

# UGAs: not the cause of high housing costs



## GUEST SPOT

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A recent report from the prestigious Cato Institute is circulating through county government, ostensibly to educate decision-makers on the socio-economic consequences of growth management.

Entitled *The Planning Tax*, the report presents a detailed case against regional growth-management planning. The report recommends that the best way to promote home affordability is to remove urban growth boundaries and critical areas designations. Cities without growth management policies – Atlanta, Dallas and Houston – have more affordable housing than those that do.

Forty percent of Americans live in states and regions that have growth management planning. That's 120 million people who are bearing the unseen costs of growth management and suffer from varying degrees of "affordability."

Why would such a substantial number of citizens willingly subject themselves to these costs? Why would they regularly elect

representatives who continue to support land use planning and environmental protection?

Adherents of the Cato perspective would like to change our political landscape. They support candidates and initiatives that weaken land use rules to promote home affordability.

Confident of their facts and premise, the Cato Institute becomes expansive, singling out growth management planning as the primary cause of the recent burst of the nationwide housing bubble. One can almost hear the collective sigh of relief from banks and mortgage lenders. Upset about the housing mess? Blame your planning department.

The message for Whatcom County lawmakers is clear. If you truly want affordability, get rid of your urban growth areas (UGAs) and your critical areas. And don't even consider enshrining any fledgling concurrency ordinances in your county code.

Absent from the report is any forecast of the rollback in home prices once these "affordability-killing UGA boundaries" disappear.

In the wake of the proposed rollback or abolition of planning regulations, let's assume the average price of a home in Whatcom County drops 20 percent from the last year's \$369,739 to \$295,791. Or about the same price of a home in 2005.

Is \$295,000 an "affordable" home? Not in Whatcom County, given our wage levels.

The price-to-annual income ratio of such a home is above five and higher than the prevailing ratio in Washington State. The only states with higher ratios are Hawaii, California and

the District of Columbia.

Will government also reduce our property taxes by 20 percent to allow more disposable income for "affordable" housing? Probably not.

Or should we do nothing, and let current market trends continue to push housing prices downward in Whatcom County, as is now taking place?

This is the likely scenario, because the political will to cut property taxes and roll back environmental regulations is not apparent at either the state or the local level.

A quick trip through any "master planned" community reveals that the land use restrictions developers find onerous are in fact used to promote and sell the development. Wooded buffers, stream setbacks and view retention are all selling points in these communities.

Houston and Bellingham have comparable standards of living. The problem with living in Houston is that when you wake up in the morning, you're in Houston. People with means will gravitate to better areas for that intangible "quality of life." And the more rules we have, the more people want to move to Whatcom County.

Just across the border, a similar study by the pro-growth Demographia Institute is being used to influence the government

of British Columbia to relax its protections on agricultural land. The report concludes, "The pathway to affordable housing is abundantly clear: Remove urban growth boundaries."

In metropolitan Vancouver, that means the Agricultural Land Reserve (ALR), set up in the 1970s to ensure the population of the lower mainland could be fed by food grown on that land.

Vancouver urban planner Bob Rangsford poses this question: "If we develop all of the Agricultural Land Reserve, what do we do then?"

He argues that Vancouver, like Bellingham, is more restricted by geographical factors than public policy.

Rangsford makes sense. The median price of a home in Abbotsford, B.C. is \$360,900, comparable to Lynden or Bellingham. The continued release of large acreages from Abbotsford's ALR in recent years has done little to promote affordability in that region just north of our border.

Chucking our UGAs won't help affordability here either. ♦

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