

How Wee Can the people Get?

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Three pet peeves concerning abdication of personal responsibility to government recur in the news. The last post alluded to Moses, and so will this. (Bear with my free exercise of religion. I may have an obsession with great liberators.) According to the Bible, the Children of Israel sold themselves into slavery. Joseph counseled Pharaoh to store provisions to prepare for a famine. When it hit, the people turned to Joseph for provisions. First they sold their personal property, then their real estate. Joseph was viewed as a hero for seeing his people through the famine.

If there is a famine in the land today worthy of such extreme measures it might be taxation pricing people out of their possessions. Programs to educate the elderly to sell government their land as a conservation easement abound. It is presented as altruistic preservation of heritage, but it may well be that old people who invested in land can no longer afford the taxes. In other words, people are turning to government to solve a problem government created. Conversely, government is profiting off the hardships it imposed by its ability to throw its weight around. Years ago, economists of a particular stripe referred to less obvious transfers of power to government as marching down the Road to Serfdom.

A second pet peeve pertains to government's role in providing housing. The moral of this story is the same as the one above. I highly recommend reading the Cato Institute's report, by Tad DeHaven, on HUD scandals, but that is beside the point.

Buncombe County and the City of Asheville are in the process of coming up with a program to assist people earning up to 140% of the Area Median Income with \$800-900 one- and two-bedroom apartments. The local governments argue the private sector cannot afford to build enough. If they don't build it, the people will live in other counties, and sprawl will ensue. If government subsidizes construction of middle-class dwellings, then the tax burden spared the select few through grants or incentives will likely be recovered by raising costs on the builders who do not apply for government aid to build housing for low-, middle-, and high-class people.

Asheville long ago earned a reputation as being very rough on developers. First of all, city councils did not want buildings downtown. They wanted a green paradise. They were considering legislating a moratorium on downtown construction when the market beat them to the punch. Prior to that, attorneys for developers turned red in the face as members of city council, with little architectural experience and minutes of looking at designs, micromanaged their plans that had made it through the kabbalah of plan reviews. Developers sunk millions into design costs only to redo them. They proposed ridiculous excesses so council could have something to feel good about cutting off their plans. Could it be a coincidence that the world-famous Design Workshop began folding up its Asheville operations after council whittled away a subdivision plan that included everything green a team of bright young minds could generate, to the point they could not longer afford to build the houses?

Now that government has regulated housing construction beyond developers' price points, they want to magnanimously help the developers with tax breaks, provided the development is green enough. Like many local ordinances, the one at-hand looks like a set of arbitrary rules. In the old days, there was a place for people who liked to make up rules. It was called Parker Brothers. One rule pursued is requirements for certification for those who receive the grants and their buildings. It appears this product-less economy our government is creating will soon have a third sector, certifiers, to add to lawyers and accountants.

In a similar vein is the city's intent to take out a loan for over \$14 million to be paid back over the next 20-25 years. It wishes to build a parking deck. The papers to be signed include a clause that will enable the city to complete the hotel portion of the project should the private sector fall short on funding. The city was approached with an offer for a public-private partnership because government can get financing so much more cheaply and easily than the private sector any more. The drawing of any parallels in the three scenarios, concerning government using its legislative authority to outcompete the private sector, are left as an exercise for the reader.