

New Jersey State Representative Report

By Michael Kurpiel



Key National Association of Home Builders (NAHB) Housing Issues

1. While lumber prices have dipped recently, they remain high and NAHB continues to work with the White House, Congress and lumber producers to increase production and bring prices lower.
2. NAHB will be playing defense with the incoming Biden administration in the regulatory arena and offense on a host of issues, including efforts to bolster affordable housing programs, strengthen the Low-Income Housing Tax Credit and enact a robust infrastructure package that contains funding for new-home construction.
3. Safety remains our industry's top priority as NAHB continues to lead the way to ensure residential construction workers stay on the job and reduce their exposure to COVID-19.
4. NAHB has decided to transition to a virtual International Builders Show event for 2021 given how COVID cases continue to rise and people are wary of traveling.
5. NAHB is urging Congress to support legislative changes to the Paycheck Protection Program (PPP) that would allow businesses to deduct expenses paid for with PPP money – regardless of whether the loan is forgiven.
6. Fannie Mae and Freddie Mac will raise conforming loan limits in 2021, which will enable more borrowers to qualify for home mortgages.

Lumber prices

- Lumber prices peaked above \$950 per thousand board feet in mid-September. By late November, prices dropped about 40 percent to stand around \$550 per thousand board feet.
- While the downward trend is positive, prices are still too high – up roughly 60 percent since mid-April. These price increases have harmed housing affordability by adding thousands of dollars to the price of an average new single-family home.
- NAHB has taken several steps to urge the administration and Congress to address this issue and our efforts have coincided with the recent downward trend in lumber prices from their mid-September peak. This is especially encouraging given demand remains strong and starts and sales are at robust levels.
- During the past three months, letters were sent to President Trump, top administration officials and the head of the U.S. Lumber Coalition calling for prompt action to address shortages in the lumber supply chain and soaring lumber prices that are harming the housing sector and the economy.
- NAHB Senior Officers held talks with members of the White House National Economic Council and Commerce Secretary Wilbur Ross to discuss the impact that soaring lumber prices are having on the housing industry and to press for immediate action.
- Working in tandem with NAHB, 98 Republican and Democratic lawmakers sent a letter to President Trump on Oct. 20 seeking urgent action on lumber supply shortages that have resulted in unprecedented price spikes in recent months that are threatening the housing industry and economic recovery.
- In more encouraging news, the Commerce Department has slashed tariffs on Canadian lumber shipments into the U.S. from 20 percent to 9 percent.

- NAHB will continue working on all fronts to find solutions that will ensure a lasting and stable supply of lumber for the home building industry at a competitive price.

What the incoming Biden Administration means for housing

- NAHB's near-term priorities remain passing another coronavirus relief package and ensuring that the lumber, building materials and housing supply chain continue to recover.
- Longer-term efforts will focus on ensuring a strong economy and creating a regulatory environment that supports housing production.
- As for the incoming Biden administration, NAHB will be playing offense and defense.
- On offense, NAHB will work with the Biden administration to bolster affordable housing programs, strengthen the Low-Income Housing Tax Credit and support a robust infrastructure package that includes funding for new-home construction.
- NAHB is also supportive of Biden's concept to create a new, refundable, advanceable tax credit of up to \$15,000 to help families buy their first homes and build equity.
- NAHB will be playing defense in the regulatory arena and looking to lock in gains that were made in the Trump administration. We will also work to ensure the regulatory climate does not worsen housing affordability. For example, NAHB will fight to ensure the Navigable Waters Protection Rule – which replaced the much more onerous Obama-era waters of the U.S. rule – remains in effect.
- These are among the same issues that NAHB will be fighting for in Congress, regardless of which party controls both or either chamber.

- NAHB will be looking to work with both parties in a bipartisan manner to advance policies that will provide more homeownership and rental housing opportunities for all Americans.

Jobsite safety

- NAHB worked hard to have home building designated as “essential infrastructure workforce” at the federal, state and local levels to allow our industry to continue building homes.
- The safety measures taken by home builders and remodelers have allowed our workers to stay on the job without jeopardizing their safety.
- NAHB, in collaboration with the Construction Industry Safety Coalition, developed a comprehensive [Coronavirus Preparedness and Response Plan for Construction](#) that outlines the steps every employer and employee should take to reduce the risk of exposure to and transmission of COVID-19.
- Safety will always be our industry’s number one priority. This COVID-19 guidance complements NAHB’s year-round [Safety 365 campaign](#) that provides information and resources to help keep construction workers safe and eliminate preventable accidents, injuries and deaths.

Virtual IBS

- Due to the COVID-19 pandemic, the 2021 NAHB International Builders’ Show has transitioned to a virtual event.
- However, the exclusive IBS opportunities that attendees have come to expect from the in-person event will still exist — and even expand — to bring the home building industry together online during the IBS Virtual Experience (IBSx), Feb. 9-12, 2021.

- IBSx will showcase the must-have new products, tech and innovations that builders, remodelers and other residential construction industry pros will want to include in their upcoming projects.
- The latest trends, insights, tips and best practices will all be available at your fingertips — offering you everything you need to wow your customers.
- Learn more and register at BuildersShow.com.

Paycheck Protection Program loan forgiveness

- NAHB continues to push for Congress to enact another coronavirus relief package that:
 - Helps struggling renters with dedicated rental assistance,
 - Provides relief for small businesses from burdensome loan forgiveness requirements, and
 - Assists HBAs that have largely been excluded from previous relief measures.
- In the latest development, businesses that get their Paycheck Protection Program (PPP) loans forgiven will not qualify for some valuable deductions. This is according to new IRS [guidance](#) that reiterates its [position taken in April](#).
- In addition, the IRS says companies that have “a reasonable expectation that the government won’t require them to pay back the money can’t deduct the business expenses paid for by the loan.”
- “If a business reasonably believes that a PPP loan will be forgiven in the future, expenses related to the loan are not deductible, whether the business has filed for forgiveness or not,” according to a statement released by the Treasury Department.

- NAHB continues to urge Congress to support legislative changes that would allow businesses to deduct expenses paid for with PPP money – regardless of whether the loan is forgiven.
- But it remains unclear if lawmakers will act prior to the end of the year.

Fannie Mae and Freddie Mac to raise conforming loan limits

- The Federal Housing Finance Agency (FHFA) has [announced](#) that the maximum baseline conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac in 2021 will increase to \$548,250 from \$510,400.
- The term “conforming loan limit” refers to the maximum size for a regular or conventional mortgage loan. Conventional mortgage products can be sold to Freddie Mac and Fannie Mae, and then resold to investors.
- Higher conforming loan limits will help more borrowers to qualify for home mortgages.
- The loan limit will rise 7.42 percent in 2021 because FHFA has determined that the average U.S. home value increased by that amount between the third quarters of 2019 and 2020.
- Higher loan limits will be in effect in higher-cost areas as well. The new ceiling loan limit in high-cost markets will be \$822,375. The previous ceiling was \$765,600.