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Dallas/Fort Worth's Homebuilding Industry Publication | February 2017

4217

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from the publishers

*Happy New Year!*

From codes and regulations to style preferences, change is a constant in this industry. It is our mission to attempt to keep you informed of what's new and what's coming next!

While the national analysts point to a good year for home building and remodeling, the local news would suggest a potentially great one -- if supply can in any way keep up with demand. The shortage of labor and home inventory are nationwide challenges that we will continue to face locally, raising concerns about our area being able to maintain its reputation for home affordability.

As those of us who have been part of this industry for a while now well know, it's like we're on a giant apparatus with nearly every legislative and economic move pulling a string this way, causing an effect on our industry that way. Stay tuned! 2017 will be all about maintaining a healthy balance.



**Beverly & Steve Smirnis**  
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**House Passes Regulatory Relief Bills; Industry Organizations Hope the Senate Will Do The Same**

Industry groups commend the House for moving quickly during the first month of 2017 to address regulatory burdens facing home building firms and other small businesses.

The House approved H.R. 21, the Midnight Rules Relief Act of 2017, legislation that would allow Congress to examine under the Congressional Review Act multiple regulations pushed through by an outgoing administration. Immediately following, it also passed H.R. 26, the Regulations from the Executive in Need of Scrutiny Act of 2017 (REINS Act), legislation that would require Congress to approve all federal agency regulations that have an annual economic impact of \$100 million or more.

“Home building is one of the most regulated industries in America. Indeed, government regulations account for nearly 25% of the cost of a new single-family home,” said National Association



of Home Builders Chairman Ed Brady. “By moving decisively to pass the REINS Act and the Midnight Rules Relief Act, the House is sending a strong message that Congress should exercise its oversight to ensure that regulations must be subject to greater public scrutiny, based on sound science and undertaken only after a careful consideration of the costs and benefits. We urge the Senate to follow suit and swiftly pass these bills.”

The National Association of the Remodeling Industry (NARI) applauds the passage of H.R. 5, the Regulatory Accountability Act by the U.S. House of Representatives. This legislative package contains six regulatory reform bills including H.R. 33, the Small Business Regulatory Flexibility Improvements Act.

“NARI strongly supports regulatory reform efforts and H.R. 33 in particular,” said NARI CEO Fred Ulreich. “Remodelers across the country are impacted by overly burdensome regulations on a daily basis. We appreciate the leadership of Judiciary Committee Chairman Bob Goodlatte (R-VA) and Small Business Committee Chairman Steve Chabot (R-OH) as they work to remove unnecessary regulatory barriers that stifle business growth and job creation, as well as giving small businesses a more powerful voice in the regulatory development process. NARI calls on the U.S. Senate to take up and approve similar legislation as soon as possible,” Ulreich said.

**EPA’s MS4s Rule Allows Cities to Craft Creative Solutions in Meeting Stormwater Requirements**

The Environmental Protection Agency (EPA) signed new rules for municipal separate storm sewer systems (MS4s) which preserve the ability of cities to choose from a wide range of options

to tackle urban water pollution. “This rule signals that EPA is open to allowing cities to address pollution by carefully crafting local programs that work with development, rather than against it,” said NAHB Environmental Program Manager Eva Birk.

Despite heavy lobbying by environmental groups, EPA failed to “raise the floor” of the MS4 program by adding more stormwater requirements for small cities. The broad impact of this rulemaking spans across the nation, as it could have restricted how cities across the nation regulate new and re-development to comply with the Clean Water Act.

Allowing narrative requirements (rather than numeric) for new development is especially important to builders in cities facing expensive federal mandates to upgrade their drinking water, sewer and stormwater programs all at once. However, moving forward, state permit writers must incorporate “clear, specific and measurable” permit terms to satisfy the order.

“Many cities are turning to low-cost methods such as street sweeping, lawn fertilizer reduction and flexible installation and maintenance programs to achieve better water quality results over the long term,” Birk said. “Cities are creative. Along with water quality trading and stormwater credits, this language leaves a lot of options on the table for cities to grow market-based programs that really work.”

EPA’s decision still does not clarify the definition of the “maximum extent possible” limit under this rule, nor how it applies to specific steps MS4s include in their state-mandated stormwater programs. NAHB expects EPA will continue to pressure states to adopt stricter limits for new and re-development. However, under this language, states can still make their own case for how programs will meet clean-water goals.

**OSHA Updates**

The U.S. Occupational Safety & Health Administration (OSHA) has issued a final rule updating its 44-year-old general industry Walking-Working Surfaces standard created to better protect workers from slip, trip and fall hazards. According to OSHA, the rule, which became effective last month, aligns the fall protection requirements for general industry with those for construction that will make compliance easier for those companies who perform both types of activities. It should be noted that this new general industry rule does not change construction standards.

One significant change to the general industry rule states that when an employer can demonstrate that using a guardrail, safety net or personal fall protection system on a residential roof is not feasible

or creates a greater hazard, it must develop and implement a fall protection plan that meets the requirements 29 CFR 1926.502(k) and training that meets the requirements of 29 CFR 1926.503—the same approach that has been used in the construction industry.

Next on the agenda for NAHB with regard to OSHA will be legal challenges to the rule requiring employers to submit detailed injury and illness logs to the agency for public posting. This would expose a business to significant reputational harm; as currently written, the anti-retaliation portion of the rule would allow OSHA inspectors to cite an employer without needing a complaint from a worker.

“OSHA has not justified any of the rule’s requirements with any real benefits analysis and has relied entirely on anecdotal information. This is entirely insufficient and cannot be allowed to stand and potentially serve as a precedent for other agency rules. Workplace safety is of the utmost concern of our members, however this rule is unlawful and does not serve its intended purpose of improving workplace safety. The rule needs to be vacated and set aside in its entirety,” NAHB Chairman Brady said.

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# NEW **OVERTIME** RULES? stay tuned.

**As if complying with regulations wasn't difficult enough, new overtime rules set to take effect December 1, 2016, were recently put on hold, leaving businesses in limbo. The new overtime regulations were issued by the Department of Labor under the Fair Labor Standards Act (FLSA) and would have extended eligibility for overtime pay to an estimated 4.2 million additional workers. In essence, under the new regulations, all employees earning less than \$47,476 would have been eligible for overtime pay, regardless of whether they were paid on an hourly or salary basis and regardless of their duties. This was expected to rise to encompass all employees earning less than \$51,000 by 2020.**

Previously, full-time salaried employees making at least \$23,660 who performed "executive, administrative or professional" duties were not eligible for overtime. The proposed new regulations would have required overtime pay for all employees earning less than \$47,476 for any work in excess of 40 hours a week, regardless of job function. For builders, this means that previously salaried employees like junior project managers, inspectors and sales representatives would have been treated like hourly employees. Every employee earning less than \$47,476 would be required to keep track of their time and either stop working after 40 hours or earn overtime at one and a half times their effective hourly salary.

Any builder who failed to comply better keep their attorney on speed dial, as they would have been potentially subject

to not only corporate but also **personal** liability for any back pay, liquidated damages, attorneys' fees, penalties and other costs associated with a violation. Additionally, the usual protection of personal assets afforded by forming a company may not apply to FLSA claims, meaning that in a worst-case scenario, a builder's personal assets such as their home, bank accounts and other property would be at risk.

On November 22, 2016, a federal judge in Texas put the new regulations on hold. However, the government has appealed and the issue is far from settled. To muddy the waters further, the incoming Trump administration has not said whether it will seek to enforce, drop or re-write the new regulations once again. For now, businesses can operate under the old regulations but it would be wise to stay tuned in 2017.

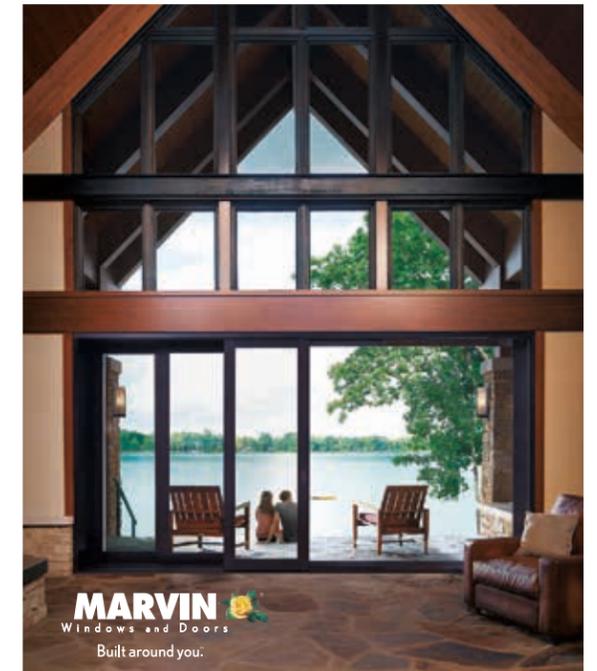
*Eamonn J. Wiles is an attorney with Decker Jones, P.C. in Fort Worth, Texas. His practice focuses primarily on civil and commercial litigation, including construction matters and first party insurance law. He can be reached by phone at 817.336.2400 or by email at ewiles@deckerjones.com. This article is for informational purposes only, and it is not intended as a substitute for specific legal advice.*



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# BUILD YOUR BRAND WITH "STREET SMART" CURB APPEAL



focus  
section

Board and batten siding and trimwork details are key contributors to this home's exterior appeal.

Being "street smart" is an important part of the brand-building process for developers as well as builders and remodelers. Community planning is being taken to a new level, providing home buyers more choices than ever. Developers have learned that varied elevations make for more interesting streetscapes, age-targeted amenities can set one neighborhood apart from the next and outdoor spaces designed for active pursuits as well as relaxation are high on the list as buyers narrow down the decision on where they want to live. Equally important is for builders to build homes that complement and define great neighborhoods. Homes should be designed to play well with others, establishing the benchmark by which the completed neighborhood will be judged for decades to come.

For some sound advice as well as fresh curb appeal ideas, we turned to some national experts.

**The Best in American Living Awards judges** at last month's International Builders' Show in Orlando recognized the best of the best in design. They cited the following trends related to winning projects in the home exterior categories:

- Contemporary architecture continues to grow in popularity and spread away from the coasts and Sun Belt to markets that have previously been considered traditional.
- Architects and designers opt for dark brown or black frames around windows and doors instead of whites.
- Metal roofs are featured on custom homes across the country, from more traditional homes to modern farmhouse and distinctively modern homes.

- Board and batten are prominent on the exteriors of this year's class of winners. Some winners add a unique spin to the siding by adjusting the width of the boards, giving homes a more customized, one-of-a-kind feel.

**DaVinci Roofscapes**, a company that develops and manufactures polymer roofing system, said that energy code requirements are another factor that weighs into exterior home design choices, particularly when it comes to the roof. For example, the 2017 launch of Title 24 requirements in the state of California will prompt increased homeowner interest in cool roofs. Four new DaVinci EcoBlend® polymer roofing color options have been approved by the Cool Roof Rating Council to reflect sunlight and



This month's SAVVY Builder, Scott Homebuilders, will build this mid-century modern home in the Bluffview neighborhood of Dallas. Landscaping will be an important finishing detail.

heat. DaVinci also advises that other factors to consider in choosing a roof include fire resistance, impact resistance and durability -- things that polymer roofing products are designed to deliver while replicating natural products.

**PlyGem**, an industry pioneer delivering "The Designed Exterior" solution through its comprehensive range of building products — from windows, doors and siding, to roofing, designer accents, stone veneer and fencing — says there's an unfortunate scenario that plays out in many exterior remodeling jobs: An investment is made in premium exterior siding product only to finish it out with basic, inexpensive trim work. The result is an uninspired, and often unattractive, siding job. PlyGem also says that

- beige is such a prevalent color in the housing industry because people play it too safe in selecting exterior colors and combinations of stone and siding. PlyGem advises:
- Think beyond the basics and consider a wider trim with the look of real wood around windows, doors and the garage.
- Consider a trim that duplicates the look of real crown molding or opt for a flat finish using lineals for a more contemporary look under the eaves at the spot where the top course of siding meets your roof.
- Reference historic color palettes when choosing exterior colors.
- Decide on the stone profile first. If it is a large area of stone, go with a larger stone profile – say cut cobblestone or field stone. If it is a smaller application, ledge stone or shadow ledge stone are a good choice.
- Look at the characteristics of the stone. Is it mainly a horizontal application or more random? How does it go with the architectural style of the home? For instance, Prairie style looks great with a very horizontal stone such as true stack or shadow ledge stone. True stack also works well with more modern styles.
- Determine what is the most dominant or prevalent color in the stone and look for a siding color that blends with or complements the stone.



This home, topped off with DaVinci polymer roof that replicates slate, illustrates proportion and balance. Its brick red window cladding provides a perfect accent to the stone selected for its exterior.



The dark brown entry door, window cladding and shutters provide nice contrast with Acme Brick's combination of Glacier White Brick with White Mortar.

- Because stone is typically closest to the ground, it is preferable for the stone to be the darker color to help anchor the composition. Don't go so dark that the stone and siding colors don't relate to one another, however.
- Use the secondary colors in the stone as inspiration for a second body color, trim, or accent colors.

**NewHomeSource.com**, founded, funded and endorsed by a consortium of 25 of the nation's largest homebuilder corporations says that landscaping is one of the most misunderstood aspects of homebuilding and design. It says the difference between a great homebuilder and an average one is how much they take the exterior of a home into consideration from the get-go. Advice offered on the website says:

- Most people underestimate how much maintenance is involved and how much of it they're really willing to do. Don't set up a garden or backyard that is going to leave the buyer feeling overwhelmed in taking care of it.
- Have a plan; seek a professional for advice in selecting plants and consider native species. Consider kid- and pet-friendly choices.
- Match the landscape to the lifestyle. Consider the placement of seating areas. Carefully plan the hardscape areas.
- Match the scale of the home and the landscape. Save existing trees and consider adding other mature trees.

# UNDERSTANDING Prior Work Coverage & Sunset Provisions

## best practices



by **Ross Conner**, Hotchkiss Insurance Agency, LLC

What's covered and what's not on your commercial general liability (CGL) policy and how long that coverage is in place is an essential discussion you should have and review often with your insurance agent.

Think of your commercial general liability (CGL) coverage policy as a bank in which you have a separate account for each year. Each account has \$1 million. Each year's policy stipulates \$1 million occurrence limits (max that the policy will pay for any one occurrence) and \$2 million in aggregate limits (total amount the policy will pay during that year, regardless of the number of occurrences.)

When faced with a long-term damage claim that covers more than one policy period where more than one policy might apply, it is essential to examine the law of the jurisdiction relating to "stacking of policy limits" and self-insured retentions before making a decision on how to handle the claim with your agent. Which policy will pay depends on when the occurrence happens. If you receive a lawsuit this year that says you caused covered occurrences in each of the last four years, you would be accessing all four bank accounts with a total of \$4 million. Your current policy would not pay unless the occurrence also took place during the current policy period. This is true even if you receive the lawsuit claim this year. The policy that would pay is based on when the occurrence took place; not when the claim is made.

Many CGL policies for contractors contain a "prior work exclusion." The prior work exclusion changes what's in our imaginary "bank" because there is no coverage for any occurrences arising out of work you completed prior to the year of the policy period. If a 2017 policy had a prior work exclusion, it is saying that it will not cover any occurrences arising out of work done prior to 2017. This is true even if the occurrence took place during 2017. For example, imagine that you built a wall in 2016, then in 2017, the wall fell on a person causing bodily injury. You get sued. You go to make a claim on your 2017 policy and you get a letter back informing that you are not covered. There is no coverage because,

although there was an occurrence during the 2017 policy period, the occurrence was caused by work completed in 2016 and your 2017 policy contains a prior work exclusion. If you went back and tried to make a claim on your 2016 policy, you would get a rejection letter stating that policy only covers occurrences that happened in 2016, and your occurrence happened in 2017.

Whereas the prior work exclusion is designed to eliminate insurance companies' exposures from the past, the sunset provision is designed to reduce exposures in the future. If a policyholder has access to a \$1 million "bank account" from 10 years ago, the insurance company would need to make sure the money is available for the policyholder. The sunset provision stipulates that the account is closed (there is no coverage available) if the policyholder does not report a claim within a certain amount of time. For example, a two year sunset will say that there is no coverage unless the policyholder reports a claim within two years of the end of the policy period.

Imagine you have a 2014 policy with a two-year sunset provision. You were working on a project in 2014 when a pedestrian was injured on the jobsite. The pedestrian initially sues an electrician that caused the injury, but more time passes and then you get added as a defendant in the lawsuit. The 2014 account holds the money to pay damages for 2014 occurrences. If you notify your 2014 policy holder within the two year sunset provision (2015, 2016), you are protected, but if the sun set on that policy at the end of 2016, you're in a fix.



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Comments from their homeowners speak of how well the Scotts thought through the layout of the floor plans and their unique attention to detail that went above and beyond their expectations, illustrating that they truly care about service, quality and budgets. In interviewing some members of their subcontractor/supplier team, we heard similar comments. They were described as “polite, honest, conscientious, attentive, professional, organized and personable.” And while they demand and expect top quality, there were numerous mentions of their being easy to work with because they communicate well, know what they want, and operate a well-run business that pays them on time. One of the subcontractors who works with numerous

other builders told us he would choose Scott Homebuilders when it comes time to build his own home.

This family-owned homebuilding company firmly believes that lifestyle is just as important as the ideal features that their clients are looking for in a home, meaning that their choice of neighborhood is a paramount factor in the home buying process. With expertise and experience extending from Dallas to Fort Worth and Arlington to Denton as well as the surrounding areas, they are flexible to build where their client’s desired location may be. To simplify the process, their Build-On-Your-Lot Series provides ready-to-build home plans in a variety of home sizes for interested buyers to peruse on their website.

Scott Homebuilders carefully identifies neighborhoods to invest in and market to families. For example, Scott Homebuilders’ most recent work has been in Stonewall Terrace, an established community of large home sites and trees located near Lakewood and the M streets in Dallas, just north of Mockingbird Lane and east of Central Expressway in Dallas. Scott Homebuilders is currently promoting

...

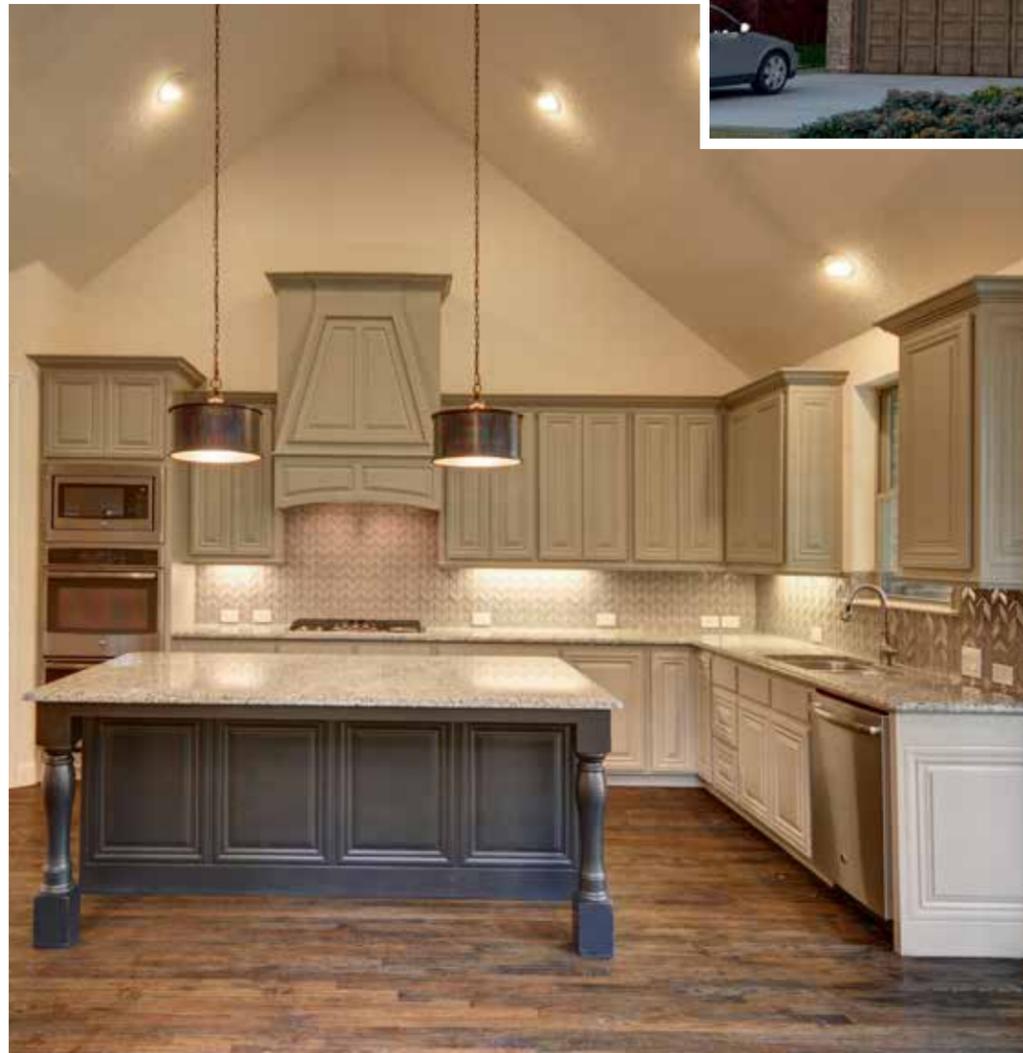


A rendering of the new home currently under construction at 5001 Thistle Hill in Denton

This mid-century modern home will be built at 4020 Adrian in the Bluffview neighborhood of Dallas

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65 ft x 120 ft home sites in Thistle Hill Estates in Denton where they will offer a limited edition of eight semi-custom homes from the \$300s and they are poised to start a stunning mid-century modern home in the Bluffview area of Dallas. This area of Dallas (University Park MLS area) is just outside of University Park, near Dallas Love Field, offers lots of restaurants and shopping close by and is experiencing a renaissance of mid-century modern home design.

Prior to forming their own company, John Scott held executive level positions with some of the largest homebuilding companies in North Texas and the nation; this experience brings a wealth of homebuilding knowledge and experience to share with customers of Scott Homebuilders.

With both John and Nancy licensed as Texas real estate brokers, their ability to market and sell their clients' existing homes, sometimes at a net savings in the thousands of dollars to the homebuyer as they prepare to move into one of their newly built homes is also extremely valuable.

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# Gradual UPWARD TRAJECTORY

To Continue For

# 2017



## economic outlook

**Fueled by a growing economy, solid employment gains and rising household formations, single-family production will continue on a gradual, upward trajectory in 2017, according to economists speaking at the National Association of Home Builders (NAHB) International Builders' Show in Orlando last month.**

“While positive developments on the demand side will support solid growth in the single-family housing sector in 2017, builders in many markets continue to face supply-side constraints led by the three ‘Ls’ -- lots, labor and lending,” said NAHB Chief Economist Robert Dietz.

He added that 64 percent of builders nationwide report low or very-low lot supplies; the rate of unfilled jobs in the construction sector is now higher than the building boom; and that acquisition, development and construction loans for builders--while on the rise--need to grow faster to meet demand.

“The industry needs to recruit more workers and get more land in the pipeline but it will take time,” Dietz said.

However, these supply-side challenges are more than offset by continued economic growth, ongoing job creation, rising wages and favorable demographics. Moreover, builder confidence is up in anticipation that the incoming Trump administration will help to lower regulatory costs going forward.

In a sign that more millennials are getting off the sidelines and jumping into the market, Dietz noted that townhome construction, which can be a useful bridge for millennials to transition to homeownership, is showing impressive growth and now constitutes 12 percent of all single-family starts.

### A Solid Outlook

As the economy continues to grow, NAHB expects mortgage interest rates will average 4.5 percent in 2017 and 5.3 percent in 2018.

NAHB is projecting 1.16 million total housing starts in 2016, up 4.9 percent from the previous year's total of 1.11 million units.

Single-family production is expected to rise 10 percent in 2017 to 855,000 units and increase an additional 12 percent to 961,000 next year.

Setting the 2000-2003 period as a benchmark for normal housing activity when single-family production averaged 1.3 million units annually, single-family starts are expected to steadily rise from 56 percent of what is considered a typical market in the third quarter of 2016 to 75 percent of normal by the fourth quarter 2018.

On the multifamily front, NAHB is anticipating multifamily starts to hold steady in 2017 at 384,000 units, which would be 1,000 units above last year's pace. While this level is slightly above trend, Dietz noted this pace is sustainable due to demographics and the balance between supply and demand.

Meanwhile, residential remodeling activity is expected to register a 1 percent gain this year over 2016.

“We anticipate a **stronger economy** will translate into **higher mortgage rates**...”

### Affordability and Demographics

CoreLogic Chief Economist Frank Nothaft also expects mortgage rates to rise and home prices to moderate in the coming year.

“We anticipate a stronger economy will translate into higher mortgage rates,” said Nothaft. “Meanwhile, we expect moderation in 2017 for rent and home price growth but it will still be higher than inflation, reflecting the tight inventory in the housing market.”

He added that home purchase originations should rise 5.7 percent in 2017 and that the credit risk for home loans is substantially lower than 10-15 years ago.

The biggest housing issue in 2017 will be affordability, according to Nothaft.

“Mortgage rates are up three-quarters of a point since last summer and house prices are up. That starts to pinch a household budget,” he said.

On the flip side, demographics will be very positive for housing and home sales going forward. “As millennials age from 25-to-30, that is a big potential base to expand the homebuyer market,” said Nothaft.

### Supply and Demand

David Berson, chief economist for Nationwide Mutual Insurance Co., also expects mortgage rates to rise in the coming year, but he said this should not have a negative impact on housing demand.

“Higher mortgage rates will be offset by stronger wage gains and job growth, which suggests that housing demand will increase this year,” said Berson. “The question is, how much will supply go up?”

He noted that most metro areas across the nation are relatively healthy, marked by solid job growth, mortgage delinquencies down near normal levels and house price gains that are strong but not excessive.

A major concern going into 2017, he said, is that demand will exceed supply, which will put upward pressure on home prices.

“If there aren't enough homes on the market, that will be a problem,” said Berson. “Price gains need to moderate. We can't have six, seven or eight percent gains. That is not sustainable.” He added such a situation could downgrade many markets from “healthy” to “neutral.”

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By Nick Smirnis

## A Limited May Be Just The Right SUBARU OUTBACK...



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The 2017 Subaru Outback Limited combines the ease of owning a crossover SUV with an accessibility to luxury features unusual to the segment. With the Subaru, the options and packages seem streamlined compared to the information overload many buyers face at the dealerships of its competitors.

It is easy to get lost in the pack of pseudo-wagons, Crossovers and SUVs especially around the \$30,000 mark. It can seem like a never-ending game of trading one feature for another. When you finally do get the configuration with everything you want, there you are again at \$38,000. At this point, you start all over again and call countless salespeople while you sink hours of would-be family time on the manufacturer's website. To avoid that, I'll simply say that both engines (four and six cylinder) come in Touring trim level that has all the bells and whistles standard, including the driver assistance package. If you think that you don't need a smart key or a voice activated GPS system, then the Limited trim level of the Subaru Outback (and many other Subarus) has all of the aesthetic upgrades but allows you to choose the options you like. This also allows you to fine tune the price of the vehicle without sacrificing the overall look of the car.

That being said, accessories are where Subaru excels. So if you have even a hint of automotive enthusiasm or a spirit for the outdoors, plan to treat yourself to you a couple of the following: All-weather floor mats, wheel well splash guards, wheel arch moldings, body side molding, rear bumper cover, fog light kit, rear seatback protectors, Subaru's blue footwell illumination kit, remote engine starter or perhaps the exterior auto-dimming side mirrors with a unique approach light. That's without even mentioning all the racks and containers available for the roof.



With the growing popularity of compact SUVs and Crossovers, the Subaru Outback should not, however, be written off as a just a wagon or cult vehicle for hardcore outdoors enthusiasts. This is an accessible and balanced platform that Subaru has put a lot of love into.

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## Relocation Activity & Completed Roadways

# PROMOTE ACTIVITY & GROWTH Across All Corners Of THE METROPLEX

*Dallas-Fort Worth remains one of the hottest real estate markets in the country. Here's a look at some the activity in each corner of the vast North Texas area that will mark 2017.*



### Northeast

As the world's top companies -- such as Toyota, FedEx, State Farm, and Liberty Mutual -- move key operations and bring an estimated 15,000 jobs to Collin County, it's no surprise that activity levels in Allen, Celina, Fairview, Frisco, Lucas, McKinney, and Plano are up. Neighborhoods continue to spring up at a steady pace as far as 30 miles north of Dallas.

The City of Melissa has promoted plentiful and easily accessible development opportunities due to its location at the crossroads of three major highways -- Melissa now boasts eight new home neighborhoods. Whitewing Trails, a \$300 million 860-acre master planned community in Princeton by Arizona-based Macavity Co., will add 2,800 more homes. Inspiration is a new Huffines Communities neighborhood, located along Parker Road east of U.S. Highway 75, near Lake Lavon, with the first phase located within the ETJ of the Town of St. Paul.

### Southeast

55% of Dallas citizens live North of the Trinity, yet the northern parts of the City provide 85% of Dallas' tax base or conversely, Southern Dallas is home to 45% of our population yet provides only 15% of the tax base. The City of Dallas continues its work plan that supports what they can accomplish as part of "GrowSouth" including short-term and long-term infrastructure and capital improvements that will support and enhance growth in Southern Dallas. The GrowSouth movement touts that Southern Dallas is the greatest single opportunity for growth in North Texas, comprising a large inventory of land that encompasses 185 square miles, roughly 54 percent of the City of Dallas proper. The entire city of Atlanta could fit into Southern Dallas!

Mixed-use neighborhood activity has begun around the burgeoning Trinity Groves district. Just south, the Fort Worth Avenue corridor, home to the Belmont Hotel and Sylvan Thirty developments, is experiencing a boom in multi-family development. Business growth, which will spur neighborhood reinvestment and potential new development, is happening along Lancaster Road; it

has become a major multi-modal connection between downtown Dallas and the growing International Inland Port of Dallas. The Red Bird area in southwest Oak Cliff has seen private investment in the Dallas Executive Airport. With the University of North Texas at Dallas and Paul Quinn College as twin anchors, and Cedar Valley College just a few miles to the south, the Education Corridor provides other unique opportunities for rejuvenation in existing single-family neighborhoods and available vacant land for new development. North Oak Cliff including Lake Cliff, Kidd Springs, historic Jefferson Blvd., Methodist Dallas Medical Center and the Bishop Arts District offers wide-ranging growth opportunities including new investment in prominent single-family neighborhoods and high-quality multi-family activity. Other developers are capitalizing on the momentum of downtown Dallas' transformation into a live-work-play-learn environment.

### Northwest

Hillwood has long been the giant and early visionary behind all that the Alliance corridor has brought to the area. The Alliance airport opened in December 1989. With the addition of BNSF Railway's Alliance Intermodal Facility in 1992, Alliance became the model for inland ports, with abundant acreage surrounding direct access to air, rail, intermodal and highway transportation options. After more than two decades of development on one of the most successful large-scale master-planned communities in North America, the region has transformed into a vibrant, economic engine that supports best-in-class corporations as well as a high quality of life. Needless to say, all the activity has drawn other investors to the area.

Hanover Property Company is an active player in the North Tarrant County area with Berkshire, a master-planned community of 750 homes in north Fort Worth off of Highway 287 and Blue Mound Road. At Wellington, a single-family community located in North Fort Worth in the highly sought-after Northwest ISD, Hanover plans to officially break ground this spring, eventually delivering 1,835 new homes. Hanover's Steadman Farms, located in north Tarrant County between Highway 377 and Interstate 35, just south of Highway 114, is now entering phase two of development -- at completion, Steadman Farms will consist of 367 new homes.

Activity is also hot in neighboring Denton County. Denton's Rayzor Ranch is a mixed-used 400-acre development that will include 68 acres of residential area featuring single family homes, townhomes, condominiums, an upscale apartment community, and an active adult living campus and Continuing Care Retirement Center. Meanwhile Lewisville plans for its future with a 2025 strategic plan designed to guide its development over the next several years as Lewisville moves towards celebrating its centennial in 2025.

### Southwest

The City of Arlington recently received an exemplary performance evaluation from the U. S. Department of Housing and Urban Development on the administration of \$4.7 million in federal housing and community development grant funds.

The evaluation report provides an overview of accomplishments by the City of Arlington in the past program year. Key objectives of the report described the City's successful efforts in providing decent housing, providing suitable and sustainable living environments, homeless efforts and progress made in the Central Arlington Neighborhood Revitalization Strategy Areas and East Arlington Target Areas. The federal funds were leveraged with community resources to improve neighborhoods, housing opportunities and social services in The American Dream City.

Mansfield started to experience a renaissance last year and could add another 16,000 people to its population in the next decade based on the 5,000 single-family lots that have already been approved by the City Council. South Pointe, an 870-acre project bounded by U.S. 287 on the west and Texas 360 on the east was set aside as a master planned community for more than a decade, but got scuttled by the recession in 2008 -- it finally got underway last year and will deliver nearly 500 new homes and over 400 apartments when complete. The progress on South Pointe coincides with the long-awaited extension of Texas 360 main lanes by the North Texas Tollway Authority. The 9.7-mile toll road project is expected to be completed this year. Somerset is another upcoming community in Mansfield at the Highway 287 and SH 360 intersection that will consist of over 1,100 new homes beginning in spring of 2017, developed by Hanover Property Company. M.R. Development's M3 Ranch at the southwest corner of Mansfield and spanning into Johnson County will break ground on model homes and amenities this fall and eventually be home to over 1,600 residences plus retail, commercial and apartments.

Other Johnson County cities including Alvarado, Burleson, Cleburne, Godley, Grandview, Joshua, Keen, Rio Vista and Venus are expected to see housing activity as the Chisholm Trail Parkway makes these areas more accessible.

The first phase at the Walsh Development located in western Tarrant County and eastern Parker County will begin this April with 587 homesites on 1,700 acres which already includes roads, water and sewer lines. By the time school opens next fall, a \$12.1 million amenities center is also expected to open. Roughly 15,000 single family homes will encompass the area when it is totally built-out. Walsh is expected to be home to 50,000 people and add more than \$6 billion in valuation over the life of the project as it methodically develops roughly 1,000 acres of land over the next 50 years.

# 2018 ICC CODES UPDATE

The International Code Council (ICC) was established in 1994 as a non-profit organization dedicated to developing a single set of comprehensive and coordinated national model construction codes. The founders of the ICC are Building Officials and Code Administrators International, Inc. (BOCA), International Conference of Building Officials (ICBO) and Southern Building Code Congress International, Inc. (SBCCI). Since the early part of the last century, these non-profit organizations developed three separate sets of model codes used throughout the United States. The first edition of the International Building Code was published in 1997. A new code edition has since been released every three years thereafter.

The International Codes®, or I-Codes®, published by the International Code Council (ICC), provide minimum safeguards through a complete set of comprehensive, coordinated building safety and fire prevention codes. Building codes benefit public safety and support the industry's need for one set of codes without regional limitations. I-Codes are intended to be adopted in accordance with the laws and procedures of a governmental jurisdiction. When adopting a model code, some jurisdictions can amend the code in the process to reflect local practices and laws.

Builders and developers will see significant construction cost increases averted thanks to more than 162,000 votes cast on 577 proposals on the ballot in the International Code Council's 2016 Online Governmental Consensus Vote, which concluded last November. NAHB claims a victory in pushing the results to reflect the point of view of the code official, rather than that of the product manufacturer.

NAHB released the following highlights of the 2018 code edition changes which will now be audited and confirmed by the ICC Board of Directors.

**INTERNATIONAL BUILDING CODE (IBC) ADM 94 (ASCE7-16).** The referenced structural design standard has been updated. NAHB opposed this change due to significant cost impacts in some regions of the country due to higher wind pressures on roof coverings and roof decking, changes in seismic design categories, and/or increases in snow loads. **Estimated Increase: \$600-\$5,000 in roofing costs for a small multifamily building.**

**ADM 94 (ANSI A117.1-16).** This proposal to update references to the 2016 edition of the ANSI A117.1, Accessible and Usable Buildings and Facilities standard, was defeated. The 2016 edition requires the relocation of walls in existing buildings and a reduction in livable space to accommodate the increased minimum wheelchair turning diameter and clear floor space in front of a fixture, such as a sink. NAHB opposed this proposal. **Estimated Savings: \$2,105-\$2,366 per dwelling unit.**

**S10-16** would have required special inspections of fire-resistant penetrations and joints for all buildings of more than two stories without an automatic sprinkler system. The inspector would have needed the competence to inspect this type of construction. NAHB opposed the proposal, and it was defeated. **Estimated Savings: \$300-\$450 per multifamily building.**

**S23-16** would have required roof coverings in areas at risk of moderate and severe hail to be tested to a UL standard. But the simplest method of complying with this proposal is to install impact-resistant rather than basic asphalt shingles. NAHB opposed the proposal and it was defeated. **Estimated Savings: \$1,000-\$1,190 for a small multifamily building**

**S137-16 & S138-16** would have required special inspection of wood framing. S137 would have applied to multifamily buildings over three stories, and S138 would have required special inspections of truss bracing on wood trusses with an overall height of 60 inches or more. NAHB opposed these proposals, and both were defeated. **Estimated Savings: \$750-\$1,125 for a small, four-story multifamily building.**

**S105-16** would have added an exception to the wind provisions to the components and cladding loads to limit the impact of the new increases in roof components and cladding loads that are specified in ASCE7-16. NAHB supported this proposal, but it was defeated. If this change had been approved, there would have been a **potential savings of \$2,411 for a small, four-story multifamily building.**

**INTERNATIONAL RESIDENTIAL CODE (IRC) RB17-16** revises the seismic design category map, moving some areas of the country into in a higher category. NAHB opposed this proposal, but it was approved. **Estimated Increase: \$2,483-\$6,196 per house.**

**RB19-16** would have revised the ground snow load map. Affected regions would have required thicker roof sheathing and changes to rafters and headers. NAHB opposed this proposal, and it was defeated. **Estimated Savings: \$1,014-\$1,652 per house.**

**RB26-16 & RB27-16** would have significantly increased the design live load

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for decks and balconies of homes to support 60psf instead of the current 40psf requirement. NAHB opposed these proposals, and they were defeated. **Estimated Savings: \$75-\$154 per house.**

**RB52-16** would have required duplexes that are divided by a legal lot line to be separated by two independent, one-hour fire-resistance-rated walls, instead of a single, two-hour fire-resistance-rated wall. NAHB opposed this proposal, and it was defeated. **Estimated Savings: \$1,097 – \$3,803 per house.**

**RB129-16** would have removed the requirement to install a fire sprinkler system from Section R313 of the IRC and moved it into a new optional appendix. NAHB supported this proposal, but it was disapproved. **Estimated Increase: \$6,026 per house (If adopted locally).**

**RB278-16** would have required that either an airspace or a manufactured rain screen product be installed behind the siding on homes in wet climate zones. NAHB opposed this proposal and it was defeated. **Estimated Savings: \$286-\$3,680 per house.**

**RB361-16 & RB362** would have required the installation of radon control methods, including an active soil depressurization system rough-in, where required by the jurisdiction. NAHB opposed these proposals and both were defeated. **Estimated Savings: \$348-\$1,568 per house.**

#### INTERNATIONAL ENERGY CONSERVATION CODE (IECC)

**RE17-16** adds ICC-400, Standard on the Design and Construction of Log Structures, as an alternative to meet the thermal envelope requirements of the IECC for log homes. NAHB supported this proposal, and it was approved.

**RE35-16** would have increased the requirements for the energy efficiency of windows. NAHB opposed the proposal and it was defeated. **Estimated Savings: \$584-\$1,563 per house.**

**RE58-16** would have removed the mandatory 3 and 5 ACH50 building tightness requirements and made it possible to trade-off building tightness in the performance path without reducing the stringency of the code. Unfortunately, this proposal was defeated.

**RE79-16** would have modified the IECC air barrier table by adding a new requirement to fully encapsu-

late rim joist insulation. NAHB opposed this proposal, and it was defeated. **Estimated Savings: \$351-\$555 per house**

**RE117-16 & RE123-16** would have required a balanced heat recovery ventilator in homes built in climate zones 6-8 and set a new efficacy requirement for fans used to provide whole-house mechanical ventilation. NAHB opposed these proposals and both were defeated. **Estimated Savings: \$647-\$1,343 per house.**

**RE134-16** would have allowed mechanical equipment trade-offs. If more efficient equipment is specified, the envelope insulation levels can be reduced by up to 15%. If this code change had been approved, the **potential savings would have been \$217-\$1,425 per house.**

**RE173-16** brings the ERI values more in line with the IECC prescriptive path. The values will still be about 20-25% more stringent than the prescriptive path. The current values in the 2015 IECC are about 30-35% more stringent than the prescriptive path. NAHB supported this code change, and it was approved.

**CE105-16** would have required air leakage testing by fan pressurization for buildings over a certain size and in specific climate zones. NAHB opposed this proposal, and it was defeated. **Estimated Savings: \$2,000-\$10,000 per multifamily building.**

#### INTERNATIONAL FIRE CODE (IFC)

**F172-16** adds a new section which may require a fire sprinkler system to be installed in the attic of a multifamily building if the roof assembly is more than 55 feet above the lowest level of fire department vehicle access. This code change provides options for protection of combustible attics in pedestal-type buildings and was a good compromise, compared to the other four code changes submitted, which were overly restrictive. This proposal was developed jointly by the National Multifamily Housing Council and the ICC Fire Code Action Committee and was supported by NAHB's Multifamily Board of Trustees — and it was approved.

#### ACCORDING TO THE JOURNAL OF LIGHT CONSTRUCTION, THE TOP TEN CODE VIOLATIONS INCLUDE:

1. Missing Documentation
2. Improperly Placed Foundation Anchor Bolts
3. Braced Wall Errors
4. Weakened Joists and Beams (beams that aren't sized for the load or that lack proper bearing.)
5. Deck Ledgers and Braces
6. Stair Rise/Run Errors
7. Stair Handrails and Guardrails
8. Missing or Inadequate Fire Blocking
9. Air Barrier Gaps
10. Exposed Kraft-Faced Insulation



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