



Staten Island

# Sunday Advance

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## The affordable housing dilemma: Who's to blame?

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In a recent editorial headlined, "Affordable Housing?" the Advance expressed concern for the recent rise in homelessness and the lack of "affordable housing" on Staten Island, indicating that builders' "huge profits" and "exploitation" are directly connected to this problem. I disagree.

For 20 years, our elected officials have been pursuing the policy of downzoning communities to "preserve neighborhood character" and to "stop overdevelopment." While this has achieved one of its goals, that is, the reduction of the density of new construction, the editorial clearly illustrates one of its unintended consequences — downzoning restricts the supply of new "affordable" housing in the form of rental units and starter homes, the latter being the much-maligned townhouse.

This policy has been consistently implemented during the same period that demand for housing in the borough has continued to grow, unaffected by a sometimes weak economy. This growing local demand is fueled by new waves of immigration, continued migration from the other boroughs and as the natural byproduct of the maturation of the young families who settled here in the 1970s and 1980s. Keep in mind that new homes, at whatever density they are built, do not create a demand for housing, but, rather, it is the naturally increasing population that creates the demand for housing.

It is fairly elementary that increased demand in the face of decreased supply always will result in higher prices. As the price of new housing increases, marginal buyers are squeezed out of the market or are forced to delay housing purchases. Those "marginal buyers" are, in fact, some of the very people for whom the editorial now expresses concern, with the least advantaged unable to afford rental units and seeking public housing, with some, unfortunately, joining the ranks of the homeless, even if they are still employed, in many cases.

Without discussing the merits of the downzoning decisions, on a neighborhood-by-neighborhood basis, one must agree that they represent a de facto policy that intentionally limits the supply of land available for developing new housing opportuni-

**THE ISSUE:** Zoning restrictions limit the supply of new housing available, thus driving up prices

**SUMMARY:** Don't blame builders for the shortage of affordable housing

ties. As a result, the public, our officials and even The Staten Island Advance, all need to recognize some degree of the culpability for current market conditions, which are the inexorable result of two decades of public policy decisions and private acquiescence/ignorance.

A critical element omitted from the editorial writer's equation is the impact of individual property owners on the market in the pricing of their property (most often their single largest asset) based on its highest development potential or its maximum density under the applicable zoning. It is interesting that an owner's desire to maximize his or her return on investment is always viewed sympathetically. It is most often simply characterized as "taking care of the family or safeguarding their future."

A builder acting on the same motivations and in the same market is often portrayed as acting only with avarice. The unfortunate aspect of this duality is that oversimplifying the actions of the market and all of the participating parties, almost always lends itself to simplistic solutions that, as often as not, contribute to unforeseen problems beyond those they seek to address. The law of "unintended consequences" applies to housing and land markets and to zoning decisions, just as it does to all other aspects of life.

Finally, there is no disagreement that the definition of affordable housing has changed over the years. There was a time when the term exclusively referred to subsidized housing for those with limited incomes. Increasingly, however, it has come to refer to market-rate housing, designed for middle income, working-class families. So, while it's true enough that a \$350,000 (this is the price mentioned in the editorial, which is not generally supportable; a figure closer to \$250,000 is far more reflective of the market) townhouse does not fit the traditional model of "affordable" housing, the brisk sales and continuing demand for the townhouse product among families with household incomes start-

ing at around \$50,000 contradicts the writer's assertion that only "a small percentage of would-be home buyers can afford them."

In the first place, if the price were too high, demand would decrease and the units wouldn't sell. In turn, the price would fall to stimulate demand and reduce the inventory. The fact that the prices are high reflects the strong demand for not only the houses, but also for the land upon which they were built.

We must be realistic. Within the local and regional housing economy, these clearly working-class families, often young and growing, now represent the market for new "affordable" housing on Staten Island. It is unfortunate that more housing is not available for lower-income residents, but it is fairly clear that they have effectively (by chance or design?) been "zoned out" of the market by the policies previously discussed. Additional subsidized units, through entities like the New York City Housing Authority, New York Housing City Partnership or even Project Hospitality will be required, if these needs are to be addressed locally.

The editorial predictably lays all of the problems of the housing market at the doorstep of the building industry. In reality, the industry is the one entity that has a direct and vested interest, in the form of its much-maligned profit motive, in increasing the supply of affordable housing!

The Advance's position may represent an ingenious public relations strategy, in an anti-development climate, but oversimplifying the issues and fueling an already hostile relationship between the building industry and the public, only erects additional obstacles to the real possibility of progress on affordable and development related issues and as such, does a disservice to everyone.

The writer is chairman of the board of the Building Industry Association of New York City and a member of the Executive Committee of the National Association of Homebuilders and Chairman of its Legal Action Committee. Lee is also an attorney and managing partner of Lee & Amziz.