

The Politics of Zoning

The purpose of zoning is to regulate land use and establish development standards. Its intent is to protect the public good. Issues such as traffic, land use compatibility, neighborhood protection, and the built environment touch the entire community. Zoning should not be politicized, but this is clearly not the case.

Metro Atlanta is a case study in the politics of zoning. The recent wave of new municipalities was largely driven by the desire to seize more local control of the zoning process. This is not necessarily a bad thing, but it further highlights some areas of concern.

- Cities are now engaged in real estate development, either directly or in concert with private developers. Does this create a potential conflict of interest when the entity with zoning powers is effectively competing with the development community?
- There is strong antipathy to locating churches and schools in residential areas, even though this is a permitted use in most residential zoning categories. Is this resistance based on sound land use planning or simply a response to the hue and cry of citizens who fear change?
- Apartments stir the most lively debate. The development spigot can go from wide open to slammed shut, and back again, with a change in political leadership. Is that the role of government?
- The Internet is a great tool to rally the troops in opposition of a rezoning. This fantastic technology lacks a filter for misinformation, however, while making it almost too easy to bombard elected officials.
- An inherent challenge faced by these new cities is a lack of historical context and continuity in their planning staffs.
- Rezoning is time consuming and costly. When deferrals slow the process, the expense and market risk grow for the developer, which government officials often fail to consider.
- Zoning authorities have a tendency to overstep their bounds when dictating the particulars of a proposed development, all the way down to the exterior paint color.

Politics and personal whims should not guide zoning decisions. Citizen feedback is vital and often very constructive, but rezoning cases can turn nasty in a hurry. The government's job is to ensure a fact-based review and a decision that reflects the best interests of the entire community. Separating politics from zoning may be impossible, but try we must.

Nashville vs. Atlanta

A recent assignment in Nashville provided an opportunity to examine the city's booming apartment market and to compare it to intown Atlanta. An analysis of the 17 top performing communities in the urban core of each city revealed some interesting trends:

- The average monthly rent in Atlanta is 6.3 percent higher on an absolute basis, but 3.8 percent lower on a per square foot basis.
- The disparity in rents is due to smaller average unit sizes: the average unit size in Atlanta is 862 square feet, compared to 778 square feet in Nashville.
- Studio and one-bedroom units in Nashville account for 76.3 percent of units versus 68.7 percent in Atlanta.

Perhaps most interesting is that only one of the buildings surveyed in Nashville was a high-rise tower, while eight of the communities surveyed in Atlanta are high-rise buildings. Typically, high-rise towers command higher rents than mid-rise product. Both cities are experiencing a significant development boom. It will be interesting to monitor both markets and see if Nashville can keep up its strong momentum.

	Atlanta	Nashville
No. of Projects Surveyed	17	17
No. of Units	4,794	3,988
Avg. Project Size (Units)	282	235
Avg. Monthly Rent	\$1,958	\$1,834
Avg. Unit Size (SF)	862	778
Avg. Rent Per SF	\$2.27	\$2.36
Unit Mix		
Studio/1BR	68.7%	76.3%
2BR	28.8%	23.6%
3BR	2.5%	0.1%



A Precursor for Atlanta?

Condominium development has been slow to bounce back in Atlanta. Twelve Twelve, a very successful new condominium in Nashville, provides an interesting template for what may be possible in Atlanta. The building was financed as apartments. The developer initiated presales efforts once under construction and converted to condominiums after a certain presales threshold was reached. Key facts are highlighted below:

- 286 units in a 23-story building
- An average unit size of 1,120 square feet.
- Unit prices that ranged from \$273,000 to \$3,000,000.
- An average sellout price of \$572,320, or \$511 per square foot.
- A sales velocity of 15.9 units per month.
- Second home buyers accounted for 20 percent of purchasers, and the average age of buyers was 40.

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If you have questions or would like more information, please contact us.

Phone - (404) 577-7222

Email - Lhaddow@haddowandcompany.com