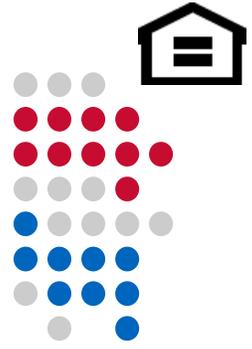




National Call to Action Alert



March 2008 Issue

Dear National Call to Action Participants,

We decided to focus this issue of the *National Call to Action Alert* on the role regulatory reform can play in stabilizing the turbulent housing market. Experts and practitioners alike offer their perspectives on increasing the supply of workforce housing. As we proceed toward the one year anniversary of your commitment to address regulatory barriers at the state and local levels, we hope that this issue of the *Alert* will help you focus on the importance of honoring your governor's, mayor's, or chairman's pledge to the National Call to Action for Affordable Housing through Regulatory Reform (NCA).

We know from having worked in local government and from assisting jurisdictions nationwide just how difficult your duties are when balancing competing issues and interests while dealing with time and budget constraints. We would like, however, to request that you take a few moments to email a brief description or summary of your efforts to date. We would also like to hear from you regarding what we can do better to serve you. Your information will help us to understand the issues your communities are experiencing and to support the efforts of other participating communities. Of course, we hope that you continue to make progress and file a full report when you complete your efforts.

Continued best wishes as we work together to help more Americans find a place to call home.

Please email your summaries to nca@newportpartnersllc.com.

Thank you,

A. Bryant Applegate

A. Bryant Applegate
Co-Director

Krista Mills

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Dr. Edward L. Glaeser

“...we will never achieve meaningful change unless we continue to focus on this objective in good times and bad.”

We recently spoke with experts on the issue of regulatory barriers in the current housing market. Here is what they had to say:

As the housing market turns downward, it will be tempting to forget that many areas in the U.S. will continue to suffer from a painful shortage of affordable housing. Despite the fact that prices are likely to fall in the short run, home owning in the high price, high income regions of the country will remain impossible for most ordinary Americans.

Since it will take years to create more affordable housing, we will never achieve meaningful change unless we continue to focus on this objective in good times and bad. High housing prices reflect the collision of robust housing demand with restricted supply. We can't and shouldn't fight high demand.

But we can increase the supply of housing. In the high cost regions of this country, the supply of new homes has decreased dramatically over the last 30 years. This decrease in permitting does not reflect any lack of demand and it doesn't reflect a lack of available land. Instead, the decline in permitting, whether in coastal California or suburban Boston, reflects the pervasive role of local land use controls, like zoning that make it harder and harder to build.

The private sector has the ability to create enough new housing to restore affordability in expensive areas, but it can only achieve this end, if it is unfettered. Today, a dizzying array of local regulations make it extraordinarily hard for builders to provide the units that will create affordability. Research from Greater Boston shows a strong negative connection between larger minimum lot sizes and less building and a strong positive connection between larger minimum lot sizes and higher prices.

Cross-city research shows a strong connection between greater overall land use controls, less permitting and higher prices. Looking forward, if the high price areas of America are to become more affordable, then localities in those high price areas must permit more construction.

Edward Glaeser is the Fred and Eleanor Gimp Professor of Economics in the Faculty of Arts and Sciences at Harvard University, where he has taught since 1992. He is Director of the Taubman Center for State and Local Government and Director of the Rappaport Institute of Greater Boston. He teaches urban and social economics and microeconomic theory. He has published dozens of papers on cities, economic growth, law and economics. In particular, his work has focused on the determinants of city growth and the role of cities as centers of idea transmission. He also edits the Quarterly Journal of Economics. He received his Ph.D. from the University of Chicago in 1992.

GUAM: Preparing for a Dramatic Increase in Population

In 2004, the median price for a three bedroom two bath home was \$109,000. Just four months ago the median price was \$206,000. Over the next 10 years, Guam is anticipating a 25 percent increase in population as a result of troop deployments, who will be arriving with their families. As a NCA participant Guam recognizes the need for removing costly and time consuming regulations in order to meet the urgent need for more workforce housing. In anticipation of the multitude of housing market changes, Guam has requested its consultant to make a report on proposed changes to its regulatory environment. Once the report is produced, they can move forward with the necessary changes.

Regulatory Barriers in the Current Market Continued

Although there are few positives in the current housing downturn, and no one would have chosen for it to occur, affordable workforce housing could benefit. House and lot prices are declining in most markets or are at least stabilized. The increase in lot prices has been one of, if not the, leading factors in the rapidly increasing cost for workforce housing. In addition, developers who previously found more profit margin in building large houses might now consider building more modest, affordable ones.

It would seem to me that now is a great time for local officials to examine their zoning and subdivision regulations to ensure that they are not restricting affordable housing with unreasonable lot sizes and minimum square footage for homes. Impact fees should be reduced or waived for affordable housing and homebuyer and foreclosure prevention education should also be implemented, if local officials want to salvage their housing industry.

I believe that we can continue building affordable workforce housing and studies conducted by the Center have shown that there is a pent-up demand for such housing.

No matter how aggressive local officials become in addressing the housing downturn, this issue will be very painful for their local economy. If, however, we turn our attention to affordability, we can soften the economic impact.

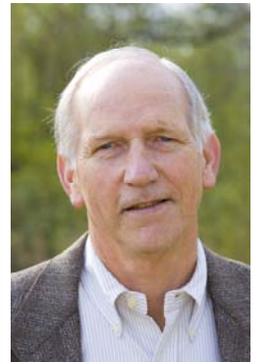
Tom Rodgers is Professor Emeritus at the University of Georgia. His research focuses on barriers to developing affordable housing and community and economic development strategies. Tom is also the HDRC Director of Research, Chairman of the Housing Team for Partners for Prosperous Athens and a member of the Georgia Initiative for Community Housing.

Costs of Subdivision Requirements a Regulatory Barrier?

A new report, the *Study of Subdivision Requirements as a Regulatory Barrier*, is available as a free download at www.huduser.org/publications/commdev/subdiv_report.html. The reader can find additional information on subdivision requirements and other regulatory barriers to affordable housing through our Regulatory Barriers Clearinghouse at www.huduser.org/rbc/.

MONTANA: Staying Ahead of the Curve

The State of Montana, before signing on as a NCA participant, had already created the Housing Coordinating Team (HCT) consisting of state and federal housing program representatives and nonprofit organizations to help coordinate, finance, regulate, and provide housing related services. In addition to streamlining funding programs and application processes, the HCT assists communities and organizations in identifying impediments to affordable housing developments and will be targeting regulatory barriers as one of its next projects. To learn more about Montana's Housing Coordination team visit: <http://housing.mt.gov/>



Tom Rodgers

“...now is a great time for local officials to examine their zoning and subdivision regulations...”

Robert L. Woodson, Jr. Award Profile: Mount Joy Borough, Pennsylvania

Each edition of the *National Call to Action Alert* will feature a profile on one of the Robert L. Woodson Award recipients. The Woodson Award, established in 2005 by HUD's America's Affordable Communities Initiative, honors those communities that have expanded affordable housing opportunities by reducing regulatory barriers. In this case, Mount Joy Borough, Pennsylvania, demonstrates another example of how a community can overcome unique challenges to create affordable housing within their neighborhoods.

MOUNT JOY BOROUGH, PENNSYLVANIA

The affordable housing problems experienced in Mount Joy, a bedroom community of Harrisburg, are very similar to those experienced by many other suburban communities. Zoning restrictions and building specifications prompted a dramatic rise in land and home prices, prohibiting builders from making profits on affordable housing. Recognizing the problem in 2004, municipal officers held a public workshop bringing residents and the development community to the table. The workshop was very successful and participants developed a consensus on a comprehensive development plan for Mount Joy permitting greater density on the available sites.

The first fruits of the plan led to a new mixed-use development called Florin Hills. Both Governor Edward Rendell and the Housing Alliance of Pennsylvania recognized Mount Joy's achievement as a model for meeting the affordable housing needs in the Commonwealth of Pennsylvania.

Specific Actions Taken

- Hosted a two-night public workshop that brought together all parties resulting in a comprehensive plan offering incentives to both developers and the Borough of Mount Joy. Due to the inclusive nature of this workshop, the resulting plan had no opposition upon its implementation.
- The Borough amended, waived, or otherwise revised 52 development and zoning regulations that were barriers to the development of affordable housing units.
- Mount Joy provided a Workforce Housing Density Bonus that created a powerful incentive for builders to build one additional home per acre if at least 10 percent of new homes are affordable.
- Borough planners approved Florin Hills, a new mixed-use development characterized by affordable and market rate housing, access to public transit, and high-density housing. Changes in density requirements and zoning laws allowed this to go from a 57-unit development to one with more than 450 units.

About the National Call to Action Alert

This newsletter is prepared for the U.S. Department of Housing and Urban Development. The newsletter is intended to provide assistance and support to members of HUD's National Call to Action, an initiative designed to enlist states, local communities, and affordable housing advocacy groups across the nation to commit to producing affordable housing through public participation in a national network for regulatory reform.

To learn more about the National Call to Action campaign or to receive the Alert newsletter send your contact information, including email, to nca@newportpartnersllc.com.

How To Apply

Recipients of the Robert L. Woodson, Jr., Award are selected from nominated states, counties, cities, towns, townships, and other municipalities that have significantly reduced regulatory barriers to the construction or rehabilitation of affordable housing for low- and moderate-income families.

In selecting award winners, the review team considers these five factors: Nature of the regulatory reform, Impact, Transferability, Partnership, and Innovative approaches.

To learn more about the Woodson Award or to download a nomination application at www.hud.gov/initiatives/woodson/award.cfm

