

Home Builders & Remodelers Association of Connecticut, Inc.

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Please Oppose any Inclusionary Zoning Mandate on Multifamily Builders (HB 5482 failed in P&D; Please Oppose any Amendment to bring it back.)

The Problem: Most agree (as do we) that many local zoning boards have not fulfilled their long-standing affordable housing obligations under the state's zoning and fair housing laws. Limits on housing developments and outright denials of proposed new housing restrict housing opportunities for those who most need more affordable options. Historic zoning practices also limit the mobility of people to move to higher opportunity areas.

These housing limitations and denials also hurt multifamily (MF) developers.

The Proposed IZ Solution Hits the Wrong Stakeholders. Inclusionary zoning (IZ) mandates that MF developers set-aside affordable units in their new MF communities. Under this IZ mandate, MF developers must subsidize these set-aside units out of their own pocket or pass on costs to their market rate buyers and renters (if they can).

- **How does this make sense? MF developers are not the problem.** As much as anyone, we want to solve the restrictive zoning issues by limiting the many regulatory and tax issues that drive up the cost of producing housing, and by enforcing on zoning commissions their existing affordable and fair housing obligations. IZ puts the burden of a solution on the wrong actors.
- **IZ does NOT reduce the COST of constructing any housing.** IZ imposes a direct cost on builders, who must absorb the price restrictions on set-aside units or pass them on to buyers or renters of their market rate units, to the extent costs can be passed on.
- **IZ limits housing supply** because many builders – not all, but most – will choose to no longer undertake multifamily housing projects. **While Connecticut needs more affordable housing options, this state also needs more housing at all income levels. We cannot risk the severe economic damage that will be caused by the loss of many new market-rate MF units that would otherwise be built without this IZ mandate.**
- **Raising the price of market rate homes to create a few more affordable units is NOT a sound housing policy.** This will create an even greater economic gap among CT's population. CT needs to bring down the cost of producing ALL housing.
- **The affordability requirements of the set-aside units** (9% at 60% median, and 3% at 30% median income) **are so low that all such units would be sold or rented at a loss.** MF developers will not be able to get traditional bank financing as they will not be able to achieve debt coverage ratios. And most will not attempt to wade into the bureaucracy of DOH/CHFA housing finance.
- **Municipalities will manipulate their underlying density** in MF zones so that the mandatory 20% density bonus would only get you back to what they would accept in the first place. And the **proposed 20% density bonuses may be impossible to achieve in some cases.**
- **Most developers will not seek a waiver from DOH,** as allowed under the bill, because it will cost too much just to apply, and they will not want to engage another state agency's bureaucracy.
- **Nowhere in the nation has a state adopted a nearly statewide IZ mandate.**

Inclusionary zoning, despite its name, works in the real world to EXCLUDE housing. Except in very strong housing markets, **builders across the nation avoid municipalities that have IZ ordinances.**

MF builders are not the problem. Don't put this IZ burden on them. Oppose IZ and adopt solutions that directly address the problem, i.e., costly regulatory and tax burdens that drive up housing construction costs.