

When the Market Returns, Who Will Build the Homes?

by **Scott Foster**

Labor shortages and higher production costs—that's what awaits Arizona homebuilders when the housing market eventually returns, thanks to Arizona's tough new immigration sanctions legislation. The law, which went into effect Jan. 1, 2008, cracks down on businesses that hire workers who cannot prove their legal status. Faced with possible revocation of their business licenses, companies have been forced to dismiss immigrant workers without the necessary documentation.

Homebuilders, and more specifically their subcontractors, have been hit especially hard. According to the American Community Survey, more than 15 percent of the American workforce is foreign born, and in the construction industry, that number is more than 20 percent of the workforce. Regional analysis indicates that more than one-third of the construction workers in Arizona are immigrants.

According to Carlos I. Guitierrez, assistant staff vice president of state and local government affairs for the National Association of Home Builders, "Bottom line, the immigrant population is essential in meeting housing demand and sustaining economic growth in this country. Border security reforms are extremely important, but so is a system by which immigrants can legally enter the country to work." Guitierrez adds, "The only saving grace right now is, in fact, the housing slowdown. The need for labor has reduced significantly. But when the industry bounces back, laws like the one in Arizona ... will severely hamper the ability of the industry to keep up with demand and will likely increase the cost of housing as a result."

Local contractors' concerns mirror those of Guitierrez's. Impending labor shortages are sure to impact many of the trades, but especially core contractors that overwhelmingly depend on immigrant labor, such as framers. Bill English of local framing and trim carpentry contractor 3G Construction says, "It's going to be a real problem. The consensus seems to indicate that Phoenix has enough legal workers currently to cover

15,000 to 18,000 homes a year. In our market, we need to be building 30,000 a year to be strong."

While this strict immigration sanction law and a sizeable anti-immigration sentiment has the support of a very vocal and visible following in Arizona, others, including much of the business community, see the law as an unreasonable and inappropriate backlash at the state level brought about by a lack of action at the federal level. Business ultimately and unfairly is left bearing the burden of enforcement.

"It is important to note that the homebuilding industry is not for illegal immigration," Guitierrez says. "We strongly oppose it, in fact. But we do support comprehensive immigration reform that would protect our borders and ensure foreign born workers can legally enter the country to work." Equally important, he says, is to understand that most homebuilders have few, if any, direct employees, primarily employing subcontractors to complete several phases of a home's construction.

"On any given day, a homebuilder may not have any idea who is on their job site," Guitierrez says. "It is thus extremely unfair to require a homebuilder to be responsible for the legal status of workers on their job site. We also feel strongly that immigration is a federal matter that should be confronted by the United States Congress."

Until and unless Congress accepts responsibility for resolving a federal issue and acts to strike a workable balance between sensible immigration reform and viable economic reform, the homebuilding industry and Arizona's future economic growth along with it will surely suffer the consequences. ■

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