

Homeland Security Reconsiders “No Match” Rule

The Department of Homeland Security is taking its proposed “no match” rule back to the drawing board. Under the August 2007 measure, employers who received a letter from the government informing them that an employee’s Social Security number (as reported on W2 forms) did not match the Social Security Administration’s records would have had 90 days to either correct the discrepancy or fire the worker. Failure to respond to the notice — known as a no-match letter — could be interpreted by the department as “constructive knowledge” that the worker in question was illegal, leaving the employer open to prosecution for violating immigration law.

From the beginning, the rule generated strong opposition; critics pointed out that the Social Security Administration’s records are riddled with misspellings, typographical errors, and unreported name changes, all of which could lead to an innocent discrepancy. According to a December 2006 report by the Social Security Administration’s inspector general, an estimated 12.7 million of the 17.8 million such discrepancies in the agency’s records involve native-born U.S. citizens.

Soon after the rule was announced, a coalition of business, labor, and civil liberties organizations — including the U.S. Chamber of Commerce, the AFL-CIO, and the American Civil Liberties Union — filed suit to permanently block its enforcement. A federal judge issued an order temporarily blocking the measure, and in October U.S. District Judge Charles R. Breyer extended the ban, noting that the rule as written “would result in irreparable harm to innocent workers and employers.”

The lawsuit itself had been expected to come to trial as early as this month, but in November the Department of Homeland Security asked the court to postpone the trial at least until March; the department had previously announced its intention to draw up a revised rule that it hoped would withstand legal scrutiny.

No matter how the rule is revamped, it will have to overcome widespread skepticism throughout the building industry and elsewhere. According to NAHB director of legal research David Crump, enforcing the measure may well net some illegal

■ Traditionally, Canada has supplied the U.S. construction industry with a large proportion of the softwood lumber it uses. Now, for the first time in many years, lumber from U.S. mills is showing up in Canadian markets, reports the *Vancouver Sun*. The paper attributes the unusual market condition to a strong Canadian dollar, an imploded U.S. housing market, and robust construction activity north of the border. “It’s something I’ve never seen in my career before,” one Canadian lumber wholesaler is quoted as saying. “This is as tough as it gets.”

■ The discovery last November of a WW II-era fragmentation bomb in an Orlando, Fla., subdivision located at the edge of an old Army bombing range has angered area homeowners and put the developer on the hot seat. According to the *Orlando Sentinel*, representatives of the Army Corps of Engineers had met with residents five weeks earlier and assured them that the area was bomb-free. It has since been learned that soil excavated from the bombing range itself had been used as fill on local roads and perhaps elsewhere in the neighborhood. “There could very well be bomb material all over the place, anywhere out here,” said Vista Lakes Homeowners Association president Ron Cumello.

In the News

workers — but it would also draw employers into a bureaucratic maze. “The problem with all these attempts is that they hold employers hostage,” Crump says. “Builders are being whipsawn. They’re told they can’t discriminate when hiring workers — but they’re responsible for making sure [the workers] are legal. And if you make a mistake in hiring, you stand to be prosecuted for it.”

Crump scoffs at the claim that legitimate employees snared by the program will have 90 days to correct their records before being fired. “Ninety days?” he asks. “Try to do anything with any bureaucratic agency in 90 days.” — *Jon Vara*

Remodeling Outlook: Better Days Ahead?

What’s ahead for the remodeling industry in 2008? Kermit Baker, project director of the Remodeling Futures Program at Harvard’s Joint Center for Housing Studies, predicts that the market will improve modestly over the course of the year, with stronger growth following in 2009.

In Baker’s view, the industry is currently reinventing itself in the wake of some extremely unusual market conditions. Homeowners who sold their homes in 2002 and 2003, for example, stood to recover as much as 85 percent to 90 percent of the money they’d invested in remodeling. “We’d never seen that rate of appreciation before,” Baker says. “When the return is that high, people say to themselves ‘Why not do it now?’”

But with returns on remodeling costs subsiding to a more typical 65 percent-to-

■ A recent federal bill aims to encourage the estimated 28 states currently lacking mandatory statewide building codes to change their ways. The Safe Building Codes Act of 2007 would provide financial benefits to states that adopt and enforce construction standards meant to protect against natural disasters, including a 4 percent increase in disaster-relief funds and access to predisaster mitigation grants.

■ Six major home builders — Pulte Homes, KB Home, Beazer Homes, Ryland Homes, Meritage Homes, and Tousey — have agreed to pay a total of \$1.4 million to settle a federal investigation into whether they took kickbacks from insurers when selling homes. Earlier investigations conducted by a number of states had found that the companies made referral payments to real estate agents, developers, lenders, and builders that resulted in higher closing costs for consumers.

■ The producers of ABC’s *Extreme Makeover: Home Edition* are learning that even though many hands make light work, too many can make big trouble. The *Boston Globe* reports that Bill Martin, a Vermont man who was seriously injured in a 30-foot fall from the roof of a home he was helping build in Wells, Maine, is suing the show’s production company and the manufacturer of the log home. Martin’s lawyer has reportedly expressed surprise that more people weren’t injured or even killed as hundreds of workers crowded the site to build the house in a matter of days.

■ The nonprofit U.S. Green Building Council released its new LEED rating system for green homes in November, setting the stage for a final showdown with NAHB, which expects to issue the final version of its own green standard by February. Although the two organizations have not conflicted openly, NAHB has been critical of the council’s approach to green certification, calling it costly and impractical. Time will tell which of the competing standards — if either — finds broadest acceptance in the marketplace.

In the News

70 percent range, today's homeowners are increasingly likely to limit remodeling spending to routine replacements and upgrades. "Don't expect to see many quarter-million-dollar room additions," Baker says. "As we work our way into the next recovery, remodeling will probably be organized more around smaller projects toward the middle part of the market."

Two other conditions also bode well for the industry as a whole, says Baker, if not for every individual remodeler.

First, because remodeling is what he calls an "easy-in, easy-out" business, it responds readily to the amount of work available. For instance, between 2002 and 2003 — when the market was very active — not quite 13 percent of all remodeling contractors went out of business. Baker expects that number to be much

higher for 2007, with most of the fallout taking place among newer and smaller companies: "If 20 or 30 percent of [remodelers] go out of business, you don't have too many companies chasing too few projects."

Second, the emphasis on high-end projects over the past few years has created a "highly concentrated" industry, Baker says. In 2005, he notes, 5 percent of all remodeling projects — the most expensive ones — accounted for 60 percent of remodeling spending. He foresees that figure falling to a more typical 40 percent or so in the years ahead — a "healthy" development, in his opinion.

"When remodeling gets too concentrated," he says, "it's vulnerable to a downturn if just a small share of projects disappears. A broader base of activity should produce more stable spending in the long run." — *J.V.*