Talking Points on Key Housing Issues

November 2025

The following talking points help tell the residential construction industry story to the media, policymakers, NAHB members, local/civic organizations and consumers.

Key NAHB Housing Issues

1. **How the Government Shutdown Affects Housing.** The most immediate concern is the lapse of the National Flood Insurance Program. NAHB has compiled a list of government programs that could affect home builders and housing stakeholders under the current shutdown.

2. **New Tariffs on Lumber, Kitchen Cabinets and Furniture.** In a move that could raise construction costs, the U.S. Commerce Department imposed a 10% tariff on all timber and lumber imports and an additional 25% tariff on kitchen cabinets and furniture that went into effect on Oct. 14.

3. **One Big Beautiful Bill Act a Big Win for our Members.** NAHB helped secure several key housing and business provisions in this sweeping tax and domestic policy legislation that will benefit small businesses, real estate and our members.

4. **Fed's Easing Raises Hopes for Improved Housing Affordability.** The Federal Reserve's September and October rate cuts will have a direct, beneficial impact on builders, especially those relying on acquisition, development and construction loans.

5. **A Productive Year on the Advocacy Front.** NAHB has made solid progress in advancing our housing policy objectives in the first nine months of the new Congress and administration.

6. **Housing Market Snapshot**: Due to the government shutdown, no data was released for September housing starts and new home sales. Existing home sales posted a gain in September and builder confidence registered a solid five-point increase in October to a reading of 37.

How the Government Shutdown Affects Housing

- With the government shutdown entering its second month, NAHB continues to call on congressional Republicans and Democrats to reach an agreement to quickly reopen the government.

- NAHB has been warning lawmakers that a long-term shutdown could have significant impacts on mortgage accessibility and reduce housing demand.

- Of particular concern is the lapse in funding for the National Flood Insurance Program (NFIP), which is delaying all new home sales and insurance renewals for property owners who have federally backed mortgage for homes or properties that lie in a Special Flood Hazard Area.

- Businesses seeking new permits under the Clean Water Act or applications under review are not being processed during the government shutdown. And businesses in states where EPA is the primary permitting authority may notice a delay in the issuance of their stormwater permits.

- More information on how the shutdown could affect home builders and housing stakeholders can be found here.

- At the request of the White House, NAHB Chairman Buddy Hughes recently recorded a video to urge Congress to end the government shutdown. His message highlights how the government closure is affecting housing.

- View the NAHB chairman's message to Congress.

- NAHB also joined with a broad cross-section of business associations to issue a statement on Oct. 30 urging "Congress to swiftly pass a clean continuing resolution to reopen the federal government. Immediately reopening the government would avert further economic disruption and give Congress and the administration time to negotiate a longer-term funding package and address other pressing issues," the joint statement said.

- NAHB remains engaged with lawmakers and continues to monitor the situation closely.

Higher Tariffs on Lumber, Furniture and Kitchen Cabinets

This section on tariffs is updated as of 11 a.m. ET on Oct. 31, 2025.

- In a move that could raise construction costs, the U.S. Commerce Department imposed a 10% tariff on all timber and lumber imports and an additional 25% tariff on kitchen cabinets and furniture that went into effect on Oct. 14.

- Moreover, the tariffs on furniture products are slated to rise to 30% on Jan. 1, 2026, and the kitchen cabinet levies are scheduled to double to 50% on the same date.

- The U.S. imports roughly one-third of the lumber it consumes because America does not produce enough softwood lumber to meet domestic demand. Canada accounts for nearly 85% of all U.S. lumber imports.

- In the past several weeks the Commerce Department has more than doubled duties on Canadian lumber from 14.5% to 35%. This latest action means that duties on Canadian lumber will rise an additional 10% to 45%.

- The tariffs were imposed under Section 232 of the Trade Expansion Act of 1962. Section 232 allows the president to enact trade restrictions if the U.S. government determines they are a threat to national security.

- While the 10% tax rate on lumber and timber will put upward pressure on construction costs, it is significantly lower than other Section 232 tariffs. For example, following other Section 232 investigations, **a tariff of 50% was imposed on steel, aluminum and copper imports**.

Tariff Whiplash Has Already Hurt Housing Affordability

- The on-again, off-again nature of the tariffs and threats of higher levies have already had a negative effect on housing affordability by creating business uncertainty and disrupting building material supply chains.

- In an April survey, builders estimated that recent actions on tariffs will add $10,900 to the average cost of a new home.

- And in a May survey of builders, 78% reported difficulties pricing their homes recently due to uncertainty around material prices.

- Further compounding affordability concerns is the fact that the cost of building materials has already risen 41.6% in the five years since the pandemic – well above the 21.9% rate of inflation.

- Last year alone, nearly $70 billion in construction and housing goods were imported, including softwood lumber, appliances, roof shingles and much more.

- With housing affordability already near a historic low, NAHB continues to call on the Trump administration to carefully consider how placing additional tariffs on lumber and other building materials will raise housing prices and impact housing supply.

- We are also urging the administration to move immediately to enter into negotiations with Canada on a new softwood lumber agreement that will provide a fair and equitable solution to all parties and eliminate tariffs altogether.

- Learn the latest at nahb.org/trade.

"Big, Beautiful" Tax Bill Largely Positive for NAHB Members

- NAHB secured several key victories in the One Big Beautiful Bill Act passed by Congress on July 3. The bill, which was signed into law by President Trump on July 4, includes several important housing and business provisions that will benefit small businesses, real estate and our members:

- **The Tax Cuts and Jobs Act's** key provisions will be made permanent, including the tax rate structure and increased exemptions for the Alternative Minimum Tax. This blocks a $4 trillion tax increase set to take effect next year.

- **The Section 199A Qualified Business Income Deduction**, which helps provide tax parity for pass-through entities, is made permanent at 20%.

- **100% bonus depreciation** is restored and made permanent.

- **The Low-Income Housing Tax Credit** will be expanded permanently with a 12% increase in 9% credit allocations along with reducing the 4% bond test to 25%, which will expand resources in bond-constrained states.

- **The estate tax exemption** will increase to $15 million, be made permanent and indexed to inflation.

- **The individual state and local tax (SALT) limit** will increase from $10,000 up to $40,000 for taxpayers earning less than $500,000 for a five-year period and revert back to a $10,000 cap in 2030, which means that debate over limiting SALT deductions will continue in the coming years.

- **A business SALT** provision limiting the amount of state income taxes a pass-through business can deduct was removed from the final bill in a big win for NAHB. This means that **none of our members face a business SALT tax increase.**

Energy Tax Credits Face Early Termination

- The one negative in the tax title of H.R. 1 is the early termination of the energy tax credits, particularly the Section 45L New Energy Efficient Home Credit, the Section 25D Residential Clean Energy Credit, and the Section 48E Clean Electricity Investment Credit.

- The Section 45L credit will be eliminated effective June 30, 2026, the Section 25D credit will expire at the end of 2025 and the Section 48E credit will be eliminated for eligible property that is not placed in service by Dec. 31, 2027.

- NAHB believes the most effective way to promote energy efficiency is through voluntary tax incentives. Moreover, NAHB remains concerned because H.R. 1 lacks sufficient transition time for home builders, home owners and remodelers who use these tax credits.

- Over their history, these energy tax credits have been subject to starts and stops as Congress has allowed them to expire. This history suggests that this is not the final word on these tax credits, and NAHB will look for future opportunities to revive them.

- Finally, the bill also includes provisions regarding two NAHB key priorities to increase domestic timber production as well as provide additional resources for workforce development.

Fed's Easing Raises Hopes for Improved Housing Affordability

- The Federal Reserve's move to cut short-term interest rates at the conclusion of its September and October meetings will have a direct, beneficial impact on builders – especially those relying on acquisition, development and construction (AD&C) loans.

- These loans are key to getting new homes built, particularly by private builders, who construct more than 60% of the nation's single-family homes.

- Lower borrowing costs for builders could help ease housing supply constraints across the nation.

- Meanwhile, the most important lingering inflation challenge is shelter inflation, which includes rent and homeownership costs.

- Shelter cost growth continues to move lower, up 3.6% year over year, helping keep the overall inflation rate from rising significantly.

- But it is important to note that more than half of overall inflation in the economy has been shelter inflation for almost a year (this rate is typically closer to 33%).

- NAHB's forecast is for mortgage rates to remain below 6.5%. This will help support home buying demand after a disappointing start for housing in 2025.

A Productive 2025

- In addition to the One Big Beautiful Bill Act, NAHB this year has secured several other important legislative, regulatory and business wins for our members as well as moving the ball forward on many other important housing policy objectives.

- Here are just a few wins that will have an immediate and positive impact on our industry and our members:

    - **A mandate to cut regulations and increase the housing supply.** President Trump issued an executive order on his first day in office that seeks to lower the cost and increase the supply of housing. The president noted that regulatory requirements alone account for 25% of the cost of constructing a new home.

- **A roll back of Biden's gas water heater ban.** In a major win for NAHB, Congress has approved a resolution that will block the Biden administration's recent attempt to ban certain natural gas water heaters.

- **WOTUS to be revamped.** In a move strongly supported by NAHB, Environmental Protection Agency (EPA) Administrator Lee Zeldin announced on March 12 that EPA will work with the U.S. Army Corps of Engineers (Corps) to solicit public input and craft a new regulation for the waters of the U.S. (WOTUS) rule.

  Zeldin said the goal is to reduce red tape, cut overall permitting costs and lower the cost of business in communities across the country while protecting the nation's navigable waters from pollution.

  NAHB will be participating in this rulemaking process by submitting comments to the agencies that lay out our vision to enact common sense regulatory reforms to the WOTUS rule.

- **Six-month delay on HUD's 2021 IECC rule.** In a win for NAHB and the housing industry, the Trump administration has announced a six-month delay in the implementation of the Biden administration's mandatory energy code, an important step forward to help ease the nation's housing affordability crisis.

  Specifically, the Department of Housing and Urban Development (HUD) and Department of Agriculture (USDA) will wait an additional six months before enforcing the compliance dates for adopting the 2021 International Energy Conservation Code (IECC) and ASHRAE 90.1-2019 as the minimum energy-efficiency standards for certain single-family and multifamily housing programs.

  On Jan. 2, NAHB and 15 state attorneys general filed a complaint in the Eastern District of Texas seeking to stop HUD and the USDA from adopting the 2021 IECC and ASHRAE 90.1-2019 as the minimum energy-efficiency standards for certain single-family and multifamily housing programs.

  NAHB is also working to get legislation introduced in Congress that will achieve the same goal.

- **U.S. firms exempt from beneficial ownership reporting.** In a win for NAHB and the small business community, the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) published an interim final rule on beneficial ownership information (BOI) reporting requirements that narrows the BOI reporting requirements to foreign reporting companies only.

  NAHB has actively advocated to protect small businesses from these substantial compliance burdens, including working with lawmakers to provide ample time to understand and comply with these reporting rules and filing an amicus brief to question their constitutionality.

This rule removing BOI reporting requirements for U.S. companies and U.S. persons became effective on March 26, 2025.

- **FHA cuts all multifamily mortgage insurance premiums to 0.25%.** In an important win for NAHB members, the Federal Housing Administration announced that on Oct. 1, 2025, it reduced the FHA multifamily mortgage insurance premiums (MIP) for all multifamily programs to 25 basis points — the statutory minimum that HUD must charge.

  For context, before this premium reduction, multifamily MIPs ranged from 25 basis points up to 95 basis points.

  A blanket 25 basis for all multifamily programs makes these programs cost effective and should serve to stimulate the production of multifamily housing.

- **Energy-efficiency mandates suspended.** In a move supported by NAHB, the Department of Energy announced in mid-February that it will postpone the implementation of the latest round of restrictive energy efficiency mandates on key home energy appliances, including for gas powered instantaneous (tankless) water heaters.

Significant Progress on the Legislative Front

- In addition to these victories, NAHB has advanced several important housing objectives in Congress:

  - The Senate on Oct. 9 approved a major housing package that seeks to fix the housing crisis by addressing our nation's critical lack of housing supply.

  - The Senate and House have introduced the CONSTRUCTS Act, bipartisan workforce development legislation that addresses the lack of workers in the housing sector by expanding opportunities for residential construction training programs at community colleges and technical education schools.

  - NAHB supports the Dignity Act, bipartisan comprehensive immigration reform legislation introduced in the House that would protect the nation's borders and preserve critical workforces. Learn more here.

  - Both chambers have introduced the Energy Choice Act, legislation that would prevent state or local governments from banning the use of gas in homes and buildings.

  - The Keeping Homeownership Costs Down Act, legislation that NAHB has seeking for more than two years, was introduced in the House on June 6. The bill would address major flood mapping issues in California and nationwide that would allow new housing developments to go forward and bring down insurance costs for home buyers and home owners.

- NAHB worked with lawmakers to advance the Permit Act (H.R. 3898), through the House Transportation and Infrastructure Committee. The legislative package is aimed at providing the necessary clarity and confidence needed under the Clean Water Act permitting process.

- The House has passed the Fix Our Forests Act (H.R. 471), legislation that would contribute to better forest management practices, help strengthen the nation's housing supply chain and promote affordable housing opportunities for all Americans. A companion bill is awaiting full Senate consideration.

- On the codes front, bipartisan legislation was introduced in the House and Senate (the Promoting Resilient Buildings Act) that would help jurisdictions preserve local control over the building code adoption process while also encouraging communities to take positive steps to withstand and recover from extreme events.

- NAHB-supported legislation that will improve the Low-Income Housing Tax Credit and allow builders to increase the production of badly needed affordable rental housing has been introduced in the House and Senate. The Affordable Housing Credit Improvement Act of 2025 has 114 bipartisan cosponsors in the House.

NAHB Wields Its Clout

- These legislative and regulatory victories with Congress and the Trump administration are a sign of NAHB's tremendous clout and grassroots strength – with members in all 50 states working together for the common cause of advancing the interests of our industry.

- Here are a few examples of that clout in action:

  - NAHB has already testified before Congress on five separate sessions this year. Keep in mind many trade organizations do not get the chance to appear before Congress even once a year. NAHB testified on:

    - Onerous regulations that harm housing affordability,
    - The need to ease supply-side bottlenecks that are the main drivers of low housing supply,
    - How permitting roadblocks raise housing costs,
    - The need to protect energy choice, and
    - How energy code mandates harm housing affordability.

  - More than 1,000 NAHB members trekked to Capitol Hill on June 11 for the 2025 Legislative Conference to urge their lawmakers to act on key policy areas that will help builders to increase the production of quality, affordable housing.

  - NAHB Senior Officers in early February also met with Capitol Hill leaders to address key issues affecting the housing affordability crisis.

- Our solid start to 2025 was built on a strong foundation that we created last year where we laid the groundwork to make housing a top priority at all levels of government.

Housing Market Snapshot

Latest Data: August/September 2025*

Housing Starts	Current Value	Monthly Change	Yearly Change
Single-family:	890,000 AR	-7.0%	-11.7%
Multifamily:	417,000 AR	-11.7%	8.9%

Median SF Home Price			
New:	$415,200	6.6%	2.1%
Existing:	$421,000	0.8%	2.3%

SF Home Sales			
New:	800,000 AR	20.5%	15.4%
Existing:	3.69 million AR	1.7%	4.5%

Notes: AR - Annual Rate, SF - Single-family, Seasonally Adjusted Data
Source: U.S. Census Bureau, National Association of Realtors, NAHB Analysis

*Due to the government shutdown, September data for housing starts and new single-family home sales have not been released.

NAHB/Wells Fargo Housing Market Index– The index, which measures builder confidence in the market for newly built single-family homes, was 37 in October, up five points from September. Any number below 50 indicates that more builders view sales conditions as poor than good.

NAHB Chief Economist Robert Dietz's analysis: "While recent declines for mortgage rates are an encouraging sign for affordability conditions, the market remains challenging. The housing market has some areas with firm demand, including smaller builders shifting to remodeling and ongoing solid conditions for the luxury market. However, many home buyers are still on the sidelines, waiting for mortgage rates to move lower.

"In a positive development, the 30-year fixed-rate mortgage fell from just above 6.5% at the start of September to 6.3% in early October. With the Fed acting twice to ease interest rates in September and October, builders expect a slightly improving sales environment, albeit one in which persistent supply-side cost factors remain a challenge. As for further Fed rate reductions, with policymakers somewhat 'blinded' because key economic data are unavailable due to the government shutdown, the central bank may choose to move slowly as a precaution.