

Over the past several weeks, contributors to the *Times-News* editorial page have suggested that Cumberland and Allegany County are in the midst of a major housing shortage. The shortage is alleged to be severe and is supposed to affect nearly every housing segment, from higher income to low-income housing. Commentators argue also that housing quality and availability is a major bottleneck to our future economic development. It is suggested that the authorities must act quickly in a variety of policy areas to counter the problem.

As I reflect upon the nature, causes and effect of our ‘housing shortage,’ however, some pertinent facts appear to be missing from the debate.

* Allegany and Mineral Counties on net lost several thousand non-institutionalized residents during the 1990s. This vital component of housing demand has been decreasing not increasing.

* According to a new, comprehensive regional housing price index provided by the Office of Federal Housing Oversight, the Cumberland-Keyser metro housing re-sale market is stagnant. This index shows local housing prices have appreciated only 4.9% since 1995 (far below the rate of inflation).

* Major industrial location studies published in scholarly journals such as *Economic Development Quarterly*, *Regional Studies*, *Journal of Regional Science*, and others rank housing quality and availability either not at all or at the bottom of factors influencing business location decisions.

* For government to intervene in a private sector activity, there are rather stringent standards that the intervention must meet in order to be worthwhile. In the language of public policy, the problem should demonstrate some evidence of ‘market failure.’ However, in the case of the local housing market, there simply is no ‘market failure.’ The market works fine. If a house cannot be built profitably by enterprising contractors, it simply won’t be built.

Now, don’t get me wrong. Cumberland does need a housing strategy. But it should try to address the reasons (e.g., high tax rates, bureaucratic red-tape, etc.) that people sometimes choose to build elsewhere in the region rather than subsidize market-rate housing. Moreover, we must recognize that the reasons are varied and complex. Local officials have no control over state taxes and regulations or our unique political and physical geography. Furthermore, the proposed construction of a new north-south highway corridor will simply exacerbate efforts to concentrate new housing in Cumberland and its immediate vicinity. No amount of concentrated government spending or code changes will be able to counter its sprawl inducing effects.

One proposed solution to the alleged housing shortage currently being entertained by the Cumberland Mayor and City Council is the Jim Combs subdivision plan. In brief, Mr. Combs wants the city to share half of the costs of the infrastructure needs for the subdivision and finance the remainder at no interest. Normally (no municipality in the USA to my knowledge handles it any differently), such development costs are the sole responsibility of the builder.

Proponents of the plan will attempt to portray the plan as a “Grand Slam” for economic development. But, it is not. Metaphorically, it is not even a home run, a triple, a double, or a single. It’s not even a base on balls. Instead, it is a strike-out. Only this batter doesn’t swing and miss 3 times—he whiffs 50 times. Rather than devote an entire issue of the *Times-News* to describing the 50 strikes in agonizing detail, I have posted a white paper entitled “50 Strikes: The Case Against the Combs Petition” at <http://www.equotient.net/strikes.htm> which outlines my arguments against adopting the Developmental Rights and Responsibilities Agreement that has been proposed.

In conclusion, everyone recognizes that something needs to be done about the quality of our existing housing stock. However, first things first. Economic development, not housing is our main problem. The lion's share of our efforts must be committed to job generation and making our area friendly for business. Housing quality is primarily a function of economic growth and development, not the other way around. Any effort to address the former before the latter is simply a case of putting the 'cart before the horse.' Our City and County have far too few resources to waste on poorly conceived strategies.

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