

No matter the president, pay-to-play will pose problems

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At the moment I am writing this article we are two days away from the election. We have heard so much about Hillary's pay-to-play tactics to use her office as Secretary of State to enrich herself, but even if she is not elected, we have an uphill battle to end the pay-to-play culture that has become the norm of a government with an agenda.

In particular, I am referring to the document the Obama administration released in September of this year, the Housing Development Toolkit.

The stated goal of this document is to bring about affordable multifamily housing in what it describes as the numerous thriving, growing cities in America. In reality, the number of cities that are thriving and growing in America is small, and the actual goal of this policy is to concentrate populations in city centers with highly dense multifamily housing.

The text of the Toolkit paints a rosy promise for "healthy, responsive, affordable, high-opportunity housing markets" by instituting a number of policies:

- "Establishing by-right development.
- "Taxing vacant land or donate it to non-profit developers.
- "Streamlining or shortening permitting processes and timelines.
- "Eliminate off-street parking requirements.
- "Allowing accessory dwelling units.
- "Establishing density bonuses.
- "Enacting high-density and multifamily zoning.
- "Employing inclusionary zoning.
- "Establishing development tax or value capture incentives.
- "Using property tax abatements."

The first policy, "Establish by-right development" addresses existing policies that local governments love but developers and builders detest – regulations in the form of zoning codes that cost a great deal of money and time with no certainty of a successful outcome.

So, for example, if a developer wants to build a subdivision for single family homes in an area that is zoned as "by-right", there may be little resistance by local government to issue a permit. However, if the zoning code states that single-family homes in that area is "by exception," then the developer must produce plans, studies and other documentation to convince the local government to allow it. Since the trend is for denser development to create a larger tax base, approval can be questionable at best.

The Toolkit suggests that the reality is just the opposite; that local governments are resistant to dense development and that developers want to build multifamily housing and can't because local governments don't want the density.

The likely truth is that larger cities want the density, but the suburbs and smaller cities don't. Regardless of the truth, the policy that the Toolkit will "encourage" will be to "establish by-right development" for multifamily, dense development. Here is how it explains this:

“Most development today goes through a discretionary review process prior to approval, such as public hearings or local legislative actions. These processes predispose development decisions to become centers of controversy, and can add significant costs to the overall development budget due to the delay and uncertainty they engender. The tradeoffs that developers make to account for those additional costs can result in lost affordability, quality, or quantity of units developed. “As-of-right” or “by-right” development allows projects to be approved administratively when proposals meet local zoning requirements. Such streamlining allows for greater certainty and more efficient development and, depending on a locality’s regulatory approach, supports lessening of barriers from density limits and other zoning requirements. It can also be targeted to achieve public goals by making “by-right” approval contingent on increased affordable (subsidized) housing, transit-oriented development, or energy efficiency. (All italics my emphasis.)

In other words, the federal government will “help” cities develop zoning codes that meet their goal of dense development, and if a developer wants a project to be quickly approved, that developer will have his project designed to fit the government’s rules, which are “by relaxing restrictions related to density, building height, unit size and parking minimums, thereby freeing developers from the need to seek waivers, variances or rezoning.”

Is this allowing the free market to work? This is a pay-to-play scheme that has an agenda, and it is a predictor of more federal government regulations. Like what Obamacare did to our health care system?

Wait to you see what this will do to our construction economy.



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