

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

Paul Lopez: And I'm Paul Lopez filling in for Jim Tobin.

Jerry Howard: Paul, thanks for joining us today. And as always, want to start off by giving a shout out to our sponsors, Wells Fargo Home Mortgage. We encourage our members to seriously consider using Wells Fargo as part of your financing packages.

Paul Lopez: Absolutely.

Jerry Howard: Paul, what's going on in your world?

Paul Lopez: Well, I think it's like everybody else's world, wrapping up for IBS. Look, I'm actually pretty excited about the show. I know that it's going to be odd, but there's a really cool things that are being developed for this year's show. So I'm excited about it.

Jerry Howard: I think it's going to be a good time. Registration is going very well. And the exhibitors are probably a bit more nervous about COVID than our potential attendee group. And that's probably going to be reflected some in the size of the show, but there's going to be a lot there and it's going to be a great opportunity to reconnect with everybody. There's going to be people there that we haven't seen in two years for crying out loud. It's just going to be like a family homecoming.

Paul Lopez: No, absolutely. I mean, I look on the app and I encourage everybody to get the International Builders' Show app. Just go to your app store and type in IBS. Ignore the first few findings that deal with your digestive track, but then it's easy to download and you can do your entire schedule on the app. But there's some cool things in there. I mean, the new product zone in the south hall seems pretty cool and there's the home tech zone. And then of course there's the new American home. So I'm excited. We won't get to do any of that because you and I will be in meetings and dealing with business all week, but it's cool that it's there and available.

Jerry Howard: I think our members will have a great time. And then of course, there's the opening ceremony with Magic Johnson and the closing spike concert with Trace Adkins. So I think we're in for a really good time and a great platform as we get ready to move back to Las Vegas in 2023.

Paul Lopez: Absolutely. So before we get to our guest, let me ask you something, there's a little bit of news here that we made actually in regards to the waters of the US and the supreme court. Is there any more updates to that?

Jerry Howard: Well, the supreme court has agreed to take a case on waters of the US. It's one that has been hanging around for quite a while. I know that Jim Tobin and our

legal staff are very, very excited. Oral arguments are supposed to be sometime this spring. And we'll look for a decision. Jim doesn't know that if a decision will be rendered this summer or this fall, or it'll take longer, because it is going to be a controversial case, but at least we're there. We're in the highest court in the land and we'll go forward from there. And speaking of the supreme court, we would be remiss if we did not congratulate Justice Breyer on an outstanding career in jurisprudence.

Whether you agreed with his positions or disagreed with him, his positions were always founded on logic and the facts as he interpreted him, not on political views and not certainly on his own personal views. He has been a justice's justice as it were. And we wish him the best in his retirement. And moving on, President Biden now gets to a point the next nominee for the supreme court. He made a pledge during the campaign to nominate an African American woman. And those names are surfacing already today of several African American women that are qualified. And so there will be history made, the first African American woman will be sitting on the supreme court. So we look forward to that process going forward.

Paul Lopez: Will that affect... Obviously it'll affect the congressional calendar, but I mean, will we see that everything grind to a halt or do you think this is just going to be a sideshow and everything else is going to happen as usual?

Jerry Howard: I think it has to be a side show. I think that with the midterm elections coming up and the Biden agenda being stalled for the most part, that they have to keep grinding away on that and see if they can pull something out that they can campaign on this summer and this fall. So I think it has to be that. And the other element of this is I think the Republicans have to realize that while whoever the nominee is, has to be vetted properly and has to go through the appropriate channels. Ultimately, the Democrats control the Senate and ultimately that candidate would win on strict party lines. And if Vice President Harris had to cast the tie breaking vote, she would be happy to do that. So I think that this will not go to the same extremes that the most other recent supreme court nominees have gone through. I think this will be a little bit of a different process.

And now we'd like to welcome in our guest, Jackson Morrill who is the head of the American Wood Council. Jackson, welcome to Housing Developments.

Jackson Morrill: Thank you, Jerry. It's great to be with you.

Jerry Howard: Tell us a little bit about the Wood Council. Who are your members? What do you guys do?

Jackson Morrill: Sure. So the American Wood Council represents the manufacturers of structural wood products. So that means our members include companies that make the lumber and engineered wood products used to build homes today. And AWC is

largely a technical organization. So we're focused on building codes and standards, but we also do education and outreach as well as advocacy in Washington and in states and local jurisdictions. But in the last couple of years, we've really ramped up our efforts on an issue that's of critical importance to our industry, and in fact the entire supply chain, and that's climate change, or in particular carbon emissions and how those are getting measured and how they're getting applied in the market and in government. So I'm really glad that I could be with you today and explore maybe some of that and why that's important to your members.

Paul Lopez: So why is the wood products industry so interested in carbon issues? I mean, I know that we're kind of pivoting from the whole larger structure of buildings to now actual products, but is that the motivation?

Jackson Morrill: Well, that's definitely a big part of it, Paul. So I'll start just by saying this, the good news is that the home building industry has had it right all along. By choosing wood products, you're way ahead of the curve on maintaining the lowest possible carbon footprint. And again, this is an area of increasing importance and interest both in the market and in government. So let me speak a little bit about why wood is such a good choice and that's because it is the most remarkable carbon reduction building material available, period. And there are a couple reasons for that. One, it has a very low embodied carbon. So embodied carbon is the amount of carbon expended in the harvest or extraction, transportation, manufacturing, use, and end of life of the product. So it's that full sort of chain that goes across the product itself.

And wood products when you compare it to competing materials has an extremely low embodied carbon. So that's one important attribute. But the story goes beyond that and this is, really, I think, what sets wood apart and makes it unique. That's because wood has this incredible ability to store carbon as well. So you have trees in the forest that through photosynthesis are capturing carbon dioxide out of the atmosphere. And then when those trees are harvested, that carbon is in the wood products that are then going into the homes. And the carbon is actually 50% by weight of the wood itself. So all of that carbon is getting stored in homes when they are built. So you have this incredible dynamic where you harvest the wood, you store that carbon in the home. And at the same time, you're replanting new trees that are gathering more carbon out of the atmosphere.

So it has this incredibly dynamic carbon cycle that you're maximizing by building with wood and storing that carbon in the building. Forests also have other benefits as well that maybe aren't accounted for always, but are very important as well. Things like water management and biodiversity and even use and recreation. Those are important uses for the hunters out there, folks that like to move in the outdoors. That's an added benefit as well. And then our industry's a rural industry. So we support rural economies and rural job. So really there's no other building material that even comes close to this kind of environmental and

social benefit. And so we want to make sure that benefit is told properly and is measured properly. And then for the home building industry, it's really important that you understand that the extensive use of wood product is directly tied to and supporting those benefits. So home builders should be proud of that. And that's something that's worth noting to the market [crosstalk]

Jerry Howard: Let me ask you a question, Jackson, is there a way to empirically measure this carbon storage cycle so that when we're dealing with environmental extremists and others who have taken control over the growth patterns in our nation and a bit more, and particularly in our towns, that we can demonstrate the environmental value of harvesting lumber and wood? Because as you know, we're taking it on the chin in the liberal media with respect to our damage that we do to the environment.

Jackson Morrill: Well, first of all, Jerry, that's unfounded and we're working hard to change that dynamic. And I think that's sort of the most important piece to this. But what I would say, Jerry, is that there is a way to measure and we're actively looking to support ways to measure carbon properly. And I think the important place that we're starting with is good data. That we're collecting data as an industry and ensuring that we have that data in place to support the storytelling that we need to do and also some of these accounting mechanisms that are coming up. But we also need to make sure that the rules of the game are set properly for how that's measured. And there are a number of ways that that's occurring. Right now, I think much of the focus for your members, when you look at this issue has been on the energy code issues, right? And how carbon is measured through an energy code.

But we're seeing a shift now, and there really is a movement now to look at how folks are choosing building materials and what goes into those choices. And these initiatives are looking at the things that I was just describing, that embodied carbon that is expended in making that product and measuring that, and then driving procurement choices, both in the state and federal level to move towards lower carbon footprint products. So we're seeing that in Buy Clean. I don't know if you guys have heard of these things, but there's a Buy Clean movement going on with states. State procurement California has one, there are other jurisdictions. And these are green procurement mandates that are intended to drive the use of lower carbon materials. And then at the federal level, there's quite a bit of effort now. The president just issued an executive order that's setting federal targets for lower carbon.

So while these efforts are initially looking at larger multifamily type construction, I think it's important for home builders to understand that these policies have an impact potentially. And it's not of the question that they could reach into the residential space. So these are also in policies that are influential in market preferences and in voluntary standards as well. Sort of like what we see in the energy code space and in voluntary standards. These things could sort

of transition into that area too. So getting those methods right now, those accounting methods and the data, is imperative to ensure that your members are not at risk for things like future regulation, but then also they can defend against this misinformation that's out there in the marketplace about how working force are managing and that the fact that this great story about wood and storing carbon, that that is told properly. So by using wood and by telling that story, making sure the rules are set right, the home builders can insulate themselves from this [inaudible]

Paul Lopez: Jackson, let me ask you a question, what are some of the headwinds? What keeps you up at night in terms of the policy right now that you're concerned of and some of the things that you're fighting and maybe we can help and be a part of that point?

Jackson Morrill: Well, Paul, that's a good question. I appreciate you asking it and particularly the offer to help. That's great. But we are concerned about how fast these things are moving. There's an aggressive push to get these kind of Buy Clean mandates into regulatory space without having complete data or a strategy that really maximizes the outcomes. And it's particularly important for home builders that use a lot, because you guys use a lot of wood that we get wood right in these systems. So what keeps me up at night really is that we set the rules of the game properly, so then at the end of the these federal procurement programs, these state mandates, these market actors that are affecting how architects, designers, builders build, all of that is done and properly credits not only the embodied carbon, low embodied carbon for wood, but also the stored carbon.

So that's a big, big part of it. And then [inaudible]. Once we get the rules right, and we get people measuring properly, and there's widespread agreement on that, then I think what happens is we get a better platform to tell the story. And it's harder for others to start to puncture our story and to challenge it because we can fall back on good data and good methodology, and that's the ground that we can operate from. So we're working really, really hard on that. At the state level, we're engaged in these Buy Cleans bills to make sure they're doing the right thing. At the federal level, we're engaged with many different elements of the government to try and get the right benchmarking and the right data in place. And then we're also collaborating with others, maybe that we traditionally haven't been able to make sure that they understand and the story and they're getting it right.

Jerry Howard: Well, this is very exciting. I mean, if we can actually socialize and get accepted a means of demonstrating this that's empirical and that will carry some weight with the scientific community, Jackson, that can be a real game changer for us. So I think we've got to join forces here and make sure that we're working together to mainstream these ideas and this concept. Are you currently working with the scientific community on an effort that we can join in?

Jackson Morrill: So we are actively engaged in a number of ways. First of all, I would just note that the [inaudible] agriculture, the forest service in particular, they do quite a bit of work on measuring carbon and looking at both the forest level and then throughout the chain. So we are actively supporting their efforts to do that work and to look at it carefully. And then we also are working with various other groups to look for opportunities, to continue to build out the data set and to drive it. So, Jerry, would be happy to talk in greater detail with you about that. One thing that we think is going to be really important is making sure that as the government is looking at funding opportunities for next year, that the work that the forest service is doing on wood and trying to tell that story and gather the data, that That has the funding it needs to move forward.

And then one I'd just add to this too, we think the federal government has a role here. Not only in collecting new data and doing the science, because the science tells the story. We win. I mean, the science will tell the story. But it's how it's measured in these accounting systems. So one of the things we're pursuing, just a quick example is we're looking at a database that already exists in the federal government called LCA Commons and trying to position LCA Commons as sort of the data hub for all different product materials that are used in buildings. So that there's a consistent application of that data across different measurements and different systems. And that there's some trust in where that data is and how it's being collected and how it's being applied. So if we can get that funded and get that positioned properly, that right there would do quite a bit to help sort of stabilize the way these markets are operating and the way this is being measured going forward.

Jerry Howard: Well, to quote from the popular TV show, Shark Tank, we're in. We'd love to be a part of this. So just keep us engaged and we'll get our government affairs team lined up with yours and see if we can get something like this done. Just imagine, Paul, the notion of the radical no-growthers consistently applying data to a process would be... It's a novel concept.

Paul Lopez: I was going to say, it'd be a nice change.

Jackson Morrill: Yeah.

Jerry Howard: Yeah. Well, Jackson, what else should we be looking for from your organization and issues that are coming down the pipe that we can unite on?

Jackson Morrill: No, Jerry, that's great. So again we see a lot of opportunity with the federal government to engage. So if there are ways that we can work to together to try and get some of those data pieces and some of the rules of the game set right. There are a lot of agencies that are looking at this now, the White House, the Council on Environmental Quality, General Services Administration, so GSA. The group that does procurement. USDA's engaged. DOE looking at this issue. HUD's looking at this issue. So it's very active right now, and there are opportunities to influence and touch each of those areas. And then certainly obviously on the Hill

as well, we want to make sure we're educating everyone on why this is important and why this has big impacts. Potentially really important impacts on not only our industry, but those that use our products as well.

And so we want to make sure they're aware of that and actively engaged. Then maybe I would just... Maybe, Jerry, if I could end sort of in this fashion, I think climate change has moved from debate around the science to a business reality. And I think it's been a pretty recent shift, but a dramatic one. So for example, I don't know if you guys know this, but just yesterday, Lowe's announced that it's going to be setting net zero targets this year that are going to include near and long term targets that cover the embodied carbon, that carbon number I was talking about, for the products that they sell in their stores. So this means that Lowe's in the future could be making decisions about what products they sell based on carbon footprint in part. So you can see how dramatically this is shifting now to impact the market.

And just one other quick example, a lot of companies are now reporting carbon as part of their public corporate reporting from the SEC. So that's this ESG reporting, you may have heard some of that. That's really starting to take off and it's something to watch. But I think the good news, and again, this is really the take home, I hope, is the good news is that wood products are a part of the climate solution, there's no question. So we just need to make sure that we're sending the rules to the game for a level playing field so that the carbon benefits that would have, and then the environmental and social benefits as well, that those are properly taken into consideration. And I think home builders stand to gain in this process quite a bit thanks to the extensive use of wood in today's homes. And I think that really should be encouraging. So hopefully we can move forward together and close the deal on this thing and make sure that we get the credit we deserve.

Jerry Howard: Jackson, that is the last word on the subject. Nothing more to be said after that. Thanks so much for being with us. We really appreciate it.

Jackson Morrill: It was a pleasure.

Jerry Howard: Ladies and gentlemen, that was Jackson Morrill from the American Wood Council. Jackson, thanks again.

Jackson Morrill: All right. Thank you.

Jerry Howard: Well, Jackson, that was very interesting. He obviously is taking an approach to wood products and the harvesting of lumber that can be very, very beneficial to us. I'm excited about the opportunity to work with him and see if we can get some deeper scientific analyses to counter the ones that we've had to cope with for so long.

Paul Lopez: I think this would be a great one to [inaudible] with their organization and our organization. I think we'd be a force to be reckoned with.

Jerry Howard: So we'll see. When we get back from IBS that'll be high on the priority list, I can assure you of that. Again, ladies and gen, we look forward to seeing everybody at IBS. We may be recording a podcast down there. If we are, we'll try and do it somewhere where we can have a live studio audience coming to you from Orlando. But in the interim everybody, safe travels, we'll see you in Orlando. And once again, thanks to Wells Fargo.

Paul Lopez: Excellent. Thank you very much. And Jerry, thank you for having me on the front side of the microphone tool.

Jerry Howard: You're pretty good. I'm going to have to talk to Tobin. It may be time for him to find a new line of work. Anyway, thanks again, everybody. This is Jerry Howard.

Paul Lopez: And this is Paul Lopez.

Jerry Howard: Bye. Bye.