

SOUTHEAST WYOMING BUILDERS ASSOCIATION NEWSLETTER

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President's Message

Hello All!

Seems the months are flying by; winter and the holidays are quickly approaching. I'll keep it brief this month and just give you a couple of updates. The process that the City has been taking to restructure and reorganize the Advisory Committee for the UDC is moving forward. Committee members have now been selected and the new committee, "The Critical Path Committee" will meet on October 21st. More updates will come after this first meeting, but the process is moving forward.

The "Laramie County Land Use Regulations" is still on schedule to be complete and ready for comment by early 2011. Bruce Wilson from our

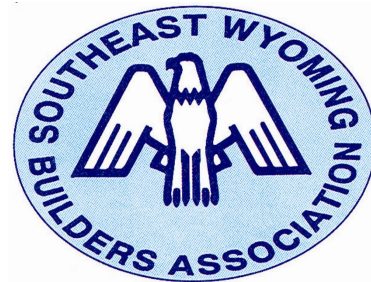
organization has volunteered his time and efforts to this very important cause. Any other members who are interested in serving on an advisory committee for this project should contact Gary Kranse, Planning Director, at 633-4522.

I am still looking for feedback and/or ideas that anyone might have about members who would be willing to speak at one of our monthly meetings. If you are a member or know of someone that would like to do a presentation for one of our monthly meetings about a topic that impacts our members or our community, please call me at 630-0690 and let me know. Your dinner will be paid for at that meeting and I think it is a great way to net-

work our talents within our organization. On that note, don't miss this month's meeting, Tuesday, October 19th at Poor Richards. Frank Cole has lined up the City Council candidates to do a brief presentation. In addition, I'd like to bring up an idea that the Board has discussed regarding our Scholarship program. Please plan on attending.

Thanks and as always.....
"Do Business with a Member".

Paul Frauendienst
President



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Eye on the Economy: Residential Construction in a Holding Pattern

By: NAHB Chief Economist David Crowe

The NAHB/Wells Fargo Housing Market Index remained a dismal 13 in September, unchanged from the August level. Two of the three components of the index — present sales and expectations for the next six months — also remained unchanged at 13 and 18, respectively. The measure of traffic fell one point to 9, the lowest level since March 2009.

The index had been declining steadily since May, when it was up to 22, reflecting the expiration of the home buyer tax credit. A soft spot in the economy is responsible for the current lull.

New job formations slowed in the second and third quarters and both businesses and consumers pulled back on purchases. Overall uncertainty over economic growth has become the latest impediment to a resurgence in new housing — even with historically low interest rates, leveling house prices and pent-up demand from unformed households.

The housing market will continue to suffer from excess existing home supply as more home owners default and lenders foreclose. Without additional demand, this will continue to keep downward pressure on home prices, which in turn will discourage consumers from making purchases.

However, the worst markets are concentrated in a relatively small number of states, primarily those that saw significant price increases — California, Nevada, Arizona and Florida — or economic stress — Michigan.

States in the energy and farm belts did not experience price run-ups or overproduction and are expected to return to a normal level of housing starts within the next year. Except for Texas, these states are relatively small housing producers.

As a result, the U.S. housing recovery is being driven by small contributions from many low-population states and is lacking a push from the large states that provided the bulk of production when times were good.

With consumers responding slowly to today's positive conditions for home buying and foreclosures continuing in some large states, the housing recovery that has come into sight over the past year is liable to be protracted.

Housing Starts Move Upward

Total housing starts in August rose 10.5% to a seasonally adjusted annual rate of 598,000, up from 541,000 in July. The increase was largely due to volatile multifamily starts, which jumped to 160,000 units, up 32.2% from 121,000 in the prior month.

August was the fourth consecutive month in which the three-month moving average of multifamily starts was above 110,000 — hardly a stellar performance, but a decided improvement over the period of July 2009 through March of this year, when multifamily starts only twice exceeded 100,000, barely. Matching multifamily starts, multifamily permits have generally shown steady, though modest, improvement over the last few months, rising to 168,000 in August, up from 153,000 in July.

August's single-family starts rose 4.3% from 420,000 to 438,000, a modest, but desirable improvement. The Northeast saw single-family starts drop 28%. The South was essentially flat, up 0.5%, while the Midwest and West rose 19% and 23%, respectively.

Single-family building permits, on the other hand, slipped a slight 1.2%, to 401,000, down from 406,000 in July. The Northeast, Midwest and West all registered declines in their single-family permits, which were down by 4.5%, 1.4% and 2.4%, respectively. The South was flat with 209,000 permits.

While single-family construction appears to have found a floor in the current mini-cycle, it is struggling to move forward in the face of anemic economic growth and consumer confidence. Discerning little prospect of increasing their sales on the immediate horizon, builders have been reluctant to add to their inventories.

New-Home Sales Flatten

New-home sales in August were unchanged from July's seasonally adjusted annual pace of 288,000, and although they were up from May's all-time low of 282,000, they were at their second lowest level since these numbers started to be collected in 1963. The four months following the April 30 deadline for the home buyer tax credit were the four worst for new home sales in history.

Sales among the four census regions were mixed, with the Northeast and the West rising 16.7% and 54.3%, respectively, and the Midwest and South falling 26.1% and 10.8%.

Inventories of unsold new homes fell to 206,000, the lowest level since August 1968. The months' supply declined to 8.4 months.

The median sales price fell to \$204,700, down 1.2% from \$207,100 a year earlier, attributable to a combination of price reductions and a shift in the marketplace to more modest homes. Homes sold in the under-\$200,000 range, which tends to be dominated by first-time home buyers, picked up share.

SEWBA September Membership Renewals

- Capitol Lumber
- Cardinal Construction
- Moore Insulation
- Poor Richard's
- Aztec Construction
- Sherwin Williams



The International Builders Show will be in Orlando, FL. On January 12-15, 2011

There are several educational seminars for all career paths in addition to hundreds of Vendors that are showcasing their products and available to answer all of your questions.

Be a part of the new programs that NAHB has to offer and attend the International Builders Show in 2011.

2010 SEWBA Christmas Party



The SEWBA Board of Directors would like to invite the General Membership to enjoy an evening of festivities at the 2010 Annual Christmas Party. Mark your calendar for Saturday, December 11, 2010 and join the party at Little America. Chairperson, Arlene Lowery has been busy making arrangements and invitations will be going out before long. Please be sure to call her with your R.S.V.P. and entree selection.

Mark It On Your Calendar!

General Membership Meetings	Board of Director Meetings	City Planning Commission Meetings
October 19, 2010	November 4, 2010	October 18, 2010
November 16, 2010	December 2, 2010	November 1, 2010
January 18, 2011	January 6, 2011	November 15, 2010
	February 3, 2011	November 29, 2010
Location: Poor Richard's	Location: Uncle Charlie's 5:30 PM Meeting	Location: City Council Chambers 6:00PM
5:30 PM Social Hour		
6:00 PM Dinner Meeting		
\$20.00 per Guest		

General Membership Program

Come hear from many of the candidates that are running for office.

It's an open forum to ask your questions!

The Voice of Southeast Wyoming's Building Industry

Tax Breaks Available to Builders Under Small Business Lending Legislation

The small business lending legislation (H.R. 5297) signed into law last week by President Barack Obama includes \$12 billion in tax breaks designed to help the small business community.

Of note to home builders, the legislation includes several tax incentives that will help their bottom line:

Increased Section 179 Expensing. For 2010 and 2011, the bill increases the amount of investments that businesses are eligible to write off to \$500,000 and raises the level of investments at which the write-off phases out to \$2 million. Prior to passage of the bill, the expensing limit was \$250,000 this year and only \$25,000 in 2011.

This means that a business that buys up to \$2 million in new equipment this year and next can immediately write off the first \$500,000 of its purchases. Businesses that invest more than \$2 million have their \$500,000 allowance limit reduced by one dollar for each dollar exceeding the \$2 million limit.

A New Deduction of Health Insurance Costs for Self-Employed. Making an exception to current law, this provision allows small business owners to deduct the cost of health insurance incurred in 2010 for themselves and their family members when calculating their self-employment taxes.

Tax Relief and Simplification for Cell Phone Deductions. The legislation changes rules so that beginning this year, the use of cell phones can be deducted or depreciated like other business property, without onerous recordkeeping requirements.

A Five-Year Carryback of General Business Credits. The new law allows certain small businesses to carry back up to five years their general business credits — including the Section 42 Low-Income Housing Tax Credit and the Section 45L New Energy Efficient Home Credit — to offset taxes paid in prior years, providing them an immediate refund this year by filing an amended tax return.

The provision also allows these credits to offset Alternative Minimum Tax liability in prior tax years. This applies to general business credits for those sole proprietorships, partnerships, S Corporations, LLCs and C corporations with \$50 million or less in average annual gross receipts.

Zero Taxes on Capital Gains From Key Small Business Investments. Under the American Recovery and Reinvestment Act of 2009, 75% of capital gains on key small business investments this year were excluded from taxes. The legislation temporarily puts in place a provision for the rest of 2010 to eliminate all capital gains taxes on these investments if they are held for five years.

Extension of 50% Bonus Depreciation. Under the Recovery Act, Congress temporarily allowed businesses to recover the costs of certain capital expenditures made in 2008 and 2009 more quickly than under ordinary depreciation schedules by permitting those businesses to immediately write off 50% of the cost of certain depreciable property (rental residential real estate, in general, is excluded) placed in service in those years. The new law extends the provision for 50% bonus depreciation through 2010.

An Increase in the Deduction for Start-Up Expenditures. Under current law, taxpayers may deduct up to \$5,000 in business start-up expenditures. The amount that a business may deduct is reduced by the amount by which start-up expenditures exceed \$50,000. For 2010 only, the new law increases the amount of start-up expenditures that entrepreneurs can deduct from their taxes to \$10,000, subject to a \$60,000 phase-out threshold.

Many of these provisions apply to investments or costs expended in 2010, and businesses should work with a tax professional to ensure that they gain the appropriate tax benefit for actions that they may have taken earlier this year.

For more information on the tax incentives included in H.R. 5297, e-mail Robert Dietz at NAHB or call him at 800-368-5242, x8285.

City of Cheyenne Building Permit Information

July 2010	August 2010	September 2010
Single Family New 28	Single Family New 13	Single Family New 23
Remodels/Additions 17	Remodels/Additions 24	Remodels / Additions 23
Garages/Storage 6	Garages/Storage 9	Garages/Storage 3