

Testimony of

Alicia Huey

On Behalf of the National Association of Home
Builders

Before the House Committee on Ways and Means

Hearing on

“The Burnout Epidemic and What Working Women
Need for a Stronger Economy”

Wednesday, June 15

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB), I am Alicia Huey, NAHB's First Vice Chairman of the Board, and a custom home builder, remodeler and developer based in Birmingham, Alabama. As a successful female business owner in a field traditionally dominated by men, I am proud to testify on the topic of "the burnout epidemic and what working women need for a stronger economy."

I found my way into home building through a circuitous path. Growing up, I wanted to be a schoolteacher. My first job as a teenager was working in a day care center, and in my early 20's, I took over the management of the day care center. It was later in life when I was working with my husband in his title company that the home building bug bit.

I believe strongly in giving back to those less fortunate, and I became actively involved with Habitat for Humanity. I realized through my work with Habitat that my true passion was building homes. In 2000, I founded my own custom home building company, AGH Homes. I build 2 to 3 homes a year and remodel an additional 1 to 2 homes per year. I am proud to be one of fewer than 20 women home builders in Alabama.

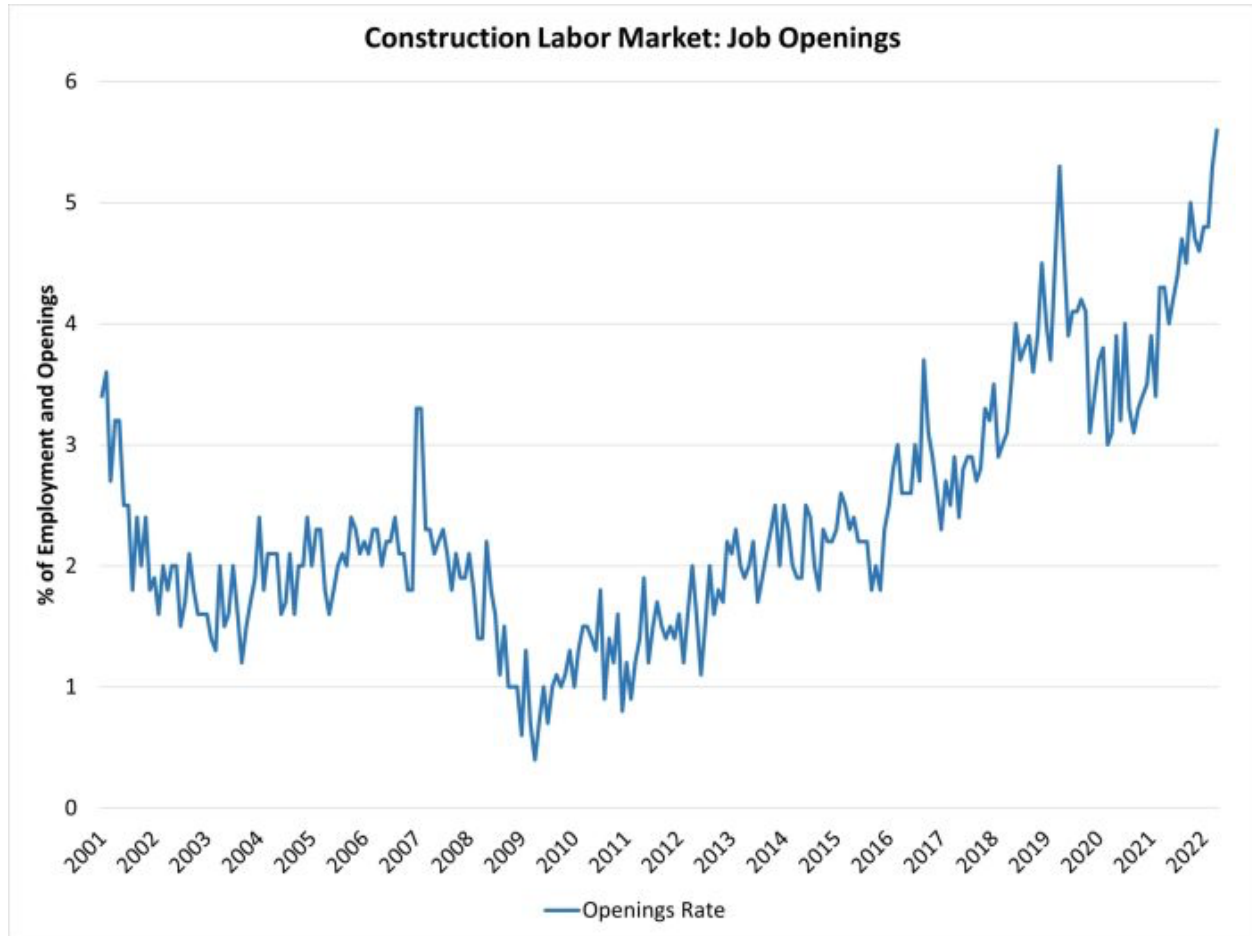
And I am honored that my colleagues around the country have recognized my contributions to the home building industry. Next year I will assume the chairmanship of NAHB's Board of Directors, as the third woman in NAHB's history to hold that role.

I am also passionate about seeing more women welcomed into construction careers. I have been very active within NAHB's Professional Women in Building (PWB) and was recognized in 2008 as PWB's Woman of the Year. I want to ensure the door is open for any woman who wants to enter this field.

Within NAHB, we often refer to the "Five L's" as shorthand for the headwinds facing the industry: labor; lending; local regulatory restrictions; lots; and lumber. In the past 18 months, the headwinds have begun to turn into gale force blasts. This affects me directly as a home builder and business owner, but it also gravely affects the many women who head up their households and are struggling to make ends meet.

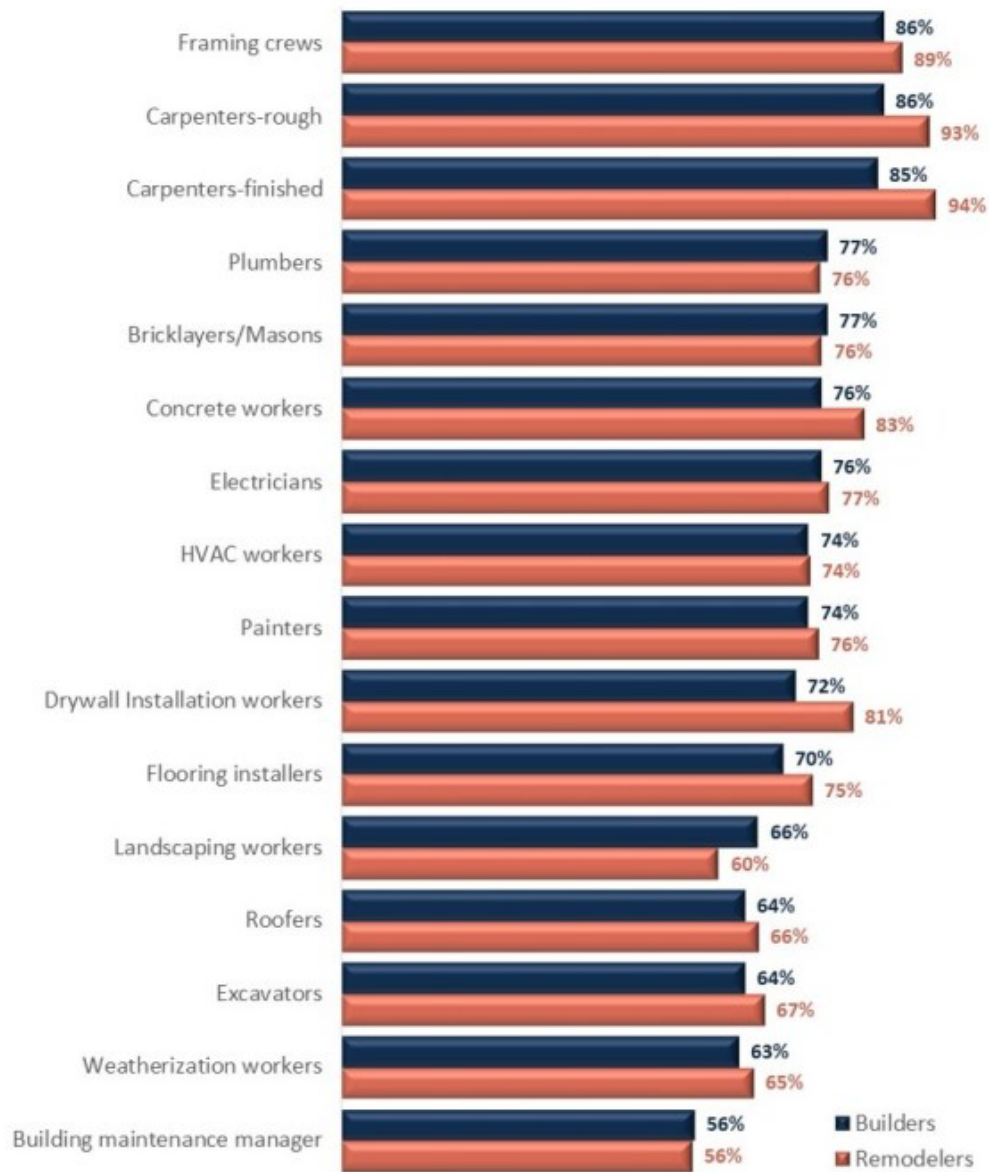
Labor Shortages

The construction sector faces a massive labor shortage that has grown significantly worse over the past year. The count of open construction jobs jumped to a record-high 449,000 unfilled positions in April, according to the Job Openings and Labor Turnover Survey from the Bureau of Labor Statistics. This is the highest measure in the history of the data series, which goes back to late 2000.



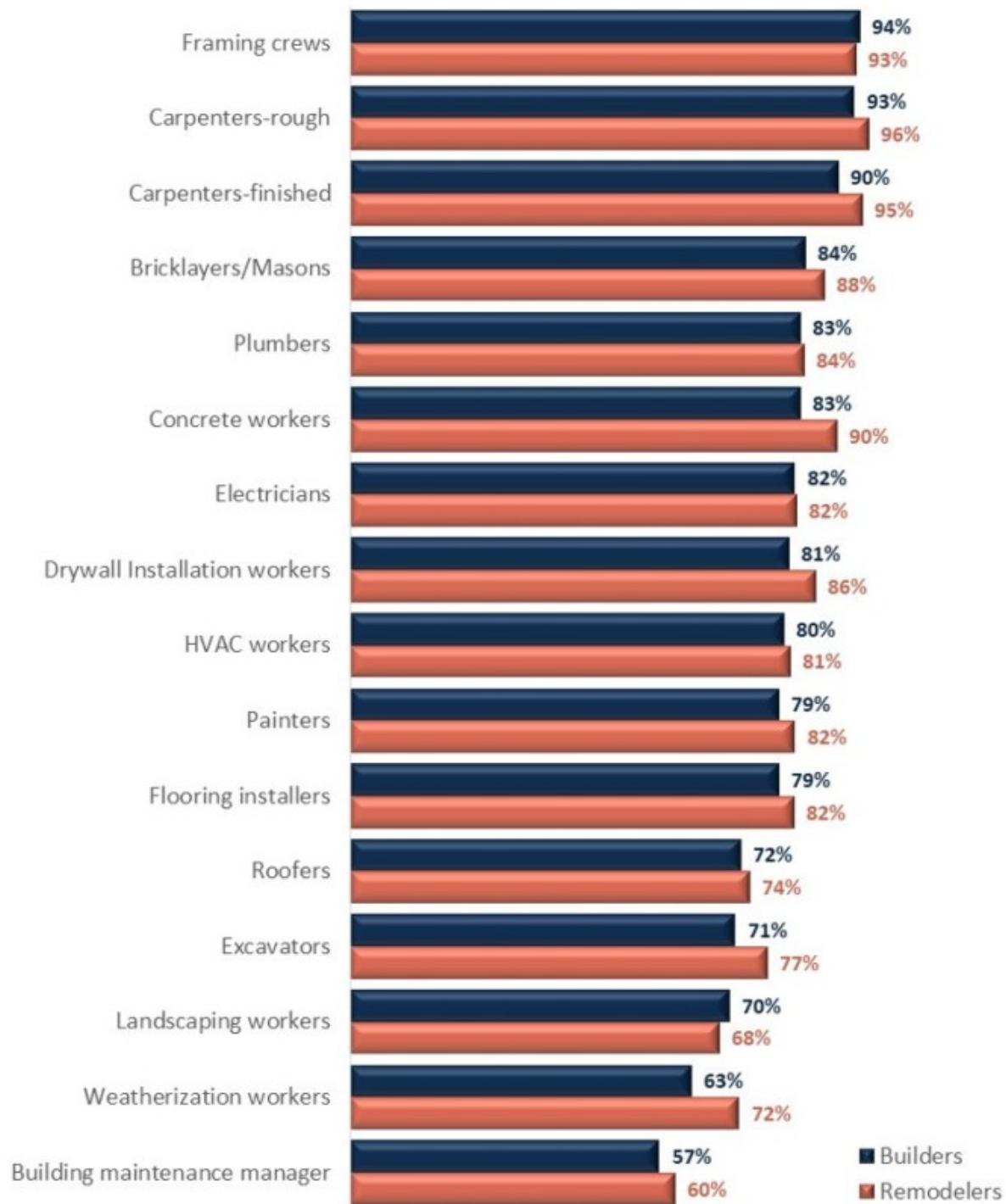
This data is consistent with NAHB's own survey data, which in late 2021 indicated more than 80 percent of single-family builders and remodelers were experiencing a shortage (either serious or some) of framing crews, rough carpenters, and finish carpenters. More than 55% of single-family builders reported labor shortages in EACH of the 16 categories NAHB tracks:

Percent of Builders & Remodelers Reporting Shortages of LABOR (Directly employed)

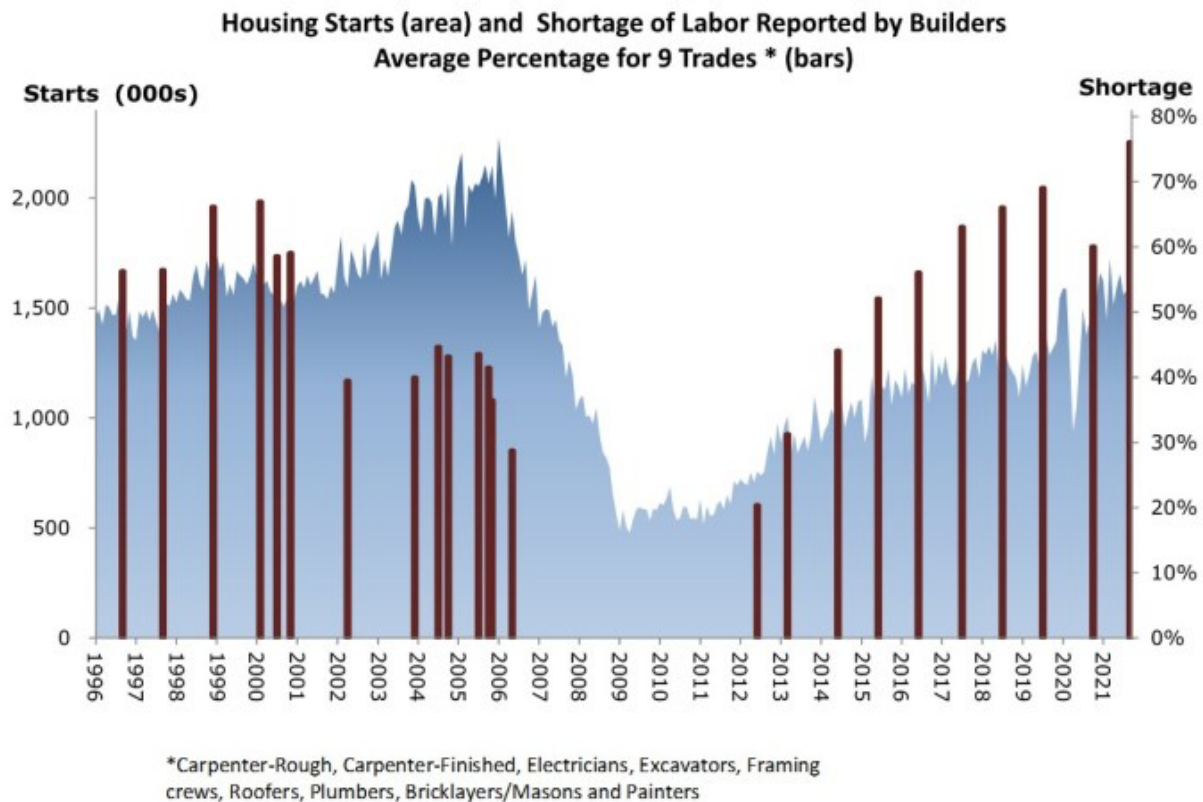


The above results are for labor directly employed by builders and remodelers. In residential construction, a substantial share of the physical work is performed by subcontractors, who employ on average 11 employees, based on NAHB's member survey data. Yet the same surveys indicate that subcontractor shortages are even more widespread than shortages of labor employed directly by the general contractors.

Percent of Builders & Remodelers Reporting Shortages of SUBCONTRACTORS



Comparing trends for labor directly employed by builders since 1996 shows that the industry has never faced such shortfalls as it does now. Averaged across the 9 trades covered during that period, the share of builders reporting a shortage of labor hit a record of 76 percent in October 2021. This is significantly higher than the previously reported peak of 67 percent at the end of the 1990s, when the country was going through an extended period of GDP growth above 4 percent which had driven the unemployment rate down to under 4 percent. And it is much higher than the 45 percent reached during the housing boom of the mid-2000s, when the industry needed to find enough labor to build 2 million homes a year.



Given this historically widespread shortage of labor, along with shortages and spiking prices of building materials and a severe problem of finding lots to build on, it sadly comes as no surprise that NAHB's standard measure of housing affordability has dipped to its lowest level in a decade.¹

Increasing Female Participation in the Construction Trades is One Key to Solving Industry Labor Shortages

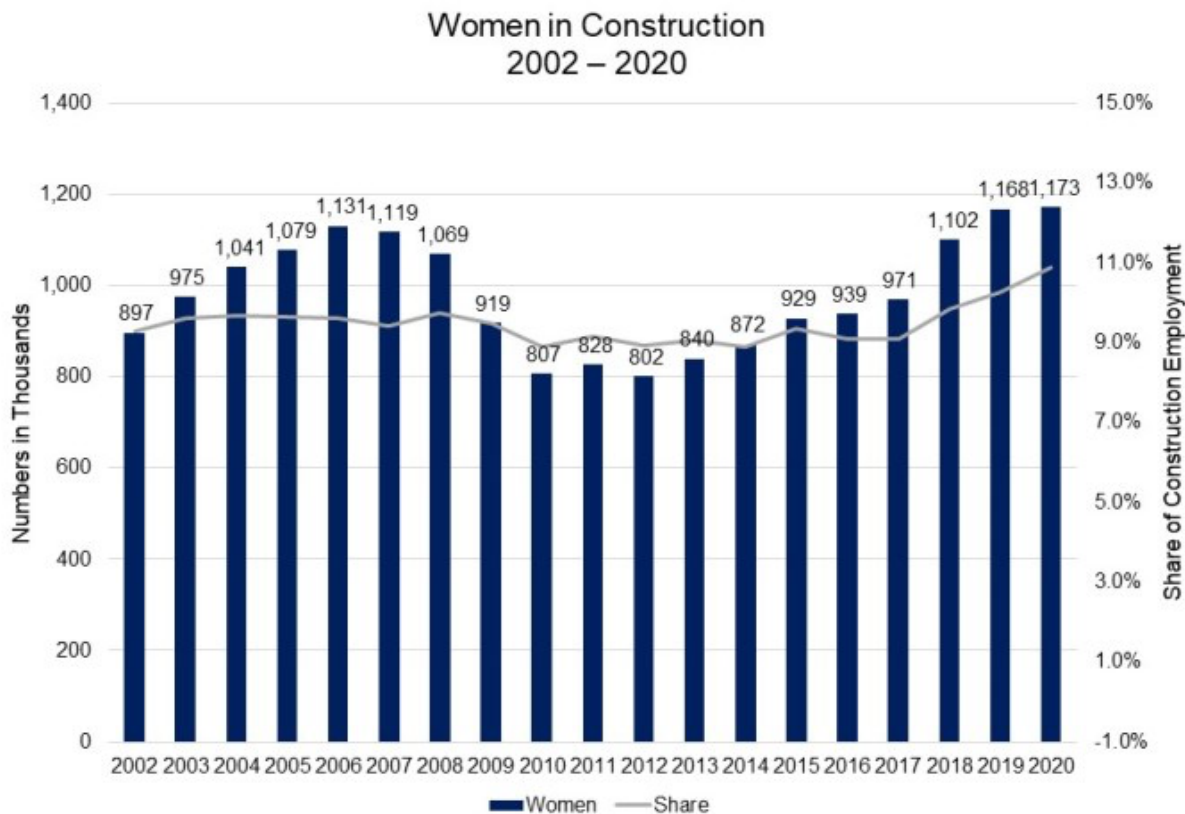
To meet the housing labor demand, the construction industry needs to place 740,00 workers into construction jobs each year for the next three years, or 2.2 million net hires from 2022 through 2024.²

¹ <https://www.nahb.org/news-and-economics/press-releases/2022/05/home-builders-warn-of-significant-affordability-declines>

² <https://hbi.org/wp-content/uploads/Spring-2022-HBI-Construction-Labor-Market-Report.pdf>

Women make up a small, but growing share, of construction employment, rising to around 1.17 million in 2020. Women make up 10.9% of the share of construction employment, up from 10.3% in 2019.³

In the wake of the Great Recession, the number of female construction workers declined sharply by almost 30 percent to 807,000 by 2010. A slow recovery occurred with the total expanding to around 970,000 by 2017, 14% below the pre-recession peak. The number of women in construction only recovered back to those pre-recession levels in 2019.

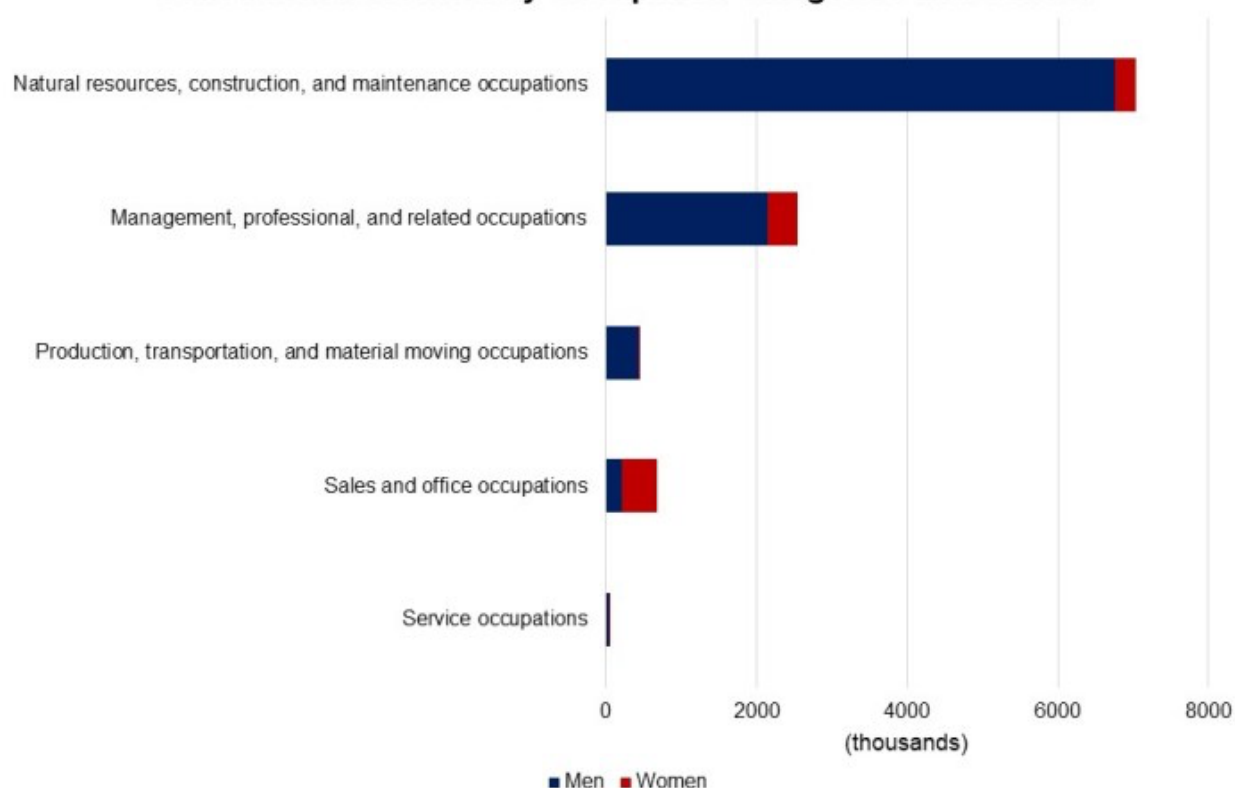


Source: Labor Force Statistics from the Current Population Survey

According to the Current Population Survey, women in construction are mostly involved in occupations such as office and administrative support, management, business, and financial operations. Sales and office occupations employed the largest number of women within the construction industry.

³ <https://eyeonhousing.org/2021/09/american-construction-10-9-of-employment-is-women/>

Construction Workers by Occupation Categories and Gender



Source: 2020 Labor Force Statistics from the Current Population Survey

While construction and maintenance occupations account for the largest number of employees in construction—and this is where more workers are needed—women comprised only six percent of that workforce. More improvement is needed here.

We are hard at work to increase this through our job training arm, the Home Builders Institute (HBI). Women comprise 15 percent of the students in HBI's nationwide training programs, well above the percentage represented in the industry overall. To reach more women, HBI has launched an aggressive campaign to promote a more positive perception of the construction industry.

The campaign includes a strong focus on women who traditionally have been repelled by what they perceive as the industry's overly macho image. This is one of the many barriers to entry women have faced well before the pandemic. HBI advocates for management practices that lead to more inclusive and respectful workplace environments. HBI has also advocated for greater collaboration between the industry and building and trade unions, who share our commitment to greater diversity in the trades.

There are some positive signs of growing interest generally in the trades. Early this month, HBI announced that the number of U.S. secondary schools embracing trade skills curriculum is growing. For decades, technical education has taken a backseat to the college-bound track, which has kept millions of young students from considering a career in the trades. HBI has experienced more than a 300-percent increase in the number of schools licensing its trade skills curriculum since the start of the pandemic.

These programs prepare students for successful and well-paying jobs in the building industry. HBI's 2022 Labor Market Report shows that half of the payroll workers in construction earn more than \$49,070 annually, which compares favorably to the U.S. median wage of \$45,760.⁴ More specialized workers can earn significantly more, with carpenters averaging \$54,200, plumbers \$61,100, and electricians \$61,550.⁵

Reducing Barriers to Entry for Women: Childcare and Paid-Leave

At the same time, we recognize women face numerous barriers to entry in the workplace. Many of these barriers existed well before the pandemic but have worsened as a result. As a country, we must find bipartisan solutions to the high costs of childcare and recognize the importance of paid-leave to care givers.

To solve these challenges, NAHB strongly believes Congress must pursue flexible, targeted, and incentive-based strategies. Mandates, burdensome compliance regimes, and one-size-fits-all solutions only create additional barriers for small businesses.

NAHB's typical builder member is a very small business, with an average of five employees.⁶ And these employees are generally treated as part of their family, whether related or not. Builders want to do the right thing for their employees, especially in times of need, but small businesses also face the reality of little overlap between employee responsibilities. For example, current law under the Family and Medical Leave Act requires a 30-day notice to give time for employers to adjust their workforce needs. Recent proposals that would reduce that notice to just seven days would place tremendous pressure on small businesses. Small businesses need added flexibility if they are to survive and compete.

Government mandates can crush small businesses. If Congress fails to strike the proper balance, the result tends to drive up costs even when the intended effect is to lower costs. For example, some studies suggest the childcare proposal included in the House-passed Build Back Better Act could more than double the cost of childcare.⁷ We cannot risk such a result when dealing with important issues such as access to childcare.

Small businesses compete directly with large businesses that have the infrastructure, staff, and financial ability to offer expanded employee benefits. Even within the home building industry, in many markets, small, local home builders compete for labor against national home builders. For small businesses to thrive, Congress should focus on flexible, incentive-based solutions to allow more employers to provide paid leave and other important benefits.

The Protecting Worker Paychecks and Family Choice Act appropriately takes this approach. It would expand the Paid Family and Medical Leave tax credit to make it more generous for small businesses and make it more affordable for small businesses to offer paid leave by expanding pooling options. Similarly, Congress should ensure that existing tax incentives for employer-provided childcare are flexible for businesses. NAHB supports these types of incentive-based approaches.

⁴ <https://hbi.org/wp-content/uploads/Spring-2022-HBI-Construction-Labor-Market-Report.pdf>

⁵ <https://www.nahb.org/advocacy/top-priorities/workforce-development/careers-in-the-construction-trades>

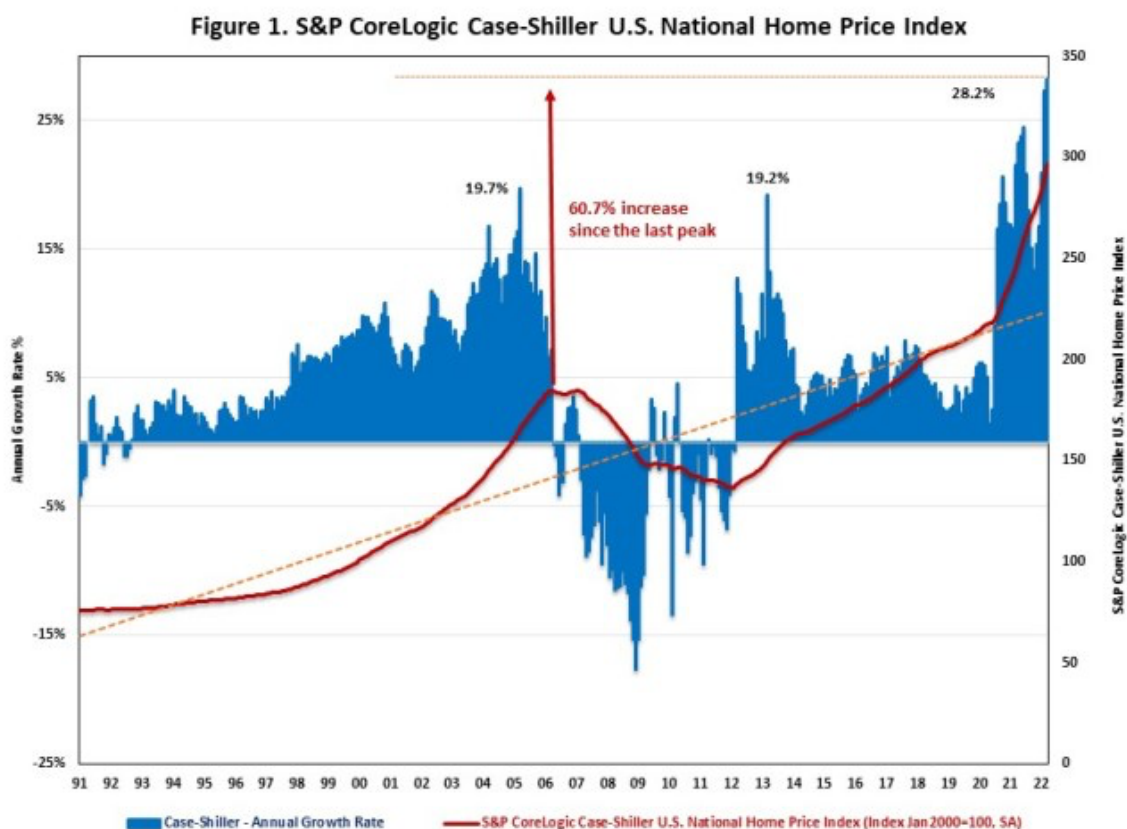
⁶ <https://eyeonhousing.org/2018/04/who-are-nahbs-builder-members-4/>

⁷ <https://committeetounleashprosperity.com/wp-content/uploads/2021/12/BBB-Impact-on-Child-Care.pdf>

Lack of Housing Affordability Hits Female-Led Heads of Household

According to the Census Bureau's Current Population Survey, 30% of children in the United States live with one parent, and it is far more common for children to live with only their mother (21%) than their father (4.5%).⁸ As most single parents are women, the burden of supporting their household financially falls upon them. While the unavailability of paid-leave and childcare is a barrier to women entering the workforce, Congress cannot ignore the equally large role that affordable housing plays.

With home prices and rents rising even faster than inflation, and a growing scarcity of entry-level owner-occupied housing along with affordable rental units, and rising interest rates, Americans are being squeezed hard. National home prices are growing at an unsustainable pace, reaching an all-time high seasonally adjusted annual growth rate of 28.2%.⁹ Forty percent of core inflation is driven by shelter costs.¹⁰ More cost increases are coming for this category, which will add to inflationary forces in the months ahead.



⁸ <https://www.census.gov/library/stories/2021/04/number-of-children-living-only-with-their-mothers-has-doubled-in-past-50-years.html>

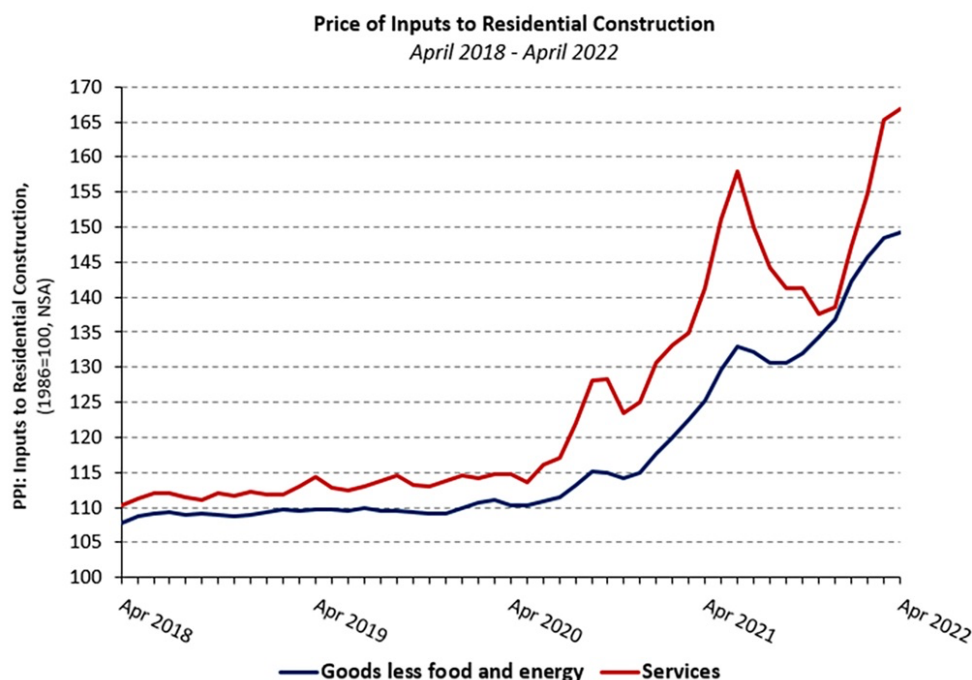
⁹ <https://eyeonhousing.org/2022/05/home-prices-surged-in-march/>

¹⁰ <https://eyeonhousing.org/2022/06/inflation-hits-a-fresh-40-year-high-in-may/>

And prospective home buyers are not only facing higher home prices, but also higher carrying costs due to increases in interest rates, with average mortgage rates now at 5.45%.¹¹

Rising Building Materials Prices, Declining Housing Affordability—Recession on the Horizon

Building material prices collectively are up 19.2% year-over-year and 35.6% since the start of the pandemic.¹² Since the Spring of 2020, lumber prices are up 75%; steel mill prices are up 107%; gypsum/drywall is up 32%; ready-mix concrete is up 11%; interior paint is up 33% and exterior paint is up 48%; aluminum is up 85%; and copper is up 116%.



It comes as no surprise that the median price of a newly built, single-family home increased 19.7% year-over-year. This country was already facing a housing affordability crisis, but the inflationary effects of the building material price increases are squeezing home buyers even more. A year ago, 25% of new home sales were priced below \$300,000. In April, it was only 10%. We have now seen housing affordability fall to a decade low.¹³

Adding to the headwinds, a forty-year high for inflation has caused the Federal Reserve to imply an aggressive path of interest rate hikes. Driven by supply-side constraints for the economy and declines for housing affordability, new home sales declined 16.6% in April to a 591,000 seasonally adjusted rate. This is 26.9% lower than just a year ago. And new home inventory in April jumped to a nine-month supply. The current elevated inventory, up 40% over last year, suggests softening for single-family construction. Similarly, existing home sales fell 2.4% in April and were 5.9% lower than a year ago.

¹¹ <https://eyeonhousing.org/2022/06/high-rates-suppress-refinancing/>

¹² <https://www.nahb.org/blog/2022/05/building-materials-up-more-than-19-percent-year-over-year>

¹³ <https://www.nahb.org/news-and-economics/press-releases/2022/05/new-home-sales-down-on-rising-interest-rates-declining-affordability>

However, existing home inventory remains at a tight 2.2-month supply. This low level of resale inventory is supporting some demand for new construction.

Reflecting these changes, the NAHB/Well Fargo Housing Market Index fell eight points in May to a level of 69. This marks five consecutive months of decline as building conditions weaken due to higher interest rates and growing costs. Indeed, April single-family permits fell 4.6% and single-family starts were down 7.3%. However, multifamily construction remained strong.

The housing market remains underbuilt and requires additional labor, lots, and building materials to add inventory. However, the market is now slowing due to higher interest rates, and this will likely be reflected in the construction labor market data in the months ahead. In other words, NAHB expects to see the number of unfilled positions decline, but not because the labor market has improved, but rather because the economy is slowing, and builders are pulling back.

Declining housing demand and weakening builder sentiment increase recession concerns for next year, as housing traditionally leads the business cycle. While the Federal Reserve is attempting to quell inflation and achieve a soft landing, history suggests that based on current rates of inflation and labor market tightness, the probability of avoiding a recession is small. NAHB is now forecasting a mild recession for mid-2023 given current macro conditions.

Conclusion

As a woman in the construction industry, I face challenges my male colleagues do not. I had to prove myself in a way my male colleagues did not. And from that experience, I want to ensure that any woman who seeks to enter this career field finds the door open.

My focus as a female home builder also expands to how the dramatic reduction in housing affordability is affecting many women-led households in this country. I urge the Committee, when looking at barriers to women entering the workforce, to not discount the effect a lack of affordable housing has on us.

Programs like the Low-Income Housing Tax Credit (LIHTC), which helps finance the production and preservation of affordable rental housing, are critically important. But as successful as LIHTC has been, it needs more resources to meet the demand, which is why we support the Affordable Housing Credit Improvement Act (H.R. 2573). NAHB is also championing reforms to the mortgage interest deduction. Specifically, NAHB supports converting the mortgage interest deduction to a targeted, ongoing mortgage interest credit, which would better reach lower and moderate-income Americans.

Rising home prices and interest rates are taking a terrible toll on housing affordability, with 87.5 million households — or roughly 69% of all U.S. households — unable to afford a new median-priced home. In other words, seven out of 10 households lack the income to qualify for a mortgage under standard underwriting criteria.

These staggering statistics are part of NAHB's recently released 2022 priced-out estimates,¹⁴ which indicate that if the median new home price goes up by \$1,000, an additional 117,932 households would be priced out of the market. Among all the states, California registered the largest number of households that would be priced out of the market. A \$1,000 price increase would push 12,411

¹⁴ <https://www.nahb.org/News-and-Economics/Housing-Economics/Housings-Economic-Impact/Households-Priced-Out-by-Higher-House-Prices-and-Interest-Rates>

households out of the market in the Golden State, followed by Texas (11,108), and Florida (6,931). It should be noted that these are the country's three most populous states.

The metropolitan area with the largest priced out effect, in terms of absolute numbers, is New York-Newark-Jersey City, N.Y.-N.J.-Pa., where 4,734 households would be squeezed out of the market for a new median-priced home if the price increases by \$1,000.¹⁵

Congress must directly confront the supply-side challenges that are driving up inflation. We urge you to call on the Biden Administration to suspend tariffs on Canadian lumber imports into the United States and to immediately enter into negotiations with Canada on a new softwood lumber agreement. Congress should immediately pass the No Timber for Tyrants Act, which would ban lumber imports from Russia and ramp up responsible harvesting of timber from federal lands. And we hope to see the Ocean Shipping Reform Act signed into law soon, which should help ease some supply chain bottlenecks.

Congress must also ensure that vocational training opportunities stand on the same footing as a four-year college path. These are good paying jobs, and no one should look down on those who enter the trades. And with that, Congress should work in a bipartisan fashion to remove barriers that exist for women entering the workforce and promote the trades as a career path for women.

My business and other businesses are struggling with the effects of inflation, and I am concerned about the prospects for a recession next year. Solving these issues in a bipartisan manner should be a matter of urgency. Critical issues like paid-leave and affordable childcare, alongside affordable housing, need solutions with an immediate impact to help working families and small businesses.

Today, hundreds of NAHB members are on Capitol Hill as part of our annual legislative conference. We are meeting with lawmakers from around the country to discuss how we can address housing affordability, the dramatic increase in building material prices, and our workforce needs. I urge Congress to take this challenge seriously: what can we do as a society to ensure every American—woman, man, and child—has access to safe, quality, and affordable housing?

¹⁵ <https://eyeonhousing.org/2022/02/nahb-2022-priced-out-estimates/>