

## 10/23/23 Statement of Ben Lesher, President of Parcel B Development Company

My name is Ben Lesher, I am the President of Parcel B Development Company. Parcel B currently focuses on infill, new construction multifamily projects in and around the City of Lancaster. We have a special interest in creating mixed-use and mixed-income projects. For us, this means developing in walkable places located near transportation nodes and adding first floor commercial uses when it makes sense to enhance neighborhood vibrancy. This also means pursuing creative solutions to integrate more affordable residential options. Parcel B developed the first new construction apartment building in the City in over 60 years which speaks to the dearth of new housing and smaller living units in this community. Currently, we have three projects under development, totaling over 450 apartments.

Parcel B is responding to the need for smaller housing types in Lancaster for two reasons. The first is because of the mismatch between household makeup and current housing stock i.e., there is a large share of 1-2 person households while the existing housing stock is weighted towards multi-bedroom homes. Secondly we are responding to the under supply of housing and consequent demand for housing at all price points but especially the lower levels.

We are committed to pursuing smaller living options that naturally provide a lower price point and ease the pressure on the share of a household's income spent on housing costs. For example, our 232 Prince project will have 307 square foot micro-apartments (think small studios) that are affordable to folks at 80% of area median income.

We are also working towards innovative financing and funding strategies that marry private and public capital (while operating outside of the ubiquitous Low Income Housing Tax Credit Program) to produce mixed-income residential developments, meaning we hope to have market rate apartment projects with up to 20% of the homes affordable to folks earning 60% of the Area Median Income or less. To achieve this, we are finding that it can take \$110,000 per unit of essentially free or low interest money to convert a market rate unit to an affordable unit for 20 years. While this unique approach still takes an incredible amount of funding, we also believe it to be a more efficient way to produce affordable housing than most existing programs.

We believe the core housing crisis to stem from a severe lack of housing production going back decades. To encourage and support the creation of new housing units at all levels we suggest that our state officials consider the following:

1. Remove land use regulations that restrict and prohibit residential development especially zoning regulations that don't allow apartments and high density housing. And to go a step further, we ask for you to consider requiring multifamily, and other types like accessory dwelling units as allowed uses in all residential districts in the state Municipal Planning Code. We also urge you to reconsider the laws and regulations that made the historically and naturally occurring affordable shared living options like residential hotels or rooming houses largely illegal. This effectively eliminated the most affordable housing types in our communities. We think there are ways to offer affordable but safe and decent housing even in these smaller residential living contexts.
2. Continue to streamline and simplify the development approval and permitting process to make it more consistent, timely and less costly. Municipal approvals require multiple boards and commissions that are often singularly focused and miss the bigger picture. State permitting like NPDES permits, Sewer Planning Modules or Highway Occupancy Permits can take months or even a year. The current entitlement process not only adds time and cost, it is also makes it extremely difficult to innovate or execute on creative housing solutions that don't fit within the current complicated regime.
3. Provide and encourage low cost funding sources for the creation of housing especially for housing affordable to low income households. There are limited programs and funds for housing production especially compared to other funding programs for economic development at the state level. If we are serious about solving the housing crisis and see it as an urgent economic issue, we need to offer more funding and incentives for housing developers. Funding sources need to focus on affordability levels, efficient use of funds and speed to completion. Based on our experience, too many of the funding sources that currently exist are extremely competitive, take years to secure and often include onerous bidding or other construction requirements that add multiples more to the project cost than received in funding.