[MARKET UPDATE]

By Michael Chamernik and David Malone, Associate Editors

ENERGY EFFICIENCY

Partnership Expands Financing Options

Renovate America, a financing provider for home-energy and water-efficiency improvements, and the Electric & Gas Industries Association (EGIA), a non-profit organization for residential energy efficiency, are teaming up.

The two entities announced a partnership in March, whereby the 21,000 contractors, 85 distributors, and six manufacturers that belong to EGIA will have access to Renovate America's Home Energy Renovation Opportunity (HERO) program. HERO provides 100 percent financing for energy- and water-saving products for up to 20 years with affordable fixed interest rates.

HERO has a few protections built in. Homeowners make payments based on their property taxes, and payment is made to contractors only when consumers approve the job. Contractors' track records are screened, and pricing must be determined to be fair in the open market.

The program gives local governments a residential PACE (property-assessed clean energy) financing plan. It includes workforce training, consumer protection, and ongoing access to capital.

The goal for the partnership is to give contractors and homeowners more options for energy- and water-efficiency and renewable-energy projects.

"EGIA shares our mission of protecting homeowners while making energy efficient home improvements easily accessible and affordable through the industry-leading HERO financing program," Nick Fergis, COO and co-founder of Renovate America, said in a statement. "EGIA's national network will provide a powerful way to engage contractors as we scale our business in California and other states."

Since 2011, HERO has financed more than $1.3 billion in home improvements, which has saved homeowners more than $2.3 billion on energy bills. According to Renovate America, HERO has conserved more than 8.6 billion kilowatt hours of electricity, reduced emissions by more than 2.3 million tons, and saved more than 3.5 billion gallons of water.

The partnership will focus initially on California, which has 5,300 EGIA members and 7,000 HERO registered contractors. —*MC*

REGULATIONS

Stricter Silica Dust Rules Finalized

Silica dust has been a workplace hazard for decades. As long as 80 years ago, Frances Perkins, Secretary of Labor from 1933 to 1945, was calling for employers to protect workers from silica's harmful effects. While there have been rules in place for some time, the

Department of Labor is now tightening the screws in an effort to further protect workers.

One of the most common naturally occurring elements on Earth, silica is found in two forms, crystalline and non-crystalline. Sand and quartz are common examples of crystalline silica. The

blasting, cutting, chipping, and drilling that creates silica dust is dangerous to breathe. If inhaled, it can cause lung cancer, silicosis, chronic obstructive pulmonary disease, and kidney disease.

Many people, including Dr. David Michaels, Assistant Secretary of Labor for Occupational Safety and Health, believed that the current exposure limits were outdated and didn't adequately protect the 2.3 million men and women who face exposure to silica dust daily in the workplace. Construction workers account for 2 million of these men and women. Industries such as brick manufacturing, foundries, and hydraulic fracturing employ another 300,000 workers.

The updated rule reduces the permissible exposure limit for crystalline silica to 50 micrograms per cubic meter of air averaged over an eight-hour shift. It requires employers to use engineering controls (such as water or vacuum systems) to limit worker exposure; provide respiratory protection when controls are not able to limit exposure to acceptable levels; and provide medical exams to highly exposed workers. The new rule makes it easier for construction employers to be in compliance by including a table of specified controls they can follow without having to monitor exposures.

When the update becomes fully effective, OSHA estimates it will save more than 600 lives per year and prevent over 900 new cases of silicosis annually. Thomas E. Perez, the Secretary of Labor, echoed OSHA's sentiments. "This rule will save lives," Perez said in a press release. "It will enable workers to earn a living without sacrificing their health."

The rule is also estimated to provide net benefits of $7.7 billion per year. However, the National Industrial Sand Association said the updated rule would cost companies more than $5 billion.

The rule is written as two standards, one that will cover construction employers and one for general industry and maritime. Employers covered by the construction standard have until June 23, 2017, to comply with most requirements, and employers covered by general industry and maritime have until June 23, 2018. —DM

HOUSING MARKET

Study: Low Inventory Slows Homebuying

The number of homes for sale in the U.S. has substantially decreased over the last four years, a Trulia report finds.

According to the real estate site's quarterly Trulia Inventory and Price Watch, starter and trade-up home stock has declined 40 percent since 2012. Starter homes on the market fell from 423,012 (30.2 percent of the total market) in 2012 to 238,461 (27.7 percent) in 2016. For trade-up homes, inventory dropped from 380,406 (27.2 percent) to 224,609 (26.1 percent) over the last four years.

There's a correlation between availability and affordability. Trulia notes that starter-home buyers need to spend 5.6 percent more of their income, up to 37.7 percent, for a home today compared with 2012, based on the median income of starter-home buyers. The median list price for a starter home is $154,156.

As for trade-ups, homebuyers need to spend 2.6 percent more of their income, which is up to 24.9 percent of the money they earn annually. A trade-up home's median price is $267,845.

Trulia chief economist Ralph McLaughlin wrote in the report that inventory has dropped for a few reasons, including that investors snapped up foreclosed homes during the recession and turned them into rentals, and that many lower-price homes are still underwater when compared with premium homes. Owners of those underwater homes are unlikely to sell for a loss.

"Most importantly, rising prices are creating homebuyer gridlock," McLaughlin wrote. "In other words, the spread of home prices, specifically the growing difference between premium home prices and trade-up home prices, is likely causing a decrease in trade-up home inventory."

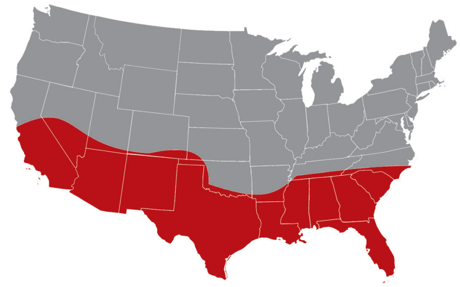
Premium home inventory has also dropped, from 597,646 in 2012 to 397,799 in 2016, but the category is now more prevalent. Premium homes now make up 46.2 percent of the total market, up from 42.7 percent four years ago.

"The more premium home prices rise, the more difficult it is for trade-up homeowners to find a premium home that fits their budget," McLaughlin wrote. "And if trade-up homeowners can't find a home that fits their budget, they are less likely to sell their existing home. In fact, there is a strong correlation between growth in the premium home price gap and a drop in the inventory of trade-up homes. In other words, housing segments are intertwined. The more premium prices rise, the less likely existing trade-up homeowners will put their homes on the market." —*MC*

MIGRATION

Sun Belt City Populations Grow

The sun is shining, literally and metaphorically, on many states located within the Sun Belt. New data from the U.S. Census Bureau reveals that more people are choosing to leave the



northern regions of the country, especially the Midwest, to settle in warmer climates.

The data includes population estimates and analysis of population changes for U.S. counties and metro areas, providing statistics for total population change, shifts in population due to natural increase, and domestic and international migration between July 1, 2014, and July 1, 2015, the Joint Center for Housing Studies of

Harvard University reports.

The general trend shows that Sun Belt counties and metros—specifically, suburban counties in the South—are attracting the most new residents.

Texas, in particular, has been drawing people from other parts of the country, with Houston and Dallas-Fort Worth experiencing more growth than anywhere else in the U.S., gaining 159,000 and 145,000 people, respectively. A little further down the list are two other Texas metros, Austin-Round Rock and San Antonio, each of which grew by about 50,000 people. Combined, the population gain for these four Texas metros is 412,000, the highest total for any state. Florida, California, Georgia, and Washington round out the top five.

The counties that experienced the greatest population growth were also located in the southern and western regions of the Sun Belt. Harris County, Texas, and Maricopa County, Ariz., were the top two. All of the top 30 counties, in terms of population growth, were located in the West or the South.

Further breakdown of the overall population gains shows that Americans are seeking the sun. Domestic migration was also trending toward Sun Belt states with the top 10 counties for net population influx being located in Arizona, Florida, Nevada, and Texas. Many of the counties that appealed to domestic migrants also appealed to international migrants. However, some places, such as Los Angeles County, had high international migration but actually lost domestic migrants.

On the flip side, among the top 100 metros, Chicago had the biggest net population loss, with a drop of 6,200. Pittsburgh was next, losing 5,000 residents. —*DM*

[CORRECTIONS]

On p. 60 of our April 2016 issue, in the product trends story, "Points of Entry," the surname of Western Window Systems' volume program national accounts manager, was misspelled. He is Eric Felsch, not Flesch. On p. 61, Western Window Systems' vinyl multi-slide door is the Series 3600, not the 360.