

Affordability Continued (posted to blog on 8/12/2008)

The Affordable Housing Task Force of Fredericksburg, TX provided its report and recommendations to the City Council on 8/4/08. While I was unable to attend the meeting/presentation the Fredericksburg Standard provided a lengthy (hopefully accurate) report of the latest in the affordable housing soap opera. I am endeavoring to obtain a copy of the report so stay tuned for any updates/adjustments, etc. to this commentary.

Predictably, the Task Force report is loaded with consultant double-speak (big red flag!) with recommendations falling into three major categories: “Entity, Development and Communication” (huh?). To sum it up, they are recommending the following (each will be addressed by me in turn): that the City of Fredericksburg form a Community Development Corporation; that Planning and Zoning hold joint workshops to establish new language and policies and that the community needs to be well-informed of these efforts.

I suppose this is a respectable “first step” but Council and the Task Force had hopes high that their report would recommend concrete solutions not just more study/workshops and “communication”. Tentative half-measures such as addressing lot sizes were mentioned but there was a glaring lack of detail on what it is going to take from the city to solve this community-wide concern.

Note: A long-planned, Planning and Zoning approved “affordable” subdivision was put on hold buy Council recently pending the Task Force results mentioned herein and subsequent actions to be considered as a result of this report. Given its apparent contents, I’m sure the developer is mystified as to what any of this means to his efforts. Ironically, the developer/builder of this proposed affordable housing PUD is named Timeless Luxury Homes.

IMHO, forming a Community Development Corporation (CDC) as a charitable, tax exempt, non-profit 501(c)3 entity places city government square in the path of the solution rather than moving it out of the way to allow market factors to

solve the problem. A city-sponsored CDC (along with all the politics and bureaucracy that implies) would, in effect, be competing with market-based solutions (e.g. a private CDC) for the race to develop “affordable housing”. What private developer in their right mind will attempt competing with a taxpayer-supported entity that controls all the rules of the game? Answer: none. By default the city and its well-intentioned CDC will become the sole source for “affordable housing” in Fredericksburg, TX. If the political/taxpayer will to pursue this course exists, I have yet to see it.

Joint workshops? Hmmm, I like many others, was under the impression that this task force would be suggesting multiple lines of attack against planning and zoning rules and regulations that impeded progress in this arena. Granted, they did touch on lot size as being a factor. Simply put, anything mandated by zoning and subdivision regulations is a significant cost to a developer. These costs are passed on to the end consumer in the form of higher lot and home prices. Mandates regarding street width, curbs, gutters, sidewalks, storm drains, landscaping, lot sizes, building setbacks, density, parking, impervious cover, etc., etc. all add to the cost of development and should all be “on the table” for discussion/revision.

Informing the community? Is there a more obvious CYA than that? The implication is that we have to inform everyone and get input from all areas lest “leadership” on the issue be off the mark or called into question. They of course failed to mention that the real estate, banking, development, etc. communities (stakeholders I believe they call us) have yet to be allowed input. We are told that is coming.

I’ve no doubt that the city leaders and the citizens of Fredericksburg, TX have their hearts in the right place and clearly see the need for “affordable housing”. What has been absent in this whole discussion (or I’ve missed it so far) has been any consistent definition of what constitutes “affordable” and any concrete evidence of a quantifiable demand for this product. A rational, risk-taking

developer is unlikely to roll the dice without clarity of the rules from the city and dice without verifiable market evidence of a legitimate demand.