



Building Industry Association of Washington
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July 25, 2022

Governor Jay Inslee
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

Dear Governor Inslee:

The Building Industry Association of Washington (BIAW) was encouraged by statements you made during your July 22 news conference recognizing the need for more housing in Washington state. As you pointed out in your remarks, our state has woefully under-produced housing and millions of Washington families cannot afford to buy a median-priced home, even if they could find one.

Washington needs [nearly 270,000 new homes](#) to meet current buyer demand, yet our state is producing the fewest housing units per household in the country. We welcome the opportunity to engage with you on this critical issue and are willing to meet with you and your policy team as soon as possible to discuss real solutions to address this crisis.

Unfortunately, in your remarks, you mentioned working with the cities to build more homes in Washington, but there was no reference to including those who actually construct the housing. While we acknowledge that local governments play an important role in housing, it's homebuilders – our members – who are the ones who actually build homes and communities. And it's our members who have the expertise to bring you the solutions that will lead to producing housing that families can actually afford across Washington.

We also believe this issue is one of great moral and economic significance, so let's have an honest conversation about why Washington's builders are no longer able to build homes the people of Washington can afford.

We certainly agree there's a problem. In April 2022, the median home sales price was \$643,400. At that price, [85% of our households](#) cannot afford the opportunity to build wealth and secure a better future for their families. Because at that sales price, a family needs an income of \$171,890 to qualify for a mortgage—and Washington's median household income is just over \$77,000.

Furthermore, every \$1,000 in costs added to housing construction means another 4,068 of our neighbors are priced out of the opportunity to purchase a home. Simply put, every time government makes housing more expensive, more families are denied the dream of home ownership.

We hope you will agree and work with us on practical and common-sense solutions to make home ownership attainable for more people, like the following:

Reduce Permit Delays

Project approval delays add substantial costs to building homes. The [average permit approval timeline](#) in Washington is 6.5 months, adding more than \$25,000 to the cost of building, thus pricing out 55,000 families from the opportunity to build equity and wealth through homeownership.

In some counties, like Thurston County, the average permit approval is over 17.5 months, adding nearly \$64,000 to the cost of a new housing unit. Further, extensive delays to a project are real cost drivers for those building the housing and often can halt a project altogether.

We have heard from your office on numerous occasions that building permit applications are increasing. However, just because a permit is submitted for approval does not mean that the project will be completed. Permit delays, combined with today's inflationary and supply chain pressures, are restricting housing supply. So tackling permit delays at the state and local level is absolutely critical to ensure housing can actually get built.

Eliminate Regulatory Costs and Fees

Nationwide all federal, state and local regulatory requirements are estimated to [add over 23.8%](#) to the cost of a single-family home and [over 40% to the cost of multi-family apartment units](#). When 40% of the cost is regulatory compliance the incentive to invest and construct those desperately needed units is gone.

One specific regulatory requirement that adds tremendous costs is our building codes. Make no mistake: Builders want to build safe and efficient homes. However building code requirements should also be tied directly to safety and real efficiency.

Washington's 2018 Residential Energy Code added at least \$20,000 to the cost of a single-family home. The Residential Energy Code currently being considered at the State Building Code Council will add significantly more than that to the cost of building homes. These added costs will further limit access to housing and home ownership.

Your own Governor-request legislation, HB 1770, would have further priced people out of homes through increased costs driven by the energy code. It is shortsighted to pretend these costs do not also have consequences that restrict more people from home ownership.

Improve Zoning Flexibility

Washington's [zoning regulations](#) add \$71,700 to the price of a home. Our state and local governments cannot continue having it both ways. For example, you acknowledged correctly in your press conference the impact that zoning has on housing availability. Yet in the same press conference, you advocate for additional regulations that would impact the location and increase the costs of homes.

But the only way to truly address the housing supply crisis is through increased density in our urban areas AND building more housing of all types in other areas, including needed single-family homes, duplexes, triplexes, ADUs, townhomes and apartments. Those solutions require fewer zoning regulations, not more.

Reform Growth Management

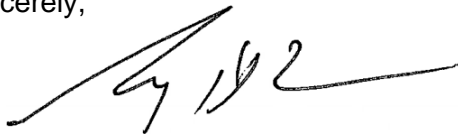
Adding requirements to the state's land use planning system, the Growth Management Act (GMA), will only further limit housing supply. Jurisdictions already struggle to complete their current obligations, fail to approve permits timely, and protest about funding. Incorporating new authority, like HB 1099 and HB 1117 attempted, discourages certain types of homes and only adds new regulatory costs to the price of a home.

Instead, we should be asking how to the remove the existing home-creation barriers from the GMA and reduce local governments' obligations so they can focus on approving permits that will produce housing units as quickly and affordably as possible.

Thank you, again, for publicly recognizing the need to increase housing supply. Washington builders must have the opportunity to build more homes to make housing more accessible for everyone and home ownership more equitable. Homeownership is still the number one way to build generational wealth across all demographics in America, and more Washingtonians need the opportunity to do just that.

As we did during the early stages of the pandemic to get the construction industry working safely again during COVID-19, we at BIAW are happy to sit down with you and work together to solve the housing crisis facing Washington state.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Lane', with a long horizontal flourish extending to the right.

Greg Lane, Executive Vice President
Building Industry Association of Washington

cc: Honorable members of the Washington State House of Representatives
Honorable Members of the Washington State Senate
Members of the Washington State Building Code Council