

CONTRA COSTA TIMES

Posted on Sat, Aug. 13, 2005

LETTERS TO THE CONTRA COSTA TIMES

Your turn Right now, the share not fair

By David Dolter

John Hunter's diatribe (Aug. 6) about greedy developers not paying their fair share of development fees elicited several reactions, not all positive. However, I realized that my parents taught me to be patient with the ill-informed, particularly when an opportunity to educate results.

Hunter is correct about the role of supply and demand but his math skills leave much to be desired. A little homework would have indicated that California homebuilders couldn't build enough homes to satisfy the demand, despite tremendous increases in housing starts over the past few years. Why? High land prices. Why high land prices? Lack of an adequate supply of land that is zoned for homes and not burdened by expensive environmental regulations.

Indeed, as Hunter suggests, the cost to actually build the home has not doubled in the past five years, but the price of land has, and then some.

Let's talk about those fees Hunter says builders aren't paying. They must pay them or they don't get building permits. Fees like these run from \$40,000 to more than \$100,000 per home. Most builders I know would rather pay an increased fee for Highway 4 improvements if they were assured that the work would get done in a timely manner to really make a difference.

They would certainly rather pay a fee for that than one for "public art." I agree with Hunter that Highway 4 is shameful, but he must look elsewhere for the real culprit, namely poor public policy and planning.

Homebuilders are indeed part of the solution and they prove it every day. They respond by building a quality product that responds to homebuyer demands. They would surely find other ways to deploy their capital resources if not for in-migration and new family formations. Their "excessive profits" support programs such as Habitat for Humanity as well as conservation funding to acquire and set aside land for agricultural and wildlife preservation.

Homebuilders are doing fine and their profits are up. Shareholders of the publicly traded builders, such as pension funds, mutual funds and private investors, certainly appreciate this. But how would I know? Only 22 years in the residential home building business as a senior level executive, I suppose. Going forward, we certainly need to do a better job of educating the public, especially the new home buyer, about the costs society is asking them to bear to solve community and statewide problems.

As of now, their share is not a fair share.

Dolter lives in Alamo.