

## **CBIA Underscores the Findings in the LAO's Report on the Consequences of High Housing Costs**

March 17, 2015

Today, the state's Legislative Analyst released the report "California's High Housing Costs: Causes and Consequences" highlighting major factors such as restrictions on new development, lawsuits, and high fees that make California housing among the most expensive in the nation.

Eileen Reynolds, 2015 Chair of the California Building Industry Association applauded the LAO's thorough analysis and call for legislative action to address escalating housing costs and limited supply:

"The LAO report provides an excellent overview of the issues driving up the cost of housing in California. Well-meaning but often-time arbitrary policies at all levels of government are negatively impacting the ability of hardworking Californians to achieve the American dream of homeownership. The construction industry knows too well the consequences of high fees, stringent restrictions on new development, and the abuse of environmental regulations that halt projects and significantly drive up the costs of housing."

"CBIA strongly supports the LAO's recommendation that key decision makers consider comprehensive policy solutions to increase housing supply and address those factors that are impacting housing affordability."

The report finds that California home prices are 150% higher than the national average, and that the state needs to build 100,000 more units more per year almost exclusively in coastal urban communities to help control rising costs in home affordability. The report's findings revealed that because of the escalating costs of homes in coastal communities, inland metro areas rise because of the influx of buyers that are driven out of coastal communities. Notably, the report also chronicles the negative impacts such high housing costs have on the state and its economy.

Other key findings discussed in the report:

- **Cost:** The average California home costs \$440,000, about two-and-a-half times the average national home price (\$180,000). California's average monthly rent is about \$1,240, 50% higher than the rest of the country (\$840 per month).
- **Supply:** The demand for housing in California far outstrips the available supply. California needs to add an additional 100,000 more units per year on top of what is being built today.
- **Building Costs:** Labor is 20% more in CA metro areas due to regulators requiring more prescriptive building and labor requirements.
- **Fees/Taxes:** Development costs are \$50-75k higher in California.
- **Land Use:** Restrictions by local governments or voter approved referendums drive up costs.

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*The California Building Industry Association is a statewide trade association representing thousands of homebuilders, remodelers, subcontractors, architects, engineers, designers, and other industry professionals. More information is available on the Association's Web site, [www.cbia.org](http://www.cbia.org).*