

## Oppose SB162: Allow for Mandatory Inclusionary Zoning

*By changing wording from “inclusionary zoning” to “incentives,” this bill seeks to preclude the possibility of mandatory inclusionary zoning, which, as you know, is well in the works in New Orleans and in talks around the state. As follows are the reasons that we should maintain the right to study mandatory inclusionary zoning in Louisiana.*

### **Mandatory inclusionary zoning addresses Economic segregation**

Economic segregation (the opposite of inclusion or economic integration) is where peoples with low incomes live in one part of town and high income people live in a different part. This means, children who grow up in neighborhoods with very high poverty rates have a harder time succeeding in their future careers. One study found that a parent’s income makes less of a difference to a child’s future economic success than the zip code where they grow up. Mandatory inclusionary zoning proposes housing policies that help ensure people with lower incomes still have quality housing choices. That is the choice to stay in your neighborhood as it improves, or just as importantly, the choice to move to a different neighborhood across town.

### **Mandatory inclusionary zoning is needed because federal housing programs are shrinking**

For the past few years, cities across the country have started to recover from the housing crash of 2008, but now New Orleans is seeing the same conditions that preceded the crash repeat and headed for its own housing bubble. We missed the direct impact of the 2008 crash because Hurricane Katrina's floodwaters decimated the housing market. We don't have to let the bubble burst. We can deflate it.

Sadly, rents in market-rate buildings have become unaffordable for most New Orleanians. From 2000 to 2013, home values and rents have gone up by over 50%, but wages have remained stagnant. This city is currently facing an affordability crisis. There are rising housing costs and no way to pay them. Other cities in Louisiana

are also facing housing crises, notably Lake Charles and Calcasieu Parish’s inventory of affordable houses on the market is down and at the same time there has been a gradual increase in workforce since 2012.

Historically, affordable housing developers have relied heavily on federal dollars to fund the purchase of land and to pay for construction. With federal funding drying up, local solutions are becoming more important across the country, especially local solutions where the market growth can help pay for more affordable homes.

### **We need a mandatory inclusionary zoning because the market won’t correct itself**

The reason market rate housing doesn’t serve low to moderate income households is not because developers are bad seeds or have ill intentions. Construction costs are high. Land is very expensive. As such, developers have to price new housing at the top of the market.

In other words, the economics are such that the only way that market rate developers can afford to build something new is to build for higher income residents. That way, they can charge high prices to recoup their costs and also pay back their debts to investors.

The good news is that inclusionary zoning policies can help market rate developers actually create those lower priced homes this city so desperately needs. Inclusionary zoning is the term for any policy or ordinance that either requires or incentivizes the inclusion of lower-priced homes within otherwise market rate developments. Inclusionary zoning has become the smart way to do equitable housing and ‘fix the mix’ in our neighborhoods

### **Mandatory inclusionary zoning addresses sustained affordability**

Several cities in Louisiana are facing an affordable housing crisis. Housing costs are rising, yet wages have remained stagnant. Increasingly, we are seeing awareness around affordable units coming offline now and in the coming years. This will only serve to

aggravate the issue. A mandatory inclusionary zoning policy will open the pipeline to creating long-term affordable opportunities for our cities' residents.

### **CALL TO ACTION**

This bill is being heard again by the House Commerce Committee on **May 30<sup>th</sup>** at **1p**. The members of the committee and their contact information are as follows, and we encourage you to reach out and voice your opposition to this bill that seeks to halt our efforts towards mandatory inclusionary zoning here in New Orleans.

Thomas, Carmody, Chairman, Dist. 6, R, (318)862-9956, [carmodyt@legis.la.gov](mailto:carmodyt@legis.la.gov)

Paul Hollis, Vice Chair, Dist. 104, R, (985)871-4680, [hollisp@legis.la.gov](mailto:hollisp@legis.la.gov)

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Taylor F. Barras, Ex-Officio, Dist. 48, R, (337)373-4051, [barrast@legis.la.gov](mailto:barrast@legis.la.gov)

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### *Sample Email:*

Dear Representative \_\_\_\_\_,

I'm writing to you today to ask that you **vote no** on Senator Appel's Senate Bill 162.

The bill is up for vote in your committee, the House Commerce Committee, on Tuesday, May 30<sup>th</sup>. SB 162 is detrimental to the development of affordable housing in our state.

*(Personal message)*

Thank you,

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