



STEPHEN E. SANDHERR, Chief Executive Officer

February 18, 2021

The President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President,

On behalf of the Associated General Contractors of America (AGC), I am writing to alert you to the impact that recent lumber price increases are having on construction contractors and their projects – multifamily residential buildings and nonresidential structures.

AGC has more than 27,000 member companies that perform every type of construction other than single-family homebuilding, along with construction suppliers and service providers. While lumber is sometimes considered a product that is important only in single-family house construction and remodeling, in reality lumber and other wood products are used in every type of building construction. These other structural wood products include plywood, oriented strand board, and other engineered wood products.

“Lumber” (including all structural wood products) is extensively used in remodeling and constructing additions to hospitals, schools, offices, restaurants, and other facilities. In many cases, lumber products represent a larger share of construction costs for such projects than for new construction.

Thus, the extreme runup in recent months for the price of all categories of lumber has created a hardship for contractors that were called upon earlier in the pandemic to create spaces vitally needed for care of patients, social distancing of workers and the public, and additions to allow businesses to continue operating. Projects performed under fixed-price or guaranteed-maximum-price contracts wound up costing contractors heavily, both for the lumber itself and for delays caused by ever-increasing delivery delays.

The volatility of lumber prices and the impossibility of pinning down future delivery dates is making it extremely difficult for contractors to provide bid prices or completion times for upcoming projects. In particular, these rapidly escalating costs threaten the viability of affordable housing developments as well as further renovation work needed on nonresidential buildings.

AGC believes the White House can play a constructive role in mitigating this growing threat to multifamily housing and other construction sectors by urging domestic lumber producers to ramp up production to ease growing shortages and making it a priority to work with Canada on a new softwood lumber agreement.

We also urge the administration to look for ways to facilitate shortening delivery times of lumber to end users. This could include easing cross-border truck and rail shipments, unloading at ports, hauling of logs and other raw materials to mills and engineered-wood producers, and shipping wood products to distributors and construction sites.

Thank you for your consideration of this urgent matter. AGC looks forward to working with you to aid the American economic recovery. Please contact AGC's chief economist, Ken Simonson, ken.simonson@agc.org, 202-329-9671, if we can provide additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen E. Sandherr". The signature is stylized and written in a cursive-like font.

Stephen E. Sandherr