

Patience Milrod: ‘Voluntary’ fair housing still locks out poor

By Patience Milrod

“The sky is falling! The sky is falling!” In the fairy tale, an acorn falls on Henny Penny’s head. She concludes doom is imminent, and runs off hysterically to warn the king.

The acorn that seems to have addled some of our most respected public citizens is the city’s new draft Development Code – one would think, a yawn-inducing document if there ever was one. But no, according to some, it’s just the first terrifying step toward totalitarian price controls.

Foxy Loxy ate up Henny Penny before she ever figured out her error, but we here in Fresno need not similarly succumb to panic. Even if we don’t want to read the whole 524-page Development Code (www.fresno.gov/code), we can still get the facts with a quick look through the mere 10 pages in its Article 18.

What has alarmed Henny Penny is the idea that a city’s economy and environment are healthier if its neighborhoods are not segregated by income. One way of doing that is for developers to mix it up as they build: sprinkle a small number of less-expensive units among the high-priced ones, and then sell the lower-cost units at prices to match. This isn’t rocket science, but for some reason the idea scares the pants off some people.

What the new Development Code does do is offer incentives to build mixed-income projects. Depending on how many lower-priced units a project includes, the developer can get permission to put extra units on the parcel, resulting in lower land cost for every unit.

But that’s not all! In addition, the builder can claim “concessions or incentives,” a break on one or more of those city requirements for new construction that developers love to hate. So the builder might score fewer parking spaces, less landscaped area, or other corner-cutting that reduces the per-unit cost of the whole project even further. To secure these cost-pruning opportunities, the builder sells some units at lower prices.

Let’s be clear that this is a sweet deal for the builder: incentives put bonus profits in the developer’s pocket on the project’s higher-priced units.

Of course, “incentives” only motivate voluntary action. The Development Code mandates nothing, no developer has to seek concessions or incentives. With guaranteed voluntary participation by builders, and deal-sweetening extra profits, it’s just hard to see how Henny Penny could have thought the provisions of Article 18 are “price control.”

The Development Code aims for builders to voluntarily build enough decent homes at a range of prices that include a nice profit margin, but that all the residents of Fresno can afford. Fresno generally does a lousy job of housing everybody, producing since 2006 almost twice the number of upper-middle-class homes our population growth requires, and only 16.5% of homes needed for people with moderate incomes and below. So Article 18 is at least a step in the right direction.

But this step in the right direction is still pitifully short. Long years of failure even to approach fair-share housing goals have put us almost 10,000 units behind in the effort to house all Fresnoans decently.

This means that thousands of families must pay more than half their income for grimly inadequate shelter. By 2007, 32% of municipalities in California had responded to their local housing shortages with ordinances requiring builder set-asides of new units for affordable housing. In the many jurisdictions with these ordinances, studies show no drop-off in housing starts or permit activity.

David Rosen’s study, comparing 20 years’ new-construction records in 28 cities with and without inclusionary housing

rules, found “In fact, in most jurisdictions as diverse as San Diego, Carlsbad and Sacramento, the reverse is true. Housing production increased, sometimes dramatically, after passage of local inclusionary housing ordinances.”

Fresno’s Article 18 does not impose such requirements. We should be asking: why not?

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