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Viewpoint: How Newton's third law applies to housing markets and density

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Newton's third law of motion holds that for every action there is a reaction equal in magnitude and opposite in direction. With a still-heated residential real estate market in Atlanta, high land and housing prices in favored quarters are creating an equal and opposite reaction we label "gentrification" in less affluent areas. Due to the stark rich-poor and black-white divides that the housing market exacerbates, this dynamic threatens the vaunted notion of the "beloved community" that Atlanta's civic and business community has worked so hard to cultivate. Irrespective of our brand, however, our local housing market is impacted by the same global forces that are driving the knowledge economy of the 21st century (action) and increasing income inequality (reaction).



SPECIAL

Bruce Gunter, president of Civitas Housing Group.

[SEP] Even in the face of these gargantuan trends, we find encouraging trends both locally and nationally. Atlanta can and must learn from the very real housing crises that are gripping our nation's "super cities," among them Los Angeles, the San Francisco bay area, New York, and Seattle. (The median priced house in San Jose is almost \$1 million, double what it was in 2012.) In response, the large tech companies are investing enormous sums in affordable housing. Recently, [Facebook](#) announced a \$1 billion housing investment in Silicon Valley, coming on the heels of

Microsoft's announcement in January of this year of \$500 million for affordable housing in Seattle and Google's \$1 billion pledge in June. Early in November, Apple announced a \$2.5 billion plan for the Bay Area.

Corporations assuming financial responsibility for public harm they caused ("internalizing costs" in economist jargon) is not without precedent. Decades ago, in particular, manufacturing firms saved millions by throwing their waste onto the public realm, until research as to the harmful health effects and public clean-up costs of pollution precipitated regulation that curtailed the practice dramatically. Analogous to impact fees — but not just assessed against developers — we should apply the same logic to the harmful impacts of gentrification, which causes traffic congestion and income segregation of neighborhoods and adds transportation cost for those service workers least able to afford housing near their work. Our region absorbs these costs in damaging but albeit indirect ways. Not just social justice advocates, this call for corporations to accept more social responsibility and not just serve their shareholders is being made by the prestigious Business Roundtable, composed of some of our nation's most respected business leaders.

Locally, despite the rise in housing costs, Atlanta is still relatively affordable compared to its peers (importantly, not so if transportation cost is added). We have plenty of in-fill land, owing to the earlier era of sprawl development. The leadership of the City of Atlanta's five public agencies engaged in housing are more aligned and coordinated in their planning than ever before. For the first time, housing affordability emerged as one of the Atlanta Regional Commission's top five challenges facing the region. And despite no new major funding source -- the mayor's campaign pledge of \$1 billion in new funding for affordable housing is yet unfulfilled -- the tools that the city does have, primarily lodged at Invest Atlanta, are working in overdrive to support mixed-income housing and spread equity more evenly in heretofore neglected parts of town. Even so, these plans and investments are not closing the yawning demand gap, as more affordable units are lost each year to the rising market, especially those renting for under \$750 a month.

This sobering reality indicates the need to use regulation to induce the private sector to develop more affordable and mixed-income housing, as no affordable housing plan can plausibly count on increased federal funding. Given a huge and growing demand for affordable or workforce housing, creative responses are emerging from the private sector: shared living in detached housing, "co-living" in

mid-rise rental buildings, and ADUs (accessory dwelling units) attached to single family houses.

The key to these innovations is density, about which Atlanta needs to have a frank conversation. Basic economies of scale driven by greater density is the simplest and most cost-effective way of producing more affordable housing. To get such needed density, cherished community control (all too often expressed as “not in my backyard”), often needs to be leavened by the state to enforce more inclusivity.

But how can we ensure that more density (action) doesn't destroy the very thing that we love about our neighborhoods (reaction)? Zoning laws that prevent multifamily housing in single-family neighborhoods should be examined, but without careful change, the reasons many people want to live there in the first place will be damaged. The great urbanist and writer, Jane Jacobs, first popularized the human scale attributes of her Greenwich Village neighborhood as a place of vibrant, street level diversity, but to inject affordability, we erected faceless towers of public housing in the neighborhood over. This means that, although we are conditioned to discuss housing in terms of zoning and financing, the way to accomplish both is a planning, ascetic and architectural challenge, as Tim Keane, director of planning for the City of Atlanta, persuasively champions through his and Ryan Gravel's City Design vision.^[1]

Gravel's vision for the Beltline was much more than paving over 23 miles of railroad tracks. Like Jane Jacobs, it was about creating dense and vibrant places where people want to live and gather. He was right, so much so that “walkability” and “connectivity” are now as much in the lexicon of real estate developers as they are in that of community advocates. Those coveted characteristics are derivative of density. And we preserve historic buildings because they add “authenticity,” but we must also insist on great architecture in new buildings, especially in affordable housing.

How can we continue our enviable growth while avoiding the fate of Los Angeles?

To add density, Minneapolis has abolished single-family zoning as an artifice that preserves real estate values for the first ones in, while keeping others out. Perhaps Atlanta should go in that direction — now that would spark a conversation — but a less controversial way is mixed-income housing, now beginning to take root as standard practice. (The Atlanta Neighborhood Development Partnership's first

leader, Hattie Dorsey, preached the religion of mixed-income housing in the 1990s.) While accepting that some public subsidy will likely be necessary, we should insist on affordable housing being a part of every housing development citywide, a requirement known as Inclusionary Zoning.

Realistically, as Sarah Kirsch of the Urban Land Institute and co-leader of the House ATL coalition is fond of saying, we need many “2% solutions”. Many of these can be found in the City of Atlanta’s “One Atlanta: Housing Affordability Action Plan”, based largely upon the work of House ATL. But if you are not of a mind to read through its 45 actions items, a good way to get started is to push three impactful, common sense ideas:

1. There being no substitute to substantial funding, we must find the political will (and clever strategy) to raise significant new sources of public and private local funding to reach \$1 billion. To date, a down payment of \$100 million has been surfaced, but only from existing sources.
2. We must devise a way to have a citywide conversation — at neighborhood meetings, City Hall and, in the media — about inclusionary zoning and density and their direct relationship to affordable housing, along with the need for zoning reforms and architectural standards to wisely implement such changes. If you don’t relish new taxes, regulatory reforms such as these are the best way to get more affordable housing.
3. The city and its quasi-public agencies own over 1,300 acres of vacant land, not all buildable and some reserved for infrastructure or other public purposes. If such a thing as low hanging fruit exists in the search for resources to develop affordable housing, this is it. An inventory of surplus land that is transparent, accurate and made available for housing is essential.

The leadership is now fully “woke” and aligned on this crucial matter affecting our shared future, perhaps as never before. The private development community, in pursuit of viable markets, is engaging as never before, and we have holistic, plausible plans to address the interrelated issues that impact affordability. Now, we must accelerate the conversion of these plans into reality.