

Political Ambitions versus the Public Good

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Background

Green Mountain is a municipality of 40,000 citizens with a council-manager form of government. The town is home to families who have lived there for generations as well as newcomers attracted by the quaint older homes, tree-lined streets, and an exceptional magnet school system. The demand for housing significantly increased upon completion of a new train line providing direct access to a major nearby city. Thus the reputation of the town and the convenient commute to the city combined to create a surge in housing costs that resulted in a crisis for many township residents. Compounding the problem are rising property taxes (the main source of funding for the school system), which add to the cost of housing for both homeowners and renters.

Green Mountain is diverse in many respects. Nearly one-third of the town's residents are African American, though the proportion of Hispanics and Asians is lower than both the national and regional averages. The median household income of Green Mountain is well above the national average, and to some extent the high median obscures the economic diversity of the town. Based on the last U.S. census, 13 percent of Green Mountain's households had incomes above \$200,000. However, 15 percent fell below \$25,000, and nearly 25 percent were below \$35,000. Approximately 56 percent of all housing units are owner-occupied and 44 percent are renter-occupied.

In addition, the town is a mix of long-time residents and big-city newcomers. The latter, who are better able to afford the higher housing costs, are often unaware of the local struggles to maintain the town's character. Part of that character is Green Mountain's diverse housing stock, which many view as crucial to maintaining the economic, racial, age, and other diversities that enrich the town.

Two months before the events of this case, two Green Mountain residents who were affiliated with a national nonprofit devoted to housing and community development published an op-ed piece in the town newspaper calling for an "equitable development commission." The article by Robert Knight and Al Shamsky cited anecdotal evidence about rising housing costs and suggested five policy options that the town could pursue.

At that time, the face of the problem for many residents was the demolition of the local bowling alley to make room for 70 upscale one- and two-bedroom apartments with monthly rents ranging from \$1,800 to \$2,600. On a square-foot basis, the new apartments were the most expensive in the entire town. One of the options

Knight and Shamsky proposed was to create a local affordable housing trust fund that would be financed by a fee on new development.

The developer failed to include any units in the new complex that would be affordable to individuals of low or moderate incomes. This omission was seen as a portent of things to come: small housing units, high prices, increased congestion, more wealthy professionals, fewer family-friendly homes and neighborhoods, and lack of affordable housing for young people who had grown up in Green Mountain and wished to remain there. For town officials, however, these types of housing units represented greater property tax revenues without the correspondingly large expenses for services such as garbage pickup and expanded school enrollments.

Although most residents might tacitly have tolerated the stylish brick apartments shoehorned into the site of the old bowling alley, a precipitating event sparked town-wide consciousness of Green Mountain's housing crisis. That event was the attempted eviction of tenants in a six-unit building just a short walk from the new Bay Ridge train station. The eviction attempt was brought to the attention of the local chapter of the National Association for the Advancement of Colored People who, in dramatic style, demanded that the town's leaders do something about the simmering housing affordability crisis.

This event served as a wake-up call for the mayor and town council. Town Manager Michael Bradford was struck both by the audacity of the landlord in the case and the groundswell of community support that rallied around the tenants. The eviction notices had followed on the heels of the landlord's attempt to get the tenants to sign yearlong leases that would have raised their rents by several hundred dollars a month. The tenants, of course, refused.

Under pressure from the NAACP, the mayor investigated the landlord's claim that the wholesale eviction was required by the utility company to upgrade an inadequate heating system. After speaking to utility company authorities the mayor concluded that the landlord's claim was unfounded, and he directed the township attorney to order the landlord to cease and desist its eviction attempts, on the grounds that they were based on "deceptive business practices" and did not comply with the state's eviction laws.

The Case

As the township manager, Bradford knows the concerns of long-term residents, who for years have seen their property taxes rise at a disturbing rate and whose grown children often were unable to buy or rent in the township due to rising prices. He is also hearing from tenants who have little protection against rising rents and evictions—the result of gentrification triggered by the new train line. Many residents have attended town meetings just to voice their frustrations and fears.

The seven-member council is divided on what to do, although all council members recognize that the housing issue is a hot-button item. Some members think the town has done more than a reasonable person would expect to promote affordable housing. By the town's own count, approximately 700 housing units (out of 15,000) are available to people of low income (defined as less than 50 percent of the area median). On the one hand, council members realize that an influx of higher-income residents will do more to enhance property tax revenues and relieve some of the pressure to cut municipal expenditures. On the other hand, many of those caught in the housing squeeze are constituents to whom council representatives feel an obligation. In short, for any council member, getting caught on the wrong side of the issue would have political consequences. Moreover, the housing controversy is now the subject of regular articles in the town's weekly newspaper and is occasionally making headlines in one of the state's largest dailies. Eventually, it even draws the attention of a major national newspaper.

As one of its first steps in dealing with the crisis, the council adopts the innovative and relatively uncontroversial affordable housing trust fund initiative proposed by Green Mountain residents Knight and Shamsky. In spite of this action, the council knows the trust fund option is a limited one. It will not soon generate any money, and ahead lies the complex task of deciding on the types of projects that the fund should finance.

Community leaders continue to press for more action even as the town council seeks ways to respond. Michael Bradford, however, has learned something very important from the trust fund proposal. In his position as town manager he frequently hears citizen complaints about inadequate snow removal or garbage pickup, shortcomings in the town's recycling plans, issues of fairness in hiring and promotion for township jobs, and the like. Frequently, the complaints come from a relatively small but vocal contingent. The contentious exchanges create a temptation for Bradford to minimize his public interaction. But in the case of the affordable housing trust fund, here was a very good idea that originated with local residents with some expertise in the issue.

Now Bradford sees an opportunity to create a different kind of dialogue with the town's residents—a productive discussion that departs from his more typical dealings with the squeaky wheels who show up at council meetings and persistently call his office. Now he wonders if a more systematic, broad-based attempt to increase public input might engage residents who have positive contributions to make and result in a more objective assessment of the housing situation. He is highly supportive, although somewhat apprehensive, as over the next few months the council

- Adopts a carefully worded resolution stating that the issue of housing affordability is a shared problem. The resolution acknowledges the contribution that diversity makes in enriching the lives of residents; fostering civic participation; and making possible a vibrant business, artistic, and educational environment. The council resolves to take steps to promote housing affordability as a way of maintaining Green Mountain's diversity.
- Creates an affordable housing task force composed of two council members; the town manager; the town planner; and representatives of numerous stakeholders including community activists, housing experts, civil rights leaders, nonprofit leaders, and landlords.
- Sponsors a well-publicized speak-out to engage citizens in an open dialogue about the problems and possible solutions.
- Holds a daylong housing conference with eight workshops—all open to the public—on specialized topics such as options for financing affordable housing, tenant rights, and land-use strategies. Each workshop features one or two invited participants from around the state with some expertise in the topic. Showing foresight, the new affordable housing task force designs the workshops so they can morph into working groups that will ultimately make policy recommendations.
- Commits to developing a strategic master housing plan and hires a consulting firm with national experience to document the extent of the housing affordability problem in Green Mountain. The firm also will make detailed recommendations and suggestions.

Clearly these actions show that the mayor and council have taken significant steps to engage residents in a dialogue that should, ideally, result in a collaborative effort to find possible remedies.

However, Manager Bradford is privately concerned about the politics of the process. Council member Ted Lang has taken a leadership role, working with him to organize the public events. Some suspect that Councilman Lang is ambitious for higher office: at social events he has been spotted in long conversations with members of the business community and several developers. Meanwhile, some community leaders are seeing a backlash developing against the affordable housing movement. Despite his hopes that Councilman Lang can balance the divergent interest groups, Bradford fears that Lang's obvious political aspirations may compromise his ability both to listen to citizens and to present to the mayor and council policy alternatives that can make a positive impact.

Bradford realizes that the consulting firm is one of the keys to building consensus and defusing the resistance coming his way from landlords and realtors. He is relieved to find the firm very thorough and professional. After several months of meetings with various parties, including sessions with the postconference working groups, as well as collecting a large amount of quantitative data, the consulting firm does an excellent job of documenting the extent of the problem and the implications of housing trends for the principle of diversity. Overall, the findings validate the perceptions that housing affordability has eroded, and the final report is able to quantify the impact in a way that community leaders could not. The consulting firm also works with the affordable housing task force to elucidate the main principles motivating the task force.

Guiding Principles Defined by the Green Mountain Affordable Housing Task Force:

- Maintain and enhance community character and quality of life.
- Maximize housing choices to maintain community diversity.
- Distribute affordable housing throughout the township.
- Focus new development in and around transit hubs and corridors.
- Meet workforce housing needs.
- Preserve existing affordable units.
- Strive for "affordability in perpetuity."

Findings and Recommendations

The yearlong efforts of Green Mountain's affordable housing task force and the hired consultant produce a thoroughly documented, seventy-two-page "Affordable Housing Strategy" with specific policy recommendations.

First, the consultant's research confirms that Green Mountain's problem of housing affordability is serious. Approximately 3,750 households out of 15,000 were living in unaffordable or inadequate housing at the time of the last census, and since then housing costs have risen sharply. Green Mountain is losing its diversity. The firm finds significant out-migration of seniors, with a loss of 1,400 seniors over the past ten years. There is also a decline in the number of young adults living in the town, while recent school-lunch participation rates show an out-migration of lower-income families with children. Neighborhoods that traditionally provided affordable housing are being gentrified, affordable family housing throughout the town is endangered, and senior housing options also are limited.

In terms of race and ethnicity, however, the consultants find slightly more diversity in Green Mountain than was seen ten years earlier. The proportion of African Americans rose from 31 percent to 33 percent; the percentage of Asians rose from 2 percent to 3 percent; and the Hispanic population rose from 3 percent to 5 percent.

The biggest changes have to do with economic diversity. Overall, the portion of the population in the upper-income brackets (\$100,000 to 500,000, and \$500,000+) is growing, and the percent of residents below the poverty line has dropped. (The report acknowledges that the official poverty rate has one serious shortcoming: it does not account for regional variations in cost of living). By local standards nearly 40 percent of Green Mountain's households are considered low or moderate income. ("Low-income" is defined in terms of households with incomes of less than 50 percent of the township's median income. Moderate-income households are those falling between 50 percent and 80 percent of the median.)

The consulting firm documents the financial hardship that the housing crisis has created for many residents. At the time of the last census, approximately 30 percent of homeowners and 33 percent of renters overpaid for housing—that is, they were paying more than 30 percent of their income for housing. Among low-income renters (those with household income of less than \$35,000), nearly 75 percent were overpaying for housing, with 60 percent paying more than 35 percent of their income. For moderate-income households (between \$35,000 and \$50,000), 64 percent of homeowners were overpaying.

The incidence of overpayment has increased since the last Census.

Overall, the consulting firm concludes that

...there are extremely few market-rate units in Green Mountain that remain affordable to lower income households and that moderate income households would be most impacted by the price increases of the past three years... It is not unrealistic to expect that the incidence of overpayment for this group is now in the range of 50 percent. In Green Mountain, a significant majority of low and moderate households are living in unaffordable housing situations, with nearly all low income households (25 percent of the township's households) lacking affordable housing.

The consulting firm makes its recommendations, each one including a detailed series of practical steps that should be taken.

Consultant's Recommendations:

1. Establish a full-time housing specialist position to implement the policy recommendations.
2. Create a housing commission.
3. Adopt an inclusionary zoning provision for new construction.
4. Create partnerships for development with nonprofit housing agencies and private sector developers.
5. Promote the rehabilitation of deteriorating housing to improve quality and preserve affordability.
6. Develop a clear procedure for dispute resolution under a strengthened and reconstituted rent arbitration board.
7. Establish a community land trust, using nonprofit ownership as a vehicle for ensuring long-term affordability of housing.
8. Employ community outreach and education to engender involvement and support for the housing strategy.

The Decision Problem

Eighteen months after the affordable housing strategy report comes out, Manager Bradford is disturbed by three things:

1. Important recommendations are removed from the final strategy as a result of pressure from private interests and Councilman Ted Lang.

2. Lang uses the process to launch a successful campaign for mayor.
3. In his first year in office, Mayor Lang has failed to follow through on a number of the strategy's key recommendations.

The first of the three happened when the consulting firm, under pressure from landlords on the affordable housing task force, agreed to remove discussion of rent regulation from its final report. In a separate memo, the consultant explained his decision.

[G]iven time constraints and the contention and emotion surrounding rent control, the decision was taken to remove rent regulation from the Green Mountain affordable housing strategy policy options. . . . Including rent regulation in the strategic plan would divert attention from other policy issues and decisions, including ones that I believe are most important for long-term affordability.

The decision to strip rent regulation from the strategy meant that it would be much more difficult, if not impossible, for the town to implement comprehensive regulations to protect Green Mountain's large number of renters. The loss of that language also undermined the work of the rent regulation working group, which was the hardest-working group to emerge from the housing conference. The rent regulation working group evaluated numerous research reports on different types of rent controls enacted around the nation. Rather than simply giving a thumbs-up or thumbs-down to rent control, it carefully assessed specific provisions within laws, ultimately developing an authoritative outline of best practices for rent regulation. It also had to bear the brunt of landlord opposition to the movement to keep Green Mountain affordable.

The consulting firm's memo on rent regulation ultimately endorsed every aspect of the rent regulation plan created by the working group. The consultants stated that

a moderate rent regulation ordinance—as proposed by the rent regulation working group—can be an effective tool for Green Mountain in helping slow the displacement of lower income households from the township, and to guard against the more significant displacement that can result during periods of rapid rent increases. It can achieve this at little monetary cost to the township, and with little to no effect on housing quality, new construction, or property taxes.

However, instead of recommending a rent regulation ordinance in the affordable housing strategy, the consultant recommended that Green Mountain establish a rent arbitration board to replace the Landlord-Tenant Advisory Committee (LTAC) that had been in existence for over twenty years. Those few tenants who knew about it largely regarded the LTAC as biased and almost completely ineffective at protecting them.

The rent arbitration board, as proposed, could make binding decisions on disputes between tenants and landlords. It would be responsible for collecting accurate information about rents in the town, broken down by unit type and location—data sorely lacking in the public discussion about soaring housing costs. But the rent arbitration board never got off the ground. Other key recommendations were ignored as well.

Though Mayor Lang continued to espouse the principles of the affordable housing strategy, under his leadership the town council took only a few of the steps recommended by the consultant. A housing commission was established but the position of housing specialist was never created. An inclusionary zoning ordinance passed, but it was weaker than the minimum recommended. The mayor and council did nothing to strengthen and reconstitute a rent arbitration board, nor did

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they take steps to create a community land trust. The consultant's separate memo endorsing moderate rent regulation was buried for good.

Now, Manager Bradford faces two problematic decisions: what to do about the housing issue and how to work with Mayor Lang.