



FOR IMMEDIATE RELEASE

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BIAW “Red Tags” State Capitol

Home Builders Oppose Legislation that Increases Cost of Housing

Olympia, WA Lawmakers arrived at the State Capitol this morning to “red tags” in their offices, courtesy of the residential building industry. The message? “Stop Work” immediately on pieces of legislation that will significantly increase the cost of housing in Washington state.

“This session, legislators pledged to address the housing affordability crisis in our state,” stated Greg Lane, Executive Vice President of the Building Industry Association of Washington (BIAW), the state’s largest trade association, which represents nearly 8,000 member companies and 265,000 people involved in all aspects of home construction. “Instead, however, they are moving bills that will only increase the cost of housing through additional regulation and taxes.”

A red tag in the residential construction industry signifies a project is severely deficient and work must be stopped immediately until it can be corrected. The red tags delivered this morning by BIAW say the Legislature should immediately “stop work” on the following pieces of legislation:

- “Direct contractor liability” (HB 1395) would make general contractors liable for all benefits, contributions and payroll for employees of subcontractors on their projects, increasing overhead and administrative costs of all construction projects.
- Allowing local jurisdictions to increase energy codes beyond the state requirements (SB 5293) would create a patchwork of new rules across the state and add unnecessary costs on the price of homes. The state’s residential energy code, updated every three years, already exceeds national standards and accounts for \$4,000-\$6,000 in additional costs each cycle.
- Real Estate Excise Tax (REET) Increase. New homes, are subject to multiple REET taxation on the same project, so any REET increase would push the dream of home ownership out of reach even further for many Washingtonians.

Studies show that, after greatly restricting the construction of housing over the last 25 years, housing supply in Washington now lags 20 percent behind what's needed for our population. This lack of supply drives up the cost of all types of housing, including rental units, and limits housing options for those entering the housing market.

“For every \$1,000 added onto the price of a home in Washington State, 2,393 people are priced out of the market,” added Jan Himebaugh, Director of Government Affairs. “In the Puget Sound, where housing supply is nowhere near the demand for affordable homeownership, that means for every additional \$1,000 in regulatory burden, 896 people are priced out of the American Dream of home ownership.”

A study by the University of Washington's Center for Real Estate Research reports that first-time buyers in King, Kittitas, Pierce, Snohomish counties are facing a housing market where home prices are nearly double what they can afford. These prices and market entry barriers are with the current laws on the books and do not consider the latest Olympia ideas that will drive prices even higher through additional regulation and taxes.

“Lawmakers should be working to reform the state's Growth Management Act (GMA) and State Environmental Policy Act (SEPA) to help land use and environmental policies work together instead of against each other,” said Lane. “Too often, these regulations are used to delay new housing projects of all types, adding to the price or, even worse, stopping new housing options for Washingtonians. Lawmakers need to stop these counter-productive bills and refocus on reforms that will add inventory to our housing market and help create affordable homeownership,”

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The Building Industry Association of Washington is the voice of the housing industry as the state's largest trade association with nearly 8,000 member companies employing approximately 265,000 people. The association is dedicated to ensuring and enhancing the vitality of the building industry for the benefit of its members and the housing needs of the citizens. Learn more at: www.biaw.com

For more information, please contact:

Jennifer Spall, Communications & Public Relations Director
Building Industry Association of Washington
111 21st Avenue SW
Olympia, WA 98501
Phone: (360) 352-7800
jennifers@biaw.com