

March 12, 2021

The Honorable Gina M. Raimondo
Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Secretary Raimondo:

We, the undersigned organizations, congratulate you on your confirmation as the next Secretary of Commerce. Collectively, our organizations represent the wide array of housing and commercial construction, real estate finance and sales, housing advocates, industry suppliers and manufacturers, and supporters of a robust American housing sector. We write to urge your immediate attention to an issue threatening the economic recovery and housing affordability: the price of lumber. We respectfully request that your office examine the lumber supply chain, identify the causes for high prices and supply constraints, and seek immediate remedies that will increase production.

Lumber prices have nearly tripled and oriented strand board (OSB) prices are up more than 250% since last spring. These spikes have caused the cost of building an average new single-family home to increase by more than \$24,000 since mid-April 2020 according to the National Association of Home Builders standard estimates of lumber used to build the average home. Similarly, the cost of the average new multifamily unit has increased by \$9,000 over the same period due to the surge in lumber prices. Additionally, lumber and engineered wood products such as OSB are a large and important component of residential and commercial remodeling projects, such as hospitals, schools, offices and restaurants.

As the nation fights to rebound from the effects of the COVID-19 pandemic, housing can be a bright spot for the U.S. economy, including single-family and apartment construction. Just over the last three months, single family housing starts have averaged 1.2 million (seasonally adjusted annual rate), a level not seen since 2006. Likewise, multifamily completions rose to 364,600 in 2020, the highest annual rate since 1988 and a 6.4 percent increase over 2019 levels. And while new apartment starts slowed, they ended the year down just 3 percent for 2020.

However, with better-than-expected housing demand and unprecedented activity by the do-it-yourself segment, builders are seeing shortages of lumber resulting in ever-lengthening delivery delays. The Random Lengths Framing Composite Price surpassed the previously unthinkable \$1,000 mark for the first time ever on February 23rd and is currently \$1,035. As the pre-pandemic record high was \$582, it is easy to see that current prices represent an intolerable and frequently insurmountable financial burden to home builders and contractors.

Home builders and construction firms that have signed fixed-price contracts are forced to absorb these crippling increases in materials prices and costly delays in deliveries; there is a significant risk that many of these firms will be forced out of business. To the extent they are able to pass on their

additional costs, both single- and multifamily housing becomes less affordable. Other projects will no longer be economically viable, which undercuts the availability of new housing supply and further jeopardizes affordability.

The potential for housing and construction to grow and lead the economy is limited as long as lumber remains expensive and scarce, and the ramifications for job growth are significant. Building 1,000 average single-family homes creates 2,900 full-time jobs and generates \$110.96 million in taxes and fees for all levels of government to support police, firefighters and schools. Similarly, building 1,000 average rental apartments generates 1,250 jobs and \$55.91 million in taxes and revenue for local, state and federal government. Moreover, \$10 million in remodeling expenditures creates 75 jobs and nearly \$3 million in taxes.

Housing and construction can do their parts to create jobs, boost the economy to its pre-pandemic strength, and provide safe and affordable housing for all Americans, but in order to do so the federal government needs to address skyrocketing lumber prices and chronic shortages. We urge you to undertake a thorough examination of the lumber supply chain and seek remedies that will increase production. Thank you for your attention to this important matter.

Sincerely,

**American Gas Association
 American Public Gas Association
 American Supply Association
 Associated Builders and Contractors
 Associated General Contractors of America
 American Supply Association
 CCIM Institute
 Council for Affordable and Rural Housing
 Enterprise Community Partners
 Habitat for Humanity International
 Hearth, Patio & Barbecue Association
 Housing Advisory Group
 Housing Partnership Network
 Independent Electrical Contractors
 Institute of Real Estate Management
 International Council of Shopping Centers
 Leading Builders of America
 Manufactured Housing Institute
 Mortgage Bankers Association
 National Affordable Housing Management
 Association**

**National Apartment Association
 National Association of Affordable Housing
 Lenders
 National Association of Home Builders
 National Association of Housing Cooperatives
 National Association of REALTORS®
 National Electrical Contractors Association
 National Housing Conference
 National Housing & Rehabilitation Association
 National Housing Trust
 National Low Income Housing Coalition
 National Lumber & Building Material Dealers
 Association
 National Multifamily Housing Council
 National Roofing Contractors Association
 North American Home Furnishings Association
 Stewards of Affordable Housing for the Future
 The Real Estate Roundtable
 Up for Growth Action**