



# Talking Points on Key Housing Issues

December 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. **A Productive Year on the Advocacy Front.** Led by passage of the One Big Beautiful Bill Act, NAHB has made solid progress in advancing our housing policy objectives in 2025.
2. **Housing Affordability Remains a Top Concern.** We continue to see demand-side weakness as a softening labor market and stretched consumer finances are contributing to a difficult sales environment. On the supply side, builders are dealing with tariff uncertainty that is contributing to rising construction costs.
3. **Immigration Reform is Key to Building a Skilled Workforce.** NAHB approved a policy resolution during the 2025 Fall Leadership Meeting that calls on policymakers to take steps to enact immigration reform that secures America's borders without raising housing costs and curbing the nation's housing supply.
4. **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.
5. **Housing Market Snapshot:** Due to the aftermath of the government shutdown, no new data has been released for housing starts and new home sales since August. Existing home sales posted a gain in October and builder confidence registered a one-point increase in November to a reading of 38.

## A Productive 2025

- NAHB this year has secured several 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:

- **The One Big Beautiful Bill Act was signed into law on July 4.** 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. The tax law:
  - Blocks a \$4 trillion tax increase by making permanent key provisions in the Tax Cuts and Jobs Act, including the tax rate structure and increased exemptions to the Alternative Minimum Tax.
  - Makes permanent the 20% Section 199A Qualified Business Deduction, which helps provide tax parity for pass-through entities.
  - Provides more resources for affordable rental housing by expanding the Low-Income Housing Tax Credit.
  - View more details and housing wins on the tax law [here](#).
  
- **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](#).
  
- **A revamped WOTUS rule.** In a move championed by NAHB, the Environmental Protection Agency and U.S. Army Corps of Engineers have [announced a proposed updated definition of “waters of the United States”](#) (WOTUS). The rule will provide builders much-needed clarity by defining which waters are subject to federal jurisdiction under the Clean Water Act while continuing to protect our nation’s vital waterways.

The proposed rule, which was published in the Federal Register on Nov. 20 for a 45-day comment period, will:

- Limit federal jurisdiction under the Clean Water Act to traditional navigable waters and the relatively permanent waters that flow from them,
- Remove interstate waters as a separate jurisdictional category, and
- Reaffirm exclusions for most ditches, prior-converted cropland and waste treatment systems.

NAHB has been [actively engaged](#) in this rulemaking process, [participating in listening sessions](#) and [providing written feedback](#) on how federal regulation affects development practices.

- **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 until May 28, 2026 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, 2025, 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](#), 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 160 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 six 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](#),
    - How [energy code mandates harm housing affordability](#), and
    - A workable [E-Verify system](#).
  - 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 productive 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.

## Affordability Remains a Top Concern

- While lower mortgage rates are a positive development for affordability conditions, we continue to see demand-side weakness as a softening labor market and stretched consumer finances are contributing to a difficult sales environment.
- On the supply side, builders are dealing with tariff uncertainty that is contributing to rising construction 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%).
- Mortgage rates are roughly in the 6.2-6.3% range and NAHB is forecasting that by mid-2027 rates will move below 6% on a sustained basis. However, declines in the coming months will be choppy – not a smooth decline.
- The key to improving housing affordability is to increase supply. This is where expected future easing from the Fed can help.
- According to NAHB's quarterly survey on Land Acquisition, Development & Construction (AD&C) Financing, credit conditions on loans for residential construction were still tightening in the third quarter of 2025, when interest rates averaged around 8%.
- Based on current monetary policy expectations, these rates should move lower by 50 basis points in the coming quarter or two, facilitating a small gain for single-family home construction in 2026

## Immigration Reform is Key to Building a Skilled Workforce

- Our nation's immigrant population plays a critical role in supporting the residential construction industry and accounts for more than 30% of the workforce nationwide.
- Investment in safe and secure borders is critical to curbing illegal immigration and must be paired with realistic approaches to preserve the nation's workforce.
- Any shock to the labor force would have an adverse impact on housing costs and supply.
- Government data show we are anywhere between 200,000 to 400,000 workers short in our industry.
- This lack of skilled labor slows down the pace of construction, drives up labor costs and ultimately leads to higher home prices.

### Solutions

- To enact immigration reform that secures America's borders without raising housing costs and curbing the nation's housing supply, [NAHB approved a policy resolution](#) during the 2025 Fall Leadership Meeting that calls on policymakers to:

1. Protect the nation's borders to curb illegal immigration.
2. Ensure reforms meet the workforce needs of the home building industry and the broader economy.
3. Establish legal pathways that allow undocumented individuals to continue working in the construction industry without fear of deportation, provided they meet appropriate requirements such as criminal background checks, fines, fees or tax payments.
4. Modernize and update immigration systems to reduce significant backlogs and minimize processing delays.
5. Enact reforms to temporary nonimmigrant work visas, such as raising or eliminating existing visa caps or dedicating allocation of existing visas for the home building industry.
6. Continue to investment in domestic workforce training and education to ensure that U.S. workers in the home building industry have the skills to meet industry needs.

## Higher Tariffs on Lumber, Furniture and Kitchen Cabinets

*This section on tariffs is updated as of 9 a.m. ET on Dec. 3, 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](https://www.nahb.org/trade).



# Housing Market Snapshot

Latest Data: **August/October 2025\***

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

<b>Median SF Home Price</b>			
<u>New:</u>	\$415,200	6.6%	2.1%
<u>Existing:</u>	\$424,000	1.5%	2.2%

<b>SF Home Sales</b>			
<u>New:</u>	800,000 AR	20.5%	15.4%
<u>Existing:</u>	3.71 million AR	0.8%	1.9%

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, no new data for housing starts and new single-family home sales have been released since August.

**NAHB/Wells Fargo Housing Market Index** – The index, which measures builder confidence in the market for newly built single-family homes, was 38 in November, up one point from October. Any number below 50 indicates that more builders view sales conditions as poor than good.

**NAHB Chief Economist Robert Dietz’s analysis:** “We continue to see demand-side weakness as a softening labor market and stretched consumer finances are contributing to a difficult sales environment. On the supply side, builders are dealing with tariff uncertainty that is contributing to rising construction costs. With the Federal Reserve 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. After a decline for single-family housing starts in 2025, NAHB is forecasting a slight gain in 2026 as builders continue to report future sales conditions in slightly positive territory.”