

Water Crisis Forum Speech

Riverside County BIA Executive Officer, Borre Winckel

Good Morning and thank you for the opportunity to speak here today.

First of all, I'd like to extend a thank you to Supervisor Ashley and commend him for his leadership on this issue. Water is the lifeblood of our communities and the most important ingredient for a strong economy.

Water challenges aren't limited to new neighborhoods or businesses. When water supplies are challenged, we all suffer.

Water challenges are nothing new to this region. Ingenuity, grit and bold actions provided the framework for the water supply system that sustains us today. I believe those same attributes are needed again today to ensure that a plentiful, secure supply exists for generations to come.

I'm here today to speak on behalf of the 750 plus businesses comprising the Building Industry Association of Western Riverside County. BIA's member companies are small, family-owned companies and in some instances large national production homebuilders.

Together at the height of the construction boom in Riverside County our industry built 30,000 homes in a year. Now as you all know, the industry is suffering. Thousands of people are now out of work – many of them were friends of mine. Just this week's market recap reported that fewer than 10,000 units were actually permitted last year. And it's doubtful that many of these projects will even be completed in the next two years.

For perspective, that represents less than 1% of the total residences in the entire county.

I point this out because as the only business or residential voice here today, the solutions must be broader than just one industry. The bulk of our region's water is used by existing residence, business and agriculture and any discussions of solutions should include how we ensure that all sectors – new and old – contribute to finding workable solutions to the challenges facing us today.

For our industry, land and water are the two most important foundations for any new community. One without the other is useless and can't sustain or accommodate the strong demand for homeownership.

Our members keenly understand this and are deeply committed to working with all levels of government – state, federal, local and our local water districts – to find short and long term solutions to our water challenges.

And our record proves it.

On this point, I will be blunt. Riverside County's homebuilders and the Building Industry Associations of this county have done more for water conservation than any

other industry in the region. In fact, the industry has gone above and beyond many of our counterparts in our effort to increase our resource efficiency. If I can use a car analogy, the new homes we produce today represent the Toyota Prius of new homes.

This fact is something we are extremely proud of. For us, it represents more than lip service, but rather a fundamental objective for the association and our 700+ members.

As an industry, resource conservation is a way of life, not a fanciful term. Our new home meet the strictest energy efficiency guidelines in the country and we led the push to establish the nation's largest habitat conservation program, setting aside 500,000 acres – protecting over 170 endangered species.

Because our region is resource challenged – our members constantly stride to find new, innovative ways to reduce energy usage, minimize water consumption and reduce the carbon footprint of each new home or commercial building we construct.

Case in point: Over three years ago, the Riverside County Building Industry Association, along with my counterparts in the Desert, worked closely and collaboratively with Supervisor Marion Ashley and the various water districts in our region to adopt MWD's California Friendly Landscaping pilot project. Many of our members, including Shea and Barratt American built the most water-friendly communities in our region.

Let me be clear, Ordinance 859 was a top priority for our association and we advocated aggressively to ensure the program was available in our region. And when our friends asked to move up the implementation timeline, we've been working diligently to make it happen.

To further the point, homebuilders have incorporated the CA Friendly into the California Green Builder – the most successful green building program in the state. The program, not only ensures that all the components of new homes are environmentally-friendly, it requires each new home to save a minimum of 20,000 gallons of water each year.

Our members and BIA staff have been working directly with local governments throughout the region, WRCOG- state and federal leaders – to make CA Green Builder even more successful.

Lastly, I should point out that NO industry is doing more to find a long-term water solution than California's homebuilders. At the state level, the California Building Industry Association is the leading voice in the coalition to put a new water bond on the November ballot and is one of the largest financial backers of this effort.

I bring all this up, not as a defense of the industry, but as a proud leader from the industry that is leading the fight to protect, secure and enhance California's water supply.

As we all know – water gives life, fuels businesses and is the largest factor in the world's most successful economies – which is my main point.

The homebuilding industry is one of the largest economic engines in our regions, but the industry is suffering dramatically. As I pointed out, production of new homes is down over 50 percent. Thousands of people have lost their jobs and businesses have closed their doors permanently.

The consequences of the fallout aren't limited to the industry. Everyday stories appear in the Press Enterprise detailing the budget woes of our cities. The state is suffering a \$14 billion deficit nearly entirely attributable to the downturn in the homebuilding industry.

The bottom line is that homes aren't being built and it will be a long time until we see the growth we've seen in years past.

Why do I bring this up?

Homebuilding is a long-term endeavor that requires market certainty and consistent rules. Recent actions threatening our industry – one of the smallest water users in the region – creates tremendous uncertainty, which directly contributes to the state of today's housing market.

Recent stories in the Press Enterprise and the LA Times have made matters worse. Threats and instability are sending shockwaves through the credit markets and scaring business investments away from our county. The net result of this is a further dampening our economy.

Let me be crystal clear. Riverside County is ground zero for the true crisis facing all of us – the world's staggering economy. The homebuilding industry's woes and the fallout from its collapse are the root causes of the world's financial struggles. Continued actions and public threats in the newspaper directly affect the economy's ability to recover.

On behalf of the over 700 companies that I represent, I offer to continue to work collaboratively to find long term solutions that guarantee a plentiful water supply. However, at the same time, I implore each and every person here to look beyond new construction as it represents the smallest fraction of water usage in our region and examine all industries.

Agriculture, existing homes and businesses all must share in the burdens of finding news solutions. It's politically easy to castigate the people who don't live here yet, but that approach is a penny-wise and pound foolish.

If we are serious about water conservation and determined to find real solutions, all water users should contribute to the effort.

Southern California's air quality in the 1980's was terrible, but efforts to improve the air weren't limited to just new cars – everybody contributed. The same should be true for our water supply.

Thank you.