

Testimony of Stephen Fleming, P.E - Promoting Housing Affordability Through Land Use Reforms

Good afternoon. I would like to thank Chairman Laughlin, Senator DiSanto, and the members of the Committee for the opportunity to testify this afternoon.

My name is Stephen Fleming, I am the President of Biltbold Building Company, a custom home building and development company. I am also the current President of the Home Builders of Metro Harrisburg, and it is in that capacity that I am pleased to address you this morning regarding Housing Affordability Through Land Use Reforms

Additionally, I am a board member of the Greater Harrisburg Association of Realtors, a licensed Real Estate Broker and Licensed Civil Engineer (P.E.). Prior to my career in home building and real estate, I was a consulting engineer in the land development and municipal sectors for over 16 years.

I am here today to discuss issues that I have faced in developing new projects and how the current zoning and other regulatory issues negatively impact housing affordability and availability. Pennsylvania is currently facing a home availability crisis that is driving a red hot sales environment and rapid price escalation. While moderate price appreciation is an indication of a stable housing environment, anything more or less is an indication of an unbalanced market.

Whether you support the concept of new construction providing affordable housing to residents or not, the reality is all new construction influences the housing cycle. If new housing opportunities are not available or reasonably priced for their sector of the market, buyers are challenged in their pursuit of a new home and may not chose to enter the market.

At this time and for the past decade, we have not and are not currently providing enough new homes to the market to supply the buyers in it. I am here today to discuss the reasons why.

Zoning and Related Impacts

Central Pennsylvania has long been a suburban market, dotted with fewer higher density areas. Our growth in housing has been in our bedroom communities surrounding our employment centers. We have relied on green field development or raw ground opportunities to grow our housing stock. This reality has long been under scrutiny by our local political environments. Municipal boards have long imparted their

own beliefs over how their communities should be built-out in their own mind over the professional recommendations of their hired consultants.

Examples of this are land preservation prioritization over smart growth principles, density calculations that don't actually provide higher density through open space setbacks, infrastructure policies that create barriers for utility expansion to thwart development efforts and zoning nuances that prevent flexibility to maximize a development site.

The general public has equated density with profit for the developer and this is a wild misunderstanding. Developers will develop and builders will build as long as there is a demand for them to do so. Reducing density or housing units per project will only shift the demand for those extra units to future projects. By negatively impacting density, you actually promote the continued development of new sites, expansion of infrastructure, impact on the environment and increased demand on our public services (schools, police, fire, etc.)

Setbacks, Small Lots and Homeowner desires

Today's market provides for a wide spectrum of home ownership goals and desires. The baby boomer generation as a whole is making a demographic shift from their large lot suburban homes with lots of maintenance and upkeep. They now seek smaller footprint homes and lots which decrease their maintenance demands giving them more time to travel, enjoy experiences outside the home and are less physically demanding. Similarly, the younger first time buyer market prioritizes their time differently, leads a more active lifestyle away from their homes which decreases their desire and time for yard work and other household chores.

Our opportunity is to create new communities that appeal to this demographic which permits a more compact housing footprint, higher densities and community based amenities which will open up the existing housing infrastructure (with a lower price point) for first time buyers and others. If we don't, those baby boomers and existing homeowners will stay put, locking up our entry level and mid-tier housing markets.

Newer municipal zoning ordinances appear to provide for an environment to start this process, however the nuances of these ordinances if not applied correctly, are merely lip service. Smaller lot sizes and other density bonuses provide no development benefit when there is a substantial set aside of open space when that open space would provide the room to develop the same number of lots under a traditional lot size regime. Restrictive buffer yards often double yard setbacks and take valuable development

space for utilities and other low impact elements. This is specifically true on tighter, more constrained infill development sites. Similarly, single loaded street requirements expand municipal liabilities for snow removal and maintenance and double the infrastructure burden on each lot.

Recently I've witnessed these types of zoning impacts threaten to reduce a project density from 14 units to 6, rendering the project infeasible and preventing all 14 units from coming to market.

Infill development

Infill developments offer a particular advantage in the development of new housing units. Where existing utility infrastructure is present, road networking is built and schools exist, a unique situation exists where a community and a developer can do more with less. These sites should be given particular attention to reassemble under developed parcels or overlooked sites and maximize its impact on the community around it.

Stormwaters impact on development

Modern stormwater principles have been in place since the early 1980s to detain and convey the runoff water from development sites. The science of stormwater utilizes historic rainfall data to analyze the increase in runoff from a developed site from its existing undeveloped condition. It's a particularly important detail to understand that undeveloped sites have runoff and in the case of agricultural sites, potentially polluted runoff with sediment, fertilizer and animal waste.

Developed sites provide a system or pipes and ponds to hold back this runoff and protect the downstream neighbors from flooding and similar impacts. These designs often over detain, remove the on-going sediment and waste component and generally provide an improvement to the quality of the runoff.

These stormwater features have historically been a requirement of the municipality. Recently, the purview of stormwater has been confiscated by PA Department of Environmental Protection. The department through the purview of MS4 and other related mandates now creates draft ordinances which are passed to each municipality for adoption with the threat of legal action if they do not implement them. These newly written ordinances ignore the long observed principles observed by the professional engineering community and drastically oversize facilities by utilizing elevated rainfall criteria, applying unnecessary safety factors and significantly increasing engineering

and construction costs by dictating unreasonable levels of engineering, site construction and post construction testing, observation and documentation.

Road widening, traffic impact studies and landscaping

It has long been a municipal practice to require developments to widen roadways for the length of the property with little consideration for overall timing or need for expanded roadways or completion of a larger project that would realize the benefit of the individual improvement. Similarly, sidewalk placements and curbing that start and stop property by property provide no benefit to the motoring or pedestrian users. Ad hoc improvements are more expensive and only provide a barrier to development and provide an affordable product. These improvements are also often deteriorated, out of specification and in many ways unusable by the time the municipality gets around to realizing the original intention.

Traffic studies are also required on a case by case basis, based on the number of housing units, a cost borne by the developer instead of a municipal planning effort that provides for global development and improvement based on a community need and larger scale more complete improvement. Our philosophy in addressing our existing road networks needs to shift from a development penalty to a comprehensively planned program.

Street trees and landscape buffers are similarly applied grossly instead of on a case by case basis based on need and desire. A one size fits all philosophy, often leads to unintended consequences and undesirable results. Options and tradeoffs with these development features can be used to enhance projects and a powerful tool to leverage desired outcomes. Instead of wasting development dollars on ubiquitous features, we should focus the resources where they will be used most and in an efficient manner.

In summary every penny spent on development and the pursuit of a homesite is passed onto a future homeowner. Drastically increasing construction costs and decreasing the number of housing units proposed increases the cost of housing. Our current development requirements provide an unbalanced housing market that does not provide enough housing units or an attractive market for people to move up and move down throughout the course of their changing needs. Gridlocking the housing market impacts those that can afford to absorb it the least, the most. First time homebuyers and lower income homebuyers often barely have the necessary funds to acquire a home to own or to rent. These same buyers are now competing with those who are in the next pricing tiers due to limited availability of all housing types. I am here today to ask you to support

more reasonable development practices as we work diligently to provide housing opportunities for all of the residents in Pennsylvania.

On behalf of the Pennsylvania Builders Association and the more than 200,000 members and employees it represents, I thank you again for the opportunity to testify today and would be happy to take your questions.