

Op-Ed: Get Back on Track

By Kaizer Rangwala, AICP, CECD, Ventura County Sub-Section Director



The single-family home, fueled by corporate greed, has accomplished what terror and natural disaster could not: bring down the American Economy. Homeownership, an icon of the American dream, has turned into a nightmare.

Living Large

For far too long, we have consumed more than we produced. We have supported this habit by borrowing. Decades of easy money, shadow financing schemes, and cheap oil have supported our addiction for bigger homes, cars and other retail commodities. Consumer spending makes up about 70% of the nation's gross domestic product, a key measure of the economy. We have built more and bigger homes for fewer people. In recent years, home prices have fallen significantly. More homeowners find themselves owing more on their mortgages than the homes are worth, making it attractive for owners to walk away from their debts, forcing many into foreclosure. The home prices will not stabilize until we have consumed the glut of empty homes presently flooding the market.

Help!

In an unprecedented move, the federal government nationalized Fannie Mae and Freddie Mac, and bailed out AIG and Citicorp. Recently, the federal government abandoned its initial plan to buy \$700 billion of mortgage related toxic assets from the independent investment banks and now plans to support companies that supply consumer credit in areas like credit cards, and auto and student loans. But where will the \$700 billion come from? There are two possible sources: print or borrow more money. The treasury cannot print more money because this will cause rampant inflation. And since the US is in a budget deficit, a vast majority of this money will come from China and the Middle East, countries that already hold a huge part of our debt. The bailout will increase our foreign financial dependency and weigh down future generations with even more interest payments.

In other words, we are counting on our kids to bail us out and support our addiction for excessive consumption – and in return, they inherit from us a huge debt with a few totalitarian regimes that despise our way of life.

Shift to a New Paradigm

A big assumption is that we will keep on consuming at the levels we have in the past that rewards greed by mortgaging our future and encourages irresponsible consumption that hurts our environment. This “spend now and worry later” economic model is most obvious in our insatiable consumption of energy. We produce 5% of the world's energy while we consume 25%. This cannot go on. The emerging economies of China and India will continue to acquire their fair share of energy and this increased demand will not allow the cost of energy to come down. We can't consume at the level we have in the past.

While local planners don't control global finance we have a huge leadership role in promoting smart growth and sustainability policies at the local level that can curb consumerism and provide choices that encourage us to live within our means. With less money to spend, formulaic strip and mini- malls, segregated residential subdivisions, and sterile office campuses that fail to connect with the consumer will continue to decline. Credit and energy costs are going to favor smaller scale infill development over large suburban projects. Infill development in centers and corridors, particularly at higher densities, are necessary to promote transit, support retail and affordable housing. However, our track record in the past at delivering higher density products has some neighbors understandably upset. Increased traffic, blocking views and sunlight, inappropriate massing, scaling, and design are common complaints from neighbors. Form-based coding, as opposed to use-based zoning, is a more precise tool that offers an entire range of housing typologies from single-

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