Jerry Howard:
Welcome to Housing Developments. I'm Jerry Howard.

Jim Tobin:
And I'm Jim Tobin. Welcome. Hey, Jerry.

Jerry Howard:
Hey, Jim. Good to be back from IBS.

Jim Tobin:
Good. Yeah. Great to be back from IBS. So I'll start off today, congratulations to you and everybody here at NAHB. What a fantastic show.

Jerry Howard:
It was one of the biggest ever just IBS alone, and when you take into account the attendees and exhibitors from other shows, it was by far and away the biggest gathering for the residential construction industry ever over 200,000 people. It's really incredible.

Jim Tobin:
Yeah. It's amazing. Talk about the vibe at the show. You walked the show aisles, you talked to members during our meetings, impending recession, doom and gloom or the mood seemed pretty upbeat, what's your thought?

Jerry Howard:
Yeah. I agree with you completely. I expected everybody to be a little bit cautious about what this year was going to look like, but it was an optimistic mood. At first, I'm thinking, well, maybe it's just because it's Vegas and cocktails come early out there, but it continued consistently throughout the entire week. Whenever you talk to builders, they had work that they were already doing and work that they were planning on. People were in a good mood. I think the overall sentiment is that the Fed has achieved the soft landing and things are going to be okay. I mean, I got to be honest with you, Jim, even Rob Dietz, the Grim Reaper himself said that he was going to potentially change his forecast based on the consistent optimism of everybody out in Las Vegas. And when you talk about 200,000 people, I think that's probably statistically valid sample size.

Jim Tobin:
Yeah, even Rob [inaudible 00:02:11]. Yeah. Yeah. I'm not a statistician, but yeah, that seems like a representative sample. So where does that lead us? For those members who are listening who didn't have a chance to hear Rob at the meeting of the members or get the vibe at IBS J? Jerry, where do you think things go for the end of '23, and what's the industry look like?

Jerry Howard:
I think Rob's looking for a little bit of a sluggish start in the spring, picking up in the summer. And at the end of the year, I think we're looking at getting back to normalcy. So for '24, just as the presidential election season kicks off, I think you're looking at a potentially strong housing market. Now you got to
remember all this happened before four UFOs were shot down over American airspace. The Chinese threatened to do something about it. Russia stepped up its invasion in the Ukraine. Geopolitics are going to obviously play a major role in the global economy and therefore the American economy. And we'll have to see how it plays out. But banning an invasion from a little green men, I think guys are optimistic.

Jim Tobin:
Yeah. I heard there was a near miss in Phoenix over the weekend that the Biden had scrambled the Air Force to go after the Goodyear Blimp when it was over the waste management Phoenix open. So luckily, we averted disaster there. So balloon jokes aside, you talked a little bit about the economy and then you talked about 2024 potentially being the big turnaround in the presidential year. That's got to bode well for President Biden if, as expected, he announces for reelection. We've come out of the midterms, what's your thoughts looking forward in 2024?

Jerry Howard:
Well, it's interesting. Yesterday his former chief of staff, Ron Klain, came out and lambasted the Democrats and said, "Anybody who thinks that there's somebody out there who can beat Donald Trump better have a good example because otherwise, Joe Biden's our only hope, like Luke Skywalker, I guess, the Democratic Party." And he came out and said that very, very stridently. I think Biden is going to declare. And I think that Klain stepped aside from his White House job to be the campaign messenger. So I do think that's going to happen. God knows that there are plenty of Democrats lined up if he doesn't, but I think Biden does. What about you?

Jim Tobin:
Yeah, I agree. There are times where I thought it seemed improbable just given his age. He's 80 years old, that we've always talked about president's aging in more like dog years than human years. That's a tough deal. And he ran last time in COVID, there was a lot of jokes on late night talk shows about him hole up in Wilmington and doing Zoom fundraisers and Zoom debates and things like that. He's going to have to get on the road, he is going to have to go to Georgia, and Arizona, and Nevada, and Iowa, New Hampshire. As much as Air Force One is a comfy plane, that still takes a toll on somebody at that age, I would think.

Jerry Howard:
I agree with you, and I think it's going to be interesting, and it'll be interesting to see. There's also been talk of taking Kamala Harris off the ticket. I think that's a kiss of death. You can't do that under the best of circumstances, let alone with the conditions that he's facing in his reelection bid now. So I think you're going to have a Biden, Harris ticket and in the Republican side, we'll see Trump is campaigning. I got to tell you, the campaign hasn't started as well as I think he would've liked it to start. Especially out in Nevada, I was looking while we were out there and I saw exactly one Trump '24 bumper sticker. Exactly one. That is obviously not a scientific survey or anything, but you and I go around in our neighborhoods and count yard signs as you get closer to the election. I just don't think it's taken off the way former President Trump wants it to. And now Nikki Haley has declared her candidacy.

Jim Tobin:
Yeah. I saw that. She's the first one and a former cabinet member as ambassador to the UN for President Trump. So you're from South Carolina, give us your take on her chances.
Jerry Howard:
Well, more than I'm from South Carolina, I have to give the caveat right now. I'm all in for Ambassador Haley's campaign. I have great respect for her as a former governor of South Carolina. She did a tremendous job handling the economy down there, handling social issues. You may remember that she was the one who called for the removal of the confederate flag from the State Capitol down there and was able to pull that off without any great problems occurring. And her experience at the United Nations, I think, is tremendous. So caveat to everybody, I'm all in for her. I've already been talking to her housing policy people, offering them suggestions. And I'm going to be raising shameless plug here, Jim. I'm going to be raising money for Nikki Haley's campaign. So builders, I'll be calling you and if not you, your Republican wives, to see if we can do that.
So look, she right now is polling with a whole host of other people as the second tier. Trump is still number one and DeSantis is number two. But I think she brings a fresh face. I think she brings a return to compassionate and conservatism, and I think that the party should have learned that that's what they need. So we'll see. But DeSantis is still up there, and I know a lot of people are very enamored of him right now as well.

Jim Tobin:
Yeah. And there's rumors, he's still a few months out from declaring Tim Scott, Senator from South Carolina. There's talk about him jumping in. Of course, our good friend, Larry Hogan, former NAHB member and former governor of Maryland. Definitely, I guess, I don't know if you can have a moderate wing, but the center portion of the party he's talking about potentially getting in. So I think former President Trump had hoped that he would have that same effect as a past president, that he could clear the field so to speak, much like Joe Biden will do as an incumbent president. But that Nikki Haley certainly the first one to test that theory. So it's going to be interesting, no doubt about it.

Jerry Howard:
Yeah. And Jim, I think that a good full primary for the Republican Party will be a great way to clear the air if they can hold it to talking about ideas and policy discussions rather than attacking each other's personalities. I think it'll be good for the country.

Jim Tobin:
Yeah, I agree. And I think there's a lot of contrast to be set up between the Democratic Party and the Republican Party right now. No different than what we're seeing on housing policy. So shifting off politics, we'll talk a little bit about what's going on in D.C. Two things from the regulatory perspective that we've been working on. One is the new Biden administration regulation on Waters of the US and then number two, tenant protection. Something that you've been involved with in the White House over the last several months in meetings over there, finally culminated in some executive action earlier this year. So I'll ask you talk a little bit about WOTUS and what we're doing as an association to push back on this bad rule.

Jerry Howard:
Well, the WOTUS rule, it's unbelievable, and it just shows how inconsistent our federal government is right now. The Biden administration wanted to repeal the Trump administration's, repeal of the Obama administration's rule on WOTUS. And so they went back farther than the Obama administration in their repeal, making it very much more difficult for our members to comply with Waters of the US.
regulations. And all of that is being done while the Supreme Court is considering a major case that would impact the definition of Waters of the US.

So it's the right hand doesn't know what the left hand is doing, the left hand doesn't know what the far left hand is doing, and nobody knows what the Supreme Court is doing. So we're following it closely. Obviously, we are very displeased with what the administration did, and we are entering into lawsuits. Jim Rizzo and his team are already actively engaged. And I know that there'll be a lot of talk, potentially action by Republican Attorneys General in their states bringing suit against this. But all of that could be moot depending on what the Supreme Court does.

Jim Tobin:
That's right.

Jerry Howard:
And ultimately, the Supreme Court is going to say to Congress, "Here's a novel idea, Congress, do your job."

Jim Tobin:
That's right. That's right. Well, our Chairman Alicia Huey was in town first week right out of IBS. We had her up on Capitol Hill testifying on the Waters of the US issue, and her first message was no WOTUS before SCOTUS, meaning don't promulgate a rule before we know what the Supreme Court's going to say. But more importantly, the Congress, just like you said, Congress needs to act here. And if you want clarity in law, and we've talked about this a long time, durable legislation that cannot be misinterpreted by the faceless bureaucrats, that's the only way forward here. So we're eagerly awaiting the Supreme Court case because that's going to reset this whole debate again.

Jerry Howard:
Yeah. I hope it comes out, the sooner, the better from our perspective because even though this Congress is probably too partisan, it's too tight for either party to get their way and get anything done, I do think it's important that we get a decision out there, if nothing else so that it can be made in election year issue, and we can really get people on record for how they feel.

But you were also talking about the president's tenant protection efforts. It's been very interesting, and I've said this many times at the IBS, but some of the listeners weren't there. I've been at the White House a couple of times in the last quarter of 2022, and I have to tell you, it was disappointing when they talk about housing affordability and affordable housing. And finally, we've gotten people to understand the distinction between the two. But when they talk about it over there, they immediately think of affordable housing, which is to say subsidized very low-income housing. That's where they want to go. That's what they're looking at.

And instead of looking at freeing things up so that we could build more housing and let the market recover itself, they're taking a much more hands-on big government approach. And that big government approach is being now wrapped in this gift wrap of tenant protections where they're going to mandate the relationship between a landlords and tenants, despite whatever contracts may be out there in terms of rental agreements and despite what's going on the ground. Now they haven't yet come up with mandated rent control, but they're right at the doorstep of that. And in fact, they probably have their hand on the doorknob. It's something that we're going to have to watch very, very closely for our multi-family contingent.
Jim Tobin:
Yeah. You're absolutely right. Like you said, they stopped short of rent control yet. I do think that they've tasked a couple federal agencies to take a look at practices of landlords and I think that's designed to build a case to eventually issue an executive order or force a HUD or FHFA into a space where they're going to be putting nationwide rent control out there. But again, this is just another example of what I believe is government inaction on housing policy has caused a supply chain issues, number one. Number two, the big government solution is to put in artificial price caps on small businessmen and women who are trying to manage their properties and provide a service for people. And yet we're not solving the problem, which is build more housing. Plain and simple.

Jerry Howard:
I think you're exactly right. And not to add insult to injury, I understand that they're issuing an edict today that's going to require any project that has federal funding tied to it to have electric vehicle charging stations. So let's just add to the cost. By all means, we should do that.
And it shows a lack of understanding that only is superseded by the comments of labors... I'm sorry, Transportation Secretary Buttigieg yesterday when he started talking about how when you go to construction projects, none of the workers doing the good high paying jobs look like the people in the neighborhoods. To play the race card on the construction labor issue is not only, to me, appalling, it shows a complete lack of knowledge of the facts. We have over 400,000 open jobs in the residential sector alone. We have to fill three quarters of a million jobs a year just to cover the churn in construction.
Mr. Secretary, if you're listening, let me tell you, speaking for the residential sector, if people of any color, race, creed or religion want to work in the construction sector, we'll train them, we'll give them jobs. Please, stop trying to create a racial problem where there isn't one.

Jim Tobin:
Right. Yeah. Well said. Well said. I don't even know... I mean, that's probably the perfect note to end on. But yeah, I mean, obviously, between IBS, what we're working on the regulatory side and so whether it's on codes or housing policy, it's busy times here in Washington, and we got our fingers firmly on the pulse of everything that's going on.

Jerry Howard:
Exactly. So yeah, thanks for changing the subject because my blood pressure was getting a little high there.

Jim Tobin:
That's right. That's right. You can get off your podcast soapbox now. Well, I say we end there until our next conversation.

Jerry Howard:
All right. Good enough.

Jim Tobin:
Yeah.
Jerry Howard:
Thank you everybody for listening. I'm Jerry Howard.

Jim Tobin:
I'm Jim Tobin. Bye.