

Carnivore Amongst the Vegetables

By Mark Stapp, executive director of the Master of Real Estate Development program, W. P. Carey School of Business, Arizona State University, September 23, 2011.

I was at the Arizona Housing Alliance Annual Meeting and Reception yesterday and as I stood in the back of the room with a friend, listening to an economist talk about social inequity, he whispered “You’re like a wolf”. Made me laugh – he was referring to the fact I’m a developer and all these folks are not-for-profit, social minded and focused on affordable housing - pointing out the obvious irony given the developers reputation as self interested and purely profit motivated.

This got me thinking about why there is a clear division between social mindedness and profit motivated. Why were there hardly any developers there? Main stream, for profit developers have little, or no, idea how to work in the affordable, socially minded, community embedded world. That is too bad because the best opportunities today are in that world. This is where money has been flowing, where community support exists, where community resources are focused. This is where the action is!

One reason the typical developer doesn’t know how to navigate in this world is they were never given instruction. This is a foreign place. It has its own language, its own vernacular, its own systems and rules, its own set of players and own financing mechanisms. Nothing looks familiar. It also has a social benefit as one of the desired and intended outcomes - a foreign idea to most developers. Given the market conditions, for-profit developers, if they are still in business, are looking for a way to make money and that requires a change in their business model. Many are considering pursuit of affordable housing projects. They see money available, a demand and public support for these projects and want to develop them. But they are like carnivores in a vegetable garden. They are hungry, are looking for meat, but have only vegetables to eat and don’t know what to do with them.

Developers need to learn how to work in this new world, change their eating habits and become better embedded in the community. This is how they will survive and doing so requires educating themselves and changing their mentality about what they do, how they do it and why. Being only a meat eater when there is no meat to eat means you’ll starve to death. We all need to eat our vegetables, it’s good for us.

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