



## **FEDERAL REGULATORY & HOUSING POLICY AREA**

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Subject: Notice of Proposed Information Collection for Public Comment: Report of Privately-Owned Residential Building or Zoning Permits Issued (Building Permits Survey).

Pursuant to the notice published in the *Federal Register* September 13, 2006 (71 Fed. Reg. 54020) the National Association of Home Builders (NAHB) would like to take this opportunity to support continuation of the Building Permits Survey conducted by the Department of Commerce (DOC). NAHB is a Washington-based trade association representing more than 235,000 members involved in single family home building, multifamily construction, land development, remodeling, product manufacturing, and other aspects of residential construction.

The Building Permits Survey is the only source for the information on building permits that is needed by builders and policymakers at the local level to evaluate local businesses conditions and local government policies. It is also ultimately the only source for the information on housing starts, completions, and value put in place that is needed by building product manufacturers and Federal policymakers to evaluate housing supply and demand at the national level and measure the annual output of the U.S. economy.

To summarize briefly, the Building Permits Survey performs two essential functions. The first is to provide estimates of housing units authorized by permit at the local. The second is to provide a data base from which a sample can be drawn for the follow-on survey that produces the other critical set of residential construction statistics, including housing starts, completions, and value put in place.

Therefore, national data on housing starts, completions, and value put in place would not exist without DOC's Building Permit Survey. One reason this is important is that value put in place serves as the key input used to generate residential fixed investment in the Federal government's

Gross Domestic Product (GDP) accounts. Thus, the Federal government needs the Building Permits Survey not only to measure the output of the housing industry, but also to produce an adequate estimate of GDP. Consider that during the last recession the housing sector played a key role in propping up the economy and preventing the recession from becoming too deep. This effect would have been impossible to measure without the data on construction value that is ultimately derived from the Building Permits Survey.

Federal agencies that operate programs designed to increase the supply of housing, such as the Department of Housing and Urban Development and the Treasury Department (responsible for programs like the Low-Income Housing Tax Credit that provide tax incentives to stimulate production) similarly rely on housing starts and completion data to gauge the need for these programs and evaluate their effectiveness. In addition, NAHB members who manufacture building products rely on these data in order to estimate the demand for their products.

At the local level, NAHB's builder members are often interested in how much home building activity is taking place in a particular area. Often a builder will want to compute his or her share of a local market, for example, or to determine if the market is expanding or contracting, in order to make an informed business decision. For this, the builder needs data on how many housing units are being built in the market area, and the only reliable source for this information comes from DOC's estimates of units authorized by permit. Other sources that may appear to provide independent numbers, such as estimates of local housing starts or permit data bases compiled by private organizations, are in fact based directly on the DOC numbers and would cease to exist were the Building Permits Survey to be discontinued.

The permit data are also important to state and local governments for planning and policy purposes. Estimates of the local housing stock, such as those in the American Community Survey, can only be produced if there is on where new construction is taking place. Moreover, local governments require permit data to evaluate policies designed to increase the supply of housing within their borders. Although local governments usually keep track of their own permit authorizations, sound policy evaluation often requires comparisons, for which a consistent series on the number of housing units being built across jurisdictions is needed. The DOC series on units authorized by permit provides the only data set that is widely available and consistent across time and place.

In summary, the data generated from the Building Permits Survey have practical utility and are easily worth the costs of the survey. Therefore, NAHB strongly urges the Office of Management and Budget to approve DOC's proposal to continue collecting information through the vehicle of the Building Permits Survey.

Sincerely,



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