



**HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.**

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*Your Home
Is Our
Business*

March 22, 2017

To: Senators Logan and Cassano, and Representative Lamar, Co-Chairs
Representative Zawistowski, Ranking Member
Members of the Planning & Development Committee

From: Bill Ethier, CAE, Chief Executive Officer

Re: **Oppose HB 7298, AAC Inclusionary Zoning**

The HBRA of Connecticut is a professional trade association with about eight hundred (800) member firms statewide employing tens of thousands of CT's citizens. Our members, all small businesses, are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry and to consumers. We build between 70% to 80% of all new homes and apartments in the state each year and engage in countless home remodeling projects.

We strongly oppose HB 7298 as unworkable and highly disruptive of the housing marketplace. While well intended to increase the stock of affordable housing in CT in every municipality, this is the wrong way to accomplish that worthwhile goal.

HB 7298 would mandate inclusionary zoning in every municipality. It means that every housing development, regardless of size, location or the market to be served, would have to set aside a percentage of units as affordable to different income cohorts. Thus, inclusionary zoning is government intervention in a complex economic market. It is a form of price control. **It imposes a direct cost, in the form of below-market price restrictions, on builders and the residents (owners and tenants) of their market rate housing units.**

These price controls distort the free market but do not solve the underlying economic problem (i.e., affordability of housing). Rather, they limit supply, or force market rate housing to subsidize the price restricted housing, or both.

The lack of affordable housing in many communities is the result of many factors, usually including a local government's prior and current restrictive land use regulations. The home building industry, as a supplier of housing, is rarely, if ever, the cause of a shortage of housing in any particular market. Therefore, imposing price controls on builders imposes a direct cost on a constituency who contribution to the affordability problem is minimal at best and likely nonexistent.

Inclusionary zoning does not reduce the cost of constructing any housing. Builders must either absorb the cost of the price control or pass some or all on to other purchasers

or renters of market rate units. **Making market rate homes more expensive is not a sound policy to create more affordable housing.**

Better policies to create more affordable housing are to reduce the cost drivers created by CT's many land use and environmental regulations, and CT's taxes and fees that make CT's housing so expensive to build, and to support programs such as the Affordable Housing Land Use Appeals Act (8-30g) and the Housing Incentive Program (HOME CT).

We strongly urge you to not act on HB 7298.

Thank you for the opportunity to comment on this legislation.