

May 21, 2021

The Honorable Joseph R. Biden
President of the United States
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Biden:

We are writing to express our growing concern about how the unprecedented increases in the cost of building materials is impacting housing prices, making multifamily development more expensive, and homeownership even more difficult for first time home buyers.

Lumber costs have increased nearly 400 percent, according to the National Association of Homebuilders. This translates to an additional \$36,000 cost to consumers building a single-family home, forcing sales to fall through and projects to be sidelined in an already stressed market. The same costs translate to an additional \$13,000 per unit for a multifamily building in development. This means a 100-unit property is now facing an unexpected \$1.3 million in development costs.

The problem goes beyond lumber, though lumber costs represent a disproportionate share of the overall issue. The prices for steel, gypsum products and concrete all continue to climb at a record pace. Steel prices have climbed 22 percent over the past three months, at an increasingly steep rate. Prices for gypsum products have increased 12.5 percent during the past year, surging over the last two months. Ready-mix concrete prices have gone up in each region of the country.

The problem is even more deeply felt for multifamily affordable housing developments, which operate on narrower margins and have restricted rents making it harder to absorb the fluctuations of the market. As a result, an increasing number of affordable housing developments are no longer economic and not being built. This makes affordable housing even harder to produce, leading to supply shortages that drive up rents for market rate housing in a vicious cycle.

To address this growing crisis, we request that the White House convene a Building Supply Summit to address the rising price of materials and create a Building Supply task force at the U.S. Department of Commerce to investigate the root causes and develop practical solutions.

Sincerely,

The National Housing Conference
AFL-CIO Housing Investment Trust
Atlanta Neighborhood Development Partnership
California Housing Consortium
Eden Housing
Enterprise Community Partners, Inc.
Federation of Appalachian Housing Enterprises
Gulf Coast Housing Partnership
Housing Partnership Equity Trust
Local Initiatives Support Corporation/National
Equity Fund

Low-Income Investment Fund
MacDonald Companies
National Association of Affordable Housing
Lenders
National Association of Home Builders
National Community Stabilization Trust
National Council of State Housing Agencies
National NeighborWorks Association
Novogradac
ULI Terwilliger Center for Housing
WNC