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Homebuilders Forecast Looming Housing Shortage – Report Warns Economic Growth is Being Impacted

Plan Would Spur Housing Investment, Reduce Regulatory Delays, Attract More Skilled Trades Workers

(Lansing, MI) – A dramatically changing economic environment is not only hampering Michigan’s post-recession era housing recovery but is creating a looming housing shortage in the state that will have a serious, negative impact on Michigan’s ability to expand its economy. A newly released report from the Home Builders Association of Michigan (HBAM) reveals trends that are keeping the housing industry recovery at historically low levels. The report stresses that without action it will be harder and harder for communities to attract the housing investment they need in the future.

Their report entitled: “*Housing Challenges Threaten Our Economic Growth, Where Will Ten Million Michiganders Live?*” contains 13 recommendations arrived at following a recent series of regional housing summits around the state where more than 250 people testified on the challenges and opportunities affecting residential construction in Michigan. The recommendations are intended to stimulate discussion with local and state government officials that ultimately leads to more housing investment and economic growth in Michigan.

“Though the housing industry has experienced modest growth since the end of the recession, the recovery has been slowed significantly due to policies that hamper housing investment, including lengthy regulatory delays and requirements that are raising costs. This combined with a severe shortage of skilled workers and lots to build upon means production levels aren’t able to keep up with demand,” said Bob Filka, HBA Michigan CEO. “We hope this report serves as a call-to-action tool for economic developers and policy leaders to address the housing challenges our state faces.”

At its height, Michigan’s residential building industry annually contributed more than \$3.3 billion in local and state taxes, generated nearly \$10 billion in income and helped generate and sustain more than 153,000 jobs. Today the industry is less than half this size even though demand for housing and renovation services continues to grow.

“This is a wake-up call for everyone involved from homebuilders, to local and state officials and citizens of Michigan,” said L.R. Swadley, HBAM President and Marquette-area builder and developer. “The challenges we face are pricing middle class citizens out of the housing market and squeezing revenues from housing growth that are needed to support our schools and local units of government across the state.”

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The HBAM action plan focuses on three main areas that were identified at the regional summits as major factors in hampering the housing industry in Michigan; attracting housing investment, reducing regulatory delays and attracting people to fill a severe shortage of skilled workers. A primary recommendation is to have the Michigan State Housing Development Authority (MSHDA), in partnership with economic development organizations, conduct a best practices study analyzing how local municipalities are managing land development, housing and renovation approval processes.

“Housing is right behind workforce development as the top economic development issue we face in Michigan today,” said Steve Arwood, CEO of the Michigan Economic Development Corporation (MEDC). “We appreciate the HBA’s work to identify key solutions to this challenge.”

The 13-point plan also calls for a series of steps that would promote a reduction in regulatory delays at the local level. The plan seeks to enhance the powers of the State to crack down on violations of state law. The plan also calls for the State to work with local authorities to set clear expectations as to the time frames that should be expected for reviews and evaluations of building projects and the fees/costs associated with them.

“About 25% of the cost of a typical home is now attributed to the cost of government regulations,” said Filka. “Now, more than ever, an efficient review and approval process will not only benefit the builder/developer but the government and taxpayers of communities across the state.”

The HBAM plan also offers a comprehensive strategy to train, attract and retain individuals to skilled trades careers. Among the proposals:

- The State should develop a career pathway curriculum for K-12 students that more seamlessly blends with Merit Curriculum requirement;
- To help expose young people to job opportunities in construction and the skilled trades, the legislature should amend child labor laws to allow non CTE students under the age of 18 to work on construction sites with reasonable safety and age restrictions;
- The legislature should modify professional counselor development requirements to include hours dedicated to learning about skilled trades career pathways; and
- Creation of more public awareness campaigns highlighting career opportunities in skilled trades and the construction sector.

HBA Michigan believes that implementing its 13-point action plan will, over time, alleviate a housing shortage that is driving up prices and forcing many middle class citizens away from the market. Additionally, the plan will serve as a major stimulus for the overall Michigan economy.

“First and foremost, we need local leaders and elected officials to hear and understand that the world has changed for our industry,” said Filka. “Housing investment must now be looked at like any other type of economic development investment a community may need or desire. It won’t just happen. If communities want to attract jobs to their region and have those employees live in their towns, they need to think about their housing stock and review the approval systems they have in place for land development, new home construction and the renovation of existing homes.”

The Home Builders Association of Michigan is the largest professional trade association representing construction in Michigan. Comprised of 24 local homebuilder associations around the state and their builder, subcontractor and supplier members, HBA of Michigan works to positively promote the building industry and impact legislative, regulatory and legal issues affecting housing affordability.

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