up to current building and energy codes. Support for strengthening the nation's housing infrastructure remained strong even if such spending added to the national debt, with 64% in favor.

There was also strong support for single-family homes specifically built for rental purposes rather than for sale, even among respondents who owned their homes. Although this concept has yet to become a dominant market sector, only comprising about 6% of new homes built, most respondents said they would be comfortable with new single-family built-to-rent housing constructed within a mile walk from their house. Another housing type that received a sizable percentage of respondents approving being built within a mile walk of their house was manufactured housing, or mobile homes.

The nation needs more housing and Americans want the federal government to support more new home production. With housing affordability on the decline and families looking ahead to another year of spending more time at home due to the ongoing pandemic, the need for more homes is apparent.

NAHB encourages policymakers to support policies that will enable builders to produce more housing – whether single-family dwellings, condominiums, mobile homes or townhomes – and to provide the American dream of homeownership and improved housing opportunity to more families.

TOP 10 REASONS TO DO BUSINESS WITH AN ACTIVE ASSOCIATE MEMBER

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9. They are heavily invested in your business success: You win, they win!
10. Why wouldn't you do business with a member?



What First-Time Buyers Want in a Bathroom

Among first-time buyers, both a shower stall and tub in the primary bath ranked as the most popular of the 18 bathroom features listed in the NAHB study, What Home Buyers Really Want, 2021 Edition. The study asked first-time, as well as repeat, home buyers to rate the kitchen features on the following, four-tier scale (which emphasizes how a feature influences the buyer's purchase decision).

The graph to the right shows how first-time buyers rated the bathroom features, sorted in descending order of percentage rating the features essential or desirable. Last Friday's post included a similar chart for kitchen features. A slightly earlier post discussed the most popular of all 200-plus

home and community features covered in the study among first-time buyers.

At the top of the bathroom graph, 72 percent of first-time buyers rated both a shower stall and tub in the primary bath essential or desirable, followed closely by a linen closet, rated essential or desirable by 70 percent.

These also ranked as the two most popular bathroom features among repeat buyers, but in reverse order (with 77 percent of repeat buyers rating the linen closet essential or desirable, compared to 72 percent for the shower stall-tub combination).

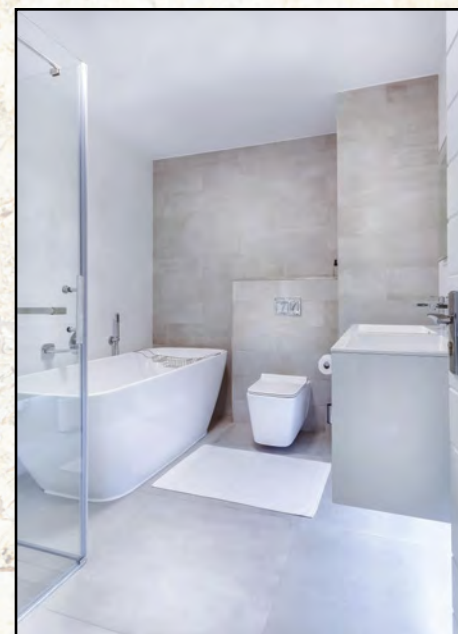
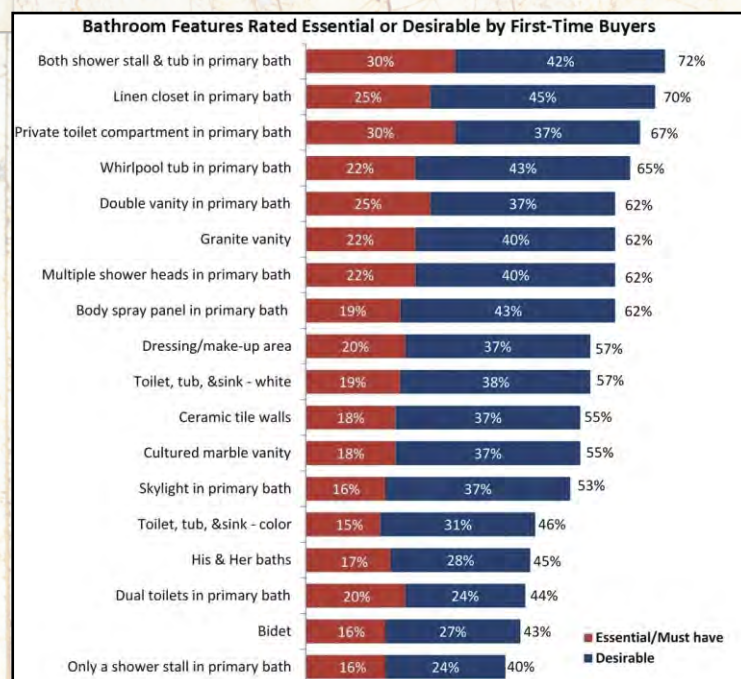
At the top of the

bathroom graph, 72 percent of first-time buyers rated both a shower stall and tub in the primary bath essential or desirable, followed closely by a linen closet, rated essential or desirable by 70 percent. After the top two, 67 percent of first-time buyers rated a private toilet compartment essential or desirable, followed by 65 percent for a whirlpool tub. Next comes a group of bathroom features rated essential or desirable by 62 percent of first-time buyers: a double vanity, multiple shower heads, a granite vanity and body spray panels.

The list of the most popular bathroom features is generally similar for both first-time and repeat buyers. To the extent there are differences, they show up at the low end of the scale, among the relatively less popular kitchen features. Although 27 percent of both first-time and repeat buyers say they "Do Not Want" to have only a shower stall in the primary bath (i.e., are unlikely to buy a home that doesn't also have a tub), repeat home buyers are considerably more likely to say they "Do Not Want" the other features at the bottom of the chart.

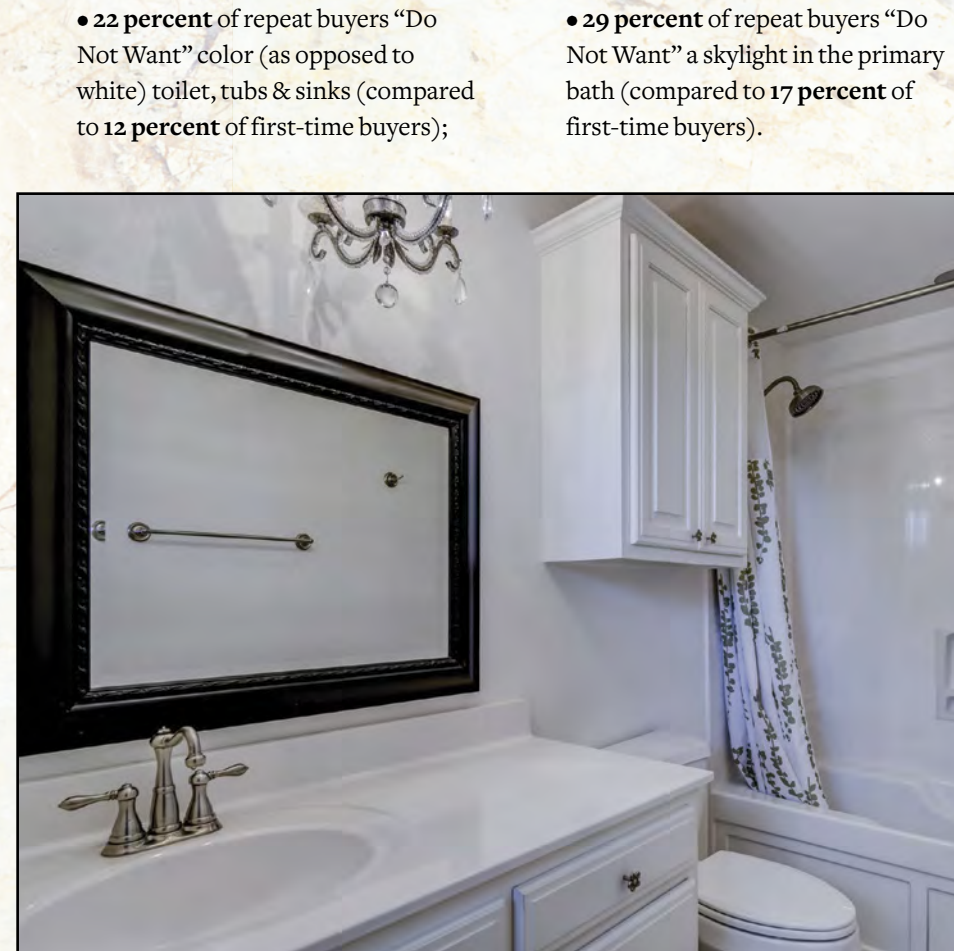
For example:

- 37 percent of repeat buyers "Do Not Want" a bidet (compared to 27 percent of first-time buyers)



- 42 percent of repeat buyers "Do Not Want" dual toilets in the primary bath (compared to 29 percent of first-time buyers)

- 34 percent of repeat buyers "Do Not Want" His & Hers baths (compared to 22 percent of first-time buyers)



- 22 percent of repeat buyers "Do Not Want" color (as opposed to white) toilet, tubs & sinks (compared to 12 percent of first-time buyers);

- 29 percent of repeat buyers "Do Not Want" a skylight in the primary bath (compared to 17 percent of first-time buyers).



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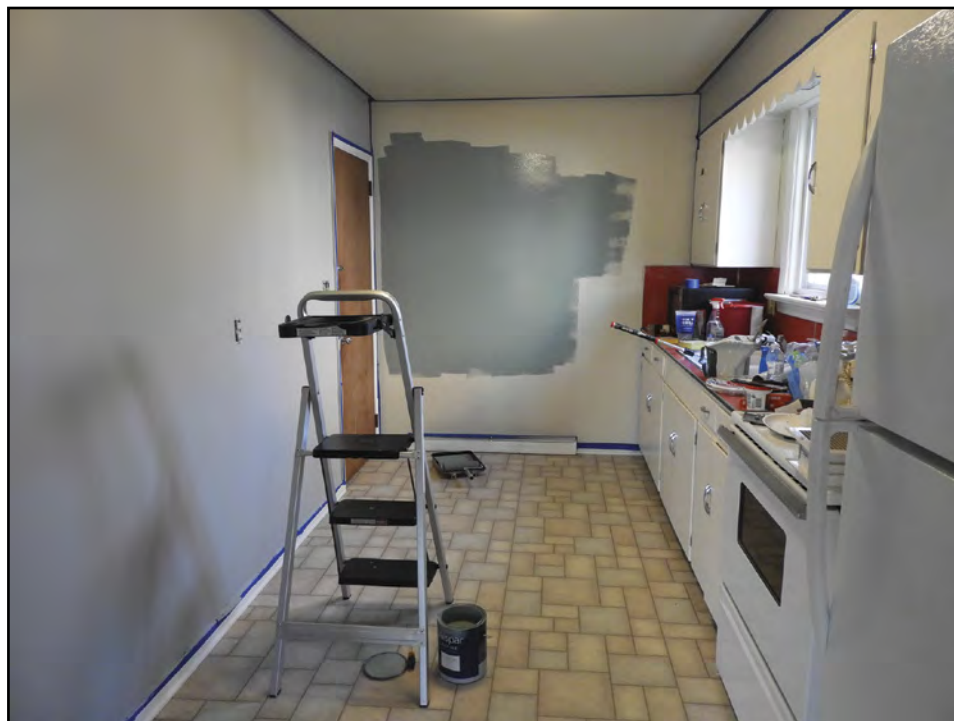
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Remodeling Market Remains Stable Year-over-Year

The National Association of Home Builders (NAHB) released its NAHB/Westlake Royal Remodeling Market Index (RMI) for the first quarter, posting a reading of 86, which remained unchanged compared to the first quarter of 2021. The finding is a signal of residential remodelers' confidence in their markets, for projects of all sizes.

"Business remains strong for most remodelers at the beginning of 2022," said NAHB Remodelers Chair Kurt Clason, a remodeler from Ossipee, N.H. "However, a few are starting to report that customers are reluctant to move forward on projects due to the delays and higher costs caused by supply chain problems."

The NAHB/Westlake Royal Remodeling Market Index RMI survey asks remodelers to rate five components of the remodeling market as "good," "fair" or "poor." Each question is measured on a scale from 0 to 100, where an index number above 50 indicates that a higher share view conditions as good than poor.

The Current Conditions Index is an average of three components: the current market for large remodeling projects, moderately-sized projects and small projects. The Future Indicators Index is an average of two components: the current rate at which leads and inquiries are coming in and the current backlog of remodeling projects. The overall RMI is calculated by averaging the Current Conditions Index and the Future Indicators Index. Any number over 50 indicates that more remodelers view remodeling market conditions as good than poor.

The Current Conditions Index averaged 89, remaining unchanged compared to the first quarter of 2021. The component measuring large remodeling projects (\$50,000 or more) rose four points to 89, while the component measuring moderately-sized remodeling projects (at least \$20,000 but

less than \$50,000) fell one point to 89, and the component measuring small remodeling projects (under \$20,000) declined by two points to 90.

The Future Indicators Index edged down two points to 82 compared to the first quarter of 2021. The component measuring the current rate at which leads and inquiries are coming in fell six points to 80, while the component measuring the backlog of remodeling jobs increased two points to 84.

"An overall RMI of 86 indicates positive remodeler sentiment and is consistent with NAHB's projection of moderate growth in the remodeling market for 2022," said NAHB Chief Economist Robert Dietz. "Nevertheless, rising interest rates and the high cost of materials are significant headwinds to the remodeling industry and the housing industry at large."

The NAHB/Westlake Royal Remodeling Market Index RMI was redesigned in 2020 to ease respondent burden and improve its ability to interpret and track industry trends. As a result, readings cannot be compared quarter to quarter until enough data are collected to seasonally adjust the series. To track quarterly trends, the redesigned RMI survey asks remodelers to compare market conditions to three months earlier, using a "better," "about the same," "worse" scale. Seventy-two percent of respondents said the remodeling market is "about the same" as it was three months earlier.



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The HBA's Spring Golf Classic was a huge success! Thank you to the Ambassador's Committee, led by Suzanne Pollard Spann, who assisted the HBA's Vicki Pelletier in putting on such a fun event. A special thank you to the staff at Scenic Hills for making this all possible, Rick Gorman and Brandon Nelson and their team for doing such an amazing job for us. Our Sponsors are the best and we truly appreciate their support of the Home Builders Association of West Florida.



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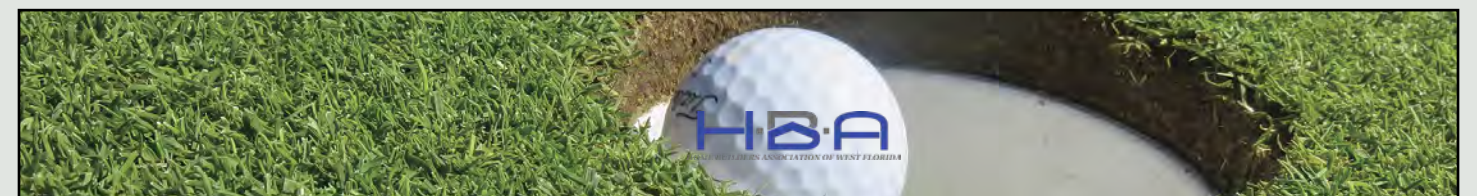
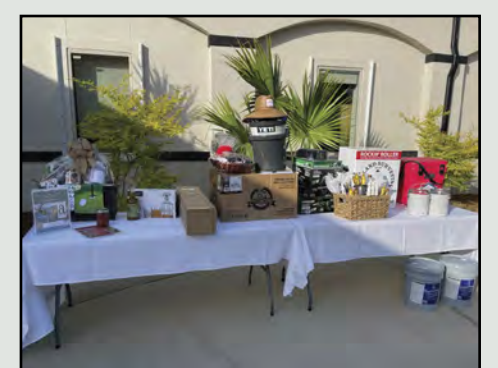
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More Pictures on Page 14

HBAWF Spring Golf Tournament 2022

From Page 13





Single-Family Permits Decline in March as Affordability Woes Continue

The single-family housing market continued to show signs of softening in March as permits and starts declined due to rising mortgage interest rates and ongoing supply chain bottlenecks that continue to delay construction projects and raise home building costs.

Due to strong multifamily production, overall housing starts increased 0.3% to a seasonally adjusted annual rate of 1.79 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The March reading of 1.79 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 1.7% to a 1.20 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, increased 4.6% to an annualized 593,000 pace.

“Higher mortgage interest rates and rising construction costs are pricing buyers out of the market, and these higher costs are particularly hurting entry-level and first-time buyers,” said Jerry Konter, chairman of the National Association of Home Builders (NAHB) and a home builder and developer from Savannah, Ga. “Policymakers must address building supply chain disruptions to help builders bring down construction costs and increase production to meet market demand.”

“The shift in affordability can be seen in the March data with strength for multifamily construction and some weakness for single-family permits,” said NAHB Chief Economist Robert Dietz. “Our builder surveys show that confidence levels in the single-family market have declined for four straight months as affordability conditions continue to worsen, and this is a sign that single-family production will face challenges moving forward.”

On a regional and year-to-date basis, combined single-family and multifamily starts are 17.3% higher in the Northeast, 6.6% higher in the Midwest, 11.2% higher in the South and 7.5% higher in the West.

Overall permits increased 0.4% to a 1.87 million unit annualized rate in March. Single-family permits decreased 4.8% to a 1.15 million unit rate. Multifamily permits increased 10.0% to an annualized 726,000 pace.

Looking at regional permit data on a year-to-date basis, permits are 5.5% higher in the Northeast, 4.0% higher in the Midwest, 7.5% higher in the South and 4.9% higher in the West.

Single-family permits authorized but not started stood at 149,000 and are up 14.6% year-over-year as higher construction costs and material delays slow previously permitted projects.



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Housing Market at Inflection Point as Builder Confidence Continues to Fall

Rapidly rising interest rates combined with ongoing home price increases and higher construction costs continue to take a toll on builder confidence and housing affordability.

Builder confidence in the market for newly built single-family homes moved two points lower to 77 in April, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released today. This is the fourth straight month that builder sentiment has declined.

“Despite low existing inventory, builders report sales traffic and current sales conditions have declined to their lowest points since last summer as a sharp jump in mortgage rates and persistent supply chain disruptions continue to unsettle the

housing market,” said NAHB Chairman Jerry Konter, a builder and developer from Savannah, Ga. “Policymakers must take proactive steps to fix supply chain issues that will reduce the cost of development, stem the rise in home prices and allow builders to increase production.”

“The housing market faces an inflection point as an unexpectedly quick rise in interest rates, rising home prices and escalating material costs have significantly decreased housing affordability conditions, particularly in the crucial entry-level market,” said NAHB Chief Economist Robert Dietz.

Mortgage interest rates have jumped more than 1.9 percentage points since the start of the year and currently stand at 5%, the highest level in more than a decade.

Derived from a monthly survey that NAHB has been conducting for more than 35

years, the NAHB/Wells Fargo HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as “good,” “fair” or “poor.” The survey also asks builders to rate traffic of prospective buyers as “high to very high,” “average” or “low to very low.” Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

The HMI index gauging current sales conditions fell two points to 85 and the component charting traffic of prospective buyers posted a six-point decline to 60. The gauge measuring sales expectations in the next six months increased three points to 73 following a 10-point drop in March.

Looking at the three-month moving averages for regional HMI scores, the Northeast posted a one-point gain to 72 while the Midwest dropped three points to 69, the South fell two points to 82 and the West edged one-point lower to 89.

Building Materials Prices Start 2022 with 8% Increase

According to the latest Producer Price Index (PPI) report released by the Bureau of Labor Statistics, the prices of goods used in residential construction ex-energy (not seasonally adjusted) climbed 1.4% in March, following an upwardly revised increase of 2.2% in February and 4.1% in January. This adds up to an 8% jump in building materials prices since the start of 2022.

Building materials prices increased 20.4% year over year and have risen 33% since the start of the pandemic.

The price index of services inputs to residential construction registered even steeper increases, rising 3.2% in March, 5.1% in February and 6.2% in January. As a result, the price index of services used in home building (including trade services,

transportation and warehousing) went up 15.2% since the start of the year. The index increased 18.5% year over year.

Since the start of the pandemic, services prices are now 39% higher.

Here’s how PPI for individual materials have shifted during this timeframe:

- Softwood lumber increased 6% (seasonally adjusted) in March following a 2.6% increase in February and 25.6% jump in January. As a result, the index increased 36.7% over the first three months of 2022. Since reaching its most recent trough in September 2021, prices have almost doubled, rising 90.4%.
- Gypsum products increased 1.6% (seasonally adjusted) in March. Gypsum products prices are 20.8% higher year over year.



- Ready-mix concrete came down 0.6% (seasonally in March but remains elevated after climbing over the prior 13 months. It is 9% higher compared to the January 2021 reading.
- Steel products, in contrast, declined 4.9% (not seasonally adjusted) in March — the third consecutive monthly decrease after record-breaking increases over the prior 15 months. Although the first three months of 2022 have been good months for the cost of derivative steel products, the price index more than doubled since the start of the pandemic.



Recession Risks are Rising

NAHB Chief Economist Robert Dietz recently provided this housing industry overview in the bi-weekly e-newsletter *Eye on the Economy*.

Rising mortgage interest rates, spurred by expected, significant tightening of monetary policy by the Federal Reserve, will aggravate housing affordability challenges in 2022. This is particularly the case for prospective first-time home buyers, who face higher costs and elevated home prices without the benefit of gains in home equity and household wealth possessed by existing home owners.

Similar to what occurred in 2018, higher mortgage rates will slow sales and construction in an otherwise positive demand-side envi-

ronment. For example, in the March NAHB/Wells Fargo Housing Market Index reading of builder sentiment, the measure of future sales expectations fell a notable 10 points for the month.

Since the start of the year, the average 30-year fixed-rate mortgage increased from 3.1% to 4.67% by the end of March — the fastest rate increase in percentage terms in decades. New home sales in February reflect the impact of only about half of this expansion for mortgage rates. Nonetheless, sales slipped 2% from January to February, registering a 772,000 seasonally adjusted annual rate. This is 6.2% lower than a year prior, with pricing up 10.6% year-over-year.

It is worth noting that some of this sales decline is due to builders deliberately slowing sales to help counterbalance supply-chain delays. Inventory is balanced at a 6.3-month supply, with the number of new single-family homes available for purchase (whether started or completed construction) up 33% over the last year. Because of the acceleration of sales in late 2020 and the corresponding gains in housing starts, net residential construction jobs have increased by 103,000 over the last year, with an almost 11,800 gain in March alone. The unemployment rate for construction workers is at a low 4.8%. Due to the skilled labor shortage, wages are up 6% year-over-year as of March. There are now 381,000 open, unfilled positions in the construction sector.

Higher inflation and business costs, combined with increasing interest rates, tightened monetary policy and waning fiscal stimulus, will slow overall economic growth in 2022. While most forecasters, including NAHB, do not predict a recession during 2022, the risk of a recession next year is rising. The Fed’s intended aggressive policy path for higher rates would guarantee an economic slowdown and risk an outright recession in 2023. To engineer a soft landing, tightened monetary policy must be complemented with fiscal and regulatory policy that helps ease the economy’s myriad supply-side challenges.

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