

## Industry Report:

# New Home Sales Hold Steady in July

WASHINGTON, D.C.

**S**ales of newly built, single-family homes across the U.S. rose 1 percent in July to a 708,000 seasonally adjusted annual rate, according to a building and realty industry report released on Aug. 24.

The report, an analysis from The National Association of Home Builders (NAHB), evaluated data from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau. The data reflected an expected upward revision to the June new home sales estimate, the report said.

“New home sales have leveled off this summer after a period of rising costs and strong demand,” said Chuck Fowke, chairman of NAHB and a custom home builder from Tampa.

“While new home sales are up 6.9 percent on a year-to-date basis, they are down 27 percent in July compared to the same time last year,” said NAHB Chief Economist Robert Dietz. “Builders will need to watch local home prices relative to incomes, given recent gains in building materials and other construction costs.”

A new home sale occurs when a sales contract is signed, or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed. In addition to adjusting for seasonal effects, the July reading of 708,000 units is the number of homes that would sell if this pace continued for the next 12 months, the report said.

Inventory continues to rise to more balanced market conditions of a 6.2-month supply, with 367,000 new single-family homes for sale, 26.1 percent higher than July of 2020. While inventory is rising, a growing share is of homes that have not started construction. As of July of 2021, 29 percent of new home inventory consists of homes that have not yet started construction, compared to 20 percent a year ago, according to the study.

The report added that the median sales price was \$390,500, up 18.4 percent from the \$329,800 median sales price posted a year earlier, due to higher development costs, including materials.

Regionally, on a year-to-date basis, the report said that new home sales rose in all four regions, up 7.5 percent in the Northeast, 10.6 percent in the Midwest, 9.1 percent in the South and 0.5 percent in the West. These significant increases are due in part to lower sales volume during the COVID crisis a year ago, the report added.

## NAHB: New Children’s Book Provides Answers to Helping Negate the Skilled Labor Shortages of The Building/Construction Industries

WASHINGTON, D.C.

**T**he shortages of skilled workers in the building and construction industries is a growing crisis for the U.S. economy, building and realty industry officials are continuing to stress.

According to data from The National Association of Home Builders (NAHB), 65 percent of builders surveyed in December of 2020 said they faced an issue with the cost/availability of labor, and 71 percent of builders said that they expected to face a problem with the cost/availability of labor in 2021. Furthermore, there is a lack of women representing the industry. Currently, less than three percent of the onsite workforce in housing are women, NAHB officials said.

BuilderBooks, the publishing arm of NAHB, released a new children’s book, *The House That She Built*, on Sep. 14. The publication aims to help bridge the gap of the skilled labor shortage by educating and exposing children to STEAM and construction careers and elevating women in the industry. The book is inspired by the team of real women who came together from around the country to build a one-of-a-kind home in Utah – “The House That She Built.”

“We have a skilled labor crisis right now, and it’s great to see a book that proactively educates children and their parents about how the home building industry can be a wonderful career path,” said NAHB Chairman Chuck Fowke, a custom home builder from Tampa.

Young readers will learn about 18 different and inspiring STEAM and construction careers through the tradeswomen who contributed their individual skills to complete the collective project – a new home. *The House That She Built* will leave all kids excited about their skills and interested in learning new ones. Exposure to the trades at a young age helps facilitate conversation before career-based bias can form, NAHB officials said.

NAHB officials added that *The House That She Built* is only the beginning of inspiring diversity and inclusion for future generations of the skilled workforce for the housing industry. With this book, there is the opportunity to demonstrate the impact that women can have on housing and develop the programs and education to make it happen, NAHB officials added.

Industry leaders 84 Lumber and Andersen Corporation are sponsors of the book and support its mission to further workforce development initiatives in home building by generating awareness of the skilled trades to underrepresented communities, NAHB officials said.

“This is an incredible one-of-a-kind book for educating children and parents about the trades,” said Maggie Hardy Knox, president and owner of 84 Lumber. “Sharing stories of successful women and careers in construction is important. As a woman-owned company, it’s rewarding for 84 Lumber to participate in this project.”

“Throughout our history, women have played a pivotal role in shaping our company and the building industry,” said Annie Zipfel, senior vice president and chief marketing officer at Andersen Corporation. “We are delighted to share this story of women in construction to inspire the next generation of young women to pursue rewarding careers in the trades.”

Mollie Elkman (author) and Georgia Castellano (illustrator) work together at Group Two, a leading new home marketing company for home builders. Their goal for the book is to cultivate curiosity about skill development and careers in construction by empowering discussion at the age where self-esteem and identity are being formed, NAHB officials said.

Proceeds from the book will support skilled workforce development and diversity and inclusion in the construction industry. *The House That She Built* is a 10 x 10 hardcover picture book with dust jacket/36 pages, \$17.95 retail, ISBN 978-0-86718-7854. The book is distributed by IPG and is available by visiting [www.shebuiltbook.com](http://www.shebuiltbook.com), NAHB officials added.

## Builder Confidence Steadies as Material and Labor Challenges Persist, Building Industry Analysis Says, Continued from p. 1

tive Buyers posted a two-point gain to 61 and the gauge charting Sales Expectations in the Next Six Months held steady at 81, the report added.

The study said that, looking at the three-month moving averages for regional HMI scores, the Northeast fell two points to 72, the South dropped two points to 80 and the West registered a two-point decline to 83. The Midwest remained unchanged at 68.

HMI tables can be found at [nahb.org/hmi](http://nahb.org/hmi). More information on housing statistics is also available at Housing Economics PLUS (formerly [housingeconomics.com](http://housingeconomics.com)), NAHB officials said.

## Counsels’ Corner

# Westchester County’s “Reasons” Law of 2021



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WHITE PLAINS

**T**his past summer, the Westchester County Board of Legislators adopted and County Executive George Latimer signed into law legislation known as the “Reasons Law.”

The law took effect on Aug. 1, 2021. This law added requirements to the existing law regarding applications for ownership of cooperative apartments. Prior to the recent enactment, three years ago the legislation established certain requirements which continued into the existing law. Those were as follows: an application must be reviewed by the cooperative within 15 days of its submission and the prospective purchaser must be advised if the application is complete or, if incomplete, of any defects. Once the cooperative acknowledges that the application is complete, the cooperative has 60 days to review the application and either accept or reject it. If rejected, the cooperative was required to send a copy of the written notice to the Westchester County Human Rights Commission.

There did not appear to have been any patterns of rejections necessitating further legislation, nor did the Human Rights Commission recommend any further legislation, encumbering the admissions process. The rationale for additional legislation was unclear and certain aspects were less controversial, such as publishing the cooperative’s admissions criteria in advance so that applicants and their realty brokers would know of the criteria and thereby not submit applications to cooperatives that clearly would fail (although questionable since purchasers are generally contractually required to apply).

However, a significant and controversial aspect to the proposed law requires the “reason” for any rejection to be specified in the declination letter. The likelihood of additional litigation and increased rejections were deemed insufficient concerns to compel the legislature not to pass the legislation. Initial reports indicate that the law has created much stricter financial requirements increasing rejections at significant cost and delays to all parties.



Carl Finger



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### Requirements

The law, as passed, requires the following non-controversial notice in the application in a “cover sheet” with requirements similar or identical to those under the prior law: Article II of Chapter 700 of the Laws of Westchester County, known as the Westchester County Fair Housing Law, prohibits discrimination in housing accommodations on the basis of a person or persons actual or perceived race, color, religion, age, national origin, alienage or citizenship status, ethnicity, familial status, creed, gender, sexual orientation, marital status, disability, source of income, or status as a victim of domestic violence, sexual abuse, or stalking. Section 700.21-a of the Westchester County Fair Housing Law governs applications to purchase shares of stock in cooperative housing corporations, and applies to this application. Under this section, the cooperative housing corporation is required to comply with the following deadlines: 1. Within fifteen days of the receipt of this application, the cooperative housing corporation must either acknowledge that it has received a complete application, or shall notify you of any defect in the application. 2. If you are notified of any defect in the application, within fifteen days of the receipt of the corrected application the cooperative housing corporation must either acknowledge that it has received a complete application, or shall notify you any defect in the application. 3. Within sixty days of receipt of a complete application, the cooperative housing corporation must approve or deny your application, and provide written notice thereof. 4. If your application is denied, the cooperative housing corporation is required to provide notice to the Westchester County Human Rights Commission, including your contact information.

Also significantly, the new law requires that the application disclose the criteria for purchasing shares in the cooperative. These are either (a) the minimum financial criteria that a prospective purchaser “must meet” to qualify (the so called “strict standard”) or (b) a “flexible standard, which states: “If a cooperative housing corporation does not have stated mandatory minimum financial qualifications under subparagraph (a), at a minimum, the corporation’s preferred “minimum income, total assets, and credit score, and preferred maximum debt-to-income ratio and percentage of purchase price being financed, noting that these criteria may vary in the discretion of the governing board weighing these factors when it makes a decision on an application.” “Preferred” gives the Board the flexibility of varying the application of the criteria from person to person.

However, it is readily apparent that using preferred criteria exposes the cooperative to possible claims of discrimination. Pursuant to the law, the Human Rights Commission promulgated a form of rejection letter to be used in any declination. The law requires that: in the case of a rejection, “...a copy of the written notice shall be sent by the governing board and shall provide to the Human Rights Commission notice of the rejection.”

### An Additional Requirement

Under the law “all members of the governing board of cooperative housing corporations are required to undergo [2 hours of] fair housing training” every 2 years and new members are required to undergo the training within 60 days of becoming a Board member. Records of attendance at the trainings must be kept by the board of the cooperative. The failure to comply with any portion of the law can result in fines ranging from \$1,000 to \$2,000 for repeat violations.

We recommend that every cooperative consult with its counsel so as to familiarize itself with the details of the legislation and also to determine whether or not to require “strict” or “preferred” criteria.

In the event that there are additional criteria, which are firm in nature, such as tenure in prior residence, employment tenure, and the like, those criteria may not be required to be published but Boards should consider doing so in any event.

The Board should also review its non-financial admission criteria as part of the interview process such as knowledge of House Rules and Regulations, acceptance and willingness to abide by House Rules and Regulations, understanding of the nature of cooperative ownership and living, accuracy and completeness of application and supporting documents, candidness or evasiveness during the interview.

To this end the Board should also be prepared to review with prospective shareholders aspects of their particular rules and living requirements, such as: shared facilities, shared responsibilities, noise issues, carpet requirements, residency in close proximity to other shareholders, etc.

If these recommendations are followed and counsel is consulted as needed, then Boards can limit Cooperative and individual liability even under the recent legislative enactment.

**Editor’s Note:** The authors are attorneys with Finger and Finger, A Professional Corporation. The firm, based in White Plains, is Chief Counsel to The Building and Realty Institute of Westchester and the Mid-Hudson Region (BRI) and its seven component associations.

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