



**Testimony of Chuck Fowke  
Founder and President, Homes by John C. Fowke Inc.  
On Behalf of the  
National Association of Home Builders**

**House Natural Resources and Congressional Western Caucus Republicans**

**Forum on How Better Forest Management and Revitalized Infrastructure Can Reduce  
Prices for Consumers**

**Tuesday, June 29, 2021**

## Introduction

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB), I appreciate the opportunity to join this conversation today. My name is Chuck Fowke, and I am Founder and President, Homes by John C. Fowke Inc. in Valrico, Florida.

Americans are facing record high prices on lumber products in the wake of the COVID-19 pandemic due to increased demand and supply-side constraints. The increases are harming housing affordability and preventing millions of households from being able to achieve the American dream of homeownership. Lumber prices have increased more than 200 percent since April 2020, oriented strand board (OSB) prices are up nearly 400%, and the Random Lengths Framing Composite Index price shot past the \$1,500 barrier for the first time ever on May 18, 2021. These historic price increases are dramatically raising home prices and rental costs and threaten the nation's economic recovery.

The effects of the record high lumber prices are the most visible within the housing market. Housing has been a bright spot for the U.S. economy as the nation continues to recover from the COVID-19 pandemic. However, there is mounting evidence that this success is at risk as builders have seen a dramatic increase in the cost of materials, particularly lumber. Although housing starts for the last six months have averaged a seasonally adjusted annual rate of 1.6 million—a level not seen since 2006—a recent report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau indicated April housing starts fell sharply by 9.5 percent.

The unprecedented price increases are also worsening the ongoing housing affordability crisis. NAHB estimates the dramatic rise in lumber prices have added nearly \$36,000 to the price of the average new single-family home, and nearly \$13,000 to the price of a new multifamily home since April 2020. This is particularly concerning when viewed within the context of minority homeownership rates. The homeownership rate among white households was 73 percent in 2018 while it was 58 percent, 47 percent, and 42 percent for Asian, Hispanic, and African-American households, respectively. Roughly 60 percent of American households cannot afford a median-priced new home. All Americans should have the ability to achieve the American dream of owning their own home, but these lumber prices are only exacerbating the affordability challenges we face.

Unfortunately, the necessary conditions for today's historically high prices have existed for some time. The COVID-19 pandemic merely exposed the structural weaknesses in our domestic lumber supply chain. This is particularly true when it comes to our domestic production of timber on federally owned lands. NAHB believes part of the solution is to increase domestic lumber production from federal lands, both as a means to improve housing affordability and address the resilience of our national forests. This would be in addition to resolving the long-standing trade dispute with Canada over softwood lumber imports as well as solving supply chain and labor supply disruptions that continue to linger. Ultimately, this will only be solved if

Congress and the Administration makes lumber a top priority as we have seen with other disruptive supply chain challenges such as semiconductors.

### **Win-Win-Win**

Over the course of three decades there has been a dramatic decline in timber production from our federally owned forests. The result of this decline is fewer jobs and productivity in the forestry sector, fewer board feet of domestically produced lumber entering the market, and a marked increase in acreage ravaged by insects, disease, and fire.

We must strike a more appropriate balance in how we manage our national forests system. Doing so will restore the health of one of our great natural resources and offers the potential to reinvigorate the forestry industry while improving housing affordability. That's the true definition of a win-win-win.

From the mid 1950s to the mid 1990s, timber harvests from the National Forest System averaged between 10 and 12 billion board feet (bbf) per year. That number plunged to an average of between 1.5 and 3.3 bbf per year in the mid 1990s and has remained artificially low ever since.

So what happened? The unfortunate reality is that bureaucratic red tape and litigation have conspired to cripple the once-thriving timber industry that relies on harvesting logs from federal lands.

Equally troubling, decades of poor land management have led to declining health in our national forests. Evidence of this is seen in the substantial acreage under threat from insects and disease as well as devastating fires that have laid waste to millions of acres of forestland. The United States Forest Service 2013-2027 National Forest Disease and Insect Risk Assessment calculates 81.3 million acres of national forestland are at risk from insects and diseases.<sup>1</sup> And since the mid-1990s, substantial additional acres per year, on average, have been lost to catastrophic wildfires.<sup>2</sup>

Restoring the health of our national forests depends critically on the ability of foresters to actively manage these invaluable resources. To untie the hands of our foresters, Congress must act in concert with the Administration to reduce regulatory and legal burdens. Expedited environmental analysis review for certain forest management projects, as well as arbitration in lieu of litigation, are positive steps toward putting responsible forest management decisions back in the hands of professionals and preventing them from being tied up on some bureaucrat's desk or worse still, in a courtroom.

---

<sup>1</sup> USFS, National Disease and Insect Risk Maps, [https://www.fs.fed.us/foresthealth/technology/pdfs/2012\\_RiskMap\\_Report\\_web.pdf](https://www.fs.fed.us/foresthealth/technology/pdfs/2012_RiskMap_Report_web.pdf)

<sup>2</sup> National Interagency Fire Center, Total Wildland Fires and Acres (1983-2020), [https://www.nifc.gov/fireInfo/fireInfo\\_stats\\_totalFires.html](https://www.nifc.gov/fireInfo/fireInfo_stats_totalFires.html)

## **The Lumber Market, the Housing Industry, and Unlocking Economic Growth**

Among building materials, lumber accounts for the largest share of the cost of a new home. It is used for wood-frame residential construction and is common for interior and finishing purposes, such as windows and doors. NAHB research shows that, at current prices, lumber has added approximately \$36,000 of the cost of constructing a typical single-family home. As such, lumber price increases have severe effects on our nation's housing market.

Even modest price increases in the cost of lumber can deny many American families an opportunity to achieve homeownership. Congress and the administration can take positive steps to reduce the cost of housing by increasing the supply of domestically produced lumber from federal lands. Doing so would help reduce headwinds slowing housing production, add fuel to the economy, and address the housing affordability crisis.

Unlocking the demand for housing has the potential to significantly grow the economy. Building an average single-family home creates 2.9 jobs and provides \$129,647 in taxes while building an average rental apartment creates 1.25 jobs and \$55,909 taxes. Every \$100,000 spent on remodeling creates .75 jobs and \$29,797 in tax revenue.

In addition to adding fuel to the economy, increasing the supply of domestically produced lumber off federal lands holds the potential to meaningfully address the current housing affordability crisis. A 2021 analysis by NAHB shows that nationwide, an increase of just \$1,000 in the median new home price will leave 153,967 households priced out of the market.<sup>3</sup>

Any efforts to ease escalating price pressures and help rebuild the lumber supply chain are 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.

### **Conclusion**

According to the American Forest & Paper Association, one-third of the United States, or approximately 766 million acres of land, is forested. Privately-owned forests account for approximately 58 percent of that and supply 90 percent of the wood harvested in the United States. On the other hand, U.S. state, tribal, and Federal forests comprise 42 percent of our forestlands and supply a mere 8 percent of the wood used by the forest products industry. We are not doing a very good job of managing this critically important, sustainable, renewable resource.

As the U.S. housing market continues to grow to meet our nation's housing demand and make up for a decade of under building, demand for lumber and other building materials will

---

<sup>3</sup> <https://eyeonhousing.org/2021/03/nahb-2021-priced-out-estimates/>

increase. Moreover, global demand for lumber is also increasing, especially in China. Unless additional supply can be brought into the market, there will be ongoing upward pressure on prices.

I commend Ranking Member Westerman for holding this important forum today. It is important for Congress to take a deep look at these issues and determine what actions can be taken to better manage our forest lands and address our nation's troubled lumber supply chain.