

## **BANKER & TRADESMAN**

By Greg D. Peterson

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No sooner had the State Senate passed the Economic Development Bill, one of the most thoughtful pieces of economic legislation in the Commonwealth in 20 years, than the attacks began. Why the agita? Because the bill includes a three-year extension for already-approved development permits, while we wait for the frozen credit market to thaw and lending to resume.

Why is the proposal to keep previously approved private projects “shovel-ready” for three more years so offensive to some? We are told it would be “unfair” to deny cities and towns and State agencies another opportunity to re-review what they have already reviewed and approved before, and to deny abutters or activists another opportunity to appeal those “new” permits for projects that have already been through years of process.

We have nearly 10% unemployment – more like 35% effective unemployment in many of the building trades. We are laying off teachers and cops. The jobless are moving in with relatives or sleeping in their cars and school kids are told they will no longer have safe libraries in which to study. And we think a top priority should be re-reviewing and re-approving economic developments that already have their signoffs?

What will it cost cities and towns in lower tax assessments on properties with expiring approvals? By extending issued permits, the Senate President’s bill acts to shore up local property tax bases. What will it cost local and state boards and agencies to re-review already-permitted projects? And to defend in court another round of the inevitable appeals? The Massachusetts Department of Environmental Protection has already suffered very painful staff cuts. Adding a repetitive paperwork load on those remaining at DEP can only distract them from the real work of environmental enforcement. Why is substituting duplicative paperwork for environmental protection a good idea, especially in tough times?

In the words of the late Senator Paul Tsongas. “You can’t love employment and hate employers.” You can’t love state and local government services and hate the projects that produce the property taxes, income taxes and sales taxes needed to fund government.

Another cavil raised against the Senate President’s language is that it will allow developers to “sit” on permits. In fact, businesses aren’t sitting on permits, they are waiting for financing to be available and the economy to improve enough so they can invest and expand. Moreover, the Senate’s bill recognizes reserved rights to modify or revoke permits, in case anyone was inclined to stall.

Make no mistake, it takes a long, long time to get anything approved in this State. We have a way of treating even small, private projects as though they were the Big Dig, in need of magnificent levels of 'mitigation.' Our system provides great care for the concerns of abutters and the environment. But it makes essentially no provision for implosions of the credit markets. Our zoning, land use and environmental laws assume normal financing markets, where permitted projects can sign tenants, close loans, and be built in a reasonable period of time. The majority of development permits expire in one, two or three years, a few last up to five years. That is not today's reality and we all know it.

Our laws presume that overall economic activity doesn't wait for the vagaries of any particular project. So, ordinarily, it makes sense that after a few years a permitted project should either use its permits or be looked at again, because ordinarily the background conditions will have changed.

But virtually nothing is happening out there now. The tide went out for everybody two years ago. And the nature of credit collapses is that they drag on much longer than the normal rough patch. When credit is next available we should not then begin another three-to-five year process of re-permitting what is already permitted now. When the economy starts to recover we need to be in a position to pick up immediately where we left off. Meanwhile, we need to preserve the permits that justify property tax assessments.

The relatively short legal time limits on the use of development permits in Massachusetts just don't take the likely duration of high unemployment and the credit crunch into account. They should.

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