



To: House Committee on Natural Resources Republican Members and Members of the Congressional Western Caucus
From: National Parks, Forests and Public Lands Subcommittee; Aniela Butler (Aniela@mail.house.gov) and Brandon Miller (Brandon.Miller@mail.house.gov)
Date: June 28, 2021
Subject: Republican Oversight Forum on Skyrocketing Lumber Prices: A Nationwide Problem That's Been Years in the Making

The Committee on Natural Resources Republicans and Members of the Congressional Western Caucus will hold a forum to examine the role improved federal forest management, increased sawmill capacity, and revitalized infrastructure can play in addressing skyrocketing lumber prices as well as the health and resiliency of our nation's forests on **Tuesday, June 29, 2021, at 10:00 a.m. (EDT)** online via Zoom and in person.

Member offices are requested to notify Aniela Butler (Aniela@mail.house.gov) **no later than Monday, June 28, 2021, at 4:00 p.m. (EDT)** if their Member intends to participate. All Members are encouraged to participate. This will be our first hybrid forum where Members can join in person without needing to use their personal computers. We will have tables, chairs, microphones, and a camera set up in Room 268 in the Capitol Visitor Center so Members can participate together without logging onto Zoom individually. To continue hearing from local stakeholders and rural Americans who don't have the resources to travel to D.C., we will still provide a virtual option for out-of-town witnesses via Zoom.

Please contact Bailey La Sage (Bailey.LaSage@mail.house.gov) should any technical difficulties arise.

I. KEY MESSAGES

- A perfect storm of new home building, remodeling, and DIY projects during the COVID-19 pandemic created an unprecedented demand for new lumber, along with other materials like steel, concrete and copper. The increased demand has driven up prices and resulted in shortages of these materials.
- Unprecedented stress on the supply chain, coupled with a lack of sawmill infrastructure and federal trade, labor, transportation, and timber harvesting policies, have all contributed to the current lumber shortage.

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Page 1 of 5



- No single policy can stabilize lumber prices, but Congress can take important action – like incentivizing better forest management and utilization of our national forests – to help address this issue and reduce prices for the average consumer.
- These actions are not only important to stabilize lumber prices, they are vital to restoring the health and resiliency of our national forests. Last year, 10.3 million acres burned in another historic wildfire season. Actively managing our national forests with tools like thinning, prescribed burns, and timber harvesting is critical to reducing the likelihood and severity of catastrophic wildfires.

II. WITNESSES

- **Mr. Bill Imbergamo**, Executive Director, Federal Forest Resource Coalition
- **Ms. Caroline Dauzat**, Owner, Rex Lumber
- **Mr. Marshall Thomas**, President, F&W Forestry
- **Mr. John “Chuck” Fowke**, Chairman, National Association of Home Builders

III. BACKGROUND

Lumber Prices Surge

As Americans were kept home during the COVID-19 pandemic, many turned their attention to home renovation and expansion projects. Home renovation spending increased by 7.3 percent in 2021, after growing by 5.3 percent in 2020.¹ Home Depot and Lowe’s reported increases of 32.7 percent and 24 percent, respectively, in sales in the first quarter of 2021 compared with the same period in 2020.² In addition to do-it-yourself and commercial construction, U.S. housing new starts increased more than 30 percent from early 2020 to early 2021.³

This surge in usage, which marked a 15 year high, coupled with a lack of mill infrastructure and a variety of other factors, culminated in the perfect storm: skyrocketing wood costs.⁴ Lumber prices hit an all-time high this May, topping \$1,500 per thousand board feet, which is more than four times the prices recorded the previous spring.⁵ These soaring prices caused the average price of a new single-family home to increase by \$35,872.⁶ Prices for new multifamily homes have risen \$13,000, which translates to households paying \$119 more a month to rent a new apartment.⁷

¹ “U.S. Housing Starts near 15-Year High; Consumer Sentiment Rises Moderately.” *Reuters*, Thomson Reuters, 16 Apr. 2021, www.reuters.com/business/us-housing-starts-increase-more-than-expected-march-2021-04-16/

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ “Why Lumber Prices Soared in 2021.” *Fastmarkets*, Fastmarkets, 22 June 2021, www.fastmarkets.com/article/3995140/why-lumber-prices-soared-in-2021.

⁶ “Skyrocketing Lumber Prices Add Nearly \$36,000 to New Home Prices.” *NAHB*, www.nahb.org/news-and-economics/industry-news/press-releases/2021/04/skyrocketing-lumber-prices-add-nearly-36000-to-new-home-prices.

⁷ *Id.*

While lumber prices have begun to cool slightly in the last month, commodity experts do not believe we will see a return to pre-pandemic level prices in the foreseeable future.⁸ In fact, the market was already experiencing a 33 percent shortage of lumber supply before the pandemic hit and demand spiked.⁹ Increasing mill capacity cannot be done quickly either. A new mill generally takes about two years to complete. The equipment in a mill is highly specialized and recent investments in mills in the southern United States have led to even longer lead times for mill equipment.¹⁰ As a result of the existing logjam for mill equipment construction of new mills will likely take more than two years to complete.¹¹

Lack of Reliable Timber Impact on Mill Infrastructure

The significant capital and time required to ramp up new mills and increase mill capacity requires reliable supplies of timber to justify the investment. Unfortunately, for decades there has been a steady decline of timber being responsibly harvested from our federal forests and that decline has negatively impacted mills that rely on federal timber for their supply. While under the Trump Administration the Forest Service achieved 22-year highs in timber volume sold¹², U.S. Forest Service data shows 2.5 billion board feet (BBF) of timber were harvested in fiscal year 2020, down from 10.5 BBF just 30 years ago.¹³ In 1986, timber harvest for our national forests accounted for 13 percent of all timber production in the US.¹⁴ That total has steadily declined and by 2011 just 2 percent of all paper and wood products originated on our national forests.¹⁵

This reality has hit Western states especially hard, as they rely much more heavily upon federal timber than other regions of the country that receive the bulk of their supply from private lands. In the late 1980s, roughly 40 percent of the timber harvested in Western states came from federal forests.¹⁶ That percentage drastically declined in the years since to less than 10 percent.¹⁷ The economic impact of that Western decline in timber production has been enormous. Between 1989 and 2008, there were 474 mill closures in Western states which resulted in 51,348 jobs lost.¹⁸

⁸ “Lumber Prices Are Cooling after Rallying over 400% in 12 Months. Here Is Where 4 Experts Say the Red-Hot Commodity Goes from Here.” *Business Insider*, Business Insider, markets.businessinsider.com/news/stocks/lumber-price-outlook-futures-shortage-demand-commodity-inflation-2021-6-1030537230

⁹ *Id.*

¹⁰ Conerly, Bill. “Why Lumber And Plywood Prices Are So High-And When They Will Come Down.” *Forbes*, Forbes Magazine, 22 May 2021, www.forbes.com/sites/billconerly/2021/05/22/why-lumber-and-plywood-prices-are-so-high-and-when-they-will-come-down/?sh=30722a414b71.

¹¹ *Id.*

¹² <https://www.fs.usda.gov/inside-fs/leadership/forest-service-accomplishments-2019>

¹³ https://www.fs.fed.us/forestmanagement/documents/sold-harvest/reports/2020/2020_Q1-Q4_CandS_SW.pdf

¹⁴ Riddle, Anne. “Timber Harvesting on Federal Lands.” *Crs.gov*, Congressional Research Service, 10 Apr. 2020, www.crs.gov/Reports/R45688?source=search&guid=93e20923d26640efbf56d6937d0e5687&index=2

¹⁵ *Id.*

¹⁶ Keegan, Charles E., et al. “Timber-Processing Capacity and Capabilities in the Western United States.” *OUP Academic*, Oxford University Press, 1 July 2006, academic.oup.com/jof/article/104/5/262/4598722

¹⁷ *Id.*

¹⁸ *Id.*; https://republicans-naturalresources.house.gov/UploadedFiles/Mill_Closures_W_1989-2009.pdf

A very recent example of this ongoing dynamic was seen in the announced closure of the Neiman Enterprises sawmill in South Dakota after the Forests Service's Rocky Mountain Research Station released a new General Technical Report (GRT) calling for a 50-60 percent reduction in timber production for the Black Hills National Forest over the next several decades.¹⁸ The mill closure will eliminate 120 well-paying jobs and 12 contract timber crews in a community where more than 15 percent of the population live in poverty and per capita income is 28 percent below the state median.¹⁹ Forestry experts believe this closure is far from the only casualty and could lead to more than 1,200 lost jobs in Western South Dakota and Northeast Wyoming.²⁰

Forest Health and Wildfires

In addition to the undeniable job and economic losses caused by the decline of timber harvesting on federal lands, the lack of active forest management has also had disastrous impacts on local communities in the form of catastrophic wildfires. Western states are experiencing increasingly devastating fire seasons that are lasting longer and causing more damage than ever before. Over 68 million acres burned in the last decade and over 10 million acres burned in 2020 alone.²⁰ Worse still is the tragic death and destruction left in the wake of these yearly disasters. Tragically, last year alone, 44 people died in wildfires, and over 13,000 properties were destroyed.²¹ Sadly, earlier this month, another life was tragically lost when smokejumper Tim Hart passed away while fighting the Eicks Fire in New Mexico.²³

Extreme environmental groups have worked very hard to advance the false narrative that climate change is solely responsible for the increasing vulnerability of our forests.²² The truth is that the decline of responsible timber harvesting and the lack of active management are the undeniable real culprits. This decline is directly related to the increased weaponization of litigation by extreme environmental groups as well as misguided preservationist management regulations and designations that have left far too many of our public lands at extreme risk for wildfire. The Department of the Interior and the Forest Service have identified a combined total of 117 million acres of public land as having a high or very high wildfire potential (63 million acres for FS; 54 million for DOI).²³

¹⁸ https://www.fs.fed.us/rm/pubs_series/rmrs/gtr/rmrs_gtr422.pdf

¹⁹ Thompson, Nathan. "Hill City Saw Mill Closes, Eliminating 120 Jobs." *Rapid City Journal Media Group*, 27 Apr. 2021, [rapidcityjournal.com/business/local/hill-city-saw-mill-closes-eliminating-120-jobs/article_7d329c67-85ef-5265-9992-f34cdc545cf1.html](https://www.rapidcityjournal.com/business/local/hill-city-saw-mill-closes-eliminating-120-jobs/article_7d329c67-85ef-5265-9992-f34cdc545cf1.html); <https://worldpopulationreview.com/us-cities/hill-city-sd-population>

²⁰ Pitlick, Wendy. "Hill City Sawmill Closure Causes Massive Economic Losses to Region." *Black Hills Pioneer*, 29 Apr. 2021, www.bhpioneer.com/local_news/hill-city-sawmill-closure-causes-massive-economic-losses-to-region/article_fc8d8ff2-a902-11eb-b518-5f8a267011e3.html

²¹ <https://www.iii.org/fact-statistic/facts-statistics-wildfires>

²² <https://disasterphilanthropy.org/disaster/2020-california-wildfires>

²³ <https://wildfiretoday.com/2021/06/03/smokejumper-tim-hart-passes-away/>.

²² "Is Global Warming Fueling Increased Wildfire Risks?" Union of Concerned Scientists. July 24, 2018. Accessed January 31, 2019. <https://www.ucsusa.org/global-warming/science-and-impacts/impacts/global-warming-and-wildfire.html#.XFNV7apKiUl>.

²³ "Federal Wildfire Management: Ten-Year Funding Trends and ..." [crsreports.congress.gov/product/pdf/R/R46583](https://www.crsreports.congress.gov/product/pdf/R/R46583)

Continuing to mismanage our forests not only negatively impacts lumber prices and the rural communities that have lost much needed economic production, but it is also fueling the wildfire crisis that is wreaking yearly havoc on our Western landscapes and causing immense environmental damage. Bills like the Resilient Federal Forests Act address these challenges by streamlining environmental reviews for critical forest management projects, addressing obstructionist and frivolous litigation, and maximizing existing funding sources to increase resources for active forest management. This legislation, which has previously passed the House twice, will be introduced in July by Ranking Member Bruce Westerman. Reforms like those contained in the legislation are vital to reverse the devastating trend of wildfires and return to commonsense management to our public lands. Doing so will be a win for the economy, a win for the environment, and ultimately a win for the future of the United States.