

Housing Developments Episode 4

Jerry Howard: Hi, and welcome to Housing Developments. I'm Jerry Howard, the CEO of the National Association of Homebuilders, and I'm happy to have my wingman back Jim To-, well, actually, I don't know who the wingman is. Sometimes, he's on point. Sometimes I'm on point. But anyway, wingman-Tobin is back.

Intro Music

JH: Well, yeah, and while you were gone, there was a little bit going on here. The Housing Opportunity index seems to be rising a little bit here in 2019. Initially, you know, we thought that there might be something of a downturn but the Opportunity Index is staying hovering around 60, which is very very good for us. But there are still some challenges in terms of inventory, especially among some of the starter-home buyers.

Jim Tobin: Well, I think the challenge that we have is how do we raise this profile here in Washington, DC with policymakers inside and outside the White House and trying to make sure that we continue to push for, the solutions on that supply side. We have got to make sure that we're getting the bottom end of the market working with first-time home buyers and that first-time move-up home buyers, which we think really is going to drive the market, pulling people out of rental opportunities, freeing up the rental space and keeping rents down, then also moving the top end of the market as well.

JH: Well, I think you're right Jim, and I've got to tell you that last week, I was in New York City and I was on the Stuart Varney Show, and Varney just wants to talk about housing affordability: what's causing it? He's particularly in line with us on regulatory stuff.

JT: You're watching housing affordability for the first time, I think in my career, really take a national priority inside the press, but it's being noticed on the Hill. We are testifying on housing affordability issues. We are testifying on supply-side issues particularly we have for the majority in Congress asking questions

to our members about what's driving, what's driving the supply-side constraints we see in multifamily and actually focusing on what the federal government can do to help local governments clear that regulatory underbrush to spur more and more development in the White House is picking up on this. The Research Department that Rob Dietz leads has produced excellent cost of housing documents that are driving the debate inside the White House on housing affordability. We're starting to see more and more traction out of the White House as well.

JH: You know, two comments on that. Number one is we need our listeners to keep pushing this message at home. We know that the builders around the country are really struggling particularly to build that first-time home buyer product. They need to hit that home through their state and local associations and through their own interactions in their own neighborhoods. I mean, when you're - when you're - when you're talking to your friends and neighbors, tell them that housing affordability is getting to be a problem and that's something that's really unacceptable to us Americans. The second point I wanted to make, as you mentioned multifamily, Paul Lopez and I when we were in New York last week, also met with the new Wall Street Journal reporter who's covering multifamily and the whole topic of that conversation was on affordability in the multifamily arena as well. So, we're making progress here, but we've got to keep beating the drum and get things going on. And along those lines Jim, I wanted to tell the listeners one of the highlights of your year's coming up in less than a month: our Legislative Conference. Tell everybody what's going to happen and how they can get involved.

JT: Yeah, we've got a great a great lineup on June 5th. We welcome everyone back to NAHB and Washington DC for the first time in two years for the NAHB Legislative Conference. We've got a great agenda set up in the morning. We've got Senator John Barrasso from Wyoming, third-ranking Republican in the Senate, speaking to our membership on Wednesday morning. And then we also have James Clyburn, third-ranking member of the Democratic majority in the House also addressing our members on that morning. We've got a great list of topics that were asking our members go to Capitol Hill on,

housing affordability being the lead umbrella item with all of those spokes underneath that umbrella. Workforce development, regulatory rollbacks, energy codes flood insurance, GSE reform...a great, great lineup of topics that are really relevant right now for all of the work we were just talking about.

JH: So we'd really like to encourage you if you haven't already registered to come to Washington; the more members we have on Capitol Hill the bigger impact we have on the policy making process. So, Jim I want to congratulate you and your team in advance on putting this together. It'll be a great event and we're looking forward to it. And that's something that we should be really proud of.

JT: That's right, and I know and I'd add that it's not just here in DC, right? Not just where we're seeing more and more Governors and state and local governments take up the mantle of ownership. Governor Baker in Massachusetts is driving a housing bill, Gavin Newsom out in California, driving housing affordability. I mean we have reached a tipping point when it comes to the ability for people to afford a home or an apartment and that's due to NAHBs outsized influence in this space.

JT: That's right. We've created an opportunity for ourselves as an industry. The only way we can succeed is not only by us keeping up the pressure here in Washington, but by our listeners staying engaged and active in their home towns as well. Jim, you know, you mentioned that the workforce development is one of the issues that's troubling us and to that end, we're pleased to have with us today the CEO and President of the National Housing endowment Mark Pursell. Mark has been with the Housing Endowment now for just a little over a year and this is his second time with the NAHB family. I was fortunate enough to hire Mark to head our Conventions and Meetings Department 8 or 10 years ago. He left for a brief respite then realized what he was missing and came back. Mark, we're glad to have you here.

Mark Pursell: I'm glad to be back Jerry. Thanks for having me. It's great to be here with you and Jim.

JH: And why don't you tell the listeners what the housing endowment does?

MP: Well, the Housing Endowment goes back about 25 years. Our flagship program is our HELP Program where we fund 37 university programs and construction management education. We find in schools that do have construction management is often focused on heavy or commercial construction. So we come in and help hire faculty, develop curriculum and we've got about 4,000 students that are active right now in our construction management programs across the United States. We just added Cal Poly and Clemson to our roster schools –

JH: I went to South Carolina, I don't want to hear about those Clemson Tigers.

JT: Hey Mark, tell me what's the challenge that you see out there? We know we just saw the one of the highest readings in job openings in the construction industry this month, 360,000, I think it's I think it's the highest reading since they've been keeping Jolts data, you know for decades now. What's the challenge that you see and you know your mission to bring more? People into the construction trades, but but tell me what's what are the impediments that you're trying to fix?

MP: Well, about two years ago, we pivoted to skilled workforce training programs. We started something called the Skilled Labor Fund. It's a partnership with National Kitchen and Bath Association, the National Association of the Remodeling Industries and with SGC Horizon that publishes Professional Builder, Professional Remodeler. We started a fund to help support workforce training programs. And I see a supply and demand, the demand side is the societal and cultural pressures for young people going through high school to go to a four-year university program. And then on the on the supply side, it's the number of programs that are out there the opportunities for kids to not only be trained but to learn about careers in the trades, about the money that they have that's available that they can make. The salaries of the wages have been going up as Rob Dietz has been tracking and the entrepreneurship opportunities are great within the trade. So communicating that to high school kids, to their parents, to school administrators, etc. All the influencers on young people today has been an effort of the whole industry and it's one that we're focused on. I'm old enough

to remember when we had shop classes in junior high and high school and kids learned about the trades, developed some experience and try to figure out if they had an interest in going that way; those programs are largely gone. So, it's incumbent upon us to go in and to recreate those programs, to bring in the curriculum, to bring in the faculty, and to start those programs, and I'm happy to report that we really got into it last year. We started with 15 high schools in the Northeast. Now, we've got 27 high schools in California and we're going to expand even more schools this year. As a matter of fact, this week is the deadline for applications from our HBAs. We've been really focused this year on developing relationships with local home builder associations and BIAs across the country. So, we'll be supporting them directly in two areas: one is the funding of actual workforce training programs. And the other one is to help support career fairs, so we can bring kids in, teach them about the trades, they can meet professionals, they can touch the tools. We started an Iowa. They've got a great program called Build My Future. They'll put 4,500 kids through those programs this year at four different events across the state. It's kind of our model. Right now we've got somewhere in the area of 40 HBAs that are interested in the career fair activity. So it's bringing middle school and high school kids in, boys and girls, men and women, and showing them the opportunities that are out there. So, we got a lot going on this year.

JT: So those are Partnerships with HBAs to do that or...

MP: We prefer to work with schools and school districts that have a strong relationship with the HBAs for a number of reasons: one is, guest speakers, site visits, bringing in builders and contractors so the kids can see that these are successful professionals and there's an opportunity for me here. But also the end game is about placement. So we want that relationship in the training programs in the career fairs. So when the kids are ready to go to work, they've got a place to go and that relationship is in place.

JH: So to all our listeners out there, there's a real opportunity for your local Association through the National Housing Endowment to build upon whatever workforce development programs you might have or to even start new ones,

and I got to tell you I was out in Iowa recently in Des Moines, and the work of a Jay Iverson the state EO, and Tim Ruth a builder who is a true believer in workforce development, their efforts have risen to the attention of Governor Reynolds out there. We went in to talk to the Governor. And the first thing she wanted to talk about was the next event she was going to go to with the builders and their workforce development. So to you listeners, getting this done not only helps you create jobs and bring your costs down and get your jobs working better for you on the job site, but it also will help you build up your associations reputation in your state for being on not just a good business group, but a group that cares about the future of your state and locals. I think it's a great program you're running Mark.

MP: 724,000 new job openings between now and 2024 in residential construction. Where are those people going to come from? It's incumbent upon us as an industry to get out there to introduce the trades as a viable, rewarding and profitable career path to young people because we need them on the job site. You're talking about affordability and it directly impacts housing affordability and availability bids go up, etc. The good news is we're seeing a change in the tide with regards to school systems with principals and teachers are understanding they have to offer another path to a good number of kids in their schools. The four-year path is expensive. It's not for everybody and they've got to have an alternative and we think our residential construction offers a lot of opportunity for these kids.

JT: It's such a huge portion of when I travel around the country. They're always are talking about workforces. That is one of, if not the biggest constraint on supply side of right now. So the work you're doing Mark is wonderful.

MP: Thank you and details can be found at [National Housing endowment dot-org](https://www.nationalhousingendowment.org). The applications are right on our homepage right now. I encourage everyone to take a look reach out to us. You can contact me through that website, happy to answer any questions and to help you get started.

JH: Well Mark, we're really grateful for the work you're doing. We're really really happy to have you back. It's great to have you back in the fold and you

know anything that NAHB as the overarching umbrella here can help you with, you know, all you got to do is ask me and Jim anytime.

MP: NAHB has been a great supporter of the Endowment through the years. Specifically, this year they're really helping us out with the skilled labor fund. We've set up some matching funds or we've kicked in some money. Some of our supplier donors have kicked in some money in, NAHBs kicked in so it's really leveraging the resources across the Federation.

JH: Thanks everybody for tuning in.

JT: Thanks very much.