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Boost Housing Health

Don't pile fees on new homes; work with builders to improve planning

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By LOU OCHOA

Riverside County is one of the best places in America to live, work and raise a family. That's the case because local elected officials, homebuilders and other stakeholders have worked together to plan good communities. New housing and related industries have provided billions in economic benefit to the region and produced more than 122,000 jobs per year. Years of double-digit appreciation in housing values sustained a system that delivered tremendous benefits to local government.

Take Corrective Action

Now, the housing market has stabilized from the recent years of skyrocketing home values. This correction will have a major impact on the economy, government and residents if we don't acknowledge current conditions and take corrective action.

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AP photo

Increasing the cost of housing when prices are already high and sales are slow will hurt the local economy and workers who serve the industry.

Recent housing permit data is sending a clear message we cannot ignore. According to the Construction Industry Research Board, new housing permits in 2006 dropped by almost 34 percent throughout Western Riverside County, compared with 2005.

Countywide, housing permits decreased by 25 percent between 2005 and 2006. When one considers that each permit represents approximately \$40,000 in local government fees, this decrease represents more than \$354 million in unrealized revenue. Early data for 2007 shows the problem is getting worse. Permits are down an additional 50 percent, projecting a local government loss of more than \$505 million this year.

So the question isn't whether something needs to be done, but rather, what do we do to protect the dream of homeownership while also protecting local government partners who provide important public services?

Given the current market conditions, planning is more important than ever. The

Riverside Building Industry Association believes that because of the strong relationships between homebuilders and local elected officials, tremendous opportunities exist that can benefit future residents.

For these reasons, the Building Industry Association is launching the "Planning for Our Future" initiative, a comprehensive public-policy plan to keep our region moving forward despite the recent setbacks in the housing market.

Make Vital Investments

First, we need to invest to meet the region's transportation infrastructure needs. Homebuilders have invested \$400 million in Transportation Uniform Mitigation Fees and billions overall to relieve traffic congestion. Combining

these dollars with a cooperative push to maximize Prop. 1B state funding would help deliver transportation improvements that will reduce commute times.

Additionally, homebuilders and new homebuyers have invested hundreds of millions of dollars to fund local services that benefit all residents. The problem is that this industry is being targeted by local agencies for increased fees and new fees. Increasing the cost of housing when prices are already high and sales are slow will hurt the local economy and workers who serve the industry. Therefore, we are advocating a thorough analysis to catalog the existing fees and their impact on the housing industry.

Finally, the Riverside Building Industry Association is committed to promoting

efficient water-quality and conservation measures that protect our natural resources and promote homeownership. Local government and homebuilders in Riverside County created a plan to ensure adequate water resources to sustain our population and accommodate growth.

The key to solving our county's challenges is planning, cooperation and a commitment to this community. The Western Riverside Building Industry Association is appreciative of all that our local elected officials do for the community. Through the "Planning for Our Future" initiative, let it be known that the building industry is ready to help.

Lou Ochoa is president of the Riverside County Building Industry Association.