

Housing Developments Episode 2

Jerry Howard: I know you're a baseball fan, but I know that sometimes you waffle between teams. So I'm asking you right now. Make your call this year name the two teams that are going to the World Series and the listeners will hold you to it come October.

Jim Tobin: Perfect. I think the Yankees are going from the AL and if I had to pick somebody from the NL I'm going to go I'm going to say the Dodgers get back there one more time.

JH: Well, you're wrong Jim.

[Intro Music]

JH: Hi, I'm Jerry Howard the CEO of NAHB. Welcome to Housing Developments.

JT: And I'm Jim Tobin Chief lobbyist for NAHB.

JH: You're wrong about the Dodgers. I'm going to go with my beloved New York Yankees, and then I'm going with my hometown Washington Nationals who I think aren't even better team this year than they were last year. Well, I understand you've been traveling a little bit. What have you been up to, and what are people telling you out in the field?

JT: I've been out to the West Coast took a trip out to see our Builders out in Oregon. I had a great great time out there with those guys and in like you here and your travels across the country same things bothering them about the with its Left Coast, right Coast north or south. Housing affordability is strangling every one of our members and their ability to provide that entry-level home or even to that move-up buyer and heck even even affordable rental trying to find a way to crack the code of land use and land use restrictions NIMBYism, local governments imposing imposing rent restrictions on members, especially inside Portland, but for us housing affordability across the country is the Mantra of NAHB right now.

JH: Yeah. While you were out there I was up in Massachusetts and I had the privilege of sitting down first with Governor Baker and then with Lieutenant Governor Polito and several people in the in the state cabinet up there. They are so concerned about Workforce Development that they really want to work with HBI and with NAHB to try and get some training programs and then for all our listeners Nationwide, let me tell you that NAHB is very very engaged in work force. In our sister organization, HBI, the home builders Institute is prepared to come out there and help you all, anyway, they can just as NAHB is to try and help develop Workforce for your local economies. Another thing that's interesting up in Massachusetts Jim and I never thought I'd say this about Massachusetts. They are actually concerned about housing affordability and Governor Baker has introduced a housing choice act.

JT: Yeah, I mean we're starting to see that at least you mentioned you mentioned Massachusetts my home state of Connecticut. We lovingly refer to Massachusetts as Connecticut hat, so it's very nice that you were up there visiting with those folks but across the country. I'll give an example, you know, just south of us here in DC, in Richmond. We got word for that our great Association down there. They were workout housing affordability as well. It actually had the governor signed a bill recently. That there's Virginia law that allowed nonprofits or local communities to waive building fees for affordable developments for nonprofits. Well, if you're a for-profit developer you face the same affordability concerns. They got the governor signed a bill that now that allows localities to waive those same fees. For for-profit developers. So, you know again what listening to our state associations and our local affiliates work on this housing affordability at their levels of going in Arkansas NAHB was instrumental in working with our Arkansas Builders. What we found is a what we thought was essentially exclusionary zoning and some of the new building codes that they were trying to place on new developments dealing with certain siding, certain architectural features. It only served to dry up the cost of housing essentially almost is dead. Just discriminatory policies as you could find but NAHB through the use of its state and local issues fund with our state and local staff were down in Arkansas helping our members pass a law to make sure that if you're going to if you're going to work on you can

only put in Provisions that dealt with safety and health and design features for that home rather than something that would seem extraordinary extraordinarily discriminatory towards occupants of those potentials and we're seeing some of those discriminatory policies pop up in Georgia or Oklahoma. So we're facing a whole lot of fronts here on housing affordability issue.

JH: What are your team? And you doing on this front?

JT: Well first and foremost, we just had we've had chairman you call the up on the hill yesterday. Today is Wednesday yesterday Greg testified in the first of two two back-to-back GSE hearings, finally GSE reform that the last great Housing Authority the last great financial issue that was left over from the. From the Great Recession is starting to get some traction again. We've seen we've seen Congress take take a run at, Greg testified before the Senate Banking Committee and GSE reform. He got some great questions A, D&C financing specifically for Builders appraisal issues that we're facing and how do we get the Housing Finance system out of conservatorship and onto solid footing more competition, lower rates, ensuring a government backstop for the 30-year fixed-rate mortgage. And then we saw the present United States just today also announced that his administration is going to start focusing on GSE reform something for the first time in the tune of two plus years that we've seen where they are going to take a leadership role as well in working with Congress to get that enduring reform that we at NAHB have been the leader on for 10 years saying we need to move in that direction.

JH: Yeah, that's that's that's interesting developments Economist Rob Dietz with sort of a voice in the wilderness saying that there's going to be problems with housing in the in the in the recovery cycle and that those problems were going to be caused by a supply shortage and it was going to be as severe or more serious than the problems that led into the Recession. Now at the time people thought Rob was crazy. And to be fair he is a half a bubble off. But in this case he was right.

JT: Yeah, Rob really was a canary in the coal mine. I know and having the ability to take him up to Capitol Hill or use his research on Capitol Hill, you

know, those are a couple of years ago, everybody thought everything was going great guns. And what we were doing is proving right that the housing economy really is that Bellwether: we can lead you in and we can lead you out but you better pay attention to us. The White House knows the power of this of this industry and that's why it's so important for us to act together and speak with one voice on the housing affordability crisis.

JH: So with that ladies and Gentlemen, let's bring in our guests and we'll go from there. We're really fortunate today Jim that on our second broadcast. We already have a really interesting guest to join us. Jessica Ditto who is Deputy Communications Director at the White House Jessica served on the president's campaign and transitions teams . She's a native of Kentucky and before moving to Kentucky or moving here from Kentucky. She served as communications director for Governor Matt Bevin down there in the state Jessica. Thanks for joining us on Housing Developments.

Jessica Ditto: Thank you for having me. It's an honor to be your second guest.

JH: Well, we're really we're really proud of to have you and we're looking forward to the conversation if we could I think we should start with what's right now at the top of the White House's agenda. Let's start talking about trade. We know that this is a big issue for the administration and it's been such from the beginning and it looks like things are starting to heat up with the U.S. Mexico Canada trade agreement or the USMCA. Give us a quick look at what's going to happen over the next weeks and months and tell us what you think the outcomes going to be.

JD: Well, we you're absolutely right trade is one of the core areas of the president's economic agenda and in June of 2016 on the campaign Trail the president laid out in a very detailed speech about bringing jobs back to America and what he was going to do to help communities that had been devastated by disastrous trade agreements across many past administrations and in that speech he outlined six to seven steps that he was going to take and he's followed through on all of these actions starting with renegotiating NAFTA and coming up with a better deal for Americans and updating that

agreement and his team led by Ambassador Lighthizer and Jared Kushner here at the White House. They worked on a agreement the USMCA deal and at record pace, getting an agreement with Mexico and bringing Canada on board and then signing it last fall it is this deal will be the most modern up-to-date and balanced Trade Agreement in the history of our country with the most advanced protections for workers ever developed as the President stated when we signed this agreement and now we're working with Congress educating members on the details making sure they understand all of the provisions in each of the various chapters so they feel comfortable when the implementing legislation is moved up to the hill submitted by USTR trade team that they are ready, to move it to the floor start having the hearing so that we can get this passed into law by late summer. So that's the current path.

JH: Well, that sounds that sounds terrific increasing American jobs meetings increasing the demands for homes, that's certainly music to our members ears. Jim isn't it right? Am I right that you and your team are really trying to help the White House in this aren't we working this up on the hill?

JT: Yeah. That's right. Jerry we at NAHB is is just as you know, we have were strong supporters of the USMA in our ability to we want fair trade and billions of dollars of products come across the border from Mexico and Canada that go into the homes that we did our members build. So for us seeing this deal get through Congress in a timely manner and and clearing the decks for for that trade agreements really important to us as well.

JD: We greatly appreciate your support and your endorsement and the the the Coalition support that we've seen across Industries and from from your team as well as been really pivotal in helping Congress take this up and and begin to assess where they have questions and where they feel strongly that this is truly a better deal for America's workers and we know from the course of job creators and those who are workers are saying this is this is absolutely a deal that we must support. It is great for American workers and businesses. And so we're really hopeful that Congress will move it move it through quickly and smoothly and that there will be a great agreement in place by late summer.

JT: That's great, I like that timeline, Jessica. You know pivoting off of USMC a one of the issues is I said with our support of USMC a trade is really important to our members but two in particular that I'd love to get your thoughts on one is a Canadian softwood Lumber agreement. And then also in where those those stand that negotiation stands now, but and then also we see a lot of a lot of word in the Press about the negotiations with the Chinese government and the Chinese tariffs any thoughts or any any way you can give us our members and update on on where those those two negotiations stand.

JD: The before with regards to the softwood lumber. I know that in our latest update to the president's trade agenda, there have been numerous consultations between the U.S. And Canada. They held consultations in January of 2018 at Canada's request. They WTO established a panel in April of 2018 and they are, those proceedings are ongoing, so I don't have a major update on that front, but we're certainly working to address that issue and an Earnest and then on the negotiations with China again, the president deserves full credit for getting to a specific place where we are actually digging into the details and working on text of a new agreement with China after years and years of neglect of allowing the Chinese to take advantage of our. All right, intellectual property of our agriculture community of every major sector they've taken over and then attempted to grow their economy on the backs of American workers and the president has made it abundantly clear that that's going to stop and so with the way that we have been in negotiations with China the things that really ramped up last fall and as you have seen the our teams have been meeting with the Chinese on a very frequent basis and that pace has really picked up this and the last few weeks. So today our team headed to Beijing led by Ambassador Lighthizer and Secretary Mnuchin and they will be having high level talks about the details of the negotiations and there's there's real progress being made. However, the president has made it abundantly clear that in the course of these negotiations that he is not going to accept a bad deal. He will walk away from the table and he's determined that we can get to a great deal with China.

JH: So we talked a little bit then about the price of building materials, which is always an issue for our members a right. Now as I travel around the country Jessica and I was in Massachusetts last week and in Texas earlier this week Builders all around the country are saying that the number one issue is the lack of skilled labor in our sector. I know that the President places a huge emphasis on Workforce Development. Can you tell us a little bit about what the administration's latest efforts are in creating more skilled labor jobs?

JD: Absolutely. This is something that is of key importance to this White House, especially for our economic agenda. We for the first time we have more workers coming off the sidelines more workers seeking work and more job openings than workers available. So there is a skilled labor Gap and we have been working very closely with the Department of Labor, Department of Education, with Congress, in order to instill opportunities for Workforce Development. The Tax Cuts and Jobs Act was played a key role in that as well as the passage of the Perkins CTE reauthorization that had been lingering and languishing out there for about 12 years which injected billions into the importance of technical training at vocational schools to help States really prepare future workers. Additionally, last summer the president signed an Executive Order establishing the National Council for the American worker, which is in a government-wide counsel that is focused on helping to create those training opportunities bring transparency to the job market and where opportunities exist and what those skill sets are required and to also break down the stigma that a four-year education is the only Pathway to a prosperous career. If we put a lot of emphasis on STEM, high-tech manufacturing and building and trade and making sure that the the emphasis on helping to promote work in all areas that especially those that are going to help our construction sector and our skilled labor have seen great results and one of the biggest champions of this is Ivanka Trump the advisor to the president. She has really spearheaded this effort at the White House and is helped establish the pledge to the American worker.

JT: Jessica, that's great. I know is Jerry said we travel all over the country and that's all we hear about is the need for workers that would reduce the cost of

affordability for a home. And so when you take the worker shortages and trying to bring more people into the trades whether it's young people whether it's veterans, whether it's the the the the incarcerated population, I know that you all were instrumental at Passing the First Step Act something that we see a lot of opportunity with from some of our Workforce Development efforts in the in the incarcerated community and at-risk youth. Workforce Development, We talk trade and the importance of building components being coming into this country for is as cheaply as possible. They all revolve around one issue for us, and that's and that's housing affordability. As we travel around the country and talk to our members with housing affordability seems to be at a Tipping Point in a real crisis where Land Development cost of financing of that land the ability for people to afford a home are it's getting it's getting harder and harder for people of all economic factors in the country to be able to afford a home or or find an affordable rental apartment. Is this something that's on the on the Administration's radar and if so, what can we do at the federal level to make sure that we can have more and more people can afford the American dream?

JD: Absolutely and you're touching on something that's actually breaking news. The president today is signing a Presidential memorandum initiating overdue reform of the Housing Finance system. And so in the decade since the Financial Crisis, there's been no comprehensive reform of the Housing Finance system. Despite the need for it leaving taxpayers exposed and so we are implementing this memorandum to help make sure that Americans can find their path to the American dream and the dream of a great job and safe home and a better life for their children and we're lifting up these forgotten communities and trying to create exciting new opportunities to help every American find that path and so that presidential memorandum was just signed today. These reforms will help more Americans fulfill their goal of buying a home.

JH: Well Jessica, that's really really exciting. We obviously are going to tout that although all over in addition to this podcast. We're going to let our members know that the administration is hearing the concerns that are being

expressed out there across the country and starting to take action. So thank you so much for that and we look forward as an organization to helping you.

JD: Well, we are grateful for your support and I would be remiss not to mention that you you signed the pledge to the American worker. You have been engaged with the White House in this effort to help our workers. And so we thank you for that support and thank you for the support of USMCA it too will be key to creating new opportunities for jobs in communities all across the U.S. So we thank you for that.

JH: I want to thank you Jessica for taking the time to be with us today and perhaps more importantly for your service to the country. I know that White House staffers take a lot of abuse from a lot of different corners, but we just want you to know how appreciative we are of what you and your colleagues do for the country and for the Housing Industry. We're very grateful. Let me ask you one more quick question. Did you get to meet the Capitals?

JD: I was actually in a meeting talking with her communicators about trade when they were had the trophy in the the Oval Office. So unfortunately I missed it. But a lot of my colleagues did get to see the team and the Stanley Cup.

JH: Yeah Jim's family and my family are big Caps fans. In fact. Jim's young son. James is a future Capital for sure. He's a great little hockey player. Well Jessica, thanks for being with us. We really appreciate it. And we look forward to working with you as we move forward to make sure that the American dream is available for all for all. At an affordable price, so thanks, and we hope to see you soon.

JT: Thanks, Jessica.

JD: Thank you for having me on your program and I'm good luck and we look forward to hearing your show on the future.

JT: You got it.

JH: Thanks everybody for tuning in.

JT: Thanks very much.

[Exit Music]