

ELECTION 2022

GOP Wins Slim House Majority, Democrats Clinch the Senate

Housing Remains a Bipartisan Issue Amid a Divided Congress

Midterm elections are always a referendum on the occupant of the White House and the 2022 midterms were no exception. President Biden, armed with a slew of policy victories (e.g., the Bipartisan Infrastructure Law and the Inflation Reduction Act) and social touchpoints (e.g., the Supreme Court's Dobbs decision to overturn the federal right to abortion and Biden's executive order on student loan debt forgiveness), campaigned for a continuation of Democratic control of Congress. To the contrary, the GOP campaigned on the need for change in Washington, citing high crime rates, inflationary pressure driving up the cost of living and the specter of an economic recession.

With the parties well-funded by record-breaking campaign spending and both chambers of Congress closely divided, it did not take a "wave" election for either party to claim the majority; it was merely a question "by how many seats." The high number of early voting ballots and the counting rules in many states make "election night" more of an "election season." Eight days after the midterm elections, Republicans were able to claim a narrow victory in the House. Democrats retained the Senate with a slim 51-49 margin, as the final Senate contest was called on Dec. 6 when Sen. Raphael Warnock (D-Ga.) defeated Republican challenger Herschel Walker in a Georgia Senate runoff election.

The anticipated GOP wave never materialized, and the electorate is split down the middle.

So, what does this all mean for home building and housing? Regardless of the final House and Senate tallies, any legislation with a prayer of being signed into law by Biden must be bipartisan. While the next speaker of the House can likely wrangle the 218 votes needed to move legislation, Senate Majority Leader Chuck Schumer (D-N.Y.) does not have the 60 votes needed to overcome a filibuster. So the parties will need to negotiate and compromise to move important legislation forward in the next Congress, including housing legislation.

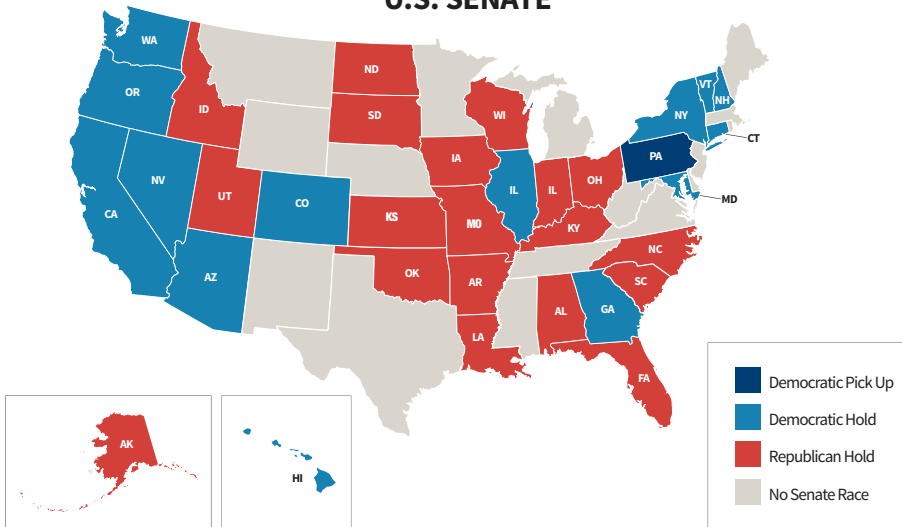
Housing has always been a bipartisan issue. High home prices have pushed ownership out of reach for most Americans and sky-high rents are punishing renters. The housing affordability crisis in America has become a top-tier political issue. As the Federal Reserve continues to tighten monetary policy and the housing sector faces a recession, Congress and the administration must turn their focus to policy solutions that lower the cost of building and allow the nation's home builders to expand housing production. NAHB is poised to work with the new Congress to propose bipartisan solutions to create more affordable and attainable housing.



Jim Tobin

Executive Vice President
Government Affairs

U.S. SENATE



DEM. HOLD

AZ: Kelly
 CA: Padilla
 CO: Bennet
 CT: Blumenthal
 GA: Warnock
 HI: Schatz
 IL: Duckworth
 MD: Van Hollen
 NH: Hassan
 NV: Cortez Masto
 NY: Schumer
 OR: Wyden
 VT: Welch (*Leahy retiring*)
 WA: Murray

DEM. PICK UP

PA: Fetterman

REP. HOLD

AK: Murkowski
 AL: Britt (*Shelby retiring*)
 AR: Boozman
 FL: Rubio
 IA: Grassley
 ID: Crapo
 IN: Young
 KS: Moran
 KY: Paul
 LA: Kennedy
 MO: Schmitt (*Blunt retiring*)
 NC: Budd (*Burr retiring*)
 ND: Hoeven
 OH: Vance (*Portman retiring*)
 OK: Lankford
 OK: Mullin (*Inhofe retiring*)
 SC: Scott
 SD: Thune
 UT: Lee
 WI: Johnson

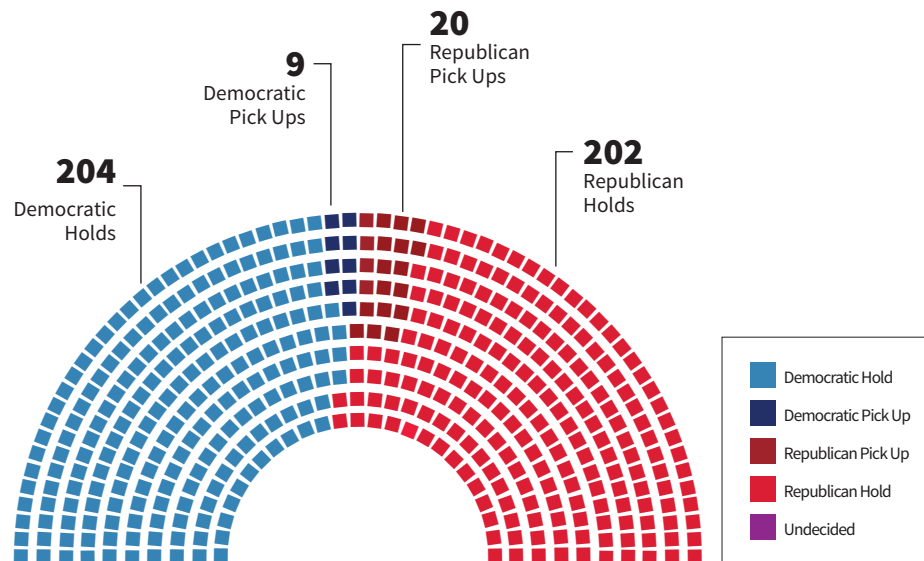
Democrats Eke Out Senate Majority

With Sen. Raphael Warnock winning the Dec. 6 Georgia Senate runoff race, the Senate tally stands at 51 Democrats and 49 Republicans. This slim advantage gives Democrats control of committees and means they won't have to rely as heavily on Vice President Kamala Harris to cast tie-breaking votes.

Republicans Retake the House

With 218 seats needed to clinch the House, Republicans picked up the decisive win eight days after the midterm elections. The final count stands at 222 Republicans and 213 Democrats. Prior to the Nov. 8 elections, Democrats held a narrow 220-212 majority, with three vacancies.

U.S. HOUSE OF REPRESENTATIVES





BUILD-PAC 2021-2022 Election Cycle

Going into the 2022 midterms, BUILD-PAC, NAHB's political action committee, was rooted in the mission of helping to elect pro-housing, pro-business candidates to Congress. NAHB's continued success is in part measured with our victories on Capitol Hill.

BUILD-PAC was instrumental in electing candidates and members in leadership and contributed to 376 congressional candidates this election cycle. BUILD-PAC was able to accomplish this by holding fundraising events in 33 states, recruiting new high donor club members and increasing PAC participation in NAHB's council and committees. With the strong investments from NAHB members, BUILD-PAC disbursed nearly \$2.8 million to federal candidates and committees during the 2021-2022 election cycle.

"Electing pro-housing, pro-business candidates is BUILD-PAC's mission and I've never been more laser-focused on continuing our growth," said Jim Chapman, 2022 BUILD-PAC chairman. "We played in over 100 competitive races this year and were able to flex housing's political muscle during the midterms because of the investments of our members. I personally invest in BUILD-PAC because I believe if you are in business, you are in politics."

BUILD-PAC by the Numbers

- Disbursed nearly **\$2.8** million to federal candidates and committees
- Played in over **100** competitive races
- Supported **376** candidates and members of Congress
- Held fundraising events in **33** states
- Exceeded fundraising goals in **20** states



NAHB Endorsements

NAHB endorses candidates committed to policies promoting homeownership and rental housing opportunities for all Americans. This year, NAHB endorsed 183 candidates — 12 for the Senate and 171 for the House. NAHB made all of its endorsement decisions in concert with the state and local associations.

Of the 183 candidates who NAHB endorsed, 174 won their races – a 95% success rate.

NAHB also honored 28 members of Congress with the Defender of Housing Award, which recognizes courageous federal legislators who have demonstrated strong support for housing and NAHB positions on key issues facing the industry. Fashioned in the likeness of a traditional house key, the award is issued biannually.



Congressional Housing Agenda

In Congress, those who wield the committee gavel set the agenda. With Republicans retaking control of the House, and Democrats keeping the Senate, below is a snapshot of the committees with oversight over key housing issues in the 118th Congress.

Senate Finance Committee

Democrat Ron Wyden of Oregon is expected to remain chairman of the Senate Finance Committee, and Idaho Republican Mike Crapo will likely continue as the ranking member. Wyden and Crapo have a good working relationship, which may increase the prospect of finding bipartisan common ground. The next two years will likely focus on areas of bipartisan agreement, which may include trade and retirement policy. The Senate panel – particularly on the subcommittee level – works on trade issues that affect building materials and NAHB will be actively engaged with members. Major legislation on the tax front in the Senate Finance Committee and House Ways and Means Committee is unlikely, but both parties will begin to position themselves for the big tax fight coming in 2025, when many of the tax cuts enacted as part of the Tax Cuts and Jobs Act expire.

House Ways and Means Committee

Even without the change in party control, the top Republican on the House Ways and Means Committee, Kevin Brady of Texas, was term-limited out under the GOP rules. The race to replace him, and take over the committee gavel, is highly competitive and won't be decided until later this month. Reps. Adrian Smith (R-Neb.), Vern Buchanan (R-Fla.) and Jason Smith (R-Mo.) are the leading contenders to become the new chairman of the committee. On the Democratic side, current Chairman Richard Neal (D-Mass.) is expected to shift to the ranking member position and continue to serve as the top Democrat. The influential committee also has jurisdiction over key trade issues, including those that deal with building materials.

Senate Banking, Housing and Urban Affairs Committee

With Democrats maintaining control of the Senate, it is likely that Sen. Sherrod Brown (D-Ohio) will remain chairman of the Senate Banking, Housing and Urban Affairs Committee for the 118th Congress, a position he has held since 2015. With the retirement of Sen. Pat Toomey (R-Pa.), Republicans will name a new ranking member of the full committee. Sen. Tim Scott (R-N.C.) is likely to take this position and relinquish his slot as the ranking member of the Senate Committee on Aging.

As chairman, Sen. Brown has focused much of his attention on the government housing jurisdiction held by his committee. While NAHB has largely supported Brown's push to increase federal investments in housing, we have also strongly urged the committee to address the central problem of the housing crisis: the barriers our industry faces to increase the production of quality, affordable housing. Moving forward into the new year, NAHB will continue to press the Senate Banking Committee to use its jurisdiction to help reduce recession risk and increase the probability of a soft economic landing by promoting policies that will help the home building industry increase the much-needed housing supply in this country.

Additionally, NAHB will work with Chairman Brown and his counterpart on the House Financial Services Committee to push through a multi-year reauthorization of the National Flood Insurance Program. As these are the two central housing policy panels in Congress, NAHB will continue to actively engage all members of both committees on our policy priorities.

This is NAHB's projected Senate leadership for the 118th Congress.

PROJECTED SENATE LEADERSHIP

118th CONGRESS



Charles "Chuck" Schumer, D-NY
Senate Majority Leader



Richard "Dick" Durbin, D-IL
Senate Majority Whip



Patty Murray, D-WA
Assistant Democratic Leader



Mitch McConnell, R-KY
Senate Minority Leader



John Thune, R-SD
Senate Minority Whip

PROJECTED HOUSE LEADERSHIP

118th CONGRESS

House Financial Services Committee

It is expected that Rep. Patrick McHenry (R-N.C.) will take over as chairman of the full committee from Rep. Maxine Waters (D-Calif.), who will assume the position of ranking member. Rep. McHenry played a key role in developing what will be the House Republican Conference's economic agenda for the new Republican-controlled House, an agenda which incorporated many elements strongly encouraged by NAHB. Moving forward into the new year, NAHB will seek to build upon this success by encouraging the committee to pass legislation to alleviate ongoing supply-side bottlenecks to increase housing production and lower inflation.

Senate Homeland Security and Government Affairs Committee

Sen. Gary Peters (D-Mich.) will retain the chairman's gavel of the Senate Homeland Security and Government Affairs Committee, but the Republicans will see a shakeup following the retirement of Sen. Rob Portman (R-Ohio). Either Sen. Rand Paul (R-Ky.) or Sen. James Lankford (R-Okla.) will likely become ranking member of the committee. In the 117th Congress, there were several natural disaster resiliency bills that passed in the House with widespread bipartisan support. However, these bills died in the Senate due to Portman's lack of interest in compromising with the House Transportation and Infrastructure Committee on important issues such as building code requirements for Federal Emergency Management Agency grants. With new leadership in this Senate panel on the GOP side, there is a fresh opportunity for bipartisan resiliency legislation that can pass both chambers.

House Transportation and Infrastructure Committee

Rep. Sam Graves (R-Mo.), the top Republican on the Transportation and Infrastructure Committee, is likely to take the chairman's gavel in the new Congress. Graves has been supportive of NAHB's positions during his tenure in Congress and will continue to advocate for our industry. NAHB will work with Graves on supply chain issues, which he's expected to make a top priority as chairman. There will be a major shift in leadership for the committee's Democrats, with the retirement of current chairman Rep. Peter DeFazio (D-Ore.). In the running for the ranking member slot are Reps. Eleanor Holmes Norton (DC-At Large) and Rick Larsen (D-Wash.). Of note, as a DC Delegate, Norton can sit on and vote in committees but is unable to vote on final bills being considered by the House.

Senate Energy and Natural Resources Committee

Sen. Joe Manchin (D-Wash.) will retain the chairman's gavel of the Senate Energy and Natural Resources Committee. Following the passage of Manchin's Inflation Reduction Act, which contained new comprehensive energy programs, NAHB will work to preserve flexibility and local control over the code adoption process. Sen. John Barrasso (R-Wyo.) will remain ranking member of the committee. Barrasso has been supportive of NAHB's positions, especially regarding local control over code adoption and energy choice for consumers.

House Energy and Commerce Committee

Rep. Cathy McMorris Rodgers (R-Wash.), who supported NAHB on issues ranging from energy codes to energy-efficiency regulations, will become chairwoman of the committee. Rep. Frank Pallone (D-N.J.) will move from chairman to ranking member of the committee. Though he worked positively with Republicans on a number of issues, Pallone supported the House comprehensive energy bill which promoted federal intrusion into the code development process.

Senate Health, Education, Labor and Pensions Committee

Sen. Patty Murray (D-Wash.) will return as chair of the Senate Health, Education, Labor and Pensions Committee after winning re-election. With Sen. Richard Burr's (R-N.C.) retirement, Sen. Mike Braun (R-Ind.) will likely become the ranking member of the committee. While there is not much bipartisan agreement on labor policy, there is some common ground on



Kevin McCarthy, R-CA
Speaker of the House



Steve Scalise, R-LA
House Majority Leader



Tom Emmer, R-MN
House Majority Whip



Hakeem Jeffries, D-NY
House Minority Leader



Katherine Clark, D-MA
House Minority Whip



Pete Aguilar, D-CA
*Democratic Caucus
Chairman*

This is NAHB's projected House leadership for the 118th Congress.



workforce development and worker training programs, where we expect to see discussions around the reauthorization of the Workforce Innovation and Opportunity Act (WIOA).

House Education and Workforce Committee

Rep. Virginia Foxx (R-N.C.) is currently term-limited under GOP rules as the top Republican on the House Education and Workforce Committee. She has requested a waiver to return as chair, but it is not yet clear if her request will be granted. If she is required to step down, Rep. Tim Walberg (R-Mich.) is the likely candidate to take over as chairman of the committee. Rep. Bobby Scott (D-Va.) is expected to switch from chairman to ranking member of the panel. House Republicans plan to make aggressive oversight of Biden's Department of Labor a focus over the next two years, but major legislation other than WIOA reauthorization is unlikely.

Senate Small Business and Entrepreneurship Committee

Sen. Ben Cardin (D-Md.) is likely to remain chairman of the Senate Small Business and Entrepreneurship Committee. The Republican side is unclear as retirements and term limits have set up a game of musical chairs as members vie for higher posts. It is possible that Sen. Jim Risch (R-Idaho) will become the ranking member of the committee.

This is consistently one of the more bipartisan committees on either side of the Hill and has oversight authority over the Small Business Administration (SBA). Democrats will likely center on growing and empowering small business growth through the use of SBA programs.

House Small Business Committee

Rep. Blaine Luetkemeyer (R-Mo.) is expected to move from ranking member to chairman of the House Small Business Committee, and Rep. Nydia Velazquez (D-N.Y.) will switch from chairman to ranking member.

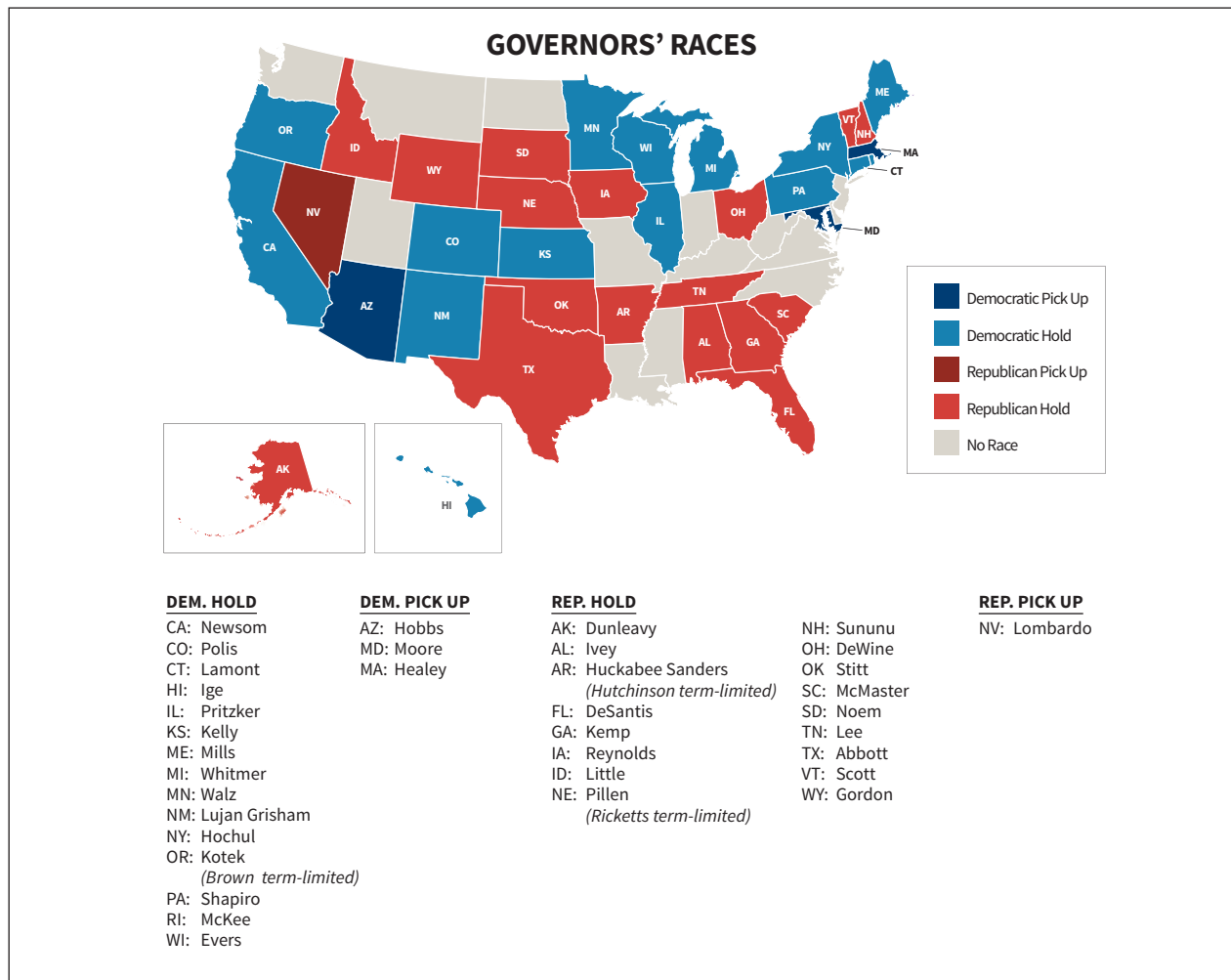
Senate Judiciary Committee

The leadership of the Senate Judiciary Committee is expected to stay the same, with Sen. Dick Durbin (D-Ill.) continuing as chairman and Sen. Chuck Grassley (R-Iowa) remaining as ranking member following his re-election to the Senate. A bipartisan measure on comprehensive immigration reform is unlikely, as House Republicans have no desire to negotiate a compromise. On the topic of arbitration reform, Democrats could again press for changes to arbitration agreements, including in consumer contracts.

House Judiciary Committee

Rep. Jim Jordan (R-Ohio) is expected to take over the chairmanship of the House Judiciary Committee from Rep. Jerry Nadler (D-N.Y.), who is likely to become the ranking member. This committee handles regulatory reform legislation, and under GOP control, there could be a renewed push to change the process by which regulations are crafted and scrutinized. Jordan has made clear that he plans to make aggressive use of his new subpoena powers to go after the Biden administration on several issues, including border security.

State and Local Issues



GOVERNORS' RACES

Prior to the Nov. 8 elections, Republicans were in control of 28 statehouses and Democrats held 22. There were 36 gubernatorial contests on Nov. 8, with Republicans defending 20 seats and Democrats defending 16.

Democrats have picked up seats in Arizona, Maryland and Massachusetts, and Republicans have a net gain in Nevada. Republicans now control 26 statehouses and Democrats hold 24.

Control of the statehouses is vital because many of the policy battles of importance to the housing community, including environmental and regulatory issues, begin at the local and state level.

STATE LEGISLATURES

Prior to election night, 59 state legislative bodies were held by Republicans and 39 by Democrats (the numbers do not add up to 100 because not every state has a two-house legislature). The number of legislative bodies held by each party may change as final election results roll in across the nation.

BALLOT INITIATIVES

This election, voters in 37 states will decide on 132 statewide ballot measures. There will be over \$1 billion spent on these measures ranging from sports betting to tax reform to abortion rights to voting procedures. Of the 132 statewide measures, 30 were initiated by citizen referendum, the lowest rate in 10 years. Spending on ballot measures is also down from previous elections.