

NAHB Efforts Amid the COVID-19 Crisis

The nation's unprecedented response to COVID-19, the novel coronavirus, has affected the economy in profound ways. The social distancing urged by public health officials has shuttered businesses, disrupted supply chains and led to extensive job losses across the country. Amid this challenging time, the National Association of Home Builders has continued operations, with staff working overtime to assist members during the crisis.

NAHB's efforts include legislative advocacy during Congressional deliberations on a series of legislative efforts to address the crisis. NAHB has also made available to members a wide range of resources on its website, including economic forecasts, information on business continuity, consumer information, and materials to assist NAHB's state and local partner associations. The web resources can be found at [NAHB.org/coronavirus](https://www.nahb.org/coronavirus).

NAHB CEO Jerry Howard, Chief Lobbyist Jim Tobin and Chief Economist Robert Dietz have conducted virtual "town hall" webinars to educate members about the association's resources, policy advocacy efforts, and the industry outlook.

Howard and Tobin are leading NAHB's advocacy initiatives, including regular outreach to officials in the Trump Administration and to members of Congress.

As an example, NAHB participated in a call with White House officials to discuss strategies for aid to the housing sector amid the COVID-19 threat that is wreaking short-term havoc on the national economy. Just two days later, President Trump put into effect NAHB's recommendation to provide mortgage relief to homeowners when he announced that HUD is suspending foreclosures and evictions for mortgages insured by the Federal Housing Administration through the end of April. Fannie Mae and Freddie Mac will follow suit and suspend all foreclosures and evictions for at least 60 days for homeowners with mortgages backed by the two government-sponsored enterprises.

NAHB also pushed for key provisions in the \$2 trillion stimulus package recently approved by the Senate. The CARES Act will make direct payments of \$1,200 to most individuals earning up to \$75,000, or \$2,400 for couples earning up to \$150,000. It will also provide an additional \$367 billion in loans for small businesses to help deal with payroll issues.

Congress on March 18 passed an emergency response coronavirus bill that includes tax credits to help businesses and self-employed individuals cover some of the costs of mandatory sick leave included in the legislation.

Dietz and his team are forecasting that second quarter GDP growth will be markedly negative, likely the worst performance since the third quarter of 2008. Approximately 40% of the economy is on a full or partial pause due to the

coronavirus. Assuming that containment efforts are successful within an eight-week period (consistent with South Korea's experience, where data are reliable), NAHB's economists forecast a weak third quarter followed by a rebound at the end of 2020.

While this 2020 downturn will be sharp, it may also be short. The economy was in solid shape at the start of 2020, which was particularly true for housing.

And while the short-term outlook is negative for the economy as a whole, policy help is underway. The Federal Reserve reduced the federal funds rate to effectively zero, restarted quantitative easing (including for mortgage-backed securities, in response to recent liquidity concerns in the mortgage market), and made other policy moves to help ensure the continued operation of the financial system. These measures, in concert with the \$2 trillion stimulus package, will help the economy bridge the gap from now through August.

History suggests a robust rebound will follow this significant but temporary shock to the economy. As America takes on this tremendous challenge, NAHB is committed to helping members through determined advocacy, focused member services, effective communication and thoughtful economic analysis.