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Building Jobs

Olympia—New home construction provided **41,000 jobs** in Washington State in 2011, even in its recession-weakened state. With 300,000 Washingtonians out of work, according to the Bureau of Labor Statistics, the jobs and the economy are critical issues. While it's no surprise that Washington's largest private employers are Boeing and Microsoft, what most probably don't know is that the new home construction industry is the state's **third-largest employer**.

In 2011, direct home construction and its ripple effect provided 41,000 full-time jobs in spite of the recession, which took a particularly hard toll on the home building industry. A growing economy demands more workers, workers demand more homes and more new homes create more jobs.

"Home building and new home construction are truly the backbone of a healthy economy," Kevin Patrick, Yakima home builder and president of the Building Association of Washington (BIAW), said. "A strong housing industry will lead economic growth in Washington."

Although 2011 was certainly not the most prolific year for builders, 13,825 single-family building permits were issued in Washington State. The National Association of Home Builder's (NAHB) Housing Policy Department, using an economic model with Washington's average new home price of $297,000, recently assessed the economic benefits of homebuilding in Washington State.

Adapted to Washington's local economy using specific local data in key housing market variables provided by local home building associations, BIAW and the U.S. Census, the model outlines new home construction activity in three phases:

- Direct construction: The jobs, materials, state and local fees, taxes, etc. directly related to construction in the year the home is built → **24,898 jobs**
- Ripple Effect: The feedback of that construction, in the year it occurred → **16,120**

- Occupancy: The ongoing, annually occurring impact of occupation and earnings spent in the state economy → **7,231 jobs**

The research estimates that the first-year impact of 13,825 new single-family homes is nearly **$3.1 billion** in state and local revenues, **$629 million** in state and local government revenues and **41,000 jobs**.

Over time, the occupancy phase easily swamps the impact of direct construction and its ripple effect. In the next 10 years, the 13,825 single-family homes built in 2011 will provide **7,231 permanent, full-time jobs, $7.3 billion** in local income and **$2.6 billion** in tax revenue.

Home building pays for itself, over and over and over. The benefits quickly outweigh the costs. Once the costs—infrastructure, public services, etc.—are subtracted from the revenue generated, the **net revenue positive is $500 million**. The conclusion is clear—home building is a leading job and revenue generator.

"If growth isn't paying for itself, it's because it is already paying for everything else," Executive Vice President of BIAW Art Castle said. "Most of the local and state government revenues generated by new construction are spent on general fund expenses, instead of on community infrastructure such as roads, parks, and schools."

Local and state policy decisions collectively determine an environment that either encourages or hinders homebuilding. The Building Industry Association of Washington (BIAW) challenges lawmakers to work with the building community instead of against it. If allowed to prosper, residential construction can be the key leader in restoring our great state's economic vitality.

"Government needs to work better with builders to implement environmentally-sound and business-friendly policies that will help new home building lead our state's economic recovery," Castle said.

NAHB Senior Economist, Dr. Elliott Eisenberg, outlines this data in this video, which we created to highlight the value and benefits of home building and new home construction in Washington State.

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Known as the "champion of affordable housing," the Building Industry Association of Washington is the largest trade association in Washington State, representing more than 8,000 member companies involved in the homebuilding industry.