

Toxic Chinese drywall turns U.S. homes into smelly cancer traps

Foul-smelling drywall imported from China could sully future earnings of mega-homebuilder Hovnanian Enterprises (HOV), The Wall Street Journal reports. But Hovnanian's problems with bad drywall could be just a fraction of stinky imported building materials that may have turned thousands of U.S. homes into cancer traps.

The drywall may be in tens of thousands of U.S. dwellings; no one knows the extent of the problem, but more than 1,200 homeowners have complained of noxious odors seeping from walls, and corrosion to mirrors, outlets, air conditioners, and even jewelry, according to The Los Angeles Times. The Environmental Protection Agency is investigating, and the Senate has brought up its own concerns.

The chief culprit is phosphogypsum, a byproduct of fertilizer production that contains high concentrations of uranium and radium. The EPA has banned its use in the U.S. But In China, where phosphogypsum is unregulated, it's considered a cheap substitute for high-quality gypsum for constructing drywall. Apparently, gypsum and carcinogenic phosphogypsum can be differentiated by smell.

Affected homeowners have blamed severe respiratory problems and nosebleeds on the drywall, The Birmingham Business Journal reported. Homeowners in 24 states, most of them in Florida, are complaining about the foul drywall, but Hovnanian is hardly alone: Lennar (LEN), Ryland (RYL), Beazer (BZH), and D R Horton (DHI) have all had to remediate homes with phosphogypsum drywall, at a cost of \$100,000 or so apiece.

Housing-industry analysts are alarmed at the prospect of huge liabilities yet to come for builders, as the scope of the problem unfolds. A federal judge awarded the drywall suits class-action status in June, according to Law.com, opening the door for massive litigation. Dozens of U.S. personal-injury and tort lawyers have set up Web sites pitching clients on their services in Chinese-drywall lawsuits.

As much as 500 million pounds of defective Chinese drywall were imported into the U.S. between 2003 and 2007. During that boom period, U.S. gypsum was in short supply, and U.S. wallboard prices soared. Builders turned to imports to reduce costs and to keep up with rapidly expanding demand.

How much of those 500 million pounds of drywall were affected remains unclear -- the most conservative estimates suggest that at least 50,000 U.S. homes have been impacted -- and the drywall disaster's long term toll is far harder to ascertain. Long term exposure to radioactive materials like radium and uranium may cause cancer, and the Chinese drywall appears to break down more easily than domestic drywall, which could send small radioactive particles into the air in affected homes.

The fiasco builds on U.S. fears of exposure to poisonous Chinese products, stoked by Thomas the Tank Engine toys tainted with lead paint, and the pet-slaying bags of dog food that contained hazardous levels of melamine. Chinese government officials are investigating, and many U.S. homebuilders have stopped using Chinese drywall due to litigation fears. Of course, it's too late for the tens of thousands of U.S. homemakers who bought dream houses, only to find themselves trapped in a toxic hell.