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

Good morning and welcome to Housing Developments. I'm Jerry Howard.

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

And I'm Jim Tobin.

Jerry Howard ([00:12](#)):

Jim, welcome back from your Caribbean sojourn down there.

Jim Tobin ([00:16](#)):

Yep.

Jerry Howard ([00:17](#)):

Good to see you -

Jim Tobin ([00:17](#)):

It's good to see you.

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

Looking tanned, rested and ready.

Jim Tobin ([00:19](#)):

That's right. This actually would mark the first time we've done a live podcast in over a year sitting across from each other.

Jerry Howard ([00:24](#)):

Sitting across the table from each other.

Jim Tobin ([00:25](#)):

Masked up of course, responsibly.

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

Six feet across and masked up, yes.

Jim Tobin ([00:29](#)):

That's right.

Jerry Howard ([00:30](#)):

But it's good to be together in one room with Paul Lopez and our producer [Reagan 00:00:34] so thank you guys. Good to see you both.

Jim Tobin ([00:37](#)):

Yeah. It's actually good to be back. It's that awkward to actually be in a room with a lot of people other than my kids and my wife, so it's good. I think D.C. is ... Still looks like the zombie apocalypse for those of you who know the town and spent time with us here during Springboard. Streets are still largely deserted and not many restaurants are open but it's just good to be back and starting to see a light at the end of the tunnel about getting back to normalcy I guess we'll call it.

Jerry Howard ([01:07](#)):

Yeah, speaking of that, while you were in the Caribbean I was busy working, checking out sites for our upcoming IBS so I went to Orlando.

Jim Tobin ([01:16](#)):

Nice.

Jerry Howard ([01:17](#)):

And checked out Orlando. I stayed on a Disney property with my family and Disney's operating at about 35% capacity, but everybody I talked to and I made a point to talk to the hotel managers, the restaurant managers, they believe that Orlando will be back up and running full capacity by October.

Jim Tobin ([01:37](#)):

Nice.

Jerry Howard ([01:37](#)):

So that's good news for us, good news for the forthcoming IBS. We're looking forward to getting together with our members before that but it seems like certainly we will all be together again in Orlando come February and that's good for us, good for NAHB and good for the members' businesses, so that's good.

Jerry Howard ([01:59](#)):

Speaking of what's good and bad for our members' businesses, Jim, Congress is back in session and I'm reminded of the Shakespeare line that no man's property is safe when the legislature is in session. Do our members have anything to fear?

Jim Tobin ([02:14](#)):

Yeah. I think we do have a lot to fear. A lot of it's over the horizon right now. As we saw over the last couple of weeks President Biden has put forth his infrastructure plan. Again we support infrastructure in the broadest sense of the word, it's important for us to open up new areas to develop, to redevelop old areas, but to make sure that our customers can get back and forth to their places of work, their schools, their ball fields as I've said, but with that comes a whole package of other things that are buried in there as well. Some things that we wouldn't consider traditional infrastructure and while yes I can agree that maybe it's not always roads and bridges and airplanes or runways, we do see a pretty expansive role for the federal government in this infrastructure plan and President Biden has talked about human infrastructure and that's the next bill that we're going to see coming out of the administration in the next few weeks and there I think not only will we see tax hikes, whether it's on wealthy individuals.

Jim Tobin ([03:19](#)):

I also think that we're going to see the potential erosion of some of the tax breaks that our members enjoy, whether it's 1031 like-kind exchanges, carried interest, capital gains, I think there's a lot of areas that I know I'm worried about and our staff is worried about that's going to have an impact on the industry, especially if it continues to accelerate into the recovery. There's some clouds on the horizon I'll say.

Jerry Howard ([03:43](#)):

Well I agree with you and I can tell you from what I've read and heard about the infrastructure package and what I've read about this proposed human infrastructure proposal, this is going to be the biggest shift of wealth in American history. If this package went through the way it's planned and we both know that there are miles to go before we sleep now and according to Robert Frost, I'm very poetic, I'm waxing poetic.

Jim Tobin ([04:10](#)):

That's right.

Jerry Howard ([04:11](#)):

We both know there's a long ways to go but I do think that you've got the potential for a huge shift of wealth and that's something that we're going to have to watch very, very carefully because a lot of the wealth in this country resides in the pockets of small businesspeople, the people who make up our members.

Jim Tobin ([04:31](#)):

Yeah, that's right. The individual tax code where we saw the first infrastructure package is being paid for by corporate taxes but this next package is going to be paid for on the backs of individuals and our members as sole proprietors and LLCs, they're going to bear the brunt of that on the individual tax side. So there's going to be big fights ahead of us. We went through tax reform together three years ago now. We're going to go back through it again in a lot of ways and they're not going to call it tax reform but it really is going to be tax reform. I think you're absolutely right about this big shift in wealth.

Jerry Howard ([05:04](#)):

Well the other thing that I find intriguing is last week and the week before when this infrastructure package came out, I've done a lot of press calls with people and by the way kudos to our press staff for getting us the kind of attention with not only the political media and the D.C. media but we've been doing calls with local and large media outlets all around the country. They're doing a hell of a job. But some of these people, these Washington insiders in the press know less about the details of these proposals than we do. I'm wondering if they're all fleshed out yet, and specifically what I'm talking about are the housing proposals. People call, people who are veteran D.C. reporters, with strong ties to the administration, calling me and asking me what we know about the housing proposal and I'm like, "We haven't heard any details. I thought you would know something."

Jim Tobin ([06:01](#)):

Right.

Jerry Howard ([06:01](#)):

Nobody knows. I don't think they're out there.

Jim Tobin ([06:03](#)):

No. It's all topline issues, there's no real flesh on it. They kind of know what it's going to cost. Congress is really going to get their hooks into this thing. I know ... A lot of this so far reminds you of the president's budget. Comes out every year, it's the blueprint of what the president really wants to do, but the reality is it always is dead on arrival when it gets to Capitol Hill. President Biden's budget came out a couple of weeks ago, same thing. Extra money for HUD, but at the end of the day, we really are going to have to get knee deep into the issues about housing. Again, is housing infrastructure? Is housing a beneficiary of infrastructure? There's a lot of these questions that are out there and again, billions if not trillions of dollars for non-traditional infrastructure plans, this is the largest expansion of the federal government we've seen, and I think President Biden would even acknowledge it, since LBJ and say that this is what they want to do, they think they have a mandate and I think that there's a real potential here to see some things for housing but I'm not so sure it's all going to be housing and it's all going to be good.

Jerry Howard ([07:10](#)):

Well the housing thing, the federal government says that they want to produce over a billion dollars worth of affordable housing. Since when does the federal government produce housing?

Jim Tobin ([07:23](#)):

And produce it well? Never.

Jerry Howard ([07:25](#)):

I don't know what they're talking about. We're still trying to get to the bottom of it, but like we said, there's a long way to go and the only thing I can add to that is hopefully, unlike her position on the healthcare bill under President Obama, hopefully Speaker Pelosi will read this before she passes it.

Jim Tobin ([07:42](#)):

Right. Right.

Jerry Howard ([07:43](#)):

And worry about the details before it becomes law.

Jim Tobin ([07:45](#)):

Right. Right. Yeah. Hopefully there's efforts to actually work across the aisle on this. If they're going to jam it through with 50 votes in the Senate plus one with Vice President Harris, or they're going to jam it through with five extra votes in the House of Representatives but no Republicans voting for this thing, it's not a recipe for a balanced bill and as you and I know, legislation that passes with bipartisan votes is always more enduring than [inaudible 00:08:13].

Jerry Howard ([08:13](#)):

Well you know it's funny, there was an article, I believe it was Friday in the Washington Post that had a picture of Senator Joe Manchin of West Virginia, and the picture was captioned, "Manchin's quest for bipartisanship could spell trouble for the president's infrastructure plan." Where do we live?

Jim Tobin ([08:35](#)):

Yeah right. Right, yeah.

Jerry Howard ([08:37](#)):

That's just absolutely nuts.

Jim Tobin ([08:38](#)):

Yeah, it's crazy. Joe Manchin continues to be probably the most important person in Washington, D.C. right now, and he's going to get crushed from the left on this because he's too far right. He actually wants to find common ground and yet he's going to be excoriated by the left, whether it's on the filibuster, whether it's Biden's plans, you name it, it's going to be ... Good luck calling into that office if you need to find him.

Jerry Howard ([09:04](#)):

[inaudible 00:09:04] know the question here, I read an article today that says, and I think we'll all be able to sleep a little better because of this, that AOC and The Squad now want to come to the table and be part of the negotiations.

Jim Tobin ([09:15](#)):

I saw that too.

Jerry Howard ([09:18](#)):

I can almost hear heavenly music in the background.

Jim Tobin ([09:22](#)):

That's right.

Jerry Howard ([09:22](#)):

So AOC and The Squad assumedly, he will bring them into the negotiations in the Democratic Caucus.

Jim Tobin ([09:29](#)):

Right.

Jerry Howard ([09:30](#)):

Would they be invited into a bipartisan group of negotiations? I can't see that being done unless it's a poison pill just to kill them.

Jim Tobin ([09:40](#)):

Only if they're willing to compromise on their ultra-progressive issues, right? That's the thing. By coming into a bipartisan meeting, one would think that they'd be willing to move to the center. I haven't seen anything in the last three or four years that indicates to me that The Squad wants to move anything but lefter than they already are. They would have to give up something. I think it sounds great, but I would think that their issues are probably the first ones that get to the chopping block on it.

Jerry Howard ([10:12](#)):

All right, let me shift gears with you a little bit. We've been getting tons, I mentioned the press, we're getting tons of press all over the country and now well up into Canada on the lumber issue. In fact, the Canadian press last week made a statement out of one of the Vancouver newspapers I think it was, that said, "If Biden doesn't do something about lumber, his whole infrastructure plan is in jeopardy." That's exactly the kind of message we're trying to get out there. I'm glad of that, but what do you hear and what's going on? Our members are going nuts right now.

Jim Tobin ([10:48](#)):

Yeah, and we hear from them all the time, whether it's texts personally, whether it's social media we're reading or just our state meetings and just talking to members. Obviously lumber is the number one issue. It's killing our customers, it's killing our members. I remain optimistic that we will get a meeting with Secretary Raimondo. We've had good conversations with the Department of Commerce. We continue to look into issues, trying to find every nook and cranny we can to pull a lever of power, whether it's the National Economic Council, the Domestic Policy Council, anything in order to get this issue resolved.

Jim Tobin ([11:30](#)):

Canada would be great. I agree with you, you've been through the lumber wars for decades now. It schemes like in the grand scheme of trade, the Canadians to offer a lumber agreement seems like low hanging fruit. It's not for everybody who's involved of course but it seems like one where they could come together pretty quickly [inaudible 00:11:47] the old Rahm Emanuel, let's not let a crisis get wasted to paraphrase. This is real opportunity I think for the Biden administration to do something for the national economy to get back to the table with the Canadians.

Jerry Howard ([12:02](#)):

Well we're going to have to move on this as quickly as we can. I know that our legal team has been talking with some of the state attorneys general and there are some investigations that are being discussed. A lot of our members have been very aggressive, saying that we need to file anti-trust claims, and because I have been through these lumber wars for a long time, I can tell you that you have to be pretty careful before you go to the Department of Justice and claim anti-trust. If you make a claim that is a false claim about anti-trust, don't have the proper evidence, don't have the proper standing, you've got a real problem on your hands, and I know that Jim Rizzo and our legal team along with outside counsel is looking very closely at this, but it's not something that ... It's not like in today's litigious society, where you sue somebody at the drop of a hat, this is one you've got to be careful about. If you do it, you want to win, and an NAHB is pursuing it as well as we can, and that's all we're going to talk about on that subject publicly until we know what's going on.

Jim Tobin ([13:10](#)):

That's right. That's right, and in the meantime I know our members have reacted to it. We've got a grassroots campaign that's going on up there. Over 2,400 emails have been sent to Congress, almost every office has been touched. If you haven't sent an email to Congress, if you haven't picked up the phone and talked to your senator or representative, you need to do that. Capitol Hill is very attuned to this issue but we need to keep the grassroots pressure on them. It's going to be a major issue for a legislative conference coming up that first week of May. Of course we're doing a virtual Bringing Housing Home this year and so this is the number one issue we are facing amongst many others. Jerry and I

touched on infrastructure and potential tax increases as one of the issues as well but lumber, lumber, lumber. There's only one way that we're going to through this and that is to keep hammering the administration and keep hammering Congress on this issue.

Jerry Howard ([13:58](#)):

One point that I want to raise on a policy front that I find more and more disturbing as the administration gets settled in is the subject of resiliency, energy efficiency, green building. Our members are going to face a tremendous amount of pressure. In fact one of the few things it does say in the infrastructure bill is that they want the housing that's going to be built to be resilient and energy-efficient. Again, with no definition of what that means. With no discussion about what it costs. It's just that climate change is the banner under which the entire Biden administration appears to be marching.

Jim Tobin ([14:42](#)):

That's right, and we're starting to see ... The infrastructure bill is loaded with clean energy issue, whether it's tax proposals that we actually support, that new homes or existing home energy efficiency tax ... We support those, we support updating them, but there is, like you said, the word resiliency, if anybody can define it for me, I'd be thrilled if any kind of policymakers in Washington, D.C. could do that. But you're absolutely right, what's resilient, what's the latest published codes, we've been through these wars for the last several years on the Hill, but I do think that ... Like you said, climate change is absolutely the banner in which everything is flowing under on Capitol Hill and in the administration and we've got to be really careful, we've got to make sure that we are bringing some sanity and housing affordability to this because people don't care about housing affordability. They think housing affordability is saving a couple bucks on your monthly energy bill. That's what housing affordability means to them. That's not ... Good luck trying to tell that first time home buyer that they're going to have to pay \$10,000.00 or \$15,000.00 for the cost of a house, never mind the \$24,000.00 you are already paying for lumber to that house too.

Jerry Howard ([15:53](#)):

You're exactly right and unfortunately whereas we had made a great deal of headway in the past three or four years discussing ... Bipartisan headway by the way, not at a partisan level, ingraining in people's minds the notion that housing affordability is an issue across the whole spectrum of the housing market, this administration is veering so far left that there is no conversation of housing affordability anymore. It's affordable housing with the old school Washington definition of subsidized housing and that is a losing battle for our members and our organization and we've got to work together again to get back to the point where these people acknowledge that the ability of the average American to afford to pay his mortgage is just as important as a low income person being able to pay their rent.

Jim Tobin ([16:44](#)):

Right. That's right. That's right. That's right. Well, next week we have our vaccination week, right? We're encouraging everybody in the industry, not only you and your loved ones but your employees get vaccinated. It is the number one that I think we can continue to do to keep the industry moving forward, the economy moving forward, is to get vaccinated. As far as I could tell, almost every state is now ... If not already wide open to everybody but pretty close to it but it's really important for us as an industry to make sure that we're pushing for vaccinations.

Jerry Howard ([17:18](#)):

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I agree. I'm vaccinated, my wife is vaccinated and at least one of my children is.

Jim Tobin ([17:22](#)):

Nice, nice.

Jerry Howard ([17:23](#)):

We're moving forward.

Jim Tobin ([17:24](#)):

Yep. Yep.

Jerry Howard ([17:25](#)):

Anyway, that wraps it up for this week, Jim. It's good to be with you again -

Jim Tobin ([17:28](#)):

Good to be with you. Yep.

Jerry Howard ([17:28](#)):

Live and in-person. You're a very handsome, good looking man from what I can see through that mask is a Rorschach test of sorts. Anyway, thanks for listening. As always, please subscribe to the podcast. I'm Jerry Howard.

Jim Tobin ([17:42](#)):

And I'm Jim Tobin.

Jerry Howard ([17:43](#)):

Bye bye.

Jim Tobin ([17:43](#)):

Take care.