

A CHALLENGE TO NORTH IDAHO POLITICIANS

The purpose of this letter is to prove that the entire premise on which Kootenai County's Comprehensive plan was based—that is, the promise that “densification” will help to keep housing affordable,—is demonstrably false. The data included on these pages proves that densification of cities leads directly to higher rents and higher home prices and does nothing to lower, or even hold down housing costs. *I CHALLENGE ANY MEMBER OF NORTH IDAHO'S CURRENT GOVERNMENT TO PROVIDE A SINGLE COUNTER-EXAMPLE.*

The charts I am using are from Seattle, a city which began to promote densification in the mid-nineties (shortly after the LIHTC, a federal tax credit to fund high density housing was established). My criticisms are based on problems I have seen firsthand in the community in which I grew up. The data proves that in the years after the city up-zoned neighborhoods and added over 100,000 units of high density apartments, the cost of housing of all types skyrocketed. And the statistics prove that “densification” was not the RESULT of spiraling housing costs, they were its CAUSE.

These disastrous outcomes are common to every city in which “mixed use” zoning and “densification” has been promoted.

Wherever large scale, corporate apartments come to dominate the rental market, rents rise continuously—no matter how many new units are built. *Politicians who advocate high density housing for North Idaho need to prove that these policies will work before wrecking our cities. They can't because they don't.*

MIXED USE AND RENTAL CARTELS

First a few words about “mixed use,” a zoning category designed specifically for developers who intend to build large complexes incorporating both residential and business

rentals. In most cities, major arterials are zoned for commercial properties so in order to acquire these valuable properties—the best real estate in the city—corporations build “mixed use” complexes. This has a number of benefits for the developer:

- Local residents are less likely to object to high density development in commercial districts than in their immediate neighborhood.
- Developments can be promoted as “urban villages”, “walkable communities”, and “work-live-play” instead of what they really are: — **Gigantic, Corporate-owned Apartment Complexes.**
- Residential developments can be close to public transit so “low income” inmates can be car-less as well as property-less. (*"You will own nothing, and you will be happy"*).
- Corporate investors can monopolize a city's commercial as well as residential rental market.

City of Seattle

Fig. 1

BUILDING CONSTRUCTION PERMITS as of: 7/13/2021 Source: SDCI Permit Data						
RESIDENTIAL Housing Type	1996-2005		2006-2015		2016-2021	
	New	Demo	New	Demo	New	Demo
Single Family	4,173	1,236	5,035	2,620	3,481	2,243
Accessory Dwelling	697	43	744	16	725	18
Detached-Accessory	Not permitted		250	1	670	11
Multi-Family	16,859	2,449	12,989	1,807	9,438	1,504
Mixed Use	8,632	597	34,325	1,087	35,890	287
Institution/Industrial/ Other			0	5	7	91
Congregate Residence Sleeping Rooms	Sleeping rooms in congregate residences were not reported				2,786	
Total	30,361	4,325	53,343	5,536	52,997	4,154

King County rents: They mostly go up

AVERAGE RENT IN KING COUNTY Up over 155 percent in two decades

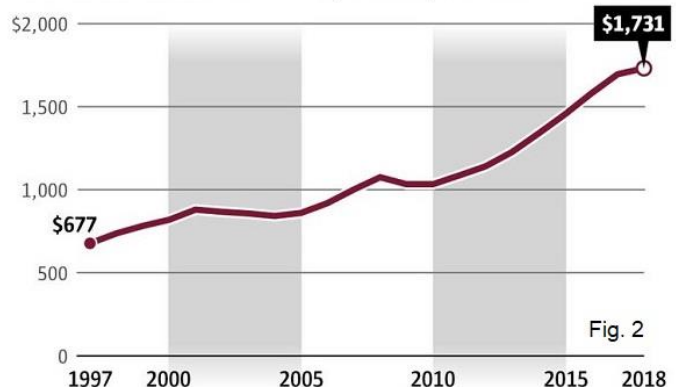


Fig. 2

Now that we understand what Mixed Use is about, let's see how it has worked out in Seattle. (Figure 1) is a chart of all Residential construction permits in Seattle over a 25 year period (1996-2021). Between 1996 and 2005, about 25,000 new housing units were added. During the following ten years (2006-2015) there was a net increase of about 50,000 housing units, mostly mixed-use. And in the last five years (2016-2021) the building of mixed use apartments accelerated, adding another 50,000 units. In summary, the data shows that over the last 15 years alone, Seattle added nearly 100,000 rental units to its housing stock (base population of 550,000).

Now let's see what rents did during this vast expansion of rental housing. (Figure 2) shows that before any measures were taken to expand the "low income" housing base, rents in the area were only about \$650/mo. At that time, the entire rental market served "low income" families, since virtually all moderate to high income people were home-owners. The housing bubble of 2008 helped drive up rental rates but when the price of houses collapsed, rents continued to rise. Why is this?

The continually rising rents in Seattle were due primarily to the economics of subsidized rentals—that is, *most of the newly built rental units*. Owners of subsidized rental apartments are paid by government agencies and foundations according to a formula based on "market rents" in the region. The higher the nominal rent in the area, the more money "Low Income Housing" providers receive in subsidies. High rents also price more families out of the rental market and increase the demand for subsidized rental units. For this reason, property-management corporations collude to keep nominal rents high and work with "social services" to keep their apartments stocked with subsidized renters. These corporations have no motivation to reduce rents, and every reason to help perpetuate a "housing crisis". Low rents would destroy their entire business model.

Federal, state, and city governments provide generous tax breaks for developers to tear down older, lower-density apartments and build new, high density, subsidized structures in their place. The market is rigged in such a way that low income families are driven into subsidized apartments, and have no path forward for home ownership. The entire system feeds on itself, destroying the natural economics of low income housing, constantly raising rents, and enriching private corporations.

This system is criminal. It is worse than "socialism." It is tax-payer-subsidized "crony capitalism." And it's coming to North Idaho under the cover of "mixed-use" and "affordable housing".

DENSIFICATION OF RESIDENTIAL NEIGHBORHOODS

We have seen how "high density" apartments drive rents up instead of down. The same is true for the densification of neighborhoods. Densification drives home prices up by destroying the stock of "low end" housing. Developers who intend to build multiple units on single-family lots outbid low-income home-buyers for older, smaller houses. In this way entire low-end neighborhoods are mowed down and replaced with upscale townhomes. As long as developers can turn single family homes into triplexes, every home in a densified neighborhood becomes an "investment opportunity", and home-seekers are overbid by developers who profit by tearing down the houses they want to live in.

Densification drives up the value of land and therefore drives up all property prices. It destroys existing homes, destroys neighborhoods, and destroys open space where it is needed the most—in urban communities. Before Densification, the price of a single family home in Seattle was less than 200K. The price of homes in Seattle since that time has increased four-fold. Densification is a boon to developers, investors, and real-estate speculators, but it is fatal to low-end neighborhoods and first-time home-buyers. Densification has ruined Seattle, and it must be stopped in North Idaho.