

The Builder



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December 2018

Economic Growth Continues Solid Pace

While the cost of mortgage financing and its impact on housing affordability are giving many prospective home buyers pause, the overall **state of the economy** remains positive, according to NAHB Chief Economist Robert Dietz. Following a 4.2% growth rate in the second quarter, third quarter real GDP growth came in at an annualized rate of 3.5%. This was the strongest two-quarter performance in four years. And in October, the economy created 250,000 jobs, beating expectations and leaving the unemployment rate at a near 50-year low of 3.7%.

Increases in the 10-year Treasury rate have pushed mortgage interest rates up in recent months. In September, the average rate on 30-year mortgages for new homes increased to 4.64%, up from approximately 4% over the last 12 months.

While higher rates have cooled home sales, home price appreciation remains solid, increasing at a 5.8% year-over-year basis according to the Case Shiller Index in August.

Dietz provided this housing industry overview in the bi-weekly newsletter "Eye on the Economy."

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Supreme Court Ruling a Win for NAHB

The U.S. Supreme Court in November handed down a decision in *Weyerhaeuser Co. v. United States Fish and Wildlife Service*, [giving a victory](#) to two NAHB members and land developers across the country.

The case examined the Fish and Wildlife Service's designation of over 1,500 acres of private property in Louisiana as "critical habitat" for the endangered dusky gopher frog. In an 8-0 opinion, the Supreme Court ordered the Court of Appeals for the Fifth Circuit to reconsider its decision that allowed the Service to designate the area as critical habitat.

NAHB filed briefs in both the Fifth Circuit and Supreme Court.

Settlement Ends "Persuader Rule"

In a victory for NAHB, the Department of Labor on Nov. 9 agreed to a settlement that keeps a permanent injunction in place that stops the ["persuader rule"](#) from taking effect and prevents a future administration from seeking to revive the rule.

The Obama-era persuader rule sought to unfairly

require lawyers and consultants to report to the DOL when counseling employers concerning union organizing. And trade associations like NAHB would have been directly regulated under the rule if they engaged in certain activities, such as holding educational seminars on labor relations topics.

FHFA Announces Higher Loan Limits

The Federal Housing Finance Agency announced recently that the maximum baseline [conforming loan limits](#) for mortgages acquired by Fannie Mae and Freddie Mac in 2019 will increase from \$453,100 to \$484,350.

The loan limit will rise 6.9% in

2019 because FHFA has determined that the average U.S. home value increased 6.9% between the third quarters of 2017 and 2018.

Higher loan limits will be in effect in higher-cost areas as well, rising from \$679,650 to \$726,525.

Midterm Elections and The Housing Agenda

The 2018 midterm elections delivered a split decision: Republicans expanded their majority in the Senate, picking up two seats to give them a 53-47 edge. Democrats picked up a net gain of 39 seats in the House to give them a majority for the first time since 2010.

[NAHB's election](#)

[summary](#) looks at the election results and explains how the new political landscape will affect the housing agenda.

Make the Most of Pre-Show Education

Would you like to learn how to better manage your company, discover the latest techniques in high-performance building, or work toward an NAHB professional designation? Then take advantage of NAHB's [Pre-Show Education offerings](#), taught Feb. 16-18, just before the NAHB International Builders' Show begins.

Hamilton honored for five decades of service

Marshall Hamilton, the longest serving active member of the Home Builders association of Central Virginia, was honored at the Annual Membership meeting in November.

The highlight was the reading and presentation of a resolution unanimously passed by the Board of Directors which says that all future gifts raised and awarded by the HBACV's annual Touch A Truck event will be given as the MARSHALL HAMILTON CHARITY AWARDS. Marshall said he was honored and touched by the gesture.

Marshall closed his business, HAMCO Doors, at the end of November and plans to step away from a 50-plus year career in the building industry.

Much of the November 13 meeting hosted by HBACV member First National Bank was devoted to recognizing the commitment over the past five decades of Marshall to the Home Builders Association of Central Virginia and the Home Builders Association of Virginia. Marshall, a life director of both the HBAV and the HBACV, has been part of the building industry since the early 1970s. His good counsel has always been appreciated and invaluable for newer members through the years.

A three-minute video was played showing Marshall's involvement with through the years.

So many members, new and old, made sure to get a moment that night to congratulate Marshall along with his wife, Susan. Long-time and now retired HBAV CEO Mike Toalson, attended to help us honor Marshall, who was the driving force behind many of the HBAV and HBACV's programs and initiatives. Toalson



Marshall accepts a framed copy of the HBACV Resolution from president Jeff Weiczorek. Below he and Susan chat with Mike Toalson.



spoke of Marshall's commitment and efforts in the 1980s and 1990s in leading the state's legislative committee and lobbying efforts.

Marshall, an advocate for community service, created a last legacy with Touch A Truck. He was the driving force behind the event begun in 2014; it has since raised more than \$75,000 for local children's charities.

Builder/Contractor Member of the Month



Randy Gantt



Randy Gantt, owner of R.M. Gantt Construction, has been building quality homes in Central Virginia for more than a quarter century. The family-owned business has been serving the greater Lynchburg, Wintergreen and Smith Mountain Lake areas since 1992. Focused on new custom homes, renovations and additions, the goal on each is to exceed customer expectation. Randy, wife Rosie, and the RM Gantt team have been active in the community including serving with Business Alliance, city committees and commissions, the

Lynchburg Cancer Gala, the ARC Board and Lynchburg City Schools.

The details: R.M. Gantt has been an active HBACV member since 2001.

Contact: (434) 316-0090

Website: <https://rmgantt.com>

Address: PO Box 3527 Lynchburg, Virginia 24501



Associate Member of the Month

Mike Forren



Mike Forren has been an active member of HBACV for nearly eight years and was elected to the board of directors in 2017. Mike is Senior Vice President/Commercial Lending for Select Bank. Mike, a veteran banker, has been working in mortgage/construction/commercial lending for 20 years in the greater Lynchburg market.

The details: Mike has been a member of the HBACV Board of Directors since 2017 and is also a member of the HBACV

Golf and Raffle Committees.

Contact: 434-455-1721

Website: <https://www.myselectbank.com>

Address: 211 Gristmill Drive, Forest, VA 24551

2018 HBACV LEADERSHIP

Executive Committee:

Jeff Wieczorek - President

Brent Lilly - 1st VP

Joe Hepler - 2nd VP

Jim Minear - Sec/Trea

Chris Hargis - Assoc. VP

Chris Mowry - Past Pres.

Board of Directors

Gordon Cudd

Allen Dukes

Mike Forren

Matt Holley

Robert O'Brian

Barry Layne

Steve Mays

Tammy Mikkelson

Terry Morcom

Rosalie Richman

Sandy Speck

Matt Yeatman

HBACV BUILD-PAC:

Chris Mowry, trustee

HBACV Legislative:

Chris Hargis, HBACV rep

HBACV Associates:

Rosalie Richman, HBACV rep

NAHB National Director:

Jeff Wieczorek

HBACV Executive Officer:

Bob Morgan

CONTACT THE HBACV:

Office: (434) 385-6018

Cell: (434) 841-7588

Email: Bob@hbacv.org

One Digital, Aflac offering options

HBACV members can get new insurance benefits

With two local partnerships and one through the Home Builders Association of Virginia, our association is now offering new benefits to member including health, life and accident insurance. These products are available now through One Digital and Aflac. In addition, discounts on business and liability insurance is available through HBACV local member Perry & Mays Insurance.

Through the HBAV, members can work with One Digital to review several health insurance options. One Digital is a national company which set up a formal partnership with HBAV this summer. A full listing of services is available on the [HBAV website](#). One Digital representatives Ritter Jonas and Jon Kennedy met with the HBACV board in October to explain the partnership.

Members can also now chose through a full supplemental insurance benefit, at a discounted group rate, through Aflac's affiliation with the HBACV. In addition local Aflac insurance representative, Amy Conley, has joined the HBACV. Aflac provides supplemental accident, sickness and cancer options to members and individuals. Other benefits include dental, life, hospitalization and disability. Aflac is set up as a secondary benefit and is not a primary health insurance. This is an opt-in program.

For members to receive the full discount at least three HBACV members need to sign up for the discounted program in 2019. Once this program is in place the group options remains regardless if member participation falls below three. Premiums are monthly and HBACV members would receive a lower rate. Options include individual and family. Monthly premium cost is determined by the options and coverage selected.

CONTACTS:

AFLAC - amy_conley@us.aflac.com; 434-665-4579

ONE DIGITAL: rjonas@onedigital.com; 804-393-2122

PERRY & MAYS: smays@perrymays.com; 434-385-9191

TENTATIVE 2019 EVENTS CALENDAR

- **Jan. 15:** Hammer Time - 2018 Superlatives (Host needed)
- **Feb. 19:** Hammer Time - Code changes (Host needed)
- **March 19:** Hammer Time - Spring Build (Host needed)
- **April 16:** Hammer Time - Membership Drive (Host needed)
- **Late April: Spring \$10,000 Raffle** - (Date & Site TBD. Sponsorships available)
- **May 21** Hammer Time: - Scholarship winners; (Available to host)
- **June 18** Hammer Time: Summer programs (Available to host)
- **June 28:** HBACV Summer Cook Out/ Hammer Time: (Site TBD. (Sponsorships available)
- **Aug. 3rd** Scholarship Golf Tournament: (Site TBD. Sponsorships available)
- **Aug.20:** Hammer Time - Fall events and vendors.
- **Sept.14 Touch A Truck** Charity Event (at Sims Farm Exhibition Site; Sponsorship available)
- **Sept. 24** Hammer Time - Touch A Truck Charity/check presentation; (Available)
- **Oct. Parade of Homes** - (Date & Site TBD. Sponsorships available)
- **Oct 15:** Hammer Time - Fall events and vendors. (Available)
- **Nov. 19:** Hammer Time - General Membership Meeting/election of officers. (Available)
- **Dec. 6:** Holiday Gala: Dinner and installation of 2020 officers. (Sponsorship available)

Lilly installed as 2019 HBACV President

Brent Lilly was sworn in as the 2019 HBACV President at our annual Christmas Gala and Installation of Officers and Directors event Friday night, June 7, at City Views in downtown Lynchburg. The event was a smashing success with our largest crowd in nearly five years.

The association offers its congratulations to incoming President Lilly (Lilly Construction) and our 2019 slate of officers and directors. Our other officers are 1st Vice President Joe Hepler (Craftsman Custom Homes); Secretary-Treasurer Jim Minear (First National Bank); Associates Vice President Chris Hargis (Pinnacle Cabinetry) and Past President Jeff Wieczorek (Member One FCU).

The installation was conducted by the HBACV's longest serving Member, Marshall Hamilton, who retired in November after 50 years in the local building industry. The directors installed were Barry Layne, Robert O'Brian, Allen Dukes, Rosalie Richman, Terry Morcom, Matt Holley, Gordon Cudd, Steve Mays, Matt Yeatman, Sandy Speck, Mike Forren and Tammy Mikkelson.

The Gala drew a crowd of more than 100 with great food from RePast Cratering and dance music provided by CGlo DJ. The beverages sponsors for the event was Lilly Construction.

The event was made possible by our eight generous sponsors: Assurance Financial, Bank of the James Mortgage, Bug Man Exterminating, BB&T, Central Technology Solutions, First National Bank, Member One FCU and Select Bank.



2019 President Brent Lilly(left) takes the oath while wife Kristin looks on. Marshall Hamilton in installed the 2019 officers and directors (below).



EO Bob Morgan and Jason Landes with Lynchburg Ready Mix had the holiday spirit.



HBACV Wins Membership Competition Bonuses

The Home Builders Association of Central Virginia won first place in its membership division in the HBAV fall membership drive and finished 4th nationally in its division for the NAHB fall membership drive. The HBACV will receive more than \$1,000 in incentive bonuses for its effort.

For the year, the HBACV has brought in 34 new builder, associate and affiliate members and has surpassed its annual membership growth goal of 20 percent.

In the NAHB competition, which was for the

month of October, the HBACV brought in 11 new members and for the HBAV competition (July through Dec.) our association brought in 16 new members.

Our association also led its division for the HBAV spring membership drive competition.

"Building membership is the single most important activity when it comes to the future health of our association," said 2018 HBACV President Jeff Wiczorek. "We made this a priority and it has paid off. ... Our goal now is to continue the momentum into 2019."

Affordable housing in short supply

Nearly three out of four American households believe the nation faces a housing affordability crisis. The survey conducted for NAHB on Nov. 27 through Nov. 30. Among its key findings:

- **73%** believe that a lack of affordable housing is a problem in the U.S.
- **68%** believe this is an issue in their state and 54 percent cite housing affordability as a concern in their neighborhood.
- **58%** said that if they decided to purchase a home in the near future, they would have trouble finding a home they could afford
- **68%** said a limited affordable housing in urban communities
- **64%** said it was an issue in middle-class neighborhoods
- **56%** said it is a problem in rural areas.

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Roughly 13% Plan to Purchase a Home in the Next Year

Only 13% of adults are planning to buy a home in the next 12 months, according to NAHB's [Housing Trends Report](#) for the third quarter of 2018.

Most of these prospective buyers (58%) report this is the first time in their lives they would be buying a home.

The younger people are, the more likely they are to be interested in purchasing a home. The data shows that 19% of millennials have plans to purchase a home in the next year, with the percentage falling to 13% among the Gen Xers, 7% for the baby boomers and a scant 3% for seniors.

These results are not surprising, given that mobility rates decline significantly with age. According to the Census Bureau's 2017 Current Population Survey, 18% of those under 40 years of age moved in the previous year, compared to 9% in the 40-49 age range, 6% of people aged 50-69, and 3% who were 70 or older.

The Housing Trends Report is a research product created by the NAHB Economics team to track changes in buyers' perceptions over time. The data are derived from national polls of representative samples of American adults conducted for NAHB by Morning Consult.

Study Looks at Non-Metro Areas

Of the 848,000 single-family homes started in 2017, roughly 79,000 were nonmetropolitan – that is, they were built outside of one of the officially-defined metropolitan areas. This is one finding of a special study from NAHB Economics looking at characteristics of newly built [nonmetropolitan homes](#). Other highlights include:

The 79,000 nonmetropolitan single-family starts in 2017 is a 40% increase from 2011, compared to 97% for single-family starts overall.

The average size of a single-family home built in the nonmetropolitan part of the U.S. was 2,148 square feet in 2017, compared to 2,639 square feet inside metropolitan areas.

The average price of a single-family home built for sale in the nonmetropolitan part of the U.S. was \$245,552, about a third less than in metropolitan areas.

HBAV Sells Stewart-Lee House

HBAV office moves to new downtown location

The Home Builders Association of Virginia headquarters has moved from the historic Stewart-Lee House to the James Center in Downtown Richmond. The move comes after the HBAV Board of Directors approved the sale of the Stewart-Lee House at their meeting on October 4. The decision to relocate was based on HBAV's strategic initiatives to best promote and protect the housing industry in Virginia. HBAV's new offices are located in the James Center in Downtown Richmond, just 2 blocks from the Virginia General Assembly and State Capital. **HBAV's new Mailing address is: Three James Center, 1051 East Cary Street, Suite 603, Richmond, VA 23219.**

2018 Renewals & New Members*

Thank You for your ongoing support of the Home Builders Association of Central Virginia.

Builders/Associates:

ABC Supply Inc.
AmeriGas*
Assurance Financial
BB&T
Century 21 - All Service
Member One FCU
Dawson, Ford, Garbee
Long & Foster*
Ferguson Enterprises
Frances Oil & Propane*
Union Bank & Trust
Gillespie Plumbing*
KU Forming*
Affordable Portables
Diamond Hill Plywood*
Central Va. Construction
Lowe's (Lynchburg)
Lowe's (Bedford)*
Lowe's (Madison Hgts.)*
Hawkins-Graves
Wooldridge Heat Air Elec.
Colonial Farm Credit*
Nelligan Insulation
Morcom Building
Southern TimberCraft*
F&S Building Innovations
Fisher Drafting & Design*
Pella Window & Door
Central Tech. Solutions*
Rhino Foundations*
Atlantic Bay Mortgage
Craftsman Custom Homes
Foster Fuels
Movement Mortgage*
Select Bank
Dodson Brothers
Atlantic Bay Mortgage

Skinner Construction
Columbia Gas
Blossman Gas & Propane*
Campbell Heat & Cooling*
AXE | Payments*
Toler Insulation*
The Floor Show
Rempfer Construction
JC Laughlin Construction
Coulson Builders, Inc.
D.S. Zechini Construction
Davis Heating & Cooling
English's Home Center
Finly Corporation
Gordon T. Cudd Const.
Long Meadows Inc.
Bug Man Exterminating
Bank of the James
Mortgage
Hajoca
HealthWorks*
David James Homes
Balzer & Associates Inc*
JCL Cable
One Stop Improvement
Shop (K Guard)
First Piedmont
84 Lumber
Sellari Enterprises
R. Moorefield Const.
Rempfer Construction
The Floor Show/Carpet One
Pinnacle Cabinetry
DeWitt Real Estate*
Creative Edge Design*
Sunburst Vinyl Supply*
First Action Systems*
Builders FirstSource
Carpetland USA
Wells Fargo

Balzer & Associates*
Taylor Brothers
Yates Homes
Master Builder International*
Divine Fog Realty*
BlueStone Business Solutions*
Lynchburg Living Magazine*
Lighthouse Properties*
Mid-State Insurance
Lynchburg Garage Door
Boxley Materials
Watts Petroleum
Foxcrest Developers
First National Bank
Wellington Builders
Lilly Construction
Discount Portable Toilets
First Bank & Trust
Showerdoorsonline*
Discount Port. Restrooms
English's Home Center
Designer Solutions
Lynchburg Ready Mix
LG Flint
Wall Construction
Frank Good Builders*
Custom Structures
Piedmont Floors
Perry & Mays
Fortress Foundations*
Aflac - Amy Conley*

Affiliates:

Cheryl Daffner, L&F*
Ann Parker, DeWitt*
Anne Parnell, DeWitt*
Butch Jefferson, Divine Fog*
Alyssa Slaughtner, Divine Fog*



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How?

Advertise in The Builder

The Builder is the official publication of the Home Builders Association of Central Virginia and is delivered monthly to current and past members of the association as well as targeted non-members in the local building industry. The newsletter is delivered via email, web and social media placement and as a print product upon request. This allows you to get your message consistently before the most influential decision-making professionals in the building, remodeling and housing industry in Central Virginia.

The Builder: produced monthly and includes 12 to 16 pages per issue.

The Builder's rates provide prices significantly lower than any other marketing avenue available to you in the greater Lynchburg area.

Get a great deal

Newsletter Sponsorship - two available. This provides a full-page ad in each issue and banner mention on the front page. Cost is \$1,250 a year.

Sponsors also receives a monthly post on the HBACV Facebook Page.

Newsletter ads (sizes and rates).

- **Full Page** - \$125 per issue. (8 x 10.5 inches)
- **Half Page** - \$75 per issue. (4 x 10.5 inches or 8 x 5.25 inches)
- **Quarter Page** - \$50 per issue. (4 x 5.25 or 2.5 x 10.5 inches)
- **Eighth of a Page** - \$25 per issue (2.5 x 2.5 inches)

All ads are discounted 10% when purchasing three months or more in a single buy.

The Small Print

Ads need to be provided to the HBACV in a digital format (300 dpi) in either PDF or JPEG format. Ads can be color or black and white. Ad deadline is the first day of each month. (Example: An ad in the Feb. 12th newsletter is due no later than Feb. 1). Ads that are an incorrect size will be adjusted to fit the purchased space. Advertising charge will be invoiced and payment must be made within 30 days.

NOTE: Get a 15% discount if you purchase ad/sponsorship in both the newsletter and the new HBACV website.

NEW MEMBER NEWS

- **Fortress Foundation Solutions** has joined the HBACV. Owner Jerry Gliniski will be the main participating member. Fortress Foundation offers basement waterproofing, crawl space repair, mold removal and foundation repair services. The firm is located at 147 Mill Ridge Road, Lynchburg, VA 24502. Office phone is (434) 207-5599.
- **Aflac Insurance** has the HBACV. Local representative is Amy Conley. Aflac offers a full array for supplemental insurance products to businesses and individuals. Aflac has a discounted group program for HBACV members. The firm is located at 22491 Timberlake Road, Lynchburg, VA 24502. Office phone is (434) 665-4579.
- **Interested in Joining the HBACV?** Contact a member, or go to our web site www.hbacv.org or contact executive director Bob Morgan at 385-6018 or bob@hbacv.org.
- Membership growth - especially builders and trades - is the life-blood of our association. Take a moment and jot down the names of anyone who you see as a potential member. Then work with us and other HBACV members so we can bring them on board.

Member News

Bug Man Adds CrawlSpace Services

HBACV member Bug Man Exterminating has added a complete CrawlSpace Care® encapsulation and restoration service to its line of products and services. It utilizes specialized products to stop the hot, moist outside air from mixing with the cool air inside a crawlspace that creates condensation. It also stops natural moisture vapors that rise from the ground below a home. This achieves improved indoor air quality and lowers energy costs by up to 18%.

Information about the product is available in the Lynchburg market by emailing: cory@bugmanext.com or visiting www.crawlspacereva.com.

Nelligan Insulation Adds New Roanoke Location

HBACV member Nelligan Insulation, Inc. is a locally owned Lynchburg-based company established in 1998, has opened a second location to serve the Roanoke market. The new facility is located at 231 Walnut Avenue, Vinton, VA. Nelligan can now better provide its full array of services to General Contractors, Mechanical Contractors, Homeowners, Architects, and Building Officials in this market.

Information about the new location of products is available by emailing: wistar@nelliganinsulation.com.



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HBACV Needs sponsors for Hammer Times

With 2019 just weeks away, the HBACV is seeking host sponsors for the monthly Hammer Time Events. The association holds 10 monthly membership meetings called "Hammer Time" in a calendar year. These are program, networking, social events bringing the membership together the 3rd Tuesday of the month from 5 pm to 7 pm.

Please contact EO Bob Morgan if you have an interest in hosting. With over 100 members and growing, Hammer Time is a strong element of direct to member marketing. Hosting an event allows your service and products to be front and

center before our membership and guests.

The Hammer Time host provides the venue and typically the food and beverages. (If necessary HBACV can assist with a portion of this cost.) Some members do this with a "light" touch providing light fare. Others may go with a larger catered spread. This is entirely up to the host member. Some hosts will also partner with a vendor to highlight a product line and also use co-op funds to help cover cost.

The HBACV will work with each host depending on its level of sponsorship and need. Each sponsor is also given presentation time and marketing opportunities at the event along with signage and product display.

Smaller firms have higher accidental fatality rates

The fatality rate of workplace injuries for construction companies with 1-19 employees has been significantly higher than those with 20 or more employees, according to a [study](#) published by the Center for Construction Research and Training.

From 2003 to 2016, construction firms with 1-19 employees accounted for 56.6% of all fatal injuries while employing less than 37% of all construction workers.

The problem is worsening for smaller companies. The fatality rate rose 57% for establishments with 1-19 employees from 2008 to 2016, while the rate decreased by about 30% for establishments with 20 or more employees period.

Falls continue to be the most common cause of fatal injury in construction and the category with the largest discrepancy between small firms and large firms: 74.2% of all falling deaths occurred in firms with 1-19 employees.

The construction subsector with the highest rate of fatal injury among small companies was residential construction.

Builders Report Shortage of Lots

In a recent NAHB survey, 65% of builders reported that the overall supply of developed lots in their area was low to very low. This is up only 1% from June 2017, but is significantly higher than the 42% posted in September 2012.

The focus on lots was included in a special survey section in September's NAHB/Wells Fargo Housing Market Index (HMI). The 65% of respondents citing a shortage of lots represents the largest low-supply percentage recorded since NAHB began periodically asking the question in the HMI survey in 1997.

The 65% includes 43% who characterized the supply of lots simply as low and 22% who said the supply of lots was very low.

The continued [low supply of developed lots](#) is a hindrance to a fuller housing recovery.

HBAV Legislative Agenda Set for General Assembly

The HBAV legislative committee met in November to work toward finalizing its 2019 HBAV General Assembly Legislative Agenda. The HBAV Legislative Committee, comprised of HBAV members appointed from the 15 local Virginia HBAs, guides the lobbying effort on behalf of the HBAV membership. The legislative agenda includes HBAV's top priorities for the 2019 General Assembly, which convenes January 10 for a 30-day session. HBAV will review nearly 3,000 pieces of legislation as they are submitted for the 2019 General Assembly and add positions throughout the session. Included below is an overview of the HBAV's 2019 General Assembly Session Priorities:

Revisions to Virginia's Proffer System:

In 2016, the General Assembly enacted and the Governor signed SB 549 (the "Proffer Law") – the legislation had been drafted by the HBAV in response to the growing sentiment among industry in some regions that Virginia's system of conditional zoning (ie, proffers) had evolved from a system of reasonable and voluntary mitigation of a development's impact on a locality's infrastructure to one of forced exactions with varying degrees of disconnect from the development's actual impact on public facilities. With any significant change in land-use law, there was an expected transition period for both local governments and industry. The Implementation of the 2016 legislation has been varied: Some localities have implemented the legislation and continued to process and approve residential rezoning applications; others have implemented the law and approved

(Continued on next page)

HBACV's State Legislators

It is important that the HBACV membership the General Assembly members for the jurisdictions in which they live and do business. House of Delegate and State Senators in the HBACV region:

19th House District: Terry Austin (portions of Bedford Co.). Phone: (540) 254-1500
Email: DelTAustin@house.virginia.gov

20th House District: Dickie Bell (portions of Nelson Co.). Phone: (540) 448-3999
Email: DelDBell@house.virginia.gov

22nd House District: Kathy Byron (portions of Lynchburg; Bedford Co., Campbell Co).
Phone: (434) 582-1592
Email: DelKByron@house.virginia.gov

23rd House District: Scott Garrett (portions of Lynchburg, Amherst Co., Bedford Co)
Phone: (434) 455-0243
Email: DelSGarrett@house.virginia.gov

24th House District: Open Seat (portions of Amherst Co.) Special election set for Dec. 18

59th House District: Matt Farris (portions of Appomattox, Campbell, Nelson co.)
Phone: (43) 821-5929
Email: DelMFarris@house.virginia.gov

60th House District: James Edmunds (portions of Campbell Co.) Phone: (434) 476-0077
Email: DelJEdmunds@house.virginia.gov

23rd Senate District: Steve Newman (portions of City of Lynchburg, Bedford, Campbell counties)
Phone: (434) 385-1065
Email: district23@senate.virginia.gov

22nd Senate District: Mark Peake: (portions of City of Lynchburg, all of Amherst, Appomattox Co.)
Phone: (434) 455-3382
Email: district22@senate.virginia.gov

19th Senate District: David Suetterlein (portions of Bedford County) Phone: (540) 302-8486
Email: district19@senate.virginia.gov

residential rezoning applications but still maintain the position that the bill “crippled” their ability to adequately address impacts on infrastructure; and in some localities, residential rezonings have simply “shut down” or have been significantly curtailed. Recognizing the diversity of land-use and development practices around the Commonwealth, HBAV formally committed to engaging local government officials around the Commonwealth to identify and understand their challenges with the 2016 Proffer Legislation. Furthermore, HBAV has worked to proactively draft and build consensus around common-sense and substantive amendments to address many of those concerns. The intent of the amendments is to open lines of communication between local governments and applicants; and allow localities and applicants greater flexibility to discuss and agree on voluntary offsite proffers to mitigate a development’s impact on a community.

- **Communication:** There have been some localities that have interpreted the provisions of the 2016 law to diminish or eliminate a locality’s ability to communicate or discuss any component of a residential rezoning because the legislation “prohibits a locality from requesting, suggesting, or accepting an unreasonable proffer”. Communication between an applicant and a locality is key to smart land-use development – and these discussions between both sides ensure that the needs of the community and the local government are addressed. HBAV’s proposal makes several modifications and additions to current law to ensure that applicants and local governments can engage in meaningful discussion about all components of a residential rezoning application.

- **Flexibility:** The purpose of Virginia’s conditional zoning system (or “proffer system”) is to allow landowners and local governments to negotiate the terms and conditions by which a property could be developed and used. It allows for a legally binding method by which an applicant may add or modify their rights under an existing zoning classification in a manner that 1) addresses concerns of the adjacent or surrounding community and/or 2) accounts for the development goals and objectives of the locality. One of the concerns that has been expressed by some in the housing industry, as well as local governments, is that the 2016 legislation limited the ability of both parties to discuss and agree upon different types of offsite proffers that could mitigate the concerns raised by local governments and the surrounding community during the local government’s development review process. HBAV’s amendments seek to allow local governments and applicants greater flexibility to offer and accept different types of offsite proffers, while still preserving the long-standing legal principle that proffers are “voluntary”.

Elevating Affordable Housing by Reducing Financial Barriers to Entry

There is a well-documented need for greater supply of housing at all price-points, both nationally and in the Commonwealth of Virginia. Despite a relatively strong economy and the surging demand for housing, the residential land development and construction industry is still relatively weak from the economic downturn almost a decade ago. According to many estimates, our nation needs nearly a million newly built housing units per year just to make up for those lost to fire, decay, demolition, or other destruction. Population

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increases and other sources of new demand push those estimates to over a million additional new units per year. Despite the increasing need, supply of housing is not keeping pace – and specifically, private-sector and non-profit entities are finding it increasingly more difficult to pursue “affordable housing” or “workforce housing” developments.

Affordable housing developments are shaped by a patchwork of procedures, regulations, and policies at the local, state, and Federal levels – each with associated costs. Furthermore, most affordable housing developments rely on multiple financing streams which can result in additional regulatory and compliance costs. These financial realities, in addition to the complex and uncertain local development approval process, are a significant impediment to the production of affordable housing units.

- **the HBAV** will be advancing two pieces of legislation that seek to reduce the financial barriers to entry for affordable housing development projects.

New Construction Affordable Housing Tax Abatement:

There are variety of incentives available at the local, state, and Federal levels that help reduce the financial barriers to entry for affordable housing developments. The Code of Virginia currently allows localities to enact tax abatement programs which allow for a homeowner or property owner to reduce the taxable value of a property, for a period of time, by the value of the improvements made to the structure. By reducing a property’s real estate tax burden, the program has proven to be an effective way of incentivizing the private and non-profit sectors to pursue residential multi-family, commercial, and mixed-use redevelopment and revitalization projects in localities around the Commonwealth. Furthermore, in localities with aging single-family building stock, the tax abatement program has been an important tool for individual homeowners looking to renovate, remodel, or expand their existing home. Real estate taxes can represent a major expense for many homeowners – tax abatement programs can result in considerable savings for the homeowner and also help improve the re-sale value of the home. The local tax abatement program, in conjunction with other incentives, have played a critical role in expanding the size and value of a locality’s real estate stock and tax base.

Many of the tax abatement programs currently permitted in the Code of Virginia are focused on rehabilitation development projects. Virginia Code 58.1-3219.4 does allow local governments to enact tax abatement programs for new construction, however the requirement that the structures be located in “redevelopment or conservation areas or rehabilitation districts” can limit the applicability and scope of the incentive or make implementation more challenging.

Given the drastic shortage of “affordable” or “workforce” housing that exists in the Commonwealth, the Home Builders Association of Virginia will be asking the General Assembly to consider legislation that would grant all localities the authority to create a voluntary tax abatement program for new construction projects without the requirement of being in a designated “zone”. The legislation will also specify that any local enabling

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ordinances for this abatement shall include a requirement that a percentage of the units within a project seeking the tax abatement be designated as “affordable” for individuals and/or families at a range of Area Median Income (AMI).

Affordable Housing Fee Waiver Authority:

Bending the Cost Curve” – lowering the cost of developing affordable housing – is just one approach to meeting the increased demand for affordable housing; and there are countless ways that both local and state government can reduce or remove these financial “barriers to entry”, including the waiver of fees imposed by local governments during the development approval and construction stages. According to NAHB’s 2017 Construction Cost survey, the Virginia Code 15.2-958.4 currently allows a locality to enact ordinances providing for the waiver of building permit fees and other local fees associated with the construction, renovation, or rehabilitation of housing by a 501(c)(3) organization with a primary purpose of assisting with the provision of affordable housing. During the 2019 Session, the Home Builders Association of Virginia will be asking the General Assembly to consider amending this code section to allow localities to also extend these fee waivers to private-sector entities pursuing affordable housing developments.

Maintaining Virginia’s Nationally-Recognized Code Development Process:

The Uniform Statewide Building Code (USBC) and the Statewide Fire Prevention Code (SFPC) are important regulatory documents for the residential land development and construction industry. These codes establish a baseline of standards by which all structures – commercial, residential, and others – must be constructed and maintained to ensure healthy, safe, and sustainable structures and communities.

Virginia has been nationally recognized for both the caliber of the code review process and the strength of our codes. Virginia’s national reputation for strong codes has been the result of the Virginia Department of Housing and Community Development’s (DHCD) commitment to inclusiveness, transparency, and fairness during its code development cycles. Assisted by the staff at DHCD, the Board of Housing and Community Development (BHCD) reviews and votes on countless code proposals from industry stakeholders, local government, and citizens. The BHCD is comprised of 14 citizen members from an array of experiences including energy , construction, development, fire services, and local government

Establishing separate code development processes for the building and fire codes would put Virginia further behind in adopting the most cost-effective and current building design, energy efficiency, and fire-safety innovations and best practices. Virginia’s current code development process has proven to be an effective and efficient way to protect the health, safety, and welfare of our citizens.

- **the HBAV** will oppose any legislation that would alter the Commonwealth’s current code development process.

For more information on the Home Builders Association of Virginia’s 2019 General Assembly Session Priorities, please contact HBAV’s CEO Craig Toolson at CToolson@HBAV.com or HBAV’s Vice President of Government Affairs, Andrew Clark, at AClark@HBAV.com.

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