

Type 3 developers a key to affordable housing

The Bethlehem Gadfly [Affordable Housing](#), [Development](#), [Sharing your reading](#) April 20, 2021

🌿 *Latest in a series of posts on development* 🌿



Daniel Herriges · October 13, 2020

There Are 3 Different Kinds of Developers

So you've heard that "developers" wield a lot of power in your city, or that certain actions will or won't benefit them? It matters which ones you're talking about.

“Do you ever wonder why ‘developers’ don’t build affordable housing in Bethlehem? It’s because we are relying on Type 2 developers, deeply and consistently. We need Many Hands- small, incremental growth-Type 3, as in this article. Understanding our market — and our options to encourage type 3 developers — is one of the ways to see affordable housing start to flourish in Bethlehem.” (Paige Van Wirt)

Councilwoman Van Wirt, who has professional training and background in Urban Planning, has often praised **Strong**

Towns and recommended articles.

This one is especially thought provoking and timely.

Gadfly had often wondered but has always neglected to ask.

Are we as a city passive in regard to developers, that is, are we dependent on who comes to us, or do we go out and approach and attract and “recruit” them?

For instance, Councilman Callahan’s oft repeated remark that there are only a few developers working in/on Bethlehem and that we need be careful not to chase them away has stuck deep in Gadfly’s mind the idea that we are passive. That we are dependent on the kindness of strangers.

For instance, Gadfly has always wondered the several times that Kim Carrell-Smith has made her thoughtful comments that history is our brand and that we need new architecture that blends with our history whether there are developers whose forte is exactly, is precisely such blending that we ought to be actively soliciting or seducing.

Gadfly used to run a feature called “Share your reading.” This article prompts him to think about reviving it.

from Daniel Herriges, **“There Are 3 Different Kinds of Developers”** (October 13, 2020):

Developers are a major source of political influence in cities large and small, but also a major political football—you’ve no doubt heard claims like “(Such-and-such city council member) is backed by developers” or “Developers are pushing for (such-and-such plan or proposed law).” The reality is probably that a much more specific subset of people are doing it. And that’s important to understand. Overgeneralization is not helping your ability to understand the forces *actually* shaping what gets built in your community and where, let alone change it.

There are actually different types of developers who operate by almost completely different business models. They build different types of buildings, in different places. They use different sources of financing. Local rules and regulations affect these different groups very differently, and—importantly—their interests often do not align.

If we focus specifically on residential developers, we can group them into three rough categories that barely overlap with each other.

Type 1: The Big National Homebuilder

Type 2: The “Big Urban Box” Developer

Type 3: The Incremental Infill Developer

These are the people whom our friends at the Incremental Development Alliance are dedicated to championing and teaching how to get started. They work at smaller scales: mostly individual, scattered lots, almost always in already-established neighborhoods. They tend to build a lot of [Missing Middle housing](#), rarely over 3 stories or more than 20 apartments or houses in one project. They are often sole proprietors,

subcontract locally, and often live in and are personally invested in the neighborhoods where they work. They often, in fact, live in the very same buildings they've built or renovated—because getting a home for yourself out of the deal is one way to afford to do these projects on a limited budget. They don't have organized clout or speak with one voice, so they're not The Developers™ in the same boogeyman sense that critics of outsized developer political influence usually mean.

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