Paul Lopez:
Welcome to Housing Developments.

Jim Tobin:
I'm Jim Tobin.

Paul Lopez:
And I'm Paul Lopez. Welcome.

Jim Tobin:
Welcome. Paul, how are you?

Paul Lopez:
Doing well, man.

Jim Tobin:
Good.

Paul Lopez:
Second episode.

Jim Tobin:
Second episode.

Paul Lopez:
We got some really good feedback on our first one.

Jim Tobin:
We did. We did, yeah.

Paul Lopez:
So we're back.

Jim Tobin:
Yeah. Thanks for giving us the kudos on the live video version, and hopefully you're enjoying it on your car or on your phone.

Paul Lopez:
Yeah, absolutely. We need to stop the banter here real quick because we have breaking news.

Jim Tobin:
Yeah, [inaudible 00:00:34]
Paul Lopez:
There we go. Supreme Court decision, our members and builders have been hearing about this for months now. I don't know if you want to start teeing it up.

Jim Tobin:
Yeah, the Sackett decision. The much talked about Sackett decision. Remember, this was the first case of the Supreme Court's session back in October, and somehow here we are at the end of May and it's finally come out. So as an industry we've been waiting this forever. Great decision for us, Paul, you know the numbers.

Paul Lopez:
Yeah. So shockingly it was a 9-0 unanimous decision at the top level, right?

Jim Tobin:
Right.

Paul Lopez:
And then when you start digging down a little bit deeper you see that there was a little bit of dissension, but still it was a big victory for our guys. But Sackett, the family itself, 9-0. They basically said, "Absolutely, there's no way that this should have fallen under the WOTUS," right, the WOTUS rule?

Jim Tobin:
That's right.

Paul Lopez:
How they got there was a little bit different, 5-4. Kavanaugh shockingly moved over to the liberal side of things and said, "This kind of makes it a little bit too narrow for the EPA to do its deal," but overall a big victory. But it ended up 5-4. Either way it's going to change the way that the Biden administration has to deal with the EPA and WOTUS in the future, right?

Jim Tobin:
Yeah, great win for Jim Rizzo, Tom Warren, the legal advocacy team who have been partner to the lawsuit. This is a big one for us. Y'all know the statistics. 25% of the cost of a newly built single family home embedded in regulation, almost 42% of a multifamily unit. These are the kind of regulations we're talking about that contribute to that 25 or 42%.

So to see the Supreme Court do what we'd hoped they were going to do, which is, number one, let the poor Sacketts off the hook here from [inaudible 00:02:16] number one. Number two, the Biden administration is going to have to go back to the drawing board on their WOTUS regulation, and for us, that means a much more balanced regulatory environment when it comes to land development and how people have to get a federal permit. So the story is still going to be written on how this plays out, but a consequential opinion from the Supreme Court today.

Paul Lopez:
No, absolutely, and like we said, this literally just came out 30 minutes from us airing this. So we'll let Jim Rizzo and Tom Ward do their jobs, kind of piece it out, and you'll be hearing about this for a while now.

Jim Tobin:
Yeah, you will.

Paul Lopez:
... as we start... really starting to develop what this means to the rank and file member.

Jim Tobin:
Yeah, it's great.

Paul Lopez:
Yeah.

Jim Tobin:
It's great. So a little economic news. Let's talk a little bit about some numbers that came out.

Paul Lopez:
Yeah, things are starting to stack up in our favor a little bit. This week we had new home sales. They were actually up 4.1% to a seasonally adjusted rate of 683,000 units.

Jim Tobin:
Nice.

Paul Lopez:
This is a big win for us. This is the largest number we've seen since March of 2022.

Jim Tobin:
Right.

Paul Lopez:
Even more encouraging though, it was the $200,000 to $400,000 range of homes, they're the ones that had the big increase, which as you know, is critical for-

Jim Tobin:
First time.

Paul Lopez:
... First time home buyers, exactly. So I think we're in good shape there. Then add that to the fact that we had overall starts kick in and jump up a little bit last week as well. It's no wonder that we saw the HMI go from a negative territory to that solid 50 point number. That means that they're no longer kind of freaking out and things are looking better.
Jim Tobin:

Yeah, definitely the builder optimism is out there and these numbers bear that out. So you're cautiously optimistic, right? What would Rob Dietz say?

Paul Lopez:

Yeah, exactly. Well, I think what Rob would say is the big issue is inventory. Up until now-

Jim Tobin:

Still.

Paul Lopez:

... still, right, but getting tighter by the month. Historically, new home sales account for about 10 to 12% of inventory. Right now, we're touching about 33%. So the builders are ecstatic because there's no other game in town other than new home construction because the existing inventory is just not there.

Jim Tobin:

Right. Which speaks again to the importance of local governments getting out of the way of more housing production.

Paul Lopez:

That's absolutely right.

Jim Tobin:

If new homes are going to be a bigger part of the pie when it comes to sales, then that means we've got to figure out how to build more new homes.

Paul Lopez:

That's absolutely right. Absolutely right. So let's talk a little bit about government then. Let's kind of pivot over. Yesterday Governor Ron DeSantis threw his hat in.

Jim Tobin:

Yeah, threw his hat in, then kind of jumped up and down on it a little bit with the rollout on Twitter. So yeah, so bumpy starts. Hey look, every campaign goes through ups and downs. Maybe if this is the big deepest trough, then the governor will probably have a pretty good run at it. So yeah, the latest, of course we saw Tim Scott jump in. Last week or actually earlier this week, Tim Scott is now in the ring. We've got Nikki Haley in the ring. We've got... Let's see, who else? Vtech Ramaswamy's in the ring. He was kind of the first one. Of course-

Paul Lopez:

Hutchinson.

Jim Tobin:

... Hutchinson is in the race. We've heard... there's a lot of people that are still looking at it. It's going to get crowded. I don't know if we get up to the 16 that we had back in 2016 when now former President
Trump came through the field, but we're getting up towards double digits soon, I think. But Donald Trump continues to be the 800 pound gorilla in the room. It's still his to lose in a strange way, but I think that Ron DeSantis is now the one I think people think either you call him the heir apparent to the Trump era, or he might be his biggest competitor, but that's, I think, where we're going to see this race start to settle in a little bit.

Long way to go. Less than a year away from those first primaries, but there's a long way to go, and certainly what Ron DeSantis is going to have is money and that's what the fuel is going to keep that rocket ship moving. So it's going to be an interesting summer.

Paul Lopez:
Yeah, and for Trump, he loves it. The more people that are in the race, the better it is for him because he's got, what, 20, 25% of the base locked in.

Jim Tobin:
Yep.

Paul Lopez:
So if everybody else gets spread around through the remainders, then that's great for him because that's essentially how he won it the last time, right?

Jim Tobin:
Yeah. There's two theories of how this works. One is that if there's only a couple of challengers to Trump, the party might be able to find an easier alternative to President Trump. The more that get into the race, they divide that search for an alternative, and by the time you get to the early primaries, Trump just runs away from it, and everybody else is just playing catch-up with single digit or maybe a couple double-digit points.

Paul Lopez:
Is there anybody in particular that you're waiting to see when or if they'll jump into the primaries?

Jim Tobin:
I think Governor Sununu is toying with it. He didn't jump into the Senate race up there. He might have very well have won and flipped the New Hampshire Senate seat if he decided to come to Washington, DC as a senator. He declined that. He's certainly conservative. He's got those bona fides, but whether or not he's... In order to take on Trump, you got to be willing to really take on Trump and not just get punched, but punch back.

Chris Christie's toying with it. That's another one. He's been a really big foil to President Trump. He's been kind of willing to take him on, and maybe that's his role in this race, is he's willing to take the slings and arrows from Trump that will allow another alternative to emerge. So those are the other ones I'm watching for in the short term here. But look, the other side of this is whether or not any of these other court cases that are against President Trump, whether they start piling up, whether any of them are truly disqualifying, we'll wait and see, but those are the things that are hanging around President Trump.

Paul Lopez:
Historically are there any candidates that we're seeing that would be better or worse for housing?

Jim Tobin:
No, I think at this point, when you talk to our Florida members, they've had a great run with Governor DeSantis. Tim Scott just released a housing legislation and a blueprint.

Paul Lopez:
Yeah.

Jim Tobin:
Obviously Donald Trump comes from the building side of the family. We saw what his policies were like for four years. Governor Haley, great relationship. South Carolina's got a great robust housing economy. So I think all of them have the bona fides of being pro-housing, as well as being pro strong economy. So so far, I think we're going to be okay.

Paul Lopez:
All right. Nice. So let's stick with a little bit of politics and what's going on here in DC. The week of June 5th is going to be a very busy week, especially if you're part of the NHB leadership. So we've got our board meeting starting, but you also have LedgeCon, so talk a little bit about that.

Jim Tobin:
Yeah. Wednesday, June 7th, right in the middle of the week of the spring leadership meetings, we've got our legislative conference. Six hundred people are getting ready to come to Washington, DC and walk the Hill, walk the Hill, and walk the halls of Congress.

So we're really excited. We've got three issues that we're focusing on. Of course, members are going to bring all kinds of issues with them, and that's really important too, but we're going to talk about transformers, the lack of transformers, how it's hurting the ability to bring power to homes and continue to build homes. Number two, we're going to talk about workforce development. Obviously that's a long term issue for our industry, and we continue to see month after month of hundreds of thousands of job openings in the sector. And then energy codes. Of course, that goes to the regulatory burdens on housing, especially new construction. We're going to talk about how we can get to energy efficiency without really turning it up to 11 or more importantly, making sure we're factoring in housing affordability when we talk about energy efficiency.

Paul Lopez:
Right. Excellent.

Jim Tobin:
It should be a great week.

Paul Lopez:
Yeah, it should be. We also have the Innovative Housing Showcase coming up.

Jim Tobin:
Yeah. Tell us about it. You've been point on that with HUD again.

Paul Lopez:
Yeah, this is the third time in four years that we've partnered with them to get this program on the Mall. Right now we have about 30 exhibitors that are coming.

Jim Tobin:
That's great.

Paul Lopez:
And basically most of them are actually homes or tiny homes or different variations of a home. We're actually going to try and do a multifamily exhibit there as well.

Jim Tobin:
Cool.

Paul Lopez:
So it should be fun. It's always very well received as people come to the Mall and first ask what's going on here, but then when they can go through the exhibits and see some of the innovative stuff that home builders are doing, they get pretty excited and I think it's well received, and it's something that hopefully will... I think last time we had about 10,000 attendees over the three days.

Jim Tobin:
Wow.

Paul Lopez:
This time it's from-

Jim Tobin:
Yeah, what are the dates?

Paul Lopez:
Yeah, it's June 9th, which is that Friday through the 11th, that Sunday.

Jim Tobin:
We have committee meetings, but not everybody's in a committee meeting. We've got the Leadership Council meeting on Sunday. So look, this is the best time of year to be in DC.

Paul Lopez:
Yeah, absolutely.

Jim Tobin:
So, get down, take some time with your family and go walk the Mall. It's in the most perfect spot in all of Washington DC, sandwiched on the Mall right in the shadow of the Capitol.

Paul Lopez:
That's right. So Jim, another great episode, I think.

Jim Tobin:
Yeah. All right. Thanks everybody. Talk to you soon. I'm Jim Tobin.

Paul Lopez:
And I'm Paul Lopez. Take care.

Jim Tobin:
Thanks.