



America's Home Builders

*CREATING JOBS
STRENGTHENING FAMILIES
BUILDING COMMUNITIES*

2018 NAHB Legislative Priorities

The National Association of Home Builders represents the home builders, remodelers and other housing industry professionals who provide the homes that are central to American family life. Our members are job creators who take on challenges and get things done.

The issues that are important to these professionals are the same issues that are critical to a vibrant, dynamic economy.

The nation's home builders are asking federal policymakers to move forward on several key issues, including:

- Reducing regulations that harm small businesses.
- Creating a national flood insurance program that is predictable and affordable.
- Enabling a supply of softwood lumber sufficient to meet demand.
- Reforming the nation's housing finance system to ensure that single-family and multifamily housing credit remains readily available and affordable.
- Promoting policies and job training programs that will help ensure an ample supply of well-trained workers to build the nation's homes.
- Pursuing immigration policies that complement ongoing vocational training efforts and help fill labor gaps while protecting the nation's borders.
- Improving and streamlining the federal permitting process.

Regulatory Reform

America's rulemaking process is out of control.

Legislators and regulators are increasingly distant from American enterprise. They are unaware of the ways their complex web of regulations affects businesses — especially small businesses — and slows the economy.

As increasingly complex regulations are layered over existing ones, the growing mountain of red tape generates skyrocketing compliance costs that stifle business initiative and harm consumers.

The housing industry provides a cautionary example. On average, nearly 25 percent of the cost of building a typical new single-family home — almost \$85,000 — is attributable to government regulation.

Three key reforms can fix this broken system:

- Restore congressional oversight to rulemaking.
- Ensure rulemaking agencies consider the disproportionate impact rules have on small businesses.
- Fix the broken rulemaking process.

The process of crafting federal regulations has not been updated since 1946 and is run by unelected bureaucrats who ignore the intent of Congress. It's time for Congress to reassert its authority and provide for:

- Greater public participation in rule development.
- Better public access to the data used in the process.
- More emphasis on least-cost alternatives.

Layers of complex regulations disproportionately affect small businesses. The Regulatory Flexibility Act of 1980 addresses the problem, but far too often agencies circumvent its requirements or treat compliance as little more than a check-the-box exercise.

Reasonable regulations are essential to protecting the health and safety of workers, the environment and financial institutions, but they must strike a balance. Federal regulations must be carefully structured to achieve their intended benefits while minimizing the burdens on small business.

TAKE ACTION

Senators need to:

Support S. 21, Regulations from the Executive in Need of Scrutiny Act of 2017, which restores meaningful congressional oversight to regulatory rulemaking.

Support S. 584, Small Business Regulatory Flexibility Improvements Act, which ensures rules acknowledge small businesses' disproportionate compliance burden.

Support S. 951, Regulatory Accountability Act of 2017, which reforms regulatory rulemaking by improving transparency, accountability and cost-benefit analysis.

Flood Insurance

After a number of short-term extensions, the National Flood Insurance Program (NFIP) is set to expire on July 31, 2018. NAHB has a long history of supporting the NFIP, and we are committed to ensuring that federally-backed flood insurance remains available, affordable, predictable and financially stable. It is essential that Congress pass a long-term reauthorization of the NFIP before its current July 31 expiration date.

The NFIP has played a critical role in directing the use and development of flood-prone areas and managing the risk of flooding for residential properties. A strong NFIP helps ensure that the housing industry can provide safe, decent, and affordable housing to consumers under the direction of local jurisdictions. Due to a congressional mandate, all structures built within the 100-year floodplain that have a federally-backed mortgage must carry flood insurance.

Currently, the NFIP is the only affordable flood insurance product available nationwide, and is commonly used as complete coverage for single-family homes and in a first-loss position for multifamily and commercial structures.

If the NFIP lapses, home closings in the 100-year floodplain will be delayed or canceled and the Federal Emergency Management Agency will be severely limited in the amount of funds it can use to help disaster areas.

After negotiations with the House to remove provisions that would have negatively affected new construction and “grandfathered” properties, NAHB supports the House-passed NFIP reauthorization bill. Unfortunately, after a year of discussions, the Senate has not advanced any of its NFIP reauthorization bills. It is essential that the Senate pass long-term legislation to reauthorize the NFIP, and that the two chambers agree to reforms before the NFIP expires on July 31.

TAKE ACTION

Senate:

Urge leadership and Banking Committee Chairman Mike Crapo to hold a vote on a long-term NFIP reauthorization bill.

House:

Ensure the NFIP does not lapse. Work with the Senate to enact a long-term NFIP reauthorization bill.

A strong NFIP helps ensure that the housing industry can provide safe, decent and affordable housing to consumers.





Softwood Lumber

America's residential construction industry needs a stable and affordable supply of lumber.

However, U.S. domestic timber production is not sufficient to meet demand. In 2017, the United States consumed 47.62 billion board feet (bbf) of softwood lumber while producing only 33.86 bbf. We rely almost exclusively on Canada to make up the difference.

Combined tariffs of just over 20 percent on imports of Canadian softwood lumber imposed by the U.S. Department of Commerce have driven lumber prices to record highs. During the first week of March 2018, a key index for measuring the price of framing lumber hit its highest ever recorded level — \$512 per thousand board feet. This represents a 25 percent increase from one year prior; a 43 percent increase since Jan. 1, 2017; and a 60 percent increase since Jan. 1, 2016.

The sharp increases in lumber prices, which are attributable to the tariffs on Canadian imports, are making housing less affordable for American families. The increase in the cost of lumber since the beginning of 2017 has been enough to drive up the price of an average new single-family home by \$6,388, and the market value of an average new multifamily housing unit by \$2,430.

Equally compelling, tariffs on Canadian softwood lumber will result in the net loss of 9,370 U.S. jobs in 2018. This figure includes an increase of 1,193 jobs in U.S. sawmills, and a loss of 10,563 jobs in all other industries because there are millions more jobs in the U.S. that depend on lumber than there are jobs in domestic lumber production. In other words, nearly nine jobs will be lost in other U.S. industries for every job gained in domestic sawmills as a result of these tariffs. Over half the net jobs lost are in construction, but the effects are broad-based and also impact jobs in manufacturing, wholesale and retail trade, and a variety of professional services.

TAKE ACTION

Congress:

Congress must urge the administration to return to the table and negotiate a new Softwood Lumber Agreement with Canada.

Congress should consider ways to increase the domestic supply of timber from public lands.

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Housing Finance Reform

A healthy housing market is a cornerstone of a strong U.S. economy. But 10 years after the Great Recession pushed the economy to the brink of disaster, the nation's housing market remains far below its potential.

The unsettled housing finance system contributes greatly to the problem. Uncertainty in the system stymies investment, slows the housing market and presents downside risks to the broader economy.

While some steps have been taken to address weaknesses in the mortgage market, there has been no meaningful progress in implementing comprehensive reforms to the housing finance system to ensure that housing credit is available and affordable and is delivered through a sound and competitive system.

The key to an effective secondary market system for conventional mortgages is a limited federal backstop for catastrophic circumstances. History shows the limitations of the private mortgage market. During bad times, private mortgage credit has fled the market, leaving government-supported mortgage loans as the primary or only option for qualified buyers. In the aftermath of the housing downturn, investors have been reluctant to invest in mortgage securities without government backing.

Federal support is particularly important in continuing the availability of the affordable 30-year, fixed-rate mortgage that has enabled millions of American families to build wealth and financial security through homeownership.

Previous attempts at reforming the housing finance system have failed. NAHB urges Congress to pass bipartisan housing finance legislation that would reform the current system and provide certainty to the marketplace while maintaining the proper level of government support for housing in all economic and financial market conditions.

TAKE ACTION

Congress:

Pass legislation to establish a new secondary market system for conventional mortgages with a limited, well-defined federal government backstop for catastrophic circumstances.

The key to an effective secondary market system for conventional mortgages is a limited federal backstop for catastrophic circumstances.





Workforce/Immigration

The housing industry is critical to the American economy, and a skilled and capable workforce that is adequate to meet demand is vital to the nation's home builders. Despite competitive pay, the home building industry continues to experience labor shortages, with 63 percent of builders reporting shortages of workers or subcontractors in a July 2017 survey of NAHB members. This translates into higher construction costs and increased home prices, difficulties with completing projects on time, and lower economic growth.

NAHB supports domestic workforce development through its affiliate educational arm, the Home Builders Institute (HBI), and student chapters that encourage young people to pursue careers in residential construction. The association also strongly supports expanding federal and state training and employment opportunities to prepare individuals for careers in home building, and urges the enactment of policies that will enhance opportunities for those interested in this career field.

At the same time, NAHB recognizes the critical and immediate labor needs of our members and urges the creation of a guest worker program for the construction sector that complements ongoing domestic recruitment and training efforts and helps fill labor gaps to ensure a workforce that can meet the nation's housing construction needs.

Unfortunately, existing temporary foreign worker programs such as H-2B — that are available to a broad range of industries and are highly competitive — offer limited support to construction businesses.

NAHB also urges Congress to address the undocumented population and those who hold provisional legal status in a respectful, common-sense manner that aids — and does not exacerbate — the workforce needs of industry sectors like construction. An estimated 51,000 individuals with temporary protected status (TPS) have filled a small part of larger workforce shortage gaps in the construction industry. With TPS designation for these countries set to expire soon, the sudden worker exodus from the construction sector will only exacerbate existing labor shortages and lead to project delays at a cost to taxpayers and consumers.

TAKE ACTION

Senate:

- Approve the bipartisan, House-passed Strengthening Career and Technical Education for the 21st Century Act (H.R. 2353).
- Co-sponsor the Save Our Small and Seasonal Businesses Act (S. 792).

House:

- Pass the Higher Education Reauthorization Bill (H.R. 4508).
- Co-sponsor the SEASON Act (H.R. 2004).



Permitting Reform

The home building community knows the frustration of a broken permitting process. Over the years, the federal government has expanded the scope of its regulatory authority and changed the requirements needed to obtain a federal permit.

These changes have made the permitting process virtually impossible to navigate. NAHB seeks a regulatory and permitting structure that is consistent, predictable and timely. The goal is to create permitting programs that provide straightforward compliance requirements that any business owner can understand.

NAHB members were encouraged by President Trump's recent proposal to strengthen our nation's transportation and infrastructure. There are many aspects of this plan that help establish a permitting system that meets the housing industry's objectives while also preventing agencies from needlessly delaying projects.

The nation's home builders support the administration's proposal that requires one agency to take the lead on evaluating projects. Many federal statutes tie their approval/consultation requirements to those of the Clean Water Act (CWA) – meaning that if a builder has to obtain a CWA permit, they must also obtain others, such as under the Endangered Species Act, the National Historic Preservation Act and the National Environmental Policy Act. This means that builders must consult with multiple federal agencies. Allowing builders to consult with a single agency will ultimately reduce the time and resources needed to obtain a permit.

The administration's proposal offers the certainty the regulated community needs by giving the federal government a two-year deadline to complete the permitting process.

The federal government must provide a practicable and transparent permitting system that will improve compliance. The president's proposal is a great starting point as it strikes a balance between protecting the environment and allowing businesses to thrive.

NAHB encourages lawmakers to pass legislation that would implement some of these very practical changes. This will go a long way toward improving the way builders do business and making the homes they build more affordable.



Data by Congressional District

Not only is housing central to American family life, it is an engine of economic growth and is critical to a thriving economy.

Housing typically accounts for about 15 percent of Gross Domestic Product, and more than 3.8 million Americans work in residential construction, so the state of the housing industry and individual markets has a profound impact on the economy and the nation's social fabric.

To help demonstrate housing's reach and importance, the National Association of Home Builders has created a website at [NAHBHousingPortal.org](https://www.nahbhousingportal.org) where users can generate a detailed profile of housing and homeownership in every state and in each of the nation's 435 congressional districts.

The information for each district includes homeownership rates, median values of owner occupied homes, median family income, the number of housing units, the minority homeownership rate and the number of district residents working in residential construction.

The site also provides a breakdown of home types including percentages of single-family detached, single-family attached and multifamily housing. Rental sector information is also available including the vacancy rate, the median gross rent and a breakdown showing the percentage of total household income renters spend on housing each month.

The NAHB housing portal also provides results of a poll conducted by Morning Consult showing that Americans believe that homeownership presents great benefits for families and is also a good investment. Consistent with that view, 48 percent said it matters some or a lot what a candidate's positions are on housing policies that affect housing prices and availability.

Moreover, 35 percent of Americans believe there is or may be a housing shortage in their community. Finding a home at a price you can afford (34 percent) and having enough savings to cover the down payment (31 percent) were the two most significant obstacles to purchasing a new home.

The National Association of Home Builders

The National Association of Home Builders (NAHB) strives to protect the American Dream of housing opportunities for all, while working to achieve professional success for its members who build communities, create jobs and strengthen our economy.

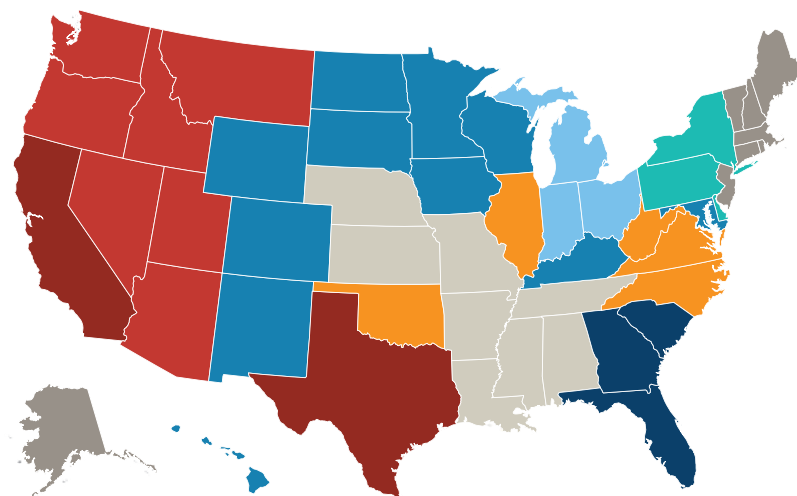
Each year, NAHB's members construct about 80 percent of the new homes built in the United States, both single-family and multifamily.

A federation of more than 700 state and local associations, NAHB represents more than 140,000 members. About one-third are home builders and remodelers. The rest work in closely related industries such as engineering and architecture, sales and marketing, housing finance, and manufacturing and supplying building materials.

NAHB works to ensure that housing is a national priority and that all Americans have access to safe, decent and affordable housing, whether they choose to buy a home or rent.



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