

As Housing Goes, So Goes the Economy



2023
LEGISLATIVE
PRIORITIES



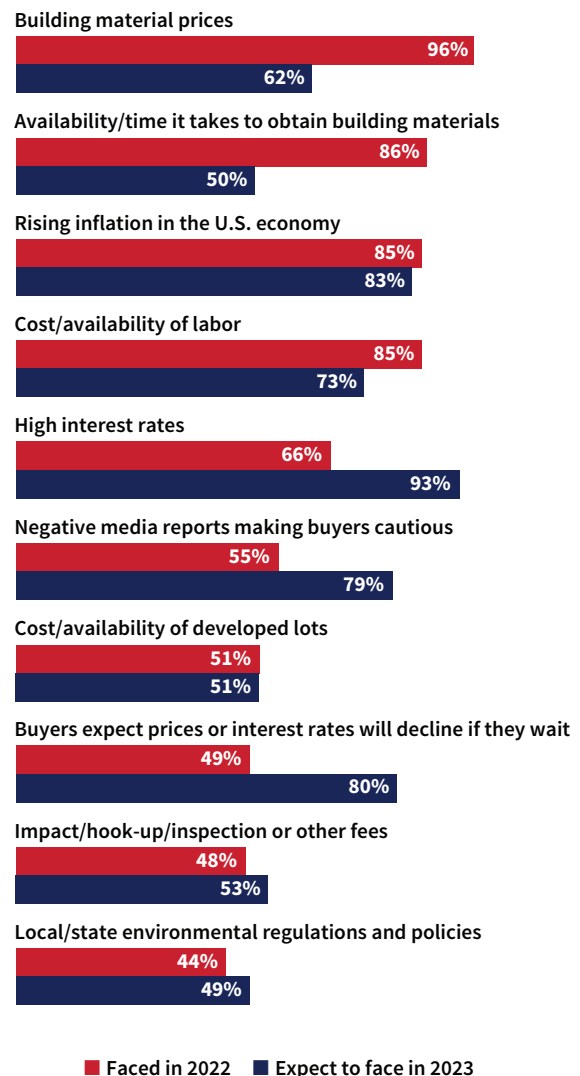
About the National Association of Home Builders

- The National Association of Home Builders (NAHB) is a federation of 700 state and local builders associations.
- NAHB's 140,000 members work to provide housing opportunities for all Americans in every congressional district across the nation.
- **NAHB's builder members construct about 80% of the homes and apartments built in the U.S. each year; 1.24 million new housing units are projected for 2023.**

Housing's Impact on the Nation

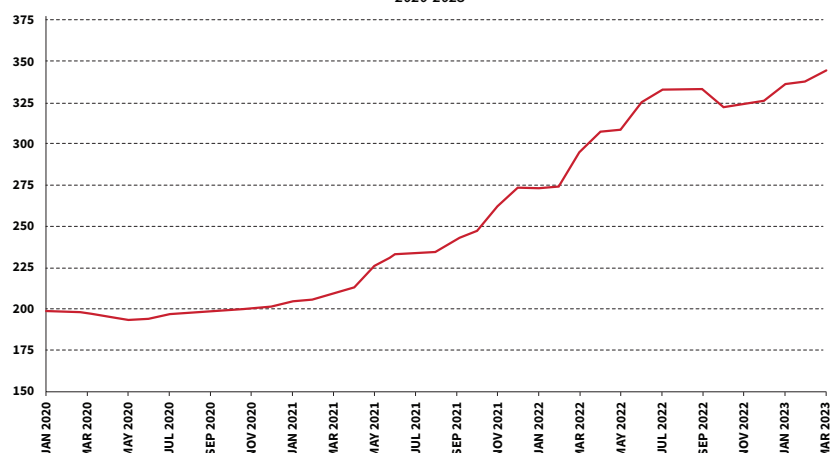
- Housing construction and the value of housing-related services account for roughly 16% of gross domestic product, making housing a major component of the economy.
- **Roughly 4.5 million Americans work in the residential construction industry, and millions more are engaged in businesses directly relating to home building.**
- The construction of 1,000 single-family homes generates:
 - 2,900 jobs across all U.S. industries (including construction, manufacturing, trade and professional services).
 - Approximately \$189 million in wages and more than \$129 million in federal, state and local tax revenues and fees.
- The construction of 1,000 rental apartments generates:
 - 1,250 jobs across all U.S. industries.
 - Approximately \$80 million in wages and \$56 million in federal, state and local tax revenues and fees.
- A \$1,000 increase in the price of a median-priced new home would force 140,436 U.S. households out of the market for the home.
- About 66 out of 100 households own their own home.
- **Home equity accounts for a total of nearly \$31 trillion in wealth for American households.**
- American home owners spend about \$340 billion annually on home improvement projects.

TOP 10 PROBLEMS FACED BY BUILDERS DURING 2022 AND EXPECTED DURING 2023 (Percent of Respondents)



TRANSFORMER PRICES HAVE SURGED 72% SINCE EARLY 2020

PRODUCER PRICE INDEX: POWER AND DISTRIBUTION TRANSFORMERS
2020-2023



Building More Homes Will Tame Inflation, Ease the Affordability Crisis

A healthy housing market is critical to a strong and vibrant economy. But with the home building industry still facing major challenges as the housing sector struggles to emerge from a slump dating back to the middle of last year, Congress can play a pivotal role to move housing and the economy to higher ground.

The housing downturn is due to a number of factors that have pushed housing affordability to more than a 10-year low:

- Mortgage rates have increased from 3% at the start of 2022 to above 6.5% headed into June 2023, adding about \$750 to the cost of a typical mortgage.
- Building material supply-chain bottlenecks, particularly for distribution transformers and concrete, are imperiling many construction projects and the ability to provide affordable housing.
- The construction industry faces a huge shortfall of more than 340,000 workers as of March 2023, and the chronic labor shortage is delaying home building and remodeling projects and raising construction costs.

And as the Federal Reserve nears the end of its fight against inflation, aggressive monetary policy actions can have unintended consequences for the housing industry. With housing accounting for 40% of the Consumer Price Index, this means that 40% of the price hikes for goods and services circulating through the economy are attributable to higher homeownership and rental costs.

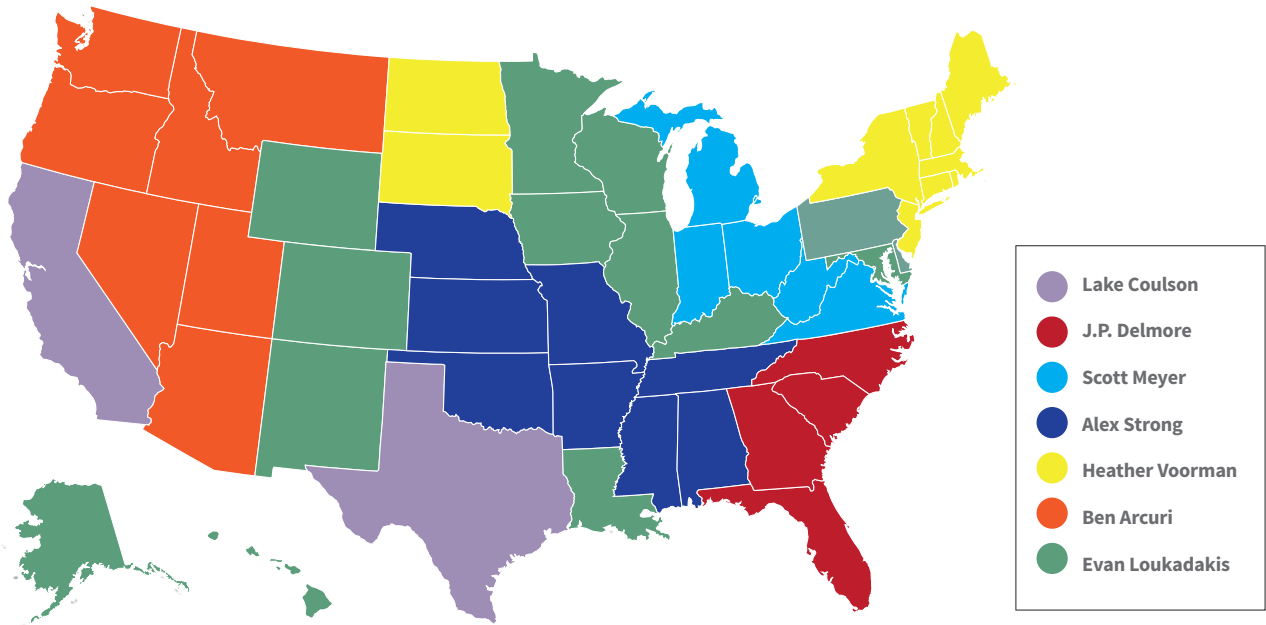
But the Fed's ability to address rising housing costs is limited, as shelter cost increases are driven by a lack of affordable supply and increasing development costs. In fact, further tightening of monetary policy will hurt housing supply by increasing the cost of residential construction lending and exacerbating the bank-lending crunch brought on by regional bank financial stress.

With a nationwide shortage of 1.5 million housing units, building more homes is the only way to tame inflation, satisfy unmet demand, achieve a healthy supply-demand balance in the for-sale and rental markets, and ease the nation's housing affordability crisis. And to ease unprecedented lumber price volatility that threatens to disrupt a housing recovery, Congress needs to increase the domestic supply of timber from public lands and call on the Biden administration to negotiate a new softwood lumber agreement with Canada to eliminate protectionist tariffs that act as a tax on American home buyers.

Congress Can Act on These Three Issues:

- **TRANSFORMERS.** Soaring costs and shortages of electrical distribution transformers are delaying housing projects across the nation. Congress should utilize the Defense Production Act to boost output at existing facilities to address the growing supply chain crisis for distribution transformers and oppose efforts by the Department of Energy to increase the energy conservation standards for the production of distribution transformers because it will severely exacerbate the current supply shortage.
- **ENERGY CODES.** The Senate should introduce and advance legislation which includes the provision in House-passed bill H.R. 1 that would repeal \$1 billion in grants provided to state and local governments to adopt updated energy codes that are more costly and restrictive. Forcing the adoption of more stringent energy codes to qualify for these grants will worsen the current housing affordability crisis and limit energy choices for consumers.
- **WORKFORCE DEVELOPMENT FUNDING.** Nearly 2.2 million new construction workers will be needed to keep up with housing demand over the next three years. Congress needs to reauthorize the Workplace Innovation and Opportunity Act to help ease the residential construction industry's severe workforce shortage and to fully fund the Job Corps program, which is a vital source of skilled labor for our industry.

NAHB Government Affairs Federal Legislative Team



Lake Coulson

Senior Vice President & Chief Lobbyist
lcoulson@nahb.org, 202-266-8510
**Environment/Transportation/Smart
Growth/FEMA**
California, Texas

J.P. Delmore

Assistant Vice President
jdelmore@nahb.org, 202-266-8412
Tax Policy
Florida, Georgia, North Carolina, South
Carolina

Scott Meyer

Assistant Vice President
smeyer@nahb.org, 202-266-8144
Single-Family Housing/Banking
Indiana, Michigan, Ohio, Virginia, West
Virginia

Alex Strong

Senior Federal Legislative Director
astrong@nahb.org, 202-266-8279
**Trade & Building Materials/Property
Rights/Regulatory Reform/Small
Business/Technology/Intellectual
Property**

Alabama, Arkansas, Kansas, Mississippi,
Missouri, Nebraska, Oklahoma, Tennessee

Heather Voorman

Federal Legislative Director
hvoorman@nahb.org, 202-266-8425
Energy/Codes/Global Climate Change
Connecticut, Massachusetts, Maine, New
Hampshire, New Jersey, New York, North
Dakota, Rhode Island, South Dakota,
Vermont

Ben Arcuri

Federal Legislative Director
barcuri@nahb.org, 202-266-8407
Immigration/Labor/Health Care
Arizona, Idaho, Montana, Nevada, Oregon,
Utah, Washington

Evan Loukadakis

Federal Legislative Manager
eloukadakis@nahb.org, 202-266-8320
**Alaska, Colorado, Delaware, Hawaii,
Illinois, Kentucky, Louisiana, Maryland,
Minnesota, New Mexico, Pennsylvania,
Wisconsin, Wyoming**