

COMMENT BY JULIAN LEVI*

PRACTICAL, social and political considerations often color statutory materials and statistical compilations. With respect to urban redevelopment, so thoroughly treated in the foregoing article by Professor Johnstone, it may be helpful very briefly to set down a number of factors which must be contended with by those actively engaged in this field.

The South East Chicago Commission was organized in the Spring of 1952 for the purpose of improving conditions in areas about the University of Chicago. Initially this program was directed at better law enforcement and personal security through work with the local police stations by a trained professional on the staff of the Commission. Thereafter intensive efforts directed at better enforcement of the building, housing and sanitation codes and ordinances of the City followed through the employment of a retired fire marshal whose reports were used in working with the appropriate City Departments.

In the Spring of 1954, through the generosity of the Field Foundation it became possible for the Commission to organize a Planning Unit, whose functions were directed initially at a Title I Slum Clearance Project, and within the past two years, at an Urban Renewal Project, under the Federal Housing Act of 1954.

At this writing, two Title I clearance projects, the Hyde Park A and B Projects, have proceeded through all of the stages of acquisition, demolition and relocation. A contract has been signed with Webb & Knapp, as developer, and initial construction of new homes, apartment buildings and a shopping center is scheduled for the Spring of 1958. Planning for the Urban Renewal Project has been carried out by the Planning Unit of the Commission under a contract with the City of Chicago. The preliminary project report was approved by the city agencies in the Summer of 1956, and a capital grant reserve established by the Urban Renewal Administrator of the Housing and Home Finance Agency, in the amount of \$25,835,000.00, in December of 1956. The final plan will proceed to public hearings early in 1958.

Predicated upon these experiences, certain observations may be of interest:

- 1) The problem of Urban Renewal is primarily one of City growth and change. The principal characteristic of a declining neighborhood is that most of the natural economic and social forces at work are directed towards community decline. Many of the structures are old and tired; they do not offer the amenities sought by the present day customer with freedom of economic choice. Schools are crowded and educational programs accordingly suffer. Owners of property find it more profitable to treat real estate as a wasting

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asset with maximum emphasis on immediate income in contrast to long range capital stability. Commercial structures built to accommodate the merchant of the early twentieth century cannot accommodate the modern food market with its requirement of thousands of square feet of displayed merchandise. Parking facilities are non-existent or designed for horses rather than automobiles.

- 2) These brute economic and social factors point only to community decline. Enforcement of building, housing and zoning codes within themselves, under these circumstances, cannot stem the tide. What is required instead are changes so fundamental and far reaching as to render it more profitable for property owners to upgrade and improve their investments rather than to exploit them.
- 3) Such changes cannot be of a piecemeal variety. Urban Renewal, as it is today known, has resulted from the recognition of the failure of prior programs to achieve community stability. Public housing has not generated new private investment in the vicinity of its projects. In fact, its concentration of problem families in its projects places increasing burdens upon the public schools serving the area. Strict zoning enforcement cannot operate effectively against adverse factors of obsolescence and unmarketability. Slum clearance, while it rectifies the immediate area removed, often does not result in the improvement of surrounding conditions. The entire concept of Urban Renewal came from the recognition of the failure of prior programs.
- 4) Urban Renewal to be effective, therefore, must operate on a neighborhood-wide basis. Its primary objective must be to so alter the character of the area as to create economic and social pressures moving towards improvement rather than decline. Inevitably, such a program must achieve more than the mere removal of obsolete structures and more than the mere enforcement of minimum standards. Much of the program must be directed at the improvement of public facilities, particularly schools, parks, play grounds, parking facilities and the like, to the end that the resident finds within the community opportunities and amenities equivalent to those available in newer portions of the metropolitan areas.
- 5) Within such a framework, it is possible to envisage large scale rehabilitation programs. Any rehabilitation program, however, must have as its essential elements the willingness of owners to undertake large investments in property; the ability of owners to obtain long-term mortgage financing to that end; and a market capable of absorbing and paying for the rehabilitated accommodations at the higher rentals required in order to amortize the increased investments. In the Hyde Park-Kenwood Urban Renewal planning, exhaustive analyses of one hundred and fifty structures of all types were made by a team of construction and management experts in

order to test the feasibility of rehabilitation. Their report found that rehabilitation was feasible as to the overwhelming number of owner-occupied structures; that as to most rental housing, varying degrees of rehabilitation could be recommended in some cases as high as 45 per cent of current market value; that adequate return on new investment could be achieved through an average of 19 per cent increase in rentals. It was further found that rehabilitated accommodations could offer far more square feet and far more amenities per dwelling unit at considerably lower costs than that possible through new construction but that rehabilitation to be effective must include modernization of elements such as kitchen and bath in order that the rehabilitated structure be competitive on the market. The report also found that rehabilitation cannot succeed unless accompanied by broad public programs directed at the renewal of substandard structures, and improvement of community facilities, together with the availability of mortgage credit on a sufficiently wide basis as to insure general rehabilitation efforts throughout the community.

- 6) These considerations make evident that Urban Renewal programs must be built with the view to the particular market to be served. An Urban Renewal Plan presents a most challenging task in land economics by requiring a determination of how far the public program must proceed in order to induce the necessary private activity. For example, the Hyde Park-Kenwood Urban Renewal Plan, now under consideration, assumes that public action at
 - a) the removal of sub-standard structures estimated at 20 per cent of all structures in the area;
 - b) the expansion of school sites, parks and play grounds; and
 - c) the development of alternate traffic routing, eliminating through traffic movement from the heart of the community,will form an adequate base for private action, given the availability of rehabilitation financing under Section 220 of the Federal Housing Act. In execution, the success or failure of this program will be determined primarily on the issue as to whether the sweep of the public portion of the program was sufficiently broad.
- 7) Urban Renewal procedures involving as they do a collaboration between a whole series of local public bodies with the Housing and Home Finance Agency present most difficult problems of coordination and scheduling. Often the needed local public improvements which are essential to the program, both because of their public need and their inclusion in the local credit, must be committed and agreed to some years before they can actually be budgeted and performed. While the tax base of the entire municipality will be improved by the successful performance of an Urban Renewal Project, a large concentration of public works within any Urban Renewal area

creates claims of favoritism from other portions of the municipality. The sheer difficulties of persuading a series of autonomous independent local bodies to work in consort are often an overwhelming task.

- 8) Public support and participation in the Urban Renewal Plan is crucial and enormously difficult. In actual practice, these requirements proceed far beyond the legal questions of notice and hearing. The purpose of an Urban Renewal Plan is to preserve an existing community and can be achieved only through the participation of residents and owners in the plan at all of its stages. The fact of such participation creates additional problems all of its own. In the complicated problems of coordination, it is often possible for any single pressure group to stop a needed improvement and thus force constant skirmishes throughout the entire period of planning even before the total plan has been released. Property owners, whose properties may be marked for acquisition, by reason of the publicity of the problems, are placed in a most unfair position because the plan has not been completed or approved. No public agency is in a posture to acquire their property, yet the fact of the likelihood of future public acquisition in effect destroys their immediate market.
- 9) No single Urban Renewal project can be burdened with the solution of the total social and economic problems of the housing market. As example, current costs of high-rise apartment construction produce rental units at prices beyond the means of the middle income market for families with children. The needs of this market can often be met, not in high-rise construction but in semi-detached and row house construction for sale with long-term mortgage credit. This solution, however, results in a substantial reduction in the number of dwelling units available in the Urban Renewal area. If the Urban Renewal Plan is required to provide housing for the middle income market, accordingly it can do so but only at the sacrifice of the general housing inventory. If, on the other hand, the housing inventory is to be maintained, then high-rise construction eliminates a portion of the middle income market. An Urban Renewal Plan cannot be all things to all people.
- 10) Urban Renewal within the United States has yet to be achieved in any single project. In most situations, what parades as Urban Renewal is primarily slum clearance. The full intervention of the public power in any community to such an extent as to reverse the tides of deterioration and decay has yet to be achieved. The perplexities and difficulties of the program are far deeper than an analysis and reading of the complicated statutes and procedures would indicate.