

An Environmentalist's Response to "Environmental Regulation and Housing Affordability"

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Abstract

This article examines ways in which the environmental and housing communities can work together toward their shared goal of "decent, affordable housing" and capitalize on their common origins and values while maintaining and enhancing environmental quality in developed areas nationwide. It refutes the interpretation of statistical data presented in Frank Braconi's article and emphasizes that the correlation between the imposition of environmental standards and increases in real housing prices seems to be small when the effects of shifting demographic patterns are added to the equation. The article suggests that the effect of environmental standards on housing costs may be further reduced through cooperative efforts by the environmental and housing communities to encourage officials to alleviate the cost burden for inner-city housing and sewer systems and to plan more carefully the siting of future housing developments.

Although I am not a housing professional, I think I speak for most in our environmental community when I say that we share completely the values and goals of decent, affordable housing articulated so successfully by the housing community over the years. To that end, I would like to respond to the article by Frank P. Braconi, executive director of the Citizen's Housing and Planning Council of New York, titled "Environmental Regulation and Housing Affordability." As Braconi stated in his article, "The conservation and housing reform movements were political siblings." To that concept, I would only add the deeply felt notion that we are political and moral siblings as well. We sprang from similar roots in the progressive movement that swept our Nation about 100 years ago, and we continue to share a value system to this day.

Much of what Braconi said about housing and its affordability resonated strongly with me on a personal level. My wife and I purchased our first house in Seattle—four bedrooms on a quiet hillside with a great view of the lake in the center of the city—for \$20,000 in 1968. Five years later, on a single income of \$22,000 for a family of four, we purchased our second house in Washington, D.C., at the outrageous price of \$45,000. Now, 20 years later, even allowing for wage inflation, supporting a family of four and buying a nice

house in a decent neighborhood in Washington, D.C., is out of reach for most families. And it would be out of the question for my two grown sons to think of buying a house anywhere on just one income. Is this a sign of our times? Is it true that the generation entering adulthood is the first in U.S. history to be worse off than its parents?

The social implications of affordable housing resonate for me at another personal level. My mother, now in her 80s, and my stepfather own their home in a modest Columbus, Ohio, neighborhood. Completely paid for, it is their only source of financial security in the event of personal catastrophe. They feel more secure, and so, therefore, do I. But will my sons be able to afford this level of financial protection late in their lives?

Social and Economic Factors Affecting Affordable Housing

So it is that Braconi's thoughtful analysis of the various social and economic factors that have rendered adequate housing less affordable to many Americans falls on sympathetic ears. He rightly points out the major factors that have increased real housing prices over the past 3 decades, such as increases in house size and quality and a rise in interest rates. To these factors must be added the tremendous general price inflation. I still remember the price wars of 1963–64 when gasoline was 19 cents a gallon, its rise to the “outrageous” price of 45 cents a gallon in 1974, and then the jump to 80–90 cents a gallon in 1979. Even taking wage inflation into account, there is no question that most things *do* cost more today.

But how serious are these increased costs where affordable housing is concerned, and how much do environmental issues have to do with increased housing prices? If they do seriously affect the cost of housing, what are the solutions to the problem? Can the two siblings be brought together again? With the question of the magnitude of the housing price increase in mind, I reread Braconi's article. He cited several salient factors, which included the following:

- There was a steady increase in real home prices from 1963 to 1979.
- Home prices dropped during the 1980s to the point that, in real dollar terms, they are now only 7 percent higher than in 1963.

In analyzing these factors from an environmental standpoint, it is important to keep three facts in mind. First, there were very few environmental regulations affecting housing prior to 1972. The wave of environmental consciousness that resulted in Federal and State laws and regulations was at its peak between 1969 and 1972. For example, the Clean Water Act, which set basic authority for the Federal Government to regulate water pollution, did not become law until 1972, and the amendments affecting Section 404—the basis for all wetlands regulation—were not passed until 1977. Thus, for at least the first third of the 30 years covered in Braconi's analysis (1963–73), there were scarcely any enforceable environmental regulations. It was only toward the end of the period that most of the public concerns were translated into Federal, State, and local environmental laws. But, according to Braconi, housing prices increased steadily every year of that *entire* period, whether or not there were environmental regulations in place.

Second, even during the antiregulatory Reagan/Bush years (1981–93), Federal regulations affecting housing, such as wetlands and water pollution laws, were being enforced, and State regulations were being implemented. Nevertheless, according to Braconi's analysis,

the increase in real housing prices slowed dramatically. Third, although little mention is made of it, there has been an enormous increase in the U.S. population in the past 30 years: an overall addition of more than 50 million people that has resulted in—among other things—in a larger homebuying population.

I do not profess to maintain that environmental concerns have not contributed to the net 7 percent increase in real housing prices over the past 30 years. However, as the above analysis illustrates, the correlation between the imposition of environmental standards and such increases, compared with other factors at work in our society at large, appears to be rather small.

Factors Affecting Regional Variations in Housing Prices

Further analysis of the regional statistics cited by Braconi seem to bear out this conclusion. For example, the "Index of the Real Price of New Homes, 1963 to 1993" (see table 1 in the Braconi article in this issue), shows that prices in the Northeast dropped significantly between 1973 and 1983 but then rose even more dramatically from 1983 to 1993. Because the Northeast and West Coast States are the most environmentally progressive, it seems odd that real housing prices *dropped* in the Northeast at exactly the same time as the new regulations were implemented and remained low for a number of years thereafter. It is useful to remember that the region saw considerable outmigration during that period, as energy prices rose and many industries relocated.

During the same period, increases in housing prices occurred in both the South and the West, as outmigrants from the North relocated to those regions. Thus it is not surprising that real prices increased in those areas but then decreased as demand stabilized. Demand is a greater factor in the housing price issue than the impact of environmental regulations. Otherwise, how can the dramatic drop in real prices in the West from 1983 to 1993—at the same time as the escalation of environmental regulations in those progressive States—be explained?

Conclusions Drawn From Braconi's Article

The following conclusions can be drawn from this analysis:

- People, whether they are housing advocates or environmentalists, may read statistics in a way that supports their position.
- *Major* increases in real housing costs are more a result of demographic patterns—and hence of demand—than of external factors such as sewer and water charges and labor costs.

Braconi reasons that since wages do not vary much from time to time or place to place and construction materials vary even less, variations in housing costs are relative to the cost of land and to the ease of developing housing. I would argue that these elements are quite small when overall demand and demographic factors are taken into account.

Parenthetically, it is gratifying for this environmental activist to note Braconi's observation that in the past three decades "prices for basic and intermediate construction materials increased only three quarters as rapidly as new home prices. . . ." All of us involved in the ongoing struggle to protect significant remaining tracts of fast-vanishing old-growth

forests on public lands have endured repeated complaints from the timber industry and its supporters. They have charged that our preservation activities—affecting about 1 percent of the timber available for harvest in this country—are driving the price of housing beyond affordability. We have endured this rhetoric for most of the past 25 years, watching lumber prices mysteriously rise just when important protective measures for public forests are being considered—such as the price increase that occurred just before President Clinton’s Forest Summit in Portland, Oregon, in April 1993—and just as mysteriously decline after the political crisis has passed. Even though no professionals outside the timber industry supported their contentions, the rhetoric often made substantial political points and resulted in the refusal to protect ancient forests, which were then logged.

Thus, after reading Braconi’s article, one must conclude that most of the increases in housing prices cannot be explained by the rise of environmentalism because (1) the increases occurred before environmental controls were enacted, and (2) housing prices actually *declined* when and where environmentalism was strongest. Therefore, I would suggest that more attention should be paid to demographic factors, which created a higher housing demand in various regions at varying times.

Nevertheless, genuine problems—and therefore potential conflicts—between environmentalists and housing advocates do exist. Let us examine these issues to see whether, and how, they might be reconciled between the two “siblings.”

Impact of Environmental Regulations on Housing Development Costs

Under the heading “Environmental Reviews and the ‘Soft’ Costs of Housing Development,” Braconi describes reviews under the National Environmental Policy Act (NEPA), wetlands regulations, and local regulations modeled after the Coastal Zone Management Act as significant factors in environmentally inspired increases in real housing prices.

National Environmental Policy Act

I agree with Braconi that NEPA has “proved to be a successful piece of environmental legislation,” as have similar State acts. When the law was enacted in 1970, many environmentalists were skeptical of its impact, because it seemed only to impose further procedural requirements on agencies to consider the environmental effects of their programs. However, the result of NEPA, from our viewpoint, has been truly dramatic, because it forced agencies to consider the implications of their actions. That effect alone kept many environmentally destructive projects from being developed or ensured that they would be enhanced. Perhaps one day someone will tally all the dams not built, the wetlands not filled, the forests not logged, the soils not eroded from housing projects, and the highways relocated. Surely our land and its ability to sustain us is in much better shape than it would have been without NEPA. Nonetheless, as Braconi has said, “environmental protection has come at some cost . . . especially with respect to State environmental review requirements. . . .” Lengthy and uncertain review periods, overlapping agency approval requirements, and differing bureaucratic cultures can raise project development costs, especially for projects affected by scheduling needs.

When such an event occurs, it is unfortunate and just plain wrong. No matter what the activity, environmentalists believe that rules and requirements governing the issuance of permits should be clear, consistent, and as efficient as possible. Where contrary situations exist, we would like to join with housing advocates to improve matters.

An area of potential friction involves NEPA litigation. Braconi correctly observes that our political process contains provisions to test the ultimate extent of any new law, including NEPA and State environmental preservation acts. If opponents of housing projects are truly concerned about the projects' environmental impacts, it would be difficult to argue that aggrieved persons could not go to court to seek redress. Ultimately, it is the court's decision to determine whether there has been compliance with a given law. Environmentalists do not condone misuse of NEPA or any other environmental statute to accomplish ends not intended by the statute itself, such as invoking NEPA to oppose a project when racial or social bias is the actual reasoning for the resistance. That is wrong, and we oppose it too.

A more difficult area is the question of neighborhood ambiance or character, a factor cited by Braconi. I would respectfully disagree with the idea that such matters are not environmental; after all, they go to the heart of what gives a neighborhood its value for residents. Even in cases where a subjective test may be required—for example, historic preservation or neighborhood ambiance—I feel it is for a judge to decide whether any relevant statute can legitimately be construed to embrace those concepts. Many people remain in a neighborhood precisely because of its special character. I disagree that lawsuits to define such entities represent “misguided development ideology” and would contend that ambiance deserves protection, or at least a fair hearing.

Wetlands Regulations

One of the most dramatic environmental achievements over the past 25 years has been our national success in slowing the rampant pace of the destruction and filling in of wetlands. Only a few decades ago, nearly everyone thought of wetlands as ugly, stinking, diseased places. Thus it is little short of an environmental miracle that most of the public now seems to understand how crucially important they are as filters for pollutants, barriers to storm surges, regulators of water flow, vital habitats for wildlife, and breeding grounds for important fisheries. But despite all the legislation, regulations, and permitting processes, many valuable wetlands are still being filled, either because the political will to enforce the law is lacking, or because of a simple disregard for the law. Serious attacks are being mounted by right-wing legislators at all levels to gut, or simply to repeal, the wetlands protection laws. If we permit much more destruction of wetlands, our Nation will be poorer economically as well as environmentally. Our current laws are invaluable in protecting this vanishing resource.

The situation is not as clear when housing developers want to fill in existing wetlands and replace them with offsite mitigation measures. While environmentalists are willing to examine all possibilities for wetlands management, it has been our experience that even small wetlands remaining in heavily developed areas have a definite value that would be lost if they were filled in. Furthermore, our present level of scientific knowledge rarely produces replacement wetlands that are as functional as the ones that were destroyed.

Coastal Zone Management

I agree with Braconi's statement that “. . . States have important ecological, aesthetic, and economic reasons for regulating coastal development. With a few exceptions, coastal zone regulations are neither extensive nor onerous.” To that we say “amen.” Thank heaven for the regulations we do have. If other States cared for their coastlines as well as California and New Jersey do, our national quality of life would be greatly enhanced.

“Hard” Costs of Housing Development

When Braconi talks about the hard costs of housing development, he points out that environmental mitigation requirements, much more than the environmental review process itself, “can add significantly to the construction costs of housing.” It is easy to understand how water quality measures requiring developers to control runoff at construction projects, expensive procedures to test housing sites for toxic contamination, and regulations to test for or eliminate radon or asbestos could, individually or collectively, add substantially to housing costs per unit. Conversely, assuming that radon and asbestos truly are harmful to human health (new evidence indicates that the radon threat may not be as serious as once thought), it does not strike us as unreasonable to require that those who provide shelter should at least conform to the minimum scientific standards necessary to protect that health. It could be argued—and probably was, at the time—that enforcement of building codes to prevent structures from falling down or to ensure that gas mains do not leak and explode also increased housing costs, but does anyone seriously contend that we should return to the days of “let the buyer beware?”

Where the dangers are proven, such as in the case of asbestos, human health should be protected. The question of increased sewer and water charges is less clear cut. It does not seem unreasonable that individual homeowners should pay their fair share toward new sewer and water systems that serve them, just as they should be required to take reasonable steps to prevent their soil runoff from clogging public waterways. However, a larger concern occurs when taxpayers are asked to pay for massive sewer and water line expansion beyond their own neighborhoods. Over the years, environmentalists have seen too many such projects—financed largely by taxpayers but benefitting only real estate developers and future homeowners—begun in areas that builders might want to develop in the future. We think it neither reasonable nor environmentally sound to require present taxpayers to pay for water and sewer development in more pristine suburban areas, where the result will be continued environmental degradation and large profits for a few affluent developers.

Unfunded Mandates

Various States and localities object to new Federal (or statewide) environmental requirements that impose new standards and practices but are not accompanied by sufficient funds to implement the required programs. It is true that although Federal spending to States and localities for new sewer systems, for example, has decreased from its former level, it is still a significant amount of taxpayer money. Most environmentalists—who are homeowners or renters too—would argue that Federal environmental mandates are distinct public “goods” that make our lives longer and healthier. However, the problem remains that these mandates will be funded increasingly by State and local agencies. Because most local governments lack either the legal authority or the political will to levy income or sales taxes, they feel obliged to finance unfunded mandates through property taxes or user fees; that is, to extract payment from the existing housing stock. This situation creates inequities. Although some counties or cities have sufficient revenue potential to pay for the mandates that improve their citizens’ lives, others simply do not and cannot. These particular problems may be somewhat alleviated by the unfunded mandates legislation that passed Congress in 1995. Now, theoretically at least, the “problem” no longer exists.

Or does it? Environmentalists have opposed passage of the unfunded mandates legislation because we believe it to be ill conceived, unfair to the thousands of localities that have already complied with the law, and detrimental to human health. The purpose of our basic pollution control laws, as originally enacted, was to “level the playing field.” To ensure a

uniform, fundamental level of clean air and clean water across the Nation, a mechanism had to be developed to prevent States and localities from competing with one another to become pollution havens. The last thing that the sponsors of the original Clean Water Act wanted, for example, was for localities to compete against one another to see which could attract the dirtiest industries or which could have the most lax development standards. Therefore, the sponsors mandated that all must comply with the Act. If this basic policy were to be reversed, we would revert to the days when those communities that wished to clean up their locality and improve their citizens' health would be at a financial disadvantage in competing for jobs or new residents with rival communities that just do not care.

It is difficult for most environmentalists to understand the complaints being made by certain local officials and the real estate community about having to pay for such things as safe drinking water. We are not talking about frills! It could just as easily be asked why taxpayers in Alabama should contribute to payment for sewage treatment in Minnesota, when Minnesotans are getting the benefit from Alabamans' taxes. Tens of billions of tax dollars have already been spent to clean up the Nation's water, improving it for all of us. It is folly to halt now and wait until people start to get sick again before we finish the job. Just as we gladly spend money for a standing police force to prevent crime, rather than create a temporary force after crime occurs, expenditures for water pollution control facilities are some of the healthiest investments a community can make, regardless of the way they are funded. Sooner or later, these facilities must be completed, so why not do it now while it costs less than it will later?

One of Braconi's most telling points, I believe, comes in his discussion of the impact of environmental costs—such as those for lead or asbestos abatement—on older housing stock (usually in inner cities) compared with new construction. He rightly points out the inhibiting effect on developers who might want to rehabilitate historic buildings in order to maintain the essential character of a community. We environmentalists have always favored urban infill over suburban outfill; that is, reconstruction and rehabilitation in inner cities over new construction in outlying areas. However, when environmental and other requirements drive up the cost of energy-efficient and land-use-sensitive programs, we are all poorer, and steps should be taken to correct the situation.

When I first read Braconi's remark at the beginning of his article questioning "the allocation of environmental costs, which too often seem to be passed on to those whose political voices are most diffused," my reaction was amusement. In 25 years of work on environmental issues in the Nation's capital, I have encountered few lobbying groups more powerful, more effective, or better funded than the National Association of Home Builders, the National Association of Realtors, and their supporters in and out of government. Most of us would love to reap the tax breaks that developers and developments seem to be able to extract from the political system, and certainly all environmental lobbyists would appreciate having the access to campaign funds and consequent political clout that those interests enjoy. The real estate development community is hardly a diffused voice in Congress and even less so in State and local governments. But Braconi makes a good point regarding the inner city and its problems. To impose environmental requirements there might have the effect of making better housing either impossible to come by or much less affordable, precisely for those with the least political clout.

Common Ground

There is more than one area in which environmentalists can help effect a reconciliation with our housing siblings. For example, I think that it is wrong for housing stock, wherever it is located, to bear most of the local tax burden. As a homeowner myself, I would welcome more freedom for localities to raise other taxes or fees in order to spread the burden

more evenly. Environmentalists would also like to do everything possible to encourage urban infill and the rehabilitation of inner cities, making them once again the pleasant environment they used to be.

Although I am not sure I agree with Braconi's statement that housing should not be required to "finance a disproportionate share of society's general environmental expense . . ." through charges for "drinking water filtration, sewage treatment facilities, or solid waste disposal," I am sure he will find local and national environmental groups more than willing to work with him, his colleagues, and community leaders to find other means of financing. Housing may not require filtered drinking water, but obviously the people living in the houses do. However, as Braconi says, housing should not have to pay all of our Nation's environmental expenses.

Conclusion

Clearly, our two communities have grown apart somewhat in recent years. Although this has been unintentional and the motives on each side have been sincere, it is inevitable that some frictions and conflicts have resulted. I believe that the first step toward reconciliation is simply to understand each other better. As for myself, reading Braconi's article has made me much more aware that concerns I hold to be very important have an impact on other, equally important concerns. Because there are active groups of organized environmentalists in every locality in the Nation, just as there are housing advocates, it would be easy for us to meet together. Too often environmentalists have tended to see developers as the enemy. Calls to oppose this or that development can be found in most environmental newsletters on a regular basis.

Perhaps environmentalists and housing advocates—as opposed to developers—have not spent enough time in search of common ground. We can all do better than we have in the past. This is one environmentalist who would be glad to facilitate more regular and systematic contact between housing professionals and local environmental groups whenever it is appropriate. These contacts should lead not only to a greater understanding but also to more joint projects. Whether it be lobbying local officials to obtain tax relief for inner-city housing, seeking more reasonable sewer charges, or promoting more careful siting of housing developments, the result can only be mutually beneficial to the environmental and housing communities.

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