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March SlowDown in Single Family Housing Permits

Michigan's homebuilding industry received a bit of a setback in March as housing permits for single family home construction were off 20 percent compared to March of 2017. According to the U.S. Census Bureau, there were 1,246 permits issued in March, compared to 1,562 for the same period a year ago. Year-to-date, housing permits in Michigan are ahead 3.3% through the first quarter of 2018, with 3,337 permits issued in 2018 compared to 3,229 last year.

"After the quick start to the year, this decline in March is not surprising," said HBAM CEO Bob Filka. "The drop off in March underscores the issues we have been highlighting for the past couple of years. It will be impossible for Michigan to realize a full housing recovery until we come to grips with a shortage of skilled labor, rising building material costs, lot availability and burdensome and inconsistent government regulations that slow needed housing investment."

HBAM warned of a looming housing shortage in Michigan last summer when it issued a proposed 13-point action plan to aggressively attack challenges faced by the industry. Copies of the HBAM report, "Housing Challenges Threaten Our Economic Growth—Where Will Ten Million Michiganders Live?" can be downloaded at HBAofMichigan.com.

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.

"The challenges the housing industry faces today are vastly different than in the past," noted Filka. "Communities are going to continue to see dramatic shortages and need to be thinking and talking about innovative ways to attract investment that will provide housing options for the average citizen. In this changed environment, with affordability and production limitations and other challenges, fewer and fewer entry level homes are being built. Actually, few can be built at a reasonable cost and that's the problem communities need to help address."

The Home Builders Association of Michigan is a professional trade association 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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