

The key to affordable housing in America is a free market

December 15, 2016

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Over the past few weeks I have been reviewing and commenting on the policies of Obama's Housing Development Toolkit that he released back in September of this year. The stated purpose of this document is to bring about "affordable" housing to our cities by instituting certain policies and revising our zoning codes in order to make it easier to get this type of housing built.

(Remember that "affordable" is a euphemism for "subsidized.")

These policies include:

- "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."

Last week I discussed the difference between building codes and zoning codes, and how building codes save lives. Zoning codes, however, are increasingly being used to force the built environment in a certain direction, which rarely takes a path that is parallel to an open and free market.

The policies I listed above are intended to make the creation of multiple-family housing easier and more abundant. They are also designed to increase density, that is the number of people per acre, to ever higher numbers.

The fifth policy on the list, "allowing accessory dwelling units" would involve the revocation of previous zoning regulations that would have limited the amount of structure on any given lot. Previous zoning codes would have only allowed a certain amount of a lot to be covered with a structure, the number of buildings, and even the height of the structures.

The new policy would make it possible, for example, for someone to build an additional home on the same lot with their existing home. This could as much as double the number of people living on the lot.

Personally, I am not for or against having a second home on a lot. If you have read my column for any length of time, you know that I believe property rights outweigh the right of a government to restrict its use, so long as the use does not directly harm neighbors.

The Toolkit would encourage a policy to do this, but the administration also knows that not enough people are going to go out and build additional homes on their properties (or other multi-family housing) without some incentive. To provide that incentive, we go to the next one on the list, “establishing density bonuses”.

According to the Toolkit, “Density bonuses encourage housing development and incentivize the addition of affordable housing units by granting projects in which the developer includes a certain number of affordable housing units the ability to construct a greater number of market rate units than would otherwise be allowed.”

In other words, regulations or relaxing regulations in favor of multi-family housing would be more freely given, and conversely by default, other kinds of housing of lesser density would be discouraged through more regulations. By the same token, the inclusion of “affordable” units that are rented or sold for less than market value means that the other units in the same development must be sold or rented at values greater than the market value.

This also leads to the next policy, “enacting high-density and multifamily zoning.” The Toolkit explains this by exemplifying the actions of several cities including Massachusetts where “the Smart Growth Zoning act provides incentives to local governments that make zoning changes and establish smart growth zoning districts, to foster, near transit nodes and city/town centers, denser residential or mixed-use zoning districts, including affordable units.”

Following that policy is “employing inclusionary zoning”. This is a tactic that says, unless you build the number of affordable housing units we want, we won’t give you a permit to build. The Toolkit states that “inclusionary zoning requires or encourages the inclusion of affordable units in new residential development projects”.

The answer to real affordable housing, that is housing that people can actually afford without government assistance, is a market economy that allows people to earn higher wages and gives them the freedom to live in the kind of housing they want, and where they want to live.

The answer, I hope will come with the Trump administration, especially with the recent pick of Dr. Ben Carson to head HUD. Hopefully the Toolkit will end up where it belongs – in the trash.



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