



*How to Tame Inflation
and Ease the Housing
Affordability Crisis:*

Build More Homes

2024 Legislative Priorities



Boosting the Nation's Housing Supply is Best Economic Bang for the Buck

With a nationwide housing shortage of roughly 1.5 million units, policymakers must implement common-sense solutions that allow the nation's home builders to expand housing production. While the Federal Reserve's fight against inflation is building progress, the lingering inflation challenge is housing inflation. Shelter inflation – rent and homeownership costs – are still rising well above a 5% rate, and for the past year, more than half of overall inflation in the economy has been shelter inflation.

The only way to tame shelter inflation, and get overall inflation lower, is to build more housing. Increasing the nation's housing supply will not only help tame inflation, but also ease the nation's housing affordability crisis by moving toward a healthy supply-demand balance in the for-sale and rental markets.

Home builders continue to contend with elevated construction and regulatory costs. Indeed, regulatory costs, which include complying with building codes, zoning issues and other costly challenges, make up almost 24% of the final sales price of a newly built single-family home, or \$93,870 per new home. NAHB conducts a survey on the regulatory costs of home building every five years, and the latest survey shows that regulatory costs for an average home built for sale increased 11% from 2016 to 2021, faster than inflation.

With nearly half of U.S. households unable to afford a \$250,000 home, we must adopt policies to make homeownership more accessible and increase production of entry-level housing. The challenges are formidable, but they are not insurmountable if the nation makes housing a top priority.

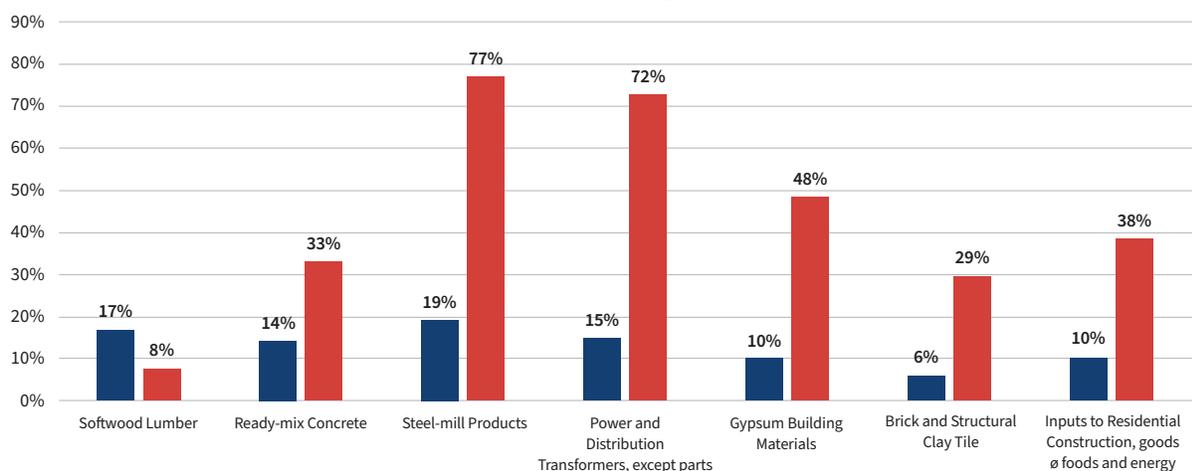
Congress can play a constructive role by working to:

- Eliminate excessive regulations;
- End tariffs on Canadian lumber and other building materials;
- Increase the domestic supply of timber from public lands;
- Oppose restrictive, costly national energy code proposals that will raise housing costs while providing little energy savings to consumers; and
- Promote careers in the skilled trades.

By implementing these common-sense solutions, we can successfully tackle the housing shortfall in America, bend the housing costs curve and provide all Americans with better homeownership and rental housing opportunities.

Costs of Building Materials Have Surged Since the Pandemic

Four-year Price Percentage Change



Source: U.S. Bureau of Labor Statistics; Producer Price Index

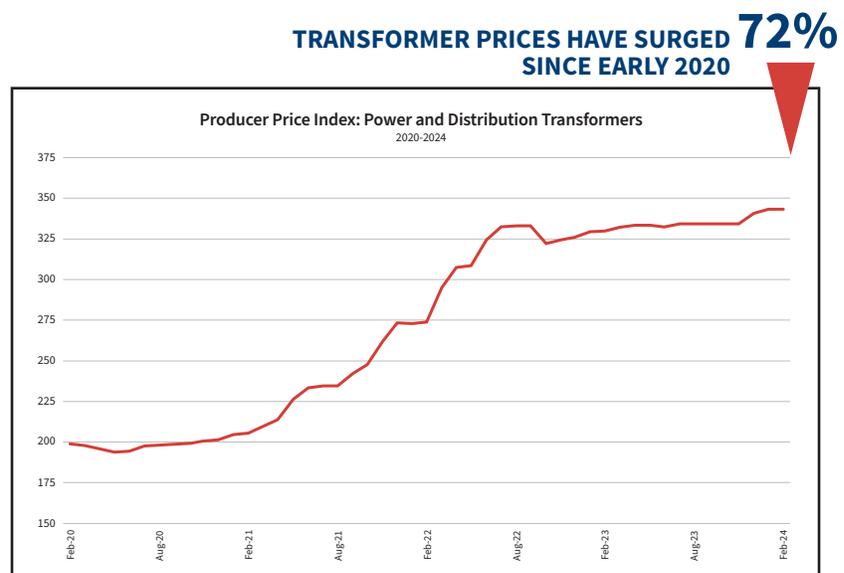
■ Feb 2016 - 2020 ■ Feb 2020 - 2024

Congress Can Help Builders House the Nation by Addressing These Three Issues

ENERGY CODES: The U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture have implemented a policy where they will insure mortgages for new homes only if they are built to the 2021 International Energy Conservation Code (IECC). This federal overreach will exacerbate the housing affordability crisis by raising the cost of new homes – most notably in the starter market – and limiting access to mortgage financing while providing little benefit to new home buyers.

Congress can reverse this disastrous policy that will put homeownership out of reach for many low- and middle-class households by putting a provision in the fiscal year 2025 THUD appropriations bill that will prevent HUD from using federal funds to implement this rule.

TRANSFORMERS: Soaring costs and shortages of electrical distribution transformers are delaying housing projects across the nation and increasing construction costs. Wait times for distribution transformers often can take from 12 to 24 months, and in some isolated cases, the lag time approaches three years. These delays are worsened by the fact that transformer prices have soared 72% since the start of the pandemic.



Congress can help ease the severe shortage of distribution transformers by fixing supply chain disruptions and providing additional resources specifically targeted at boosting production of distribution transformers. This will help home builders to construct more homes, satisfy unmet demand and ease America's housing affordability crisis.

WORKFORCE DEVELOPMENT: A severe shortage of labor in the construction industry is worsening the housing affordability crisis through higher home building costs and construction delays. In any given month, there is a shortage of roughly 400,000 construction workers, and home builders will need to add 2.2 million new workers over the next three years just to keep up with demand.

Congress can help ease this chronic workforce shortage by keeping Job Corps – which is a vital source of skilled labor for the housing industry – fully funded at \$1.76 billion in the fiscal year 2025 Labor-HHS appropriations bill. Congress should also make meaningful investments in our nation's education system to encourage students to pursue careers in the skilled trades.

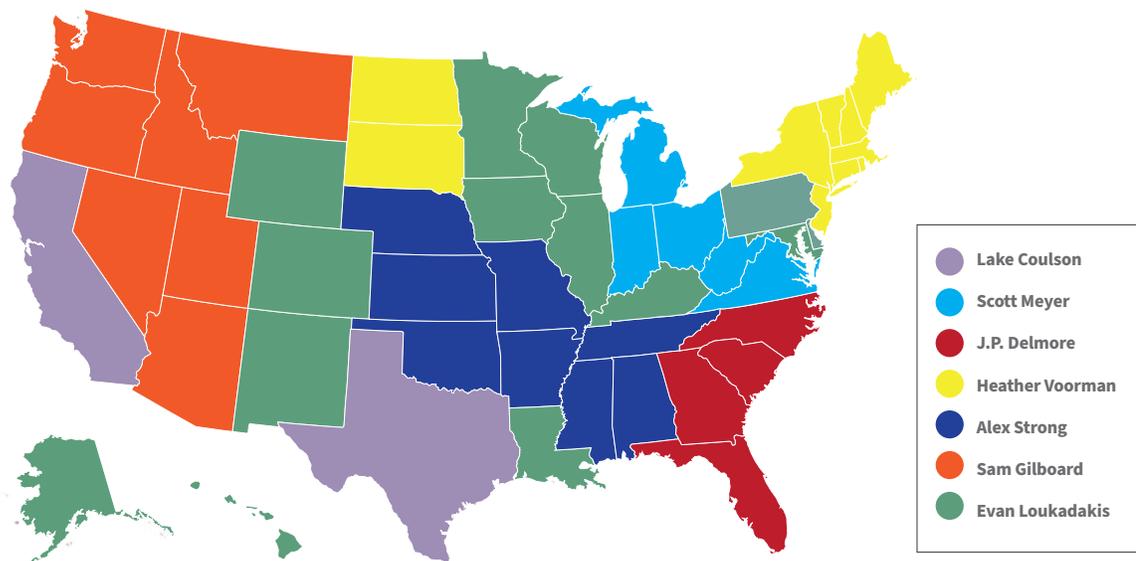
About the National Association of Home Builders

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% of the new homes built in the United States, both single-family and multifamily.

A federation of 700 state and local builders associations, NAHB represents more than 140,000 members who work to provide homeownership and rental housing opportunities for all Americans in every congressional district across the nation.

NAHB Government Affairs Federal Legislative Team



Lake Coulson

Senior Vice President & Chief Lobbyist
lcoulson@nahb.org, 202-266-8510
California, Texas

Scott Meyer

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

J.P. Delmore

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

Heather Voorman

Assistant Vice President
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

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

Sam Gilboard

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

Evan Loukadakis

Federal Legislative Director
eloukadakis@nahb.org, 202-266-8320
Environment/Transportation/Smart Growth
Alaska, Colorado, Delaware, Hawaii, Illinois, Kentucky, Louisiana, Maryland, Minnesota, New Mexico, Pennsylvania, Wisconsin, Wyoming