

RIPPOWAM CORPORATION
40 CLINTON AVENUE, SUITE 101
STAMFORD, CT 06901

PROPOSED INCREASE IN BUILDING PERMIT FEES

Rippowam Corporation is the development and asset management subsidiary of Charter Oak Communities. The purpose of this statement is to provide input regarding the proposed increase in building permit fees.

Our understanding is that some favor increased fees as a means of limiting what they view as excessive development activity, particularly in certain neighborhoods or locations. Another goal of those supporting a fee increase is to mitigate the financial impact of other fee increases on Stamford residents.

We recognize the City's need to raise revenue to support the provision of services, and we also recognize that the prospect of new development can make residents uneasy. We are suggesting some modifications to the current permit fee increase proposal that we believe address both of these concerns.

Exempt Renovation and Replacement Projects From the Fee Increase

The renovation of existing buildings is very different from new development that adds dwelling units. Renovation or repair, or even the replacement of existing housing with a new development, maintains the number of dwelling units in an area at the same level. The entire neighborhood in which renovation or replacement efforts take place benefits from the improvement in appearance and condition of a deteriorated development. This activity often leads to increased property values in the surrounding area.

Exempt Developments by Non-Profit Sponsors With at Least 50% Deed Restricted Affordable Units From the Fee Increase

Very few new developments are proposed in which at least half the dwelling units are covered by long-term deed restrictions that ensure their affordability for an extended period. For those that meet or exceed this standard, the existing permit fee structure is already a very significant cost. And the permit fee paid to the City is not the only cost associated with obtaining a building permit. For many projects, the City requires developers to pay for outside consultants to perform plan reviews that would normally be done by City staff. Both the full cost of the building permit and the cost of the outside consultant are borne by the developer.

Cost Burden of the Existing Permit Fee Structure on Non-Profit Developers

Here is an example of those costs: For our recently completed development, Park 215, located at Stillwater and Merrell Avenues, the City permitting fees exceeded \$400,000. We also were required to utilize an outside consultant to perform plan reviews that City staff handled in the past. The additional cost of the consultant was \$27,000. Park 215 contains 60% long-term deed restricted affordable units. Non-profit developers of projects with such extensive and deep affordability, such as Rippowam and Charter Oak Communities, operate on very tight budgets that leave little room for even higher fees and

costs. We struggle to assemble the necessary funding for every development we undertake, as do other non-profit organizations with a similar level of commitment to improving Stamford's neighborhoods and to providing sustainable housing for low-income residents of Stamford.

Summary

Most of our development efforts are renovations or replacements of existing residential sites. Of the 784 total dwelling units we have completed, only 98, or 12.5%, represent net new units. 418 units were demolished to make way for our new developments, and 268 dwelling units were comprehensive renovations of existing developments. Of the 216 units currently in the planning stage, all are renovations of existing developments. And all of our planned and completed units contain at least 60% long-term deed restricted affordable units. Exempting renovation and replacement efforts from the proposed permit fee increase would be of great help in our ongoing efforts to maintain and improve our existing developments in good condition.

In recent years, the resources available to fund affordable housing have diminished. At all levels, federal, State, and local, there is less funding available than in the past. Private sources of financing are more expensive than in the recent past, and less available. Non-profit developers are already badly squeezed by these funding reductions. The imposition of significant increases in permitting fees would be a very substantial burden, especially given the requirement to pay for outside consultants to perform plan reviews historically done by City staff.