

REAL ESTATE

## Renter Burden Will Grow, Study Says

Renting continues to consume a larger portion of Americans' paychecks. In September, the Joint Center for Housing Studies of Harvard University released a report, "Projecting Trends in Severely Cost-Burdened Renters: 2015-2025," which found that renters will continue to pay more toward rent. By 2025, the study says, 11 percent more households will pay over half of their income toward rent.

According to the report, in 2013 there



were 11.2 million renter households categorized as "severely burdened" by rents that consumed half of their income, up 3 million since 2000. U.S. homeownership is at a 20-year low (63.7 percent), and as many as 6 million more people could be renting by 2025. If both rents and incomes grow in step with inflation, the number of severely burdened

households will rise, from 11.8 million in 2015 to 13.1 million in 2025.

The Joint Center ran a few alternative scenario studies as well. In the event that income outpaces inflation and rents over the next decade, the number of severely burdened households (11.8 million in 2015) would only slightly decrease, dropping 1.4 percent (169,000 households). But, if rents outpace income and inflation, the number of severely cost-burdened renters would increase by 25 percent from today, reaching 14.8 million by 2025.

Because buying a home requires stellar credit, former homeowners who lost homes to foreclosure are now back to renting, and economic uncertainty and the fear of being locked into a long-term commitment make

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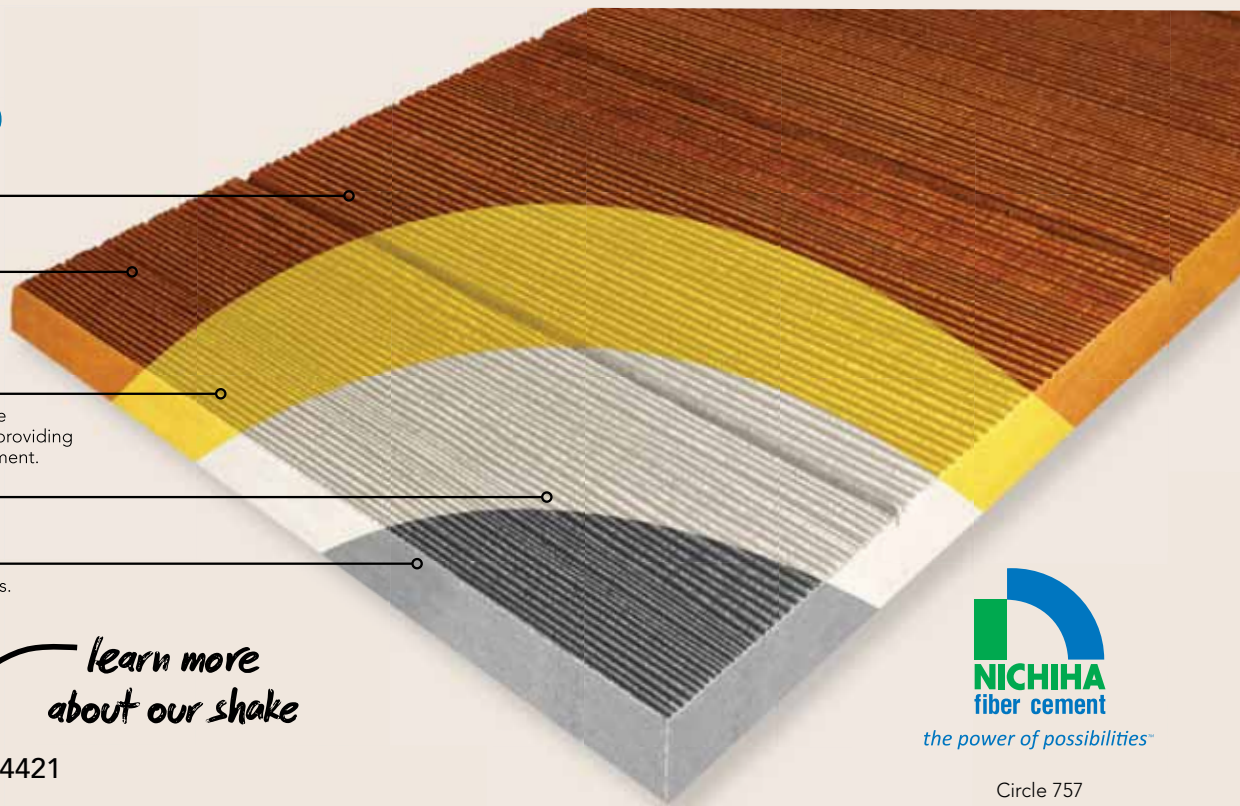
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homeownership problematic for many. The renting burden is expected to affect some groups more than others. The Hispanic population—disproportionately renters—continues to grow,

and many Millennials who have battled unemployment and underemployment since the recession don't have enough money saved to buy a home. But it is seniors who will be most affected. The

number of people over age 65 is expected to increase to 74 million by 2030, and the low-income subsection—especially those who won't have the chance to recoup money lost during the recession—can't afford to buy a house or even residency in a nursing home.

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### ADVOCACY

## Construction Defects in New Subdivisions

The Construction Defect Center is launching a program that will help homeowners in newer subdivisions in the Western states—Arizona, California, Colorado, Nevada, New Mexico, Oregon, and Washington—identify defects in construction or construction products.

Operated by America's Watchdog, a private consumer group, the Defect Center helps buyers whose houses have not been built properly, investigating their leaking roofs and windows, and defects in roof shingles, stucco installation, wood siding, plumbing systems, and appliances.

The Center says it has seen serious flaws in construction in subdivisions built in the Western states since 2009. But it has found that homeowners are tight-lipped when it comes to discussing housing problems with one another, so common defects often go unchecked.

"We have seen instance after instance where a newer subdivision might have defective plumbing pipes, defective windows, defective roofs, defective siding or stucco, and the homeowners in the subdivision never talk about these common issues. As a result it is the homeowner, not the home builder, that gets stuck with the repair bill," the Center said in a statement. "These repair bills could easily be over ten thousand dollars per home, especially if we are talking about re-piping a home,

replacing all of the windows, re-siding, or re-roofing a home."

When a homeowner identifies a defect, the Center will find the most suitable local construction defect law firm to inspect the issue and see how prominent the problem is with other homes in the area. "Our bottom line is we don't want homeowners in these single family home subdivisions stuck with the repair bill for repairs that should not be their problem," the Center says.

### LABOR

## Immigration's Role in the Labor Shortage



In June 2015, the NAHB reported that 69 percent of builders were experiencing a worker shortage for rough carpentry, as well as being short on framing crews (67 percent), finish carpenters (66 percent), and bricklayers (53 percent).

The labor shortage is due, in large part, to immigration trends. Since 2007, the U.S. construction industry has lost 570,000 Mexican-born workers, according to a report from John Burns Real Estate Consulting by CEO John Burns and chief demographer Chris Porter. Burns attributes that dwindling number to several factors: U.S. government efforts to protect the U.S.-Mexico border; employers using E-Verify technology to ensure that workers have legal status to work in the U.S.; and the improvement

of opportunities for workers in Mexico, where the GDP has risen each year since 2010, creating more jobs.

"I conclude that a lot of these 570,000 experienced construction workers are

not going to be coming back to work in construction in the United States," Burns says in the video report. "Which means that construction costs only have one way to go, which is up." **PB**

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