

# Affordable Housing

Santa Barbara News-Press Affordable Housing Series



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## Affordable Zoning

The neighborhood rules, and so the result can be a real estate bubble that is so much in the news.

The current real estate bubble has therefore become another obstacle to affordable housing. When all is said and done, we now have two countries. One is Flatland Country away from coastal areas where land is cheap and plentiful. So when demand for housing increases, it is easy to build more houses. In the Flatland, a housing bubble can't even get started and housing prices are determined by the cost of construction.

But in Coastal Country, a combination of high population density and land-use restrictions makes it hard to build new houses. So an increase in demand—say from a booming economy and low interest rates—causes buyers to bid up the prices of both new and existing

homes. “And if people think that prices will continue to rise,” says Paul Krugman in a recent New York Times column, “they will become willing

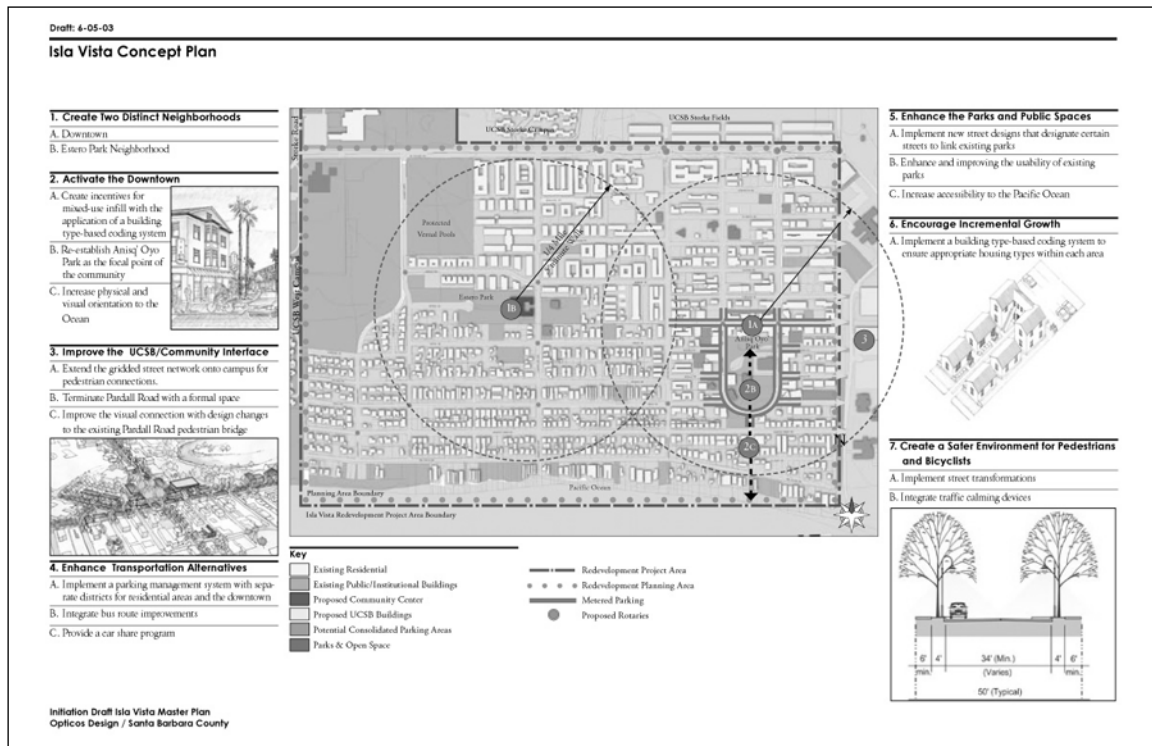
to spend even more, driving prices still higher, and so on.” Hence, a housing bubble with its inflated values is born in Coastal Country.

The differences are stark between Flatland and Coastal Country. In Flatland cities like Atlanta and Houston, prices have risen 26 and 29 percent, respectively, from Q1 2000 to Q1 2005. But in Coastal cities like New York, Miami and San Diego, prices have risen 77, 96, and 118 percent, respectively, over that time.

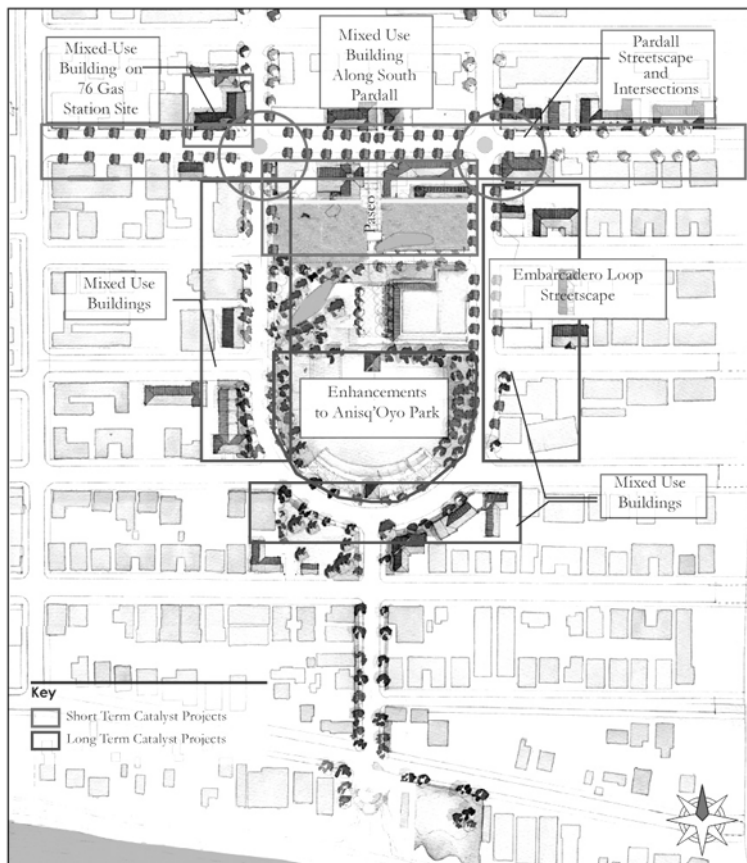
This brings us to the heart of a housing bubble. How can people pay those Coastal prices? The Federal Reserve has provided the lowest interest rates in decades courtesy of their easy credit policy. Consequently, Krugman maintains that it has given a huge boost to our economy. “On

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We have covered some reasons for the dearth of affordable housing in this series, including Byzantine zoning regulations and a growing income inequality that favors more expensive single-family dwellings over attached, multi-unit complexes. We have also highlighted how municipalities are able to exclude the less wealthy from their neighborhoods with overworked planning departments that are not required to follow even their own rules and regulations regarding approval timelines and allowable zoning densities.



The Isla Vista Master Plan must accommodate and service more than its 20,000 residents.



A Mixed-Use commercial/residential street has a beautiful look when properly landscaped.

Anisq'Oyo Park is to be the centerpiece for a renewed Isla Vista downtown.

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one side, domestic spending is swollen by the housing bubble, which has led both to a huge surge in construction and to high consumer spending, as people extract equity from their homes. On the other side, we have a huge trade deficit, which we cover by selling bonds to foreigners. As I like to say, these days Americans make a living by selling each other houses, paid for with money borrowed from China." But additional housing costs also contribute to the problem,

brought on by the Byzantine Coastal Country zoning regulations. Even construction and

due to the time it takes for the approvals, rather than the fees-up to 3 years, as we have seen

builders, as well as the cost of holding the land. But a builder must also assess the time it takes

**"Growth in this area, along with the rest of California, is a fact of life, whether we build housing or not. It's a fact that the increase in population along the South Coast has been far greater than the increase in housing supply, and the obvious result of that is overcrowding, illegal conversions, and parking problems in many neighborhoods."--Michael Towbes, News-Press 9/24/04**

acquisition costs are higher in the Coastal Country. The exorbitant costs of obtaining entitlements from whatever governmental jurisdiction controls the land uses are mainly

in Goleta; an average 2 years for Santa Barbara projects like Paseo Chapala.

It is difficult to estimate the cost of time. That includes the salaries and fixed overhead of

to run the gauntlet of various citizen boards and planning commissions who are not very beholden to their own zoning regulations and guidelines. That is why the county's

attempt to streamline Isla Vista's zoning code is so heroic. It's proposal to convert to a Form Based Code is part of the new Master Plan making its way through the approval process.

The Code's main purpose is to bypass some of the bureaucracy by allowing projects below a certain size threshold that meet administrative guidelines and zoning regulations (drawn up with neighborhood input) to be approved without planning commission vetting! One can look up the proposed I.V. Master Plan on its own website (a Google search is the easiest method). It can be a model for neighborhood cooperation for the rest of Santa Barbara County as well.

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