

EDITORIAL

## Party's over in Montgomery

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WASHINGTON -

*This is exactly what MIT Prof. Jay Forrester wrote about in his book **Urban Dynamics** in 1969!*

*The real world is a complex, non-linear dynamic feedback system with time delays.*

*It is counter-intuitive  
Band-aids do NOT solve problems.*

In 1973, Montgomery County became the first U.S. jurisdiction to pass a mandatory “inclusionary” zoning law requiring developers to provide below-market housing units in return for increased density. The goal of this Moderately Priced Housing Program (MPHP) was to keep housing costs down.

Three decades later, Montgomery County is among the least affordable places to live in the Washington region. The MPHP is still going strong. But a new data-regression study by the Independent Institute of a similar program passed the same year in Palo Alto, Calif., found that such programs do the opposite of what they were intended. “Cities that adopt below-market housing mandates actually drive housing prices up by 20 percent and end up with 10 percent fewer homes,” the Independent Institute concluded. The mandates act like price controls by restricting supply and thus forcing prices up.

*This was my testimony to the DC Zoning Commission 1Aug05 warning them that their Inclusionary Zoning policy would do harm not good.*

*I suggested instead that they focus on increasing supply to better balance demand and to improve education so people can earn more money and afford better housing.*

Since Montgomery County's own policies led to higher prices and fewer affordable homes, county leaders spanning several generations are partially responsible for the recent spike in foreclosures, up 2,000 percent in the third quarter, as exclusively reported by The Examiner's Kathleen Miller. Lured by lenders hawking adjustable mortgages into buying homes they could not afford, more than a thousand Montgomery County homebuyers were trapped when their initially low interest rates were adjusted upward.

*County fees, APFO and other restrictions further exacerbated the imbalance between demand and supply!*

Knowing they might have purchased the same homes for 20 percent less if county officials had kept out of the real estate market is little solace for those being foreclosed. With an additional 3,003 foreclosures expected in coming months — double the number of government-mandated, below-market housing units — look for a perfect storm of sinking home values just as state income and local property taxes are set to rise again next year, thanks to Gov. Martin O'Malley and the Maryland General Assembly in Annapolis.

*And then they drive through Montgomery County adding to automobile congestion and air pollution!*

No wonder a steady stream of Montgomery County residents have been leaving for years. The latest available Census Bureau figures show a net migration of more than 12,000 residents moving to other counties in Maryland, with most going to nearby Frederick, Howard and Prince

George's counties. Because Montgomery's politically correct leaders insist the county be a sanctuary jurisdiction, **many new residents are net tax consumers**, including an unknown number of illegal immigrants and their dependents.

These trends are especially troubling as Maryland's wealthiest and most populous county **faces its worst budget deficit ever** with a shrinking tax base. Montgomery County voters have long been warned that this could happen, even to them. Now they must choose: Will they continue electing the same tired crowd of tax-and-spenders or will they adopt real — dare we say, conservative — fiscal policies before it is too late?

*Examiner*

*My analysis and proposals for the **Woodmont Triangle**  
are incredibly relevant and timely:*

1) **A Public Amenity better be really important** — it costs the public sector *much more* than it does the private sector! See the MCPB and staff errors at the 4900 Fairmont Avenue project requiring 6,000 sf of public use space instead of dynamite vibrant retail to enliven the “Town Square” across Norfolk Avenue.

*This is a financial error that we cannot afford!*

2) **Replace arbitrary building height limits** with Vision Plan enlightened flexibility and variety to achieve an optimal TOD / smart growth pedestrian-based mixed-use land-plan.

*Elevators are vertical Metrorail! (The synergy is fundamentally profound.)*

3) **Balance uses:** office buildings are an important piece of a complex urban system. The Woodmont Triangle amendment mistakenly ignores this (learn from Vancouver.)

*Do not reduce height and density of office buildings! (Focus on design quality.)*

4) **The Public Realm is government's responsibility.** Eliminate complexity and resultant delays in approving projects by understanding and managing the big-picture competently.

*Also, **minimize cost** by*

i) **engineering it intelligently** (eg. do not underground power one building at a time!);

ii) **finance it at lowest cost** (municipal bond not private developer); and

iii) **fix the cluster/TDR error** to bring more money in to pay for improving the Public Realm and improving / preserving some of the existing buildings!

**The experience of place is key.**

*Public realm and private development must make music, not noise!*

**The “project” is the Woodmont Triangle, not individual buildings.**

*The Council has almost completed the heavy lifting (see: Rivkin to Hanson re R.Lewis.pdf.)  
Just correct a few errors and then MCPB and the Council will have a valuable model  
to guide development in other parts of the county, too.*

*(\* see for example jjh detailed annotations on the 12Sep07 MCPB approval of the MONTY project 920070020 — approval of an individual building should take a few months, not years! Delay costs the Public Sector considerably, too! Monty res 082907-Final jh.doc)*