

November 9, 2021

Legislation Committee  
Board of Alders  
City of New Haven  
165 Church St.  
New Haven, CT 06510



**Karen DuBois-Walton**  
President

Dear Alders,

I offer these comments on the proposed inclusionary zoning ordinance. The concerns raised here expound on concerns that I have addressed to the city administration, their consultants and entered into record during the City Plan Commission Hearing on this matter.

For the past 14 years, I have served as the President of Elm City Communities/Housing Authority of the City of New Haven and have created the largest number of high quality, deeply affordable units in the city. Additionally, I serve as a Commissioner on the City's Affordable Housing Commission.

More than 50% of New Haven residents are rent-burdened. Pre-pandemic, the median household income in New Haven was just over \$40,000 per year for an average family size of 3 people, and the unemployment rate was over 7%. Considering the median income of New Haven residents, more than half of our cities' residents cannot afford housing costs (*rent plus utilities*) that exceeds \$1,000 per month.

More than 48% of New Haven's households are low income. Twenty-six percent of New Haven residents live in poverty. To put the poverty numbers in context, the poverty rate equates to individuals living on less than \$13,000 annually and families of four living on less than \$26,000 annually. Current estimates published by the Open Communities Alliance suggest that meeting the need for affordable housing requires an additional 25,000 units in this region.

And all of these statistics are worse in our most disadvantaged neighborhoods. In communities that have been historically under-resourced, the unemployment rate is double what it is in other neighborhoods, the median income is just over half what it is in other neighborhoods, and more than one-third of all families pay more than half of their income for rent. Too many people in our city are struggling to make ends meet, and our communities remain highly segregated by income and race.

And much of what we see is the direct result of historical and current day US housing policy that has had its roots in explicit discriminatory practices and that is sustained by practices that perpetuate racial and income discrimination. This proposal fails to address affordability for those most in need, fails to address housing development at a scale that meets the size of the crisis, fails to prioritize city residents and local developer needs and fails to address the segregation problem in our city.

### **Current proposal fails to create real affordability**

- ***Rents are set at affordability levels of 50% AMI for the New Haven-Meriden Metropolitan Statistical Area when need is for housing at much lower income levels.*** Much can be said about the inappropriateness of using this larger region's numbers as opposed to New Haven specific numbers. I will set that aside for the moment and focus instead on the fact that the analysis presented by the city's consultants acknowledge that the largest need for units is in the lowest income brackets, i.e. families living at 0 to 30% of the area median income. By pegging this proposal at 50% of AMI, the city will continue to discriminate against the lowest income and most in need households. In the core market, 10% of units will be pegged to 50% of AMI households with a set aside of 5% for Housing Choice Voucher (Section 8) unit holders. However, there is no requirement that the HCV units go to the lowest income families. An HCV participant may have an income from 0 to 80% of AMI. The current proposal fails to require that the 5% of units targeted to HCV vouchers will go to the lowest income families. Instead, it is conceivable that developers would target HCV participants at the 50% to 80% AMI income level and fail to serve our lowest income families.

This may be addressed by capping the rent charged for an HCV unit to that charged for the 50% AMI affordable units and requiring lease up preference first to families at 0 to 30% of AMI, next to 30 to 50% of AMI and finally from 50 to 80% of AMI.

- ***Fails to account for utility costs--***This proposal, sets rents solely at what is affordable to residents at 50% of the AMI, failing to account for the impact of utility costs which must be taken into account in determining affordability. One- or 2-bedroom unit utility costs based upon our current utility studies can range between \$130 and over \$250 monthly for efficiency to 2-bedroom units which is the predominant unit size in the identified market. These additional potential costs serve to make the units even less affordable.

This may be remedied by requiring that rental costs (housing plus utilities) may not exceed the 50% AMI affordability levels and require use of utility allowance amounts annually published by the local housing authority when calculating rental amounts that may be charged. Alternatively, the landlord could be required to include utilities for the affordable units.

### **Fails to address the need**

- ***Production of market rate units accelerates fair market rate increase-*** Proponents of the unregulated growth of market rate units in the core and adjacent districts often promote the false narrative that the influx of new luxury units has the impact of creating more affordability in other rental stock. While this is often cited, it is not backed up with empirical nor subjective data. New Haven has been the recipient of hundreds of new market rate, luxury units over the past few years. No significant reductions in the city's fair market rent have been noted and potential renters are currently experiencing great difficulty finding rental units in this market at a rent that they can afford.
- ***Need far exceeds production.*** Such focus on IZ proposals diverts us from real efforts to build housing that is not at the luxury end with small set asides of affordable, but instead to orient toward models that incentivize building housing at rates affordable to the population in the city. In other words, are efforts need to be organized toward building housing where the market rate drops toward the designated affordable rates.

Reform efforts should be focused at reducing the costs of building overall by reducing the cost of land, streamlining approval processes and eliminating onerous zoning requirements.

### **Current proposal maintains and accelerates racial and economic segregation in our city**

- ***Continues to build upon exclusionary/discriminatory zoning of the past***--This inclusionary zoning proposal doesn't reverse the segregation happening in our city. Historically, zoning was used as the tool to continue segregation when Fair Housing laws forbade explicit discrimination. Systems that build upon the existing discriminatory zoning code do not reverse what that original system was designed to do. Inclusionary zoning overlays on top of a segregating zoning code will not correct the fundamental problems inherent in the current system.

The city would do well to investigate Smart Code and other zoning reforms being implemented in other municipalities. Smart Code recognizes the failings of the current exclusionary zoning approaches and moves to form based land use that creates complete, walkable neighborhoods.

### **Current proposal prioritizes needs of the large developers over the needs of renters seeking access to affordable housing and over small, local developers**

- ***Creates very few affordable units at significant benefit to developer***-- The city will receive very little benefit from this proposal in terms of the development of new affordable units while the developer will enjoy tax abatement, density bonuses and other zoning reliefs. But the case has not been made for why developer need for financial incentives should outweigh the city's need for taxes, nor has the case been made that the amount of incentive is consistent with the number of units gained.

We consistently hear that developers cannot afford to build affordable without such concessions. And yet, we have not seen the developers' proforma or financing plans that justifies this level of subsidy. Should the city grant such concessions, the city should be entitled to set caps on the profit and developer fees earned on such projects. One only need watch how quickly and profitably some recent New Haven luxury apartment deals have been sold at profit to note the profitability of these deals. The city must avoid further subsidization of housing that is working to drive the cost of housing up in this market and contributing to the lack of affordability in the housing market.

This can be remedied by adopting the safe harbor guidelines and limits imposed on federal and state funded projects that ensure that projects are not over subsidized while simultaneously overly enriching the developer, increasing the in-lieu of fees and limiting the offered tax abatement. Further, if 15% is the base amount required, tax abatement should only be granted to developers that go above and beyond this base requirement. Mixed income developments should strive for percentages of affordable units closer to 30%. Tax abatement incentives should be used to close the gap from a require 15% to the desired 30%.

- ***Places the incentives with large developers at the expense of smaller local developers***—Finally, inclusionary zoning by its very nature incentivizes the interests of large developers. By continuing to incentivize development on large mega block parcels, the city is determining that the only development that will happen will be done by large developers who are from outside of this community, who create wealth off of this community at the expense of the city tax payers and then take that wealth outside of the city. Because the interests of the developers are prioritized, inclusionary zoning proposals remain rich in incentives for developers and light in actual production of affordable units for residents.

Again, exploring Smart Code (which has been adopted in other cities and other parts of the state Hamden and Hartford in particular), the city can create developable parcels of a size and scale that can create development opportunity for smaller, and more likely to be local developers, to create true mixed-use development in walkable neighborhoods that will also enhance the ability to reach our city's other long-term goals--reduced emissions, greener transportation, broader economic development, more affordable housing.

To get there, it is recommended that the city move to a zoning code that prioritizes these goals rather than works against them. Use this opportunity to do zoning reform to incentivize alternative development approaches that reduce costs and create naturally affordable units by reducing development costs. This development approach is also likely to be of a size and scale that smaller, local developers can successfully compete for the opportunities.

For these reasons, I urge rejection of the Inclusionary Zoning proposal in its current form.

The city's new inclusionary zoning policy is wildly insufficient for the scale of the affordable housing problem in our city. Do not continue to build upon a platform that is by design exclusionary. An inclusionary zoning overlay on an underlying broken system will not address the issue of affordability and segregation in our city. We currently live with the results of policy makers of the past who created a discriminatory system. We must take affirmative actions to dismantle and create anew. I urge you to send this proposal back to the drawing board and think in more visionary ways.

If you would like to discuss further, please feel free to contact me at [kdwalton@elmcitycommunities.org](mailto:kdwalton@elmcitycommunities.org). Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Karen DuBois-Walton', with a stylized, flowing script.

Karen DuBois-Walton, Ph.D.