



Statement for the Record

National Association of Home Builders

**United States House of Representatives
Committee on Ways and Means**

**Hearing on
U.S. Trade Policy Agenda**

May 13, 2021

The National Association of Home Builders (NAHB) represents more than 140,000 members involved in the home building, remodeling, multifamily construction, property management, subcontracting and light commercial construction industries. NAHB is also affiliated with more than 700 state and local home builder associations throughout the United States. Since its inception in 1942, NAHB's primary goal has been to ensure that housing is a national priority and that all people in the U.S. have access to safe, decent and affordable housing, whether they choose to buy or rent a home.

NAHB recognizes that with a global economy, many products and materials used in the residential construction industry may frequently be sourced from outside the United States. Therefore, NAHB supports a robust trade policy agenda that ensures products and materials are readily available. Additionally, NAHB supports government policies that encourage the removal of barriers to free trade in lumber and other building materials.

Resolving the long-running dispute with Canada over the trade in softwood lumber and addressing the steel and aluminum tariffs must be a top priority of Congress and the Administration. Building safe, decent and affordable housing depends in large part upon a stable and affordable supply of building materials. Unfortunately, even modest price increases in the cost of these materials can deny many American families an opportunity to achieve homeownership. There are currently several building materials that are of concern to NAHB and its members as the spring building season hits high gear.

Approximately one quarter of the softwood lumber used in the United States comes from Canada, and lumber accounts for a larger share of the cost of a home than any other building material. It is used for wood-frame residential construction and is common for interior and finishing purposes, such as windows and doors. Unfortunately, the price of framing lumber has quadrupled and oriented strand board (OSB) prices are up more than 400% since last spring. This is dramatically affecting housing affordability.

NAHB research shows that these unprecedented price increases in lumber have added nearly \$36,000 to the price of the average, new single-family home, and nearly \$13,000 to the market value of a new multifamily unit since April of last year. And while the historic price increases have roots in the COVID-19 pandemic and ensuing supply chain disruptions, the problem has been exacerbated by the ongoing trade dispute between the U.S. and Canada over softwood lumber.

If the price of lumber wasn't enough, steel and aluminum prices are also up substantially as a result of high demand, supply chain disruptions, and existing tariffs on imports of steel and

aluminum products. Over the past twelve months the price of steel mill products are up over 40% while aluminum is up 36%. This has far ranging consequences in the housing sector, particularly for multifamily building. These materials are used extensively in building for everything from roofing and flooring to structural framing. The artificially higher prices paid for these materials are further driving up the cost of construction.

The rising cost of these critical inputs drives up the cost of construction, which in turn, drives up the price of a new home. The impact is of particular concern in the affordable housing sector where relatively small price increases can have an immediate impact on low- to moderate-income home buyers who are more susceptible to being priced out of the market. Even a small change in home prices or interest rates can determine whether they can buy a home.

A 2021 analysis by NAHB illustrates the number of households priced out of the market for a median priced new home due to a \$1,000 price increase. Nationally, a \$1,000 increase in the median new home price will leave 153,967 households priced out of the market.¹ It is worth noting that these additional households priced out are in addition to the 75 million, or roughly 6 in 10, households already unable to afford the median new home price, which particularly disadvantages lower income and communities of color.

If we are to close the homeownership gap between white and minority households, as well as ensure that owning your own home remains part of the American dream, Congress must focus on reducing regulatory barriers, including trade barriers. Even incremental improvements can significantly affect housing affordability and economic growth. According to an analysis looking at the housing market in 2017, reducing the price of the average new single-family home by \$1,000 would have generated \$719.9 million in additional single-family construction, \$363.4 million in wages and salaries, 6,313 full-time-equivalent (FTE) jobs,² and an additional \$243.9 million in taxes and fees for federal, state and local government. If the \$1,000 reduction (indexed to inflation) remained in place for five years, the effect would have been even more pronounced: \$4.457 billion in single-family construction, \$2.250 billion in wages and salaries, 39,082 FTE jobs, and \$1.510 billion in taxes and fees for various levels of government.³

¹Na Zhao, [NAHB Priced-Out Estimates for 2021](#) (NAHB Housing Economics 2021) (available at www.nahb.org).

² Full-time equivalents represent enough work to keep one worker employed for a full year based on average hours worked per week in the relevant industry

³ Measured in 2017 dollars

Conclusion

Many parts of the country are mired in a housing affordability crisis. Protectionist trade policies that artificially increase the cost of key building materials exacerbate the problem while doing little to expand economic opportunity. Congress must work to ensure our trade policy agenda is both fair to domestic industry and considers the potential impacts on American consumers.

Thank you for allowing the National Association of Home Builders this opportunity to share our views on America's Trade Policy Agenda. We look forward to working with the committee to ensure U.S. trade policies are beneficial to consumers and businesses alike.