

Assault on the American Homeowner

Contributed by Charlotte Laws
Saturday, 10 December 2005

Sixty-nine percent of Americans are homeowners, and they are under siege. A number of "unfriendly" policies, proposals and court decisions within the past year have produced an atmosphere which is arguably antithetical to the American dream of carving out a slice of the apple pie and plopping a single family residence on it.

{mosbotwordcount}

Sixty-nine percent of Americans are homeowners, and they are under siege. A number of "unfriendly" policies, proposals and court decisions within the past year have produced an atmosphere which is arguably antithetical to the American dream of carving out a slice of the apple pie and plopping a single family residence on it.

The assault weapons have catchy titles, such as inclusionary zoning, smart growth, density bonus incentives, eminent domain and mortgage interest tax reform. It could be said that corporations and developers attack from one side while politicians and government officials, acting in the interest of the less well-off, attack from the other.

In the tug-of-war between the "have a lots" and the "have a littles," the flag shifts back and forth in an effort to balance interests, and those in the middle are swept along for the ride.

{bot_wrgoogle}This argument is more than a refrain of "the gap between the rich and the poor" tune as sung in Kevin Phillips' Wealth and Democracy, Lester Thurow's Fortune Favors the Bold or Lawrence Mishel's The State of Working America. The "middle" encompasses more than the middle-class. Most homeowners are at risk.

"Eminent domain" refers to the government's right--with fair compensation--to seize private property for public use, such as when residences could be bulldozed to make room for much-needed freeway. But in this "property assault era," the U.S. Supreme Court has ruled that the word "public" can be synonymous with the word "private." Do you remember what the definition of "is" is?

Any private property that can produce greater tax revenues in the hands of a more enterprising private property owner, such as a corporation that plans to build a shopping mall or high rise, could be plucked away for so-called public benefit. Attorney Dana Berliner said of the ruling, "This is a dark day for American homeowners."

An "attempted assault" emerged recently from President Bush's tax-reform panel, which proposed replacing the mortgage interest deduction with a meager tax credit equal to 15 percent of the homeowner's mortgage interest. According to Al Mansell of the National Association of Realtors, this could translate into a 15% decline in home prices in some parts of the country; and therefore, a significant loss of equity for homeowners. Fortunately, Congress is not expected to countenance the recommendation.

Because measures related to eminent domain and mortgage interest tax deductions are criticized by a vocal majority, they are unlikely to become permanent policy. However, inclusionary zoning, smart growth and density bonus incentives are another matter altogether.

"Smart growth" (SG) is supposed to be smart, but it can be short-sighted. SG advocates generally promote taller structures near mass transit lines, greater use of the existing infrastructure, conversion of obsolete and distressed commercial and industrial buildings into mixed-use properties and preservation of the countryside from urban sprawl. While these goals are noble and often sound, the impact of high density building upon existing residents must be factored into the equation.

"Smart growth" could be likened to a finely constructed ship. Without fuel, a place to dock and an unobstructed sailing path, the boat is useless. "Smart growth" proponents must consider the capabilities of the existing infrastructure to fuel new growth; they are often not upgraded to handle additional customers. They must factor in the parking and traffic situation--especially along mass transit lines which may already be congested--and the current density figures for the

target area. Los Angeles, for example, is the densest city in the country with just over 7000 people per square mile. The plan which means smooth sailing in Oklahoma City may stall in L.A.

Directives or incentives aimed at providing affordable housing for low or moderate income residents are touched upon in most "smart growth" plans, but they are integral to "below market rate" (BMR) housing programs, such as inclusionary zoning and density bonuses. BMR initiatives ignore market forces--such as the law of supply and demand and the natural "trading up" homeownership process--by requiring or incentivizing builders to set aside a portion of their sale or rental units at below market rates for those deemed unable to afford current prices.

In addition to density increases, government may permit BMR developers to erect taller structures, skirt parking and open space requirements and dot single family neighborhoods with townhouses. Homeowners--from the "struggling" to the affluent--may, in turn, feel assaulted by the resulting traffic congestion, parking problems, loss of backyard privacy and inferior quality of life on previously serene streets. It could be likened to a cramped elevator; as passengers flood through the doors, claustrophobia increases as well as a fear that the community will exceed its capacity and plummet to its figurative death.

BMR programs exist in at least 134 cities, towns and counties in America, and in the following states: California, Colorado, Illinois, Maryland, Massachusetts, New York, Vermont and Wisconsin.

We cannot stop growth, but we must be intelligent about it. Above all, we must not take homeowner assault with a grain of salt.

About the Author

Charlotte Laws, Ph.D. is a Greater Valley Glen Council member, an author and a Realtor. Her websites are www.CharlotteLaws.org and www.YourTopBroker.com and <http://charlottelaws.typepad.com>
{moscomment}