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## Oakland housing: Politics of punishment

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Inclusionary zoning (where suppliers of housing are forced to include affordable units as part of their project) as a housing policy, is a failure. It produces few units, drives up the cost of market-rate housing, and stifles housing supply, leading to an overall increase in price for market rate units.

As Attorney General Jerry Brown pointed out at a recent breakfast event in Oakland, "If you want less of something, tax it. If you want more of something, don't tax it." This simple logic explains why Jerry Brown, as mayor of Oakland, created more market rate-housing in Oakland than any other mayor in recent times, and helped stimulate retail development.

The fall-back argument of the proponents of inclusionary zoning is always the same: "All other cities are doing it". As Brown put it, this presents a unique opportunity for Oakland to attract wealth, as other cities are putting punitive measures in place to burden the development of housing.

And yet, in the midst of a housing crisis that will lead to a budget crisis for Oakland as transfer tax and other real estate-related revenue sources plummet, some of our city leaders seem almost zealous about passing an inclusionary zoning policy -- a policy that will only add to the burden of building much needed market rate housing in Oakland. Oakland's crime-ridden flatland areas will be particularly hard-hit. These areas have struggled for decades to attract retail, with the largest inhibitor being the lack of disposable income. Market rate housing is desperately needed in these neighborhoods, but will be delayed or curtailed, as profit margins of potential market-rate housing development shrink, killing production.

So what is driving some of Oakland's leaders to spend so much time on a failed policy? The politics of punishment.

The inclusionary zoning policy is being pushed by a few well-organized nonprofit organizations that understand little about development and investment, but that abhor the thought that developers make money from development. They ignore the fact that housing development is a risky venture and most developers are now losing a lot of money. These groups began mounting a full-court press in Oakland about four years ago, when the market was surging. They organized and have thus created tremendous pressure on the City Council members to pass an inclusionary zoning policy, even though a majority of the council members recognize the emptiness and futility of the policy.

The politics of punishment for these groups is rooted in the philosophical disdain for capitalism. But their true perceived enemies, the multi-national corporations and power and financial brokers, are too far

removed for them. So instead, they hone in on what they perceive as the local representatives of this evil empire --the developers.

It is not surprising that these groups would take this irrational, emotion-based approach to policy making. It is their self-appointed role. It is extremely surprising, however, that they would find so many friends in the policy-making arena.

Perhaps the most telling statement of all came during the Feb. 19 City Council deliberation on the inclusionary zoning issue. In response to the accusation that the city leaders were spending way too much time on a concept that was being driven purely by the politics of punishment, Council member Nancy Nadel, a strong supporter of the failed policy, justified inclusionary zoning by stating, "We have to teach our children how to share." And there it is: Punish those who take the risk and build the product, by forcing them to give away their profits.

Fidel Castro would be proud.

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