

This transcript was exported on Dec 24, 2021 - view latest version [here](#).

Jerry Howard ([00:08](#)):

Hello, and welcome to Housing Developments. I'm Jerry Howard.

Jim Tobin ([00:11](#)):

And I'm Jim Tobin. Hey Jerry, how you doing?

Jerry Howard ([00:13](#)):

I'm doing okay, Jim. I know both of us are looking forward to a little rest and recovery this week. You're headed down snorkeling with your family in the Florida Keys, and I've seen that movie Dead Calm.

Jim Tobin ([00:27](#)):

Yeah.

Jerry Howard ([00:27](#)):

That's all I'll say about that. I, on the other hand, am making... Hopefully it will be my final trip to Disney for now, but my daughter, Megan, who's graduating from high school, headed to college, is... I'm taken her there for her graduation trip.

Jim Tobin ([00:44](#)):

It's the happiest place on earth.

Jerry Howard ([00:46](#)):

Well, hopefully. Hopefully it will be.

Jim Tobin ([00:49](#)):

That's right.

Jerry Howard ([00:51](#)):

Anyway. That's what we're up to. I want to wish everybody a happy Passover and a blessed Easter. This is a time of the year for everyone to celebrate the spring, and everything that that hope brings forward for us. Speaking of celebrating, Jim, NAHB has a victory to celebrate this week. Our court case over the eviction moratorium.

Jim Tobin ([01:15](#)):

Yeah. Really, one of the... Really highlighting the value of membership. But Jerry, you're right. Our legal team led by Jim Rizzo and in Tom Ward, a huge victory in the state... In the Ohio district court, the federal court. They're challenging, on behalf of NAHB's members, the Trump CDC eviction moratorium that was put in place last fall, and-

Jerry Howard ([01:42](#)):

It was put in place last fall, but it was just extended by the Biden administration.

Jim Tobin ([01:46](#)):

Yeah, yeah.

Jerry Howard ([01:47](#)):

Just this month, so this isn't just us taking on Trump. We take on the world for our members.

Jim Tobin ([01:53](#)):

Yeah, that's right. Yeah. I mean, you know this better than I do, one of the challenges... Look, we have... It's just a year now that the pandemic hit. Obviously we saw many millions of our fellow Americans struggle with lost wages, unemployment. Even despite government help, trying to find a way forward with their families who lost a lot of their income, and needed help, whether it's mortgage forbearance, or help with rental help, rental assistance, and we believe that we need to help people stay in their apartments, and their homes. This is not the time to see people turned out. However, one of the challenges we have was that we thought that the Trump administration and the CDC, in particular, exceeded their given authority to issue this eviction moratorium, which in a lot of ways, it puts our members in a really tough spot.

Jim Tobin ([02:55](#)):

They've got mortgages to pay on their own apartment buildings, they've got maintenance, they've got staff, and when rent isn't coming in, it makes it hard for us to, as businessmen and women, to provide the services to keep people in safe, decent, affordable rental housing. So like we said, it was a poorly crafted decision, a poorly crafted rule by the CDC, and now we've not only seen Trump do it, but we've seen, as you said, the Biden administration extend it until the end of June. But the good news is... The good news is is that our legal team won that victory that you talked about, and any HB members are no longer bound by the CDC eviction moratorium.

Jerry Howard ([03:39](#)):

That is absolutely incredible. And it bears mentioning to our listeners that Jim got a phone call from one of his counterparts here in town, and other lobbyists for the multifamily industry, who called Jim and said, "Hey, nice victory for you guys. Thanks for making my job harder." Well, our job isn't necessarily to make his job harder, or make life for his members any worse, but our job is to make life for our members better. And we're very proud of our legal team and what they did in this effort. So kudos to Jim Rizzo and Tom Ward and the legal theme, right?

Jim Tobin ([04:15](#)):

Yeah, absolutely. I mean, this is... And I want to make sure Jerry, you know this, our members are... They provide a basic necessity of life. They're compassionate men and women, and through our work over the course of the last year, we were able to work with the previous administration, this administration and Capitol Hill in order to get tens of millions of dollars in rental assistance. And we are absolutely encouraging our members to keep working through their state and local authorities. We're seeing this money flow from the treasury department, to them, so they can help their tenants stay in, they can help pay back rent, so that the landlords can be caught up. So again, those maintenance projects and those staff can get paid.

Jim Tobin ([04:59](#)):

So there is help out there to keep people in. So I want to make sure that there's a holistic picture for not only tenants, but also landlords here about help that's coming from the federal government, and this eviction moratorium, again, the wrong way to go about keeping people in their homes. And there are methods that we're going to take advantage of to make sure that they stay in.

Jerry Howard ([05:21](#)):

That's exactly right. And the other thing I want to point out is how impressed I have been reading the statistics, and the number of American renters, and mortgage holders, mortgagees, who have been paying their debts. And even through the crisis, recognize not just the legal obligation, but the moral obligation that they have. And that, I think, has kept our financial system from going into complete collapse during this pandemic. So I'm very, very, very impressed with that, and I'm impressed with the compassion, that people who hold this debt, whether it's landlords, or whether it's banks, have shown to our members who've been a little bit behind in making some of their payments on their properties, and our members in showing compassion for their tenants. It's the way our system in our country is supposed to work. And as we're starting to turn the corner on this, I think there are so many untold American heroes in the financial system that have stopped this from being, what could have been, a catastrophic event.

Jim Tobin ([06:30](#)):

Yeah. You remember in 2008, and nine, 10 and 11, the foreclosure crisis that we had, whether it was multifamily properties, or we saw it, obviously, in the single family ownership side. We've avoided that catastrophe, to use your word, this time around. I think that's going to bode us well, as what you mentioned, start to come out of this. Hope springs eternal in the springtime, between vaccines and the economy. So optimistic.

Jerry Howard ([06:58](#)):

Let's switch gears for a second. Today's headline in the Washington Post is calling for a trillion dollars or more in spending for infrastructure, and for what they call, safety net programs. What exactly do you know about what the administration is proposing? And the question that automatically pops to mind is good Lord, who's going to pay for it? Where are the taxes going to come from, and can they raise taxes enough to cover this?

Jim Tobin ([07:30](#)):

Well, it's... Boy, this is so multifaceted. Yeah. So if anything, the pandemic has done is it has expanded the role of government. Obviously, we've seen four, five, \$6 trillion already spent under the banner of Coronavirus, and saving the economy and saving people's lives. And I think we all agree money well spent, but now we are about to shift, I believe, under the banner of Coronavirus into this large infrastructure package and additional spending. There was a lot of press about this last package that the Biden administration passed containing a lot of social safety net programs.

Jim Tobin ([08:10](#)):

Again, outside of the Coronavirus that we saw, the Coronavirus response we saw over the last year. And they're going to accelerate it to that notion that we need to expand the federal government spending. Look, I'm all for infrastructure. As home builders, we are an end user of that product. We want people to get efficiently from their homes to their places of work, to the ball fields where their kids play, in the

schools where their kids go. We want an efficient system. But trillions of more dollars... We may need it, but how are we going to spend it, Jerry? You said that, and I'm afraid tax increases are on the table.

Jerry Howard ([08:45](#)):

Well, I think you're right. The Post actually refers to the administration using the Coronavirus pandemic as a way of re-instituting an era of big government. You and I have been around long enough to remember that Bill Clinton was elected as a Democrat who called for smaller government, and President Obama came in and said, "Let's make the government a little bigger," and was stopped and thwarted at every turn. And now all of a sudden, the left wing of the Democratic party seems to have taken control, both in the administration, and on the Hill, and they are really driving a strong, strong turn to the left, which will be interesting to see if the American people really want to go that far left. How much of your weekly paycheck are you willing to give to the federal government?

Jim Tobin ([09:44](#)):

Yeah, I mean, they're clearly focusing on the rich. I think Joe Biden said it's anybody making more than \$400,000 a year, and I don't know if that's single or a married couple. We're going to see investments get taxed. They're talking about taxing capital gains at ordinary rates, rather than at lower rates. We're talking about raising the corporate rate from 21% up to as high as 28%. Higher taxes on the high earners. Like I said, from now 36% up to over 39%, which is going to hit many of our members who are sole proprietors and pay taxes, not on the corporate side, but on the individual side. Carried interest is a big issue for our multifamily members. 1031 [inaudible 00:10:30] exchanges, again, a very valuable tool in real estate transactions. Those may be taxed. We've got our work cut out for us through this year. And again, they're talking about using budget reconciliation, an archaic word that mostly only people inside the beltway understand a little bit of, but they're talking about squeaking things through with 50 or 51 votes rather than try to build consensus.

Jerry Howard ([10:53](#)):

Well, and that's exactly what that means. Budget reconciliation is a way that the party in power, when it does not have an idea that they can sell across the board, uses to control the debate, and force laws through that are not fully debated. They're not fully considered, and that's bad for the country. It's bad politics, it's bad business, and something needs to be done about that. It adds to the polarization of Congress and the polarization of our society.

Jim Tobin ([11:29](#)):

Yeah. I mean, it's always easier to tax the other guy's money, right? And this is a case where it's going to have to dip in the middle of class. I mean, we're not talking about broadening the base. We're really talking more about just redistributing more wealth, and that's a philosophy. There's a lot of people that agree with that. Let's take from the wealthy and the middle-class, and spread it down to the lower classes. We have a progressive tax code for that reason. But boy, it's going to... There's a lot of danger out there. Nevermind Jerry, nevermind what our friend and colleague Rob Deeds will tell you is the real fear about more debt load on the United States. Interest rates are already creeping up in the last month, and if you want to talk about something... And we've talked about this on other podcasts, it's really going to cool down a hot housing market it's interest rates. Nevermind housing affordability, which is off the charts, or I guess it's through the floor if you think about affordability, but interest rates, boy, that's going to really cool off the market.

Jerry Howard ([12:33](#)):

Yeah. Speaking of housing affordability, again, referring to the Washington Post, but yesterday there was... In the local section, an editorial written by somebody in Montgomery County, Maryland, one of the suburbs in Washington, calling for housing affordability. And basically saying the best way to get housing affordability is to take the pricing of housing out of the hands of the developers. That housing has been priced by developers for too long, and that we need to take control of it. The headline in the article was housing affordability is a confusing issue.

Jerry Howard ([13:20](#)):

We've responded to it. We'll see if they publish it or not. But the misnomer that our members are the ones who set the price of housing, with the infrastructure costs put solely on the developer through impact fees. With the rising labor costs, and the inability to find labor, and they say that it's all on our fault. The American people deserve decent, safe, and affordable housing, but they have to understand the way to get there is to work with those who provide it. Not against us.

Jim Tobin ([13:58](#)):

Yeah. No, that's crazy. I mean, so now we're going to socialize housing? I think we've seen what happens when you socialize housing. Yeah. It's just, again, like you said, not only confusion, but ignorance of what it takes to build a house in America, the cost involved, and the role of government in that price. And if this gentlemen or woman would care to sit down with us, I'm sure we'd have a fine conversation. And I bet we could change their mind.

Jerry Howard ([14:27](#)):

It would be fun to have the talk. Anyway, it would be fun if people from different perspectives talked to one another, but unfortunately, in the day and age we live in right now, it just doesn't happen. It's more like shouting, and cursing rather than trying to reason and compromise.

Jim Tobin ([14:46](#)):

Yeah. It's going to be an interesting spring. No doubt about it. We'll see what happens. The Democrats can have their work cut out for them in the Congress. We're going to be right in the forefront with talking about housing affordability, and lumber continues to lead the way. I'm proud to tell you, Jerry, that we've had about 1900 members of ours contact Congress about lumber prices, and anybody who's listening, if you haven't checked your email, I'll look for an email last week. We'll send another one out, another reminder, but please contact your member of Congress and talk to them about lumber prices, what you're seeing out there. This is the number one issue facing the industry right now. And it's going to continue on until we get the government to pay attention to it.

Jerry Howard ([15:35](#)):

And we are starting to get some traction. We are starting to get policymakers to take notice. And just as importantly, the press. We've been getting some really strong media on it in newspapers down in Atlanta, TV stations in Chicago and Dallas, and some of the national networks are now saying what the heck is going on with these lumber prices? And that will at least force the lumber barons to come out of their kazillion dollar mansions and talk to people, and realize that while they're profiting, the economy is teetering and getting ready to collapse again.

Jim Tobin ([16:16](#)):

Yeah, that's right. We have... The lumber companies have got to increase production, plain and simple. We can't hear stories about mills that are going down for six weeks. We have got to produce, and we have got to process every saw log that we can. I know our friends in the logging industry are cutting them as fast as they'll take them. We can't be shipping them overseas. I mean, that's the other thing. I'm hearing, China is the next big market, if not already a big market. We need to tell our trade partners, "Hey, cut your own logs on your own continent. We've got a need right here," and I'm as capitalistic as anybody, but I mean, we need to think about America first here. And I know Joe Biden and Donald Trump both agree with that.

Jerry Howard ([17:03](#)):

Well, I'll tell you a story. I talked to one of our members out in the Pacific Northwest in Idaho last week who told me that he is seeing trees cut down in Idaho, moved onto the trucks and transported straight North across the Canadian border. It seems to me, those trees are then going to Canadian sawmills, and probably shipped to China. And to me, that's absolutely appalling.

Jim Tobin ([17:32](#)):

Agreed. Agreed.

Jerry Howard ([17:34](#)):

Anyway, you go down to Florida, Jim, and see if you can see over down there that we can... And I will be enjoying myself with my family in Disneyland. I hope I won't have to go ever go back after this time.

Jim Tobin ([17:50](#)):

Tell Mickey, and Minnie and the gang we said hello.

Jerry Howard ([17:52](#)):

I will do that. And you take care. So, Jim, for now, this is Jerry Howard.

Jim Tobin ([17:58](#)):

This is Jim Tobin. Take care.

Jerry Howard ([18:00](#)):

Take care everybody.