



March 25, 2024

Representative Stephen Casey, Chairman
House Committee on Municipal Government & Housing
Re: H7948 – Inclusionary Zoning

Dear Chairman Casey,

The RI Builders Association, a residential construction/ home building trade association with over 1,000 member companies, is writing to provide some guidance and concern on house bill H7948 - a bill that reforms the use an implementation of Inclusionary Zoning on the municipal level.

Although inclusionary zoning is used with some success in certain circumstances and in certain areas of the country, our experience with the concept here in our local market has shown it to be a policy that often complicates and impedes the production of housing. However, if the legislature does indeed desire to change the existing law to try to incentivize municipalities to apply IZ, we are hoping it can take into consideration one of the major problems it tends to create, an amend the proposed language to give the policy a better chance to succeed.

From RIBA's perspective, having the unique opportunity to discuss and obtain information from all segments of residential construction, the concerning issue with IZ is the cost subsidy needed to build the "affordable units" is ultimately paid for via higher prices for the "market rate" dwellings in the development where it's applied. That noted, in H7948, the cost transfer to market rate would seemingly be increased as density bonuses and other means to absorb costs with the town is proposed to be reduced or eliminated.

Hence, with much thought on how to resolve this, RIBA is asking the committee to consider a revision to the proposed bill that will allow builders who wish to develop the missing middle (as defined by perhaps RI Housing or some other economic third party) the ability to either pass the construction and all the costs of the "affordable unit" on to a third party builder specializing in such, or allow the builder of the market rate unit to receive the direct subsidy needed to build the unit from the same source provided to the typical entity / non-profit often engaged to build those units.

Under this type of policy, luxury developments (which are most new construction) are still offered / imposed the fee-in-lieu noted in the bill, and/ or must build units to meet the IZ requirement, but developers who wish to build middle class developments are not forced into the same circumstance – allowing them to avoid increased pricing and the potential to have middle class units be rendered financially unobtainable.

Thank you for the opportunity to provide this guidance and feedback. Please know that we submit this testimony with appreciation and gratitude and remain a dedicated stakeholder as we mutually find the appropriate means to solve the housing crisis.

Respectfully submitted,

John Marcantonio - CEO

450 Veterans Memorial Pkwy. #301
East Providence, RI 02914-5380
401.438.7400
Fax- 401.438.7446
www.ribuilders.org