



**Testimony of Justin Wood  
Vice President, Fish Construction NW, Inc.  
On Behalf of the  
National Association of Home Builders**

**Before the  
House Natural Resources Committee  
Subcommittee on Public Lands and Environmental Regulation**

**Hearing on  
H.R. \_\_\_\_ (Hastings), the “Restoring Healthy Forests for Healthy Communities Act”  
Thursday, April 11, 2013**

## **Introduction**

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB), I appreciate the opportunity to testify today. My name is Justin Wood, and I am the Vice President of Construction for Fish Construction NW, Inc. in Portland, Oregon.

NAHB represents builders and developers who construct housing ranging from single-family for-sale homes to affordable rental apartments and remodelers. Lumber is a critical component to the residential construction industry, and today, I will direct my testimony to the correlation between federal forest management policies and affordable housing.

Few industries have struggled more during the Great Recession than the home building industry. The decline in home construction has been historic and unprecedented. Single-family housing production peaked in early 2006 at an annual rate of 1.8 million homes, but construction fell to 353,000 per year in early 2009, an 80% decline in activity. A normal year driven by underlying demographics should see 1.4 million single-family homes produced. If home building were operating at a normal level, there would be millions of more jobs in home building and related trades.

The improvement in housing markets over the last year has been a welcome change for the economy. Improvements in home prices and building are widespread, with the NAHB/First American Improving Markets Index now standing at a count of 273 of 361 metropolitan statistical areas. NAHB expects new home sales to average 452,000 for 2013 as more consumers regain the confidence to purchase a home.

Construction activities have positive impacts by creating ongoing beneficial impacts in communities as new home purchasers pay taxes and buy goods and services in the community. For example, NAHB estimates the first-year economic impacts of building 100 typical single family homes include \$23.1 million in wage and net business income, \$8.9 million in federal, state and local taxes, and 305 jobs.

Residential construction has finally turned the corner and is contributing to, rather than subtracting from, Gross Domestic Product growth and an improving labor market. Any efforts to ease escalating price pressures, help rebuild the supply chain, and support a continuing housing recovery is smart economic policy. For these reasons, NAHB fully supports multi-use forest management practices for national forests and an increase in the supply of federal timber products. Specifically, NAHB strongly supports Chairman Hastings' *Restoring Healthy Forests for Healthy Communities Act*, which requires the U.S. Forest Service to actively manage its commercial timber lands and increase production of timber products into the market.

## **The Lumber Market and the Housing Industry**

At Fish Construction NW, Inc., my father-in-law and I build approximately fifteen to twenty-five homes per year. In my career, lumber has always been one of our most volatile-priced products. We can see wide price swings over a short period of time, which has a direct effect on the affordability of our houses.

NAHB research shows lumber and wood products account for 15% of the cost of construction for a single family house. The prices of these materials have soared as the housing recovery has gained momentum in 2012. For example, prices of oriented strand board, an engineered wood product, are up 92 percent. Framing lumber is also seeing price increases upwards of 28 percent.

The rising cost of inputs drives up the cost of construction, which in turn, drives up the price of a new home. The impact is of particular concern in the affordable housing sector where relatively small price increases can have an immediate impact on low to moderate income home buyers who are more susceptible to being priced out of the market. A 2012 priced-out analysis done by NAHB illustrates the number of households priced out of the market for a median priced new home due to a \$1,000 price increase. Nationally, this price difference means that when a median new home price increases from \$225,000 to \$226,000, 232,447 households can no longer afford that home.

Home builders are generally small business entrepreneurs. 82 percent of home builders build fewer than 25 homes a year, and 60 percent of NAHB's members build fewer than ten homes a year. Many of these small-volume builders and subcontractors do not have the capital to withstand price volatility in the market, and consequently, increases in building material costs lead to fewer homes constructed.

Global demand for lumber has also grown, especially in China, and U.S. exports have doubled in the last five years. Consequently, there will be additional upward pressure on prices as the housing industry recovers unless additional supply can be brought into the market.

According to the American Forest & Paper Association, one-third of the United States, or approximately 751 million acres of land, is forested. Privately owned forests supply 91 percent of the wood harvested in the United States, and U.S. State and tribal forests supply another 6 percent. Federal forests supply a mere 2 percent of the wood used by the forest products industry.

In 2000, Congress passed the *Secure Rural Schools and Community Self-Determination Act*, which was created to provide transition payments to counties while Congress worked to increase timber production. Despite the law's passage, the federal government has failed to implement active forest management plans, and consequently, the federal timber lands have not been managed properly, nor has there been an increase in harvesting on federal lands.

I live in Vancouver, Washington, which is approximately 10 miles from the Gifford Pinchot National Forest. In our wooded rural neighborhood, the county encourages land owners to remove dead and diseased trees, including dead undergrowth, to reduce the risk of forest fires. It is perplexing to the occupants of the area that we follow these recommendations, while the policies are not implemented in the federal forest just a few miles away.

I commend Chairman Hastings for holding this hearing today and taking steps to discover what barriers the Administration is facing in its pursuit of active forest management plans. It is

important for Congress to take a deep look at these issues and determine what actions can be taken in an environmentally-friendly way.

NAHB strongly supports Chairman Hastings' *Restoring Healthy Forests for Healthy Communities Act*, which encourages increased production on the federal timber lands, and at the same time, remains mindful of important environmental considerations. This legislation will go a long way toward helping rebuild the supply chain and reviving local mills and timber companies, while also ensuring the continued recovery of the housing industry.