

Testimony to Idaho Land Use and Housing Study Committee

Chair and members of the committee. My name is Judge Glock and I'm the director of research at the Manhattan Institute, a think tank based in New York. I received my PhD in history with a focus on economic history and was formerly a visiting professor of economics at West Virginia University. I thank you for the opportunity to testify on the subject of third-party permitting and inspections.

In perhaps no business is the phrase "time is money" truer than in real estate. The sector is heavily reliant on high-interest financing as well as materials and labor contracts that remain in place whether or not projects continue. Delays by local governments in permitting or inspecting, which can involve everything from reviewing building plans to inspecting electrical installations, add extensive costs and uncertainty. These burdens either prevent projects from being built in the first place or add to the costs of the finished project and thus the price to homebuyers or renters.

Delays could be substantially reduced if developers or builders were allowed to hire independent third parties to perform the permitting and inspecting. Allowing third parties to perform such reviews and inspections does not take away any essential function of government, since such third parties would still use existing government laws and regulations to approve or disapprove projects. The third parties would also be responsible for any errors or mistakes, unlike the government, which often immunizes itself against any errors by its building or other code officials.

The costs of permitting and inspection delays are real and substantial. One study by McKinsey found that every month of delay in permitting can [add](#) up to \$10,000 for a single-family house and up to \$550,000 for multifamily projects. An older [study](#) on Florida found permitting delays added almost \$7,000 to the cost of a house.

There is already extensive experience with third party permitters and inspectors in many states and local governments. Florida has long [allowed](#) developers to hire third parties to review building plans and perform inspections, and in recent years the state has liberalized the law to require refunds of local code fees if independent providers are used. Georgia in 2019 passed a similar law. Texas in 2023 [allowed](#) developers to hire independent inspectors or permitters if local governments did not meet designated times for inspections or permits. Tennessee [passed](#) a law last year which allows independent providers to perform inspections as did New Hampshire and Arizona this year. These bills have [passed](#) with overwhelming or unanimous bipartisan votes. Beyond state level laws, many local jurisdictions already [rely](#) on independent third-party permitters and inspectors themselves. Commerce City, Colorado, Fort Worth, Texas, Phoenix Arizona, and many other cities across the US have been using third-party permitters and inspectors for years.

In recent national polls, the high cost-of-living has consistently been cited as the most important problem facing the country. Housing, at about a third of annual expenditures, is by far the most important expense for most families. Accelerating housing construction is the only way to reduce the cost. Third-party permitting and inspections does this without detracting from any of the core functions or duties of local government.