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Good morning. My name is Richelle Risdon and I am the public information and education officer for Monroe Fire District #3.  I am speaking in opposition of the proposal to remove fire sprinklers from the IRC.  Today, I am not testifying as a fire service representative but as a real estate agent who sold real estate in central Washington from 2004 until just a few months ago when I made my license temporarily inactive. I have worked as a listing agent for a land developer, a builder, and have been a buyer’s representative in multiple real estate transactions.  I have heard in previous testimony that residential fire sprinklers will price buyers out of a home. I am here to talk to you about how homes are priced and what factors are considered when a builder and a real estate agent put a home on the market.

When determining a list price for a home, real estate agents will look at the last six months of similar, comparable sold homes and what the selling price was. Then, the agent will give this information to the seller or builder and the list price is set based on those comparable sales, give or take any other features or amenities of the home.  The list price has little to do with how much it cost for the builder to build the home, but rather the current market value based on economic factors.  In central Washington in 2005 and 2006, we saw homes appreciating each year at approximately 15-26% (if my memory serves me right), if not more in some cases. I watched new homes increase in price each year with sellers or builders making insane profits. In some cases, prices were set way higher than I recommended because my sellers wanted to see just how much more of a profit they could make.  With this increased demand, sellers continued to raise prices simply because they could. I remember representing buyers where the builder would refuse to include a refrigerator, grass in the back yard, or other items in the purchase price. It wasn’t that they couldn’t afford to do so but rather that they didn’t want to cut into profits.

Today’s economic conditions may be different but that is its nature. The economy will have its ups and downs.  When talking about residential fire sprinklers, we have to remember that we are talking about the long term.  It is sad to see the economy where it is today and to watch homes repossessed and builders having a hard time selling their inventory.  However, after watching what happened to buyers during a good real estate market as prices sky rocketed, I find it a little funny that some builders seem to be so concerned about buyers and what they can or cant’ afford now….now that they need the buyers and homes aren’t selling well. Builders and other sellers who increase prices of their homes at a fast rate during a good real estate market is one of the real reasons why people get priced out of a home. I would bet that many sellers/builders would give anything if they could go back in time and accept the good offers they turned down two years ago.

Residential fire sprinklers, at $1.61 per square foot, won’t price most people out of a home but I think that is for you to decide based on realistic information and estimates. This is how I have figured residential fire sprinklers would impact a buyer:

If you have a 2000 square foot home that costs $300,000. Adding fire sprinklers at $1.61 per square foot will add approximately $3,220 to the cost of the home. Assuming for the sake of this example that the buyer put no money down on the home, the interest rate is 6% fixed over 30 years (using a basic mortgage calculator), the mortgage payment difference is approximately as follows:  Their payment on the $300,000 home without sprinklers would be about $1798.65. The buyer’s payment on the $303,220 home with fire sprinklers is approximately $1817.96.  That is a monthly house payment difference of $19.31.

The bottom line is that fire sprinklers save lives at a relatively small cost to the buyer or builder.  I have no doubt that if fire sprinklers are mandated, you, me, the fire service, the realtors, and the builders will take great pride 5, 10, or 20 years from now when we see multiple news stories on TV talking about how a family or small child was saved due to fire sprinklers.