

CPCinfo

From: Rita Bautista <rita@home-builders.org>
Sent: Monday, August 15, 2016 3:52 PM
To: CPCinfo
Cc: Robert D. Rivers
Subject: Affordable Housing Impact Statement - Written Comments
Attachments: Written comments.pdf

Good afternoon,

On behalf of the Home Builders Association of Greater New Orleans, please accept the attached document as the Associations written comments on the Affordable Housing Impact Statement Study.

Regards,

Rita Bautista
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HOME BUILDERS ASSOCIATION
OF GREATER NEW ORLEANS

August 12, 2016

City of New Orleans

City Planning Commission

1300 Perdido Street, 7th floor

New Orleans, LA 70112

Dear Director Rivers,

Thank you for your consideration of the following written comments from the Home Builders Association of Greater New Orleans (HBAGNO) on Affordable Housing Impact Statements (AHIS). The HBAGNO represents over 1,000 member firms, which employ approximately 10,000 housing construction professionals metro-wide. For over 75 years, HBAGNO has been led by single-family and multifamily housing developers and builders, remodelers, and multitudes of trades professionals, who have built thousands of housing units in New Orleans and the surrounding seven-parish area. It is our belief that all families deserve a safe, affordable place to call home; the HBAGNO and its members would not be in business all these years were we not capable of delivering on that promise.

As an initial recommendation, we request that the City of New Orleans first conduct a city-wide survey of the current housing stock as it exists today. We note that the request for a survey, which was added to the Comprehensive Zoning Ordinance ten years ago, has not taken place because resources are not available. Yet, how can we begin to address the issue of affordability, or even answer the elemental question of whether a proposed project adds to or detracts from the stock, if the City does not have an accurate understanding where the starting point of the housing stock is found? Underlying the need for a comprehensive housing survey, it is imperative that we also define the notion of "affordability." Affordability is a relative term, with many factors influencing what is necessarily an affordable housing unit, and to whom. Therefore, the commonly-used "30-Percent-of-Income" rule completely oversimplifies the affordability issue. We as a community will fail to solve the housing affordability problem if we do not have an equitable picture as to who is economically distressed and why.

Only once this survey is conducted, and a proper evaluation of affordability is determined, can the actual numbers be assessed properly. While various proponents of an AHIS have pointed to existing housing data to underpin the notion that the city is bereft of quality, affordable housing (some even

going so far as to assert that a vast majority of the city's rental housing stock is "substandard")¹, it has been our experience that such data is very limited in scope and availability, it is dated, and likely not reflective of the tremendous amount of work undertaken since Hurricane Katrina by the for-profit and non-profit development community.

Second, proponents of the HousingNOLA plan, including city administration, have expressed the goal of building 33,000 affordable units by 2025. Considering that time is indeed money, adding another layer of paperwork to an already unwieldy zoning and permitting process will merely create additional delays, thus *reducing the velocity and volume* of development. For those developments that do get through the process, the cost of business will inherently increase, becoming a road block to the creation of more affordable units, thereby rendering the stated affordability goal almost unattainable. It seems obvious that adding a new tier of paperwork that is going to have no relevance because there is no baseline against which to measure, will be self-defeating.

Further, there is a real question whether Affordable Housing Impact Statements are even reliable reporting tools. Austin, TX, Montgomery County, MD, San Diego, CA, and Atlanta, GA are all cities where AHIS has been adopted, but the veracity of the statements have been questioned by developers because the information on the amount of affordable units added or removed to the existing housing stock is not accurate. The reasoning behind the inaccuracies is different in each city.

For example, in Austin, developers from the local home builders association reported that AHIS has been known to cause a delay in developments for up to 30 days due to time constraints of reviewing the required information. In some cases, the AHIS has been used politically in Austin to stop developments that did not align properly with elected officials' agendas. Given the concerns expressed above, we have to conclude that the *only* real purpose of an AHIS is to use them as a litmus test for whether a development will be approved to begin with, and a baseline from which to negotiate additional extractions from builders and developers.

We respectfully request that the Central Planning Commission take the following into consideration when reviewing the potential of adopting the AHIS for the City of New Orleans:

- How will this "tool" be determined to assist with affordability, if the term "affordability" does not have a clear definition when it relates to the City of New Orleans, nor even a baseline count of the affordable housing stock? In other words, once an AHIS is undertaken, what existing, current data will the AHIS be measured against?
- How will the collection of data for the AHIS be paid for, and will there be additional staff hired to monitor it? Should it be determined that no additional staff is needed to review the AHIS, will this additional layer of inspection be added to the permitting process? If so, this will cause a bottleneck reaction, causing major delays to development approvals. As you can appreciate, in

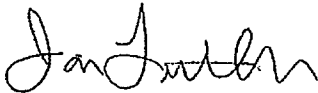
¹ Please see testimony, New Orleans City Council Community Development Committee Meeting, May 11, 2016, "Presentation on the Detrimental Effects of Unsafe Rental Housing on Women and Children."

the home building and construction industries, time is a major expense to add to the bottom-line.

- Regarding the immediate point above, it's a basic rule of construction economics that additional time added to the development process adds additional costs to projects. Those additional costs are then passed on to the end user - in this case, the renter. Therefore, instead of assisting with the affordability issue, the AHIS requirement would tend to raise rents, thereby doing nothing to help with the goal of creating affordable units.
 - If there is not an ability to compile all the information that the permitting department already receives related to inspections and enforcement, is it realistic to expect that a new initiative will fare any better?
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We are glad to extend our expertise to the Central Planning Commission on issues concerning the home building industry - single family, multifamily, and light construction. It is our hope that the comments provided will be given all due consideration. Please feel free to contact me at the Home Builders Association of Greater New Orleans at 504.837.2700, should you wish to discuss the AHIS further, or the overriding issue of housing affordability. Thank you for your attention to this matter.

Sincerely,



Jon Luther

Executive Vice President

Home Builders Association of Greater New Orleans