

NEW TOWNS TO HELP ALLEVIATE
CENTRAL CITY PROBLEMS

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NEW TOWNS TO HELP ALLEVIATE
CENTRAL CITY PROBLEMS


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INTRODUCTION

This thesis has three purposes: (1) to examine some of the most formidable problems facing urban American society today, (2) to identify and describe the major obstacles to a solution of the problems, and (3) to recommend both a mechanism and a course of action to help overcome the obstacles.

The central problem described in this thesis is the economic and social impact created by the vast concentrations of poor and black residents in many of this country's central cities. The major obstacles standing in the way of resolving the problem are (1) the widespread opposition to integration, (2) the difficulty in many existing suburbs of undertaking the necessary planning innovations to accommodate disadvantaged central city residents, and (3) the unattractiveness of many central city residential areas to those who are nonpoor and white. A mechanism with the potential to help overcome the obstacles is new towns. The course of action is the planning and development of new towns which specifically address the obstacles.

To ensure a common understanding of certain key terms used in this thesis, the following definitions are provided:

Metropolitan Area. This term is synonymous with Standard Metropolitan Statistical Area (or SMSA) which is defined by the U.S. Bureau of the Census as the area comprising the county or group of counties that contain at least one city of 50,000 inhabitants or more, or "twin cities" with a combined population of 50,000 or more. Additionally, contiguous counties are included in an SMSA if they are socially and economically integrated (according to prescribed criteria) with the central city of the SMSA.¹

Central City. This term refers to that city which is the largest and is named in the title of a Standard Metropolitan Statistical Area.²

Suburb. This term is defined as that area which is outside the corporate limits of a central city, but still within the boundaries of a Standard Metropolitan Statistical Area. The U.S. Bureau of the Census usually refers to this area simply as "outside central cities."³

Disadvantaged Central City Resident. This term refers to persons who reside in central cities who have annual incomes below the officially defined poverty level (established by the U.S. Government). Also, many central city blacks are "disadvantaged" to the extent that they may be prevented from living where they choose by social and economic pressures applied by the majority community.

New Town. This term refers to a community that has the following characteristics: (1) a pre-development master plan which includes an overall set of development concepts and guidelines, (2) a large enough population to support a wide and balanced range of land uses, including residential, commercial (both retail and services), industrial, institutional (such as churches, museums, and areas used by non-profit service, welfare, civic, or fraternal organizations), and public (such as schools, parks, hospitals and/or health centers, police departments, fire stations, etc.), and (3) centralized development control.

New Town Intown. This term refers to a large-scale, multi-use land development project in an existing city, generally a central city. The principal objective of a new town intown is the renewal and

revitalization of deteriorated residential, commercial, and industrial areas. Many characteristics of new towns are also found in new towns intown, such as overall development guidelines, a master plan, population objectives, single development control, and a wide array of land uses, including residential, commercial, institutional, and public.

The plight of disadvantaged central city residents has received considerable thought and analysis over the years, the most recent time being the wave of attention that occurred during the height of the civil rights movement in the 1960's. Spurred by an awareness of social injustices and civil unrest, far-reaching legislative programs were directed toward solving urban ills in general and central city problems in particular. During that period, the key difficulties of the central cities were identified and articulated. Although a substantial drive toward solving these difficulties was begun in the late 1960's, the task was not completed. Now, national attention and concern appears to be focused on other problems, such as inflation, unemployment, the environment, and the energy crisis.

There is a vital need to finish the task started in the 1960's. This can be expressed in terms of human needs of both disadvantaged central city residents and those living in the suburbs, and in terms of the economic and functional survival of the central city itself.

Many black and poor central city residents have no viable alternative to the central city. They are effectively barred from many suburban areas by discriminatory practices or economics. And, most non-metropolitan areas offer even fewer opportunities than the central city: blacks could be subject to more discrimination and generally would have less political clout, and both black and non-black poor, many of whom are not highly skilled, would be competing for a declining number of low-paying jobs.

On the other hand, some of those who live in the suburbs, including families with children, individuals, or couples without children who work in or enjoy the cultural, higher educational, or entertainment advantages of the central city, need a viable alternative to the suburbs. Many of these residents may not now live in the central city because they do not wish to reside in or near central city deteriorating neighborhoods, or in areas with high crime rates. Families with school-age children may not feel central city schools are as good as those in the suburbs, and this reason alone may keep them from living in the central city. Also, many of these residents desire to live in an all-white environment. Meanwhile, that part of the suburban population desiring to stay in the suburbs is becoming increasingly alienated toward the central city and its problems. Many of these people talk and act as if

the central city were "enemy territory" to be passed through only if absolutely necessary and with extreme caution. In 1968, the National Advisory Commission on Civil Disorders (sometimes referred to as the Kerner Commission) concluded that this nation was moving toward two societies, one white and one black.⁴ However, even then, the United States had two societies in the economic as well as the racial sense. Now eight years later, it is even more the case, as the pattern becomes even more fixed of blacks and the poor living in the central city, and the affluent whites living in the suburbs.

The need to counteract the problems stemming from the impact of large concentrations of disadvantaged central city residents is an economic and functional one as well as a human one. The major portion of the local public costs of welfare health care, manpower training, and crime prevention--which is magnified by the presence of these disadvantaged residents--is borne mainly by central city rather than suburban governments. Because of these disproportionately high costs, central city governments have less and less money to spend on solid waste disposal, traffic improvements, street cleaning and repair, recreation, and parks. All of these services and facilities are essential to retaining the central city's major economic generators (i.e., large office buildings, banks and other

financial institutions, hotels, and department stores). As these services and facilities decline or are curtailed, combined with the already deteriorating residential conditions, more and more economic generators tend to leave the central city and thus further reduce its vitality and attraction for such activities.

A variety of programs attempting to deal with the social, economical, and functional problems described above have been considered and/or tried. They include: (1) the dispersal of low-rent, subsidized housing from the central city to outlying suburban areas; (2) central city annexation, consolidation, federation, or tax base sharing; (3) the federal urban renewal program; and (4) the Model Cities Program. For a variety of reasons (discussed in Chapter III), none of these measures has been effective in solving the problems of the central city. What appears to be missing is a dual approach, one which would open up new opportunities for disadvantaged central city residents to find housing and work opportunities outside the central city, while at the same time make the central city attractive to middle and higher income whites. Although a full range of corrective actions will be required to provide a comprehensive solution, one activity with the potential of providing the needed dual approach is a new towns planning and development program, including new towns intown, undertaken by cities themselves.

CHAPTER I

THE PROBLEMS

As indicated in the Introduction, during this century, an increasing amount of America's black and poor population growth has occurred in central cities. At the same time, whites and the non-poor have left the central cities for the suburbs, taking with them economic investments, experience in public service, and tax capacities. The result of these shifts of population and of economic strengths has been the isolation of many disadvantaged central city residents from suburban jobs and adverse fiscal impacts on central city governments.

Population Trends

To grasp the full extent and significance of the concentrations of disadvantaged residents in central cities, two overall population trends must be understood:

1. As indicated in Table 1, in every decade since 1910 (with exception of the Great Depression decade of the 1930's), central cities have decreased their relative share of new population growth; and, since 1900, suburbs have consistently increased their share of new growth.
2. Until 1970, central cities had generally contained more people than the suburbs; however, in 1970, for the first time, central cities had fewer people than the suburbs (63.8 million central city residents compared with 75.6 million suburban

Table 1. Percentage Shares of U.S. Population
Growth by Type of Area, 1900-1970*

Decade	All Metropolitan Areas	All Central Cities	All Suburbs	All Non- Metropolitan Areas
1900-10	63.7	45.9	17.8	36.3
1910-20	76.4	54.7	21.7	23.6
1920-30	83.2	49.4	33.8	16.8
1930-40	65.9	27.0	38.9	34.1
1940-50	86.1	35.0	51.1	13.9
1950-60	84.4	20.1	64.3	15.6
1960-70	83.9	13.4	70.5	16.1

*From: Anthony Downs, Opening Up the Suburbs, (New Haven: Yale University Press, 1973).

residents).⁵ From 1970 to 1974, another significant overall population change occurred: the central cities for the first time experienced a net decline in population. Although their net loss was approximately 2 million persons, it has been estimated that migration out of central cities during this period was over 7 million (see Table 2).

These overall central city population declines are in sharp contrast with central city population trends for the disadvantaged, as indicated in Table 3, and as described in the following analysis:

1. Since 1950, metropolitan area blacks have concentrated overwhelmingly in central cities.
2. Of the 3.9 million persons added to the central city from 1960 to 1970, 3.2 million (over 82 percent) were black. This is well over three times the number of blacks added to the suburbs.
3. During the 1960's, suburban growth was almost entirely white; the already substantial suburban white population increased over the decade by almost 30 percent, or 15.5 million persons.
4. Also, since 1960 (the earliest census year that persons with incomes below poverty level were officially identified), central cities have contained over 60 percent of all metropolitan poor persons.⁶ In 1960, out of a total of 17 million poor persons, 10.4 million, or 61 percent, lived in central cities. In 1970, although the number of metropolitan poor persons had declined to 13.1 million, 8 million, or 61 percent, lived in central cities.⁷ By 1974, the number of metropolitan poor persons had increased to 14.6 million, and 8.8 million, or 60 percent, of them lived in central cities. When these latest figures are presented as a proportion of total residents by area, the central city-suburban disparity is even clearer: in 1974, poor persons comprised 14 percent of the central city population, but only 7 percent of the suburban population.

The movement of small numbers of blacks into suburbs, indicated in Table 3, is not necessarily a sign of integration

Table 2. Net Population Migration,*
Metropolitan Areas, Central Cities,
and Suburbs, 1960-1975

(From: Thomas Muller, Growing and Declining
Urban Areas: A Fiscal Comparison, The Urban
Institute, Washington, D.C., 1975)

<u>Area</u>	<u>Net Migration - 1960-1975</u>	
	<u>1960-1970</u>	<u>1970-1975**</u>
Metropolitan Areas	5,307	-1,595
Central Cities	-3,449	-7,018
Suburbs	8,756	5,423

*Persons five years and over, and excluding immigration
from outside the United States.

**1970 SMSA, Central City, and suburban boundaries.

Table 3. Number of Persons by Type, Metropolitan Areas,
Central Cities, and Suburbs, 1950-1974*

	No. of Persons (In Millions)				Changes (1950-1974)					
	1950	1960	1970	1974	1950-1960		1960-1970		1970-1974	
					Number	Percent	Number	Percent	Number	Percent
<u>All Persons</u>										
Metro Areas	94.6	119.6	139.4	142.4	25.0	26.4	19.8	16.6	2.8	2.0
Central Cities	53.7	59.9	63.8	61.8	6.2	11.5	3.9	6.5	-2.0	-3.1
Suburbs	40.9	59.7	75.6	80.4	18.8	46.0	15.9	26.6	4.8	6.3
<u>Blacks</u>										
Metro Areas	8.9	12.7	16.8	17.9	3.8	42.7	4.1	32.3	1.1	6.5
Central Cities	6.6	9.9	13.1	13.8	3.2	50.0	3.2	32.3	.7	5.3
Suburbs	2.2	2.8	3.7	4.1	.6	27.3	.9	32.1	.4	10.8
<u>Persons Below Poverty Level</u>										
Metro Areas	N/A	17.0	13.1	14.6	-	-	-3.9	-22.9	1.5	11.5
Central Cities	N/A	10.4	8.0	8.8	-	-	-2.4	-23.1	.8	10.0
Suburbs	N/A	6.6	5.1	5.8	-	-	-1.5	-22.7	.7	13.7

*From: U.S. Bureau of the Census, Census of Population: 1960 and 1970, Volume I, Current Population Reports, Series P-60, No. 102; "Characteristics of the Population Below Poverty Level," 1974, and Current Population Reports, Special Studies, Series P-23, No. 54; "The Social and Economic Status of the Black Population in the United States," U.S. Government Printing Office, Washington, D.C.

or an alleviation of central city segregated conditions. Often, this movement is into black suburban areas adjacent to or near the central city, and therefore represents an extension of these segregated conditions.

Isolation From Suburban Jobs

For the most part disadvantaged central city residents tend to be isolated from the new employment centers which have developed in the suburbs. The decline in central city population growth over the past 30 years has been accompanied by devastating declines in central city jobs. Most of the new jobs created in the United States in recent years are to be found in the suburbs.⁸ Large department stores, food markets, movie theatres, restaurants, warehouses and manufacturing plants have vacated central cities for outlying suburban shopping malls and office parks. During the 1960's the combined employment in the central cities of the nation's 15 largest metropolitan areas declined by 836,000 jobs, or by almost seven percent. On the other hand, combined employment in the suburbs in these same areas increased by 3,086,000 jobs, or almost 44 percent. These suburban areas captured 137 percent of all net new jobs created in their metropolitan areas.⁹ A recent report from a prominent business relocation firm stated that 75 percent of the top 200 companies in New York City ". . . are either moving or thinking

about moving."¹⁰ In 1970, 43 firms moved from St. Louis to its suburbs, even though the city had a program of tax concessions to encourage industry to stay.¹¹ On March 8, 1971, Chicago's Mayor Richard J. Daley cited a study of Cook County which ". . . estimated that during the period 1962 to 1968, 30,000 jobs would have been available to low-income workers in the suburbs if there had been housing near the jobs."¹²

As might be expected from the trends described above, both the proportion and number of suburban residents commuting to central city jobs are decreasing. In 1960, 68 percent of the workers residing in the suburbs also worked there; by 1970, the percentage had increased to 72 percent, and by 1972, it had increased to 75 percent.¹³

This dispersion of job opportunities to the suburbs causes serious problems for central city workers who have low-incomes, are unemployed, or are second job holders (often women) who, according to a recent study, are heavily dependent on public transportation.¹⁴ Unfortunately, most public transportation systems are not well-suited to the task of moving central city residents to outlying suburban jobs: most transit systems tend to focus on moving people from suburban residential (not employment) areas to central city jobs, and they do not do well at all in serving central city residents trying to reach employment centers located at widely scattered locations in the suburbs.

Central City Fiscal Burden

Serious fiscal problems have been created by the exodus of both nonpoor population and jobs from many of America's central cities. Not only does the central city lose the tax base represented by the new employment centers, but the outmigration of the population means weak patronage and support for facilities and services remaining within the central city boundaries. Thus central cities are left with less money to spend on increasingly expensive and aging public facilities and services for their remaining population--many of whom are poor and thus require specialized and high-cost public expenditures.

The fact that the capacity of many central cities to generate tax revenues is declining is documented in a recent study conducted by the Congressional Research Service of the Library of Congress. The reason for the decline, according to the study, is that the central city tax base (on which most local taxes are levied) has either grown more slowly than that of the suburbs, or, in some cases, has actually declined.¹⁵ Three elements comprise the tax base of most central cities: (1) property values, (2) trade, and (3) income. Robert Reischauer, in a 1972 Brookings Institution study entitled "Fiscal Problems of Cities in Setting National Priorities: The 1973 Budget," indicated that with few exceptions, all three of these tax base elements have

grown more slowly in central cities than in suburbs.¹⁶ Reischauer compared tax base growth rates in 22 large central cities with their suburbs. The results of his analysis are indicated in Table 4. Only three of the 22 central cities studied--Chicago, Los Angeles-Long Beach, and Portland, Oregon--indicated a higher growth than their suburbs in equalized real property values; only one central city--Pittsburgh--indicated a higher growth than its suburb in retail sales, and only three central cities--Cleveland, Columbus, and New York--indicated a higher growth than their suburbs in income.¹⁷

The major share of central city revenues comes from the property tax base.¹⁸ An important factor in the slower or declining growth of the central city property tax base is that the large-scale migration of the nonpoor from the central city removed an important market for residential property, which seriously undermined the central city residential property tax base. Another assault on the property tax base occurred because of the movement of capital intensive industries (such as large manufacturing plants) from central cities and their replacement by service industries (such as are housed in large office buildings) which do not generate as much tax revenue.¹⁹

While the central city tax base is declining, expenditures are increasing. A recent study of central city-

Table 4. Per Capita Growth of Revenue Bases
of 22 Central Cities Relative to Their Suburbs,
Various Dates, 1950-1970

(From: Robert D. Reischauer, "Fiscal Problems of
Cities in Setting National Priorities: The 1973
Budget," Washington, D.C., Brookings Institution,
1972)

City	Per Capita Central City to Suburb Ratio		
	Growth of Equalized Real Property Values 1950-1970	Growth of Retail Sales 1954-1967	Growth of Income 1954-1970
Atlanta	NA*	.34	.67
Baltimore	.30	.32	.35
Boston	.16	.59	.65
Chicago	6.42	.49	.84
Cincinnati	.98	.49	.93
Cleveland	.76	.09	1.06
Columbus	.99	.26	1.51
Dayton	.62	.37	.68
Denver	.75	.44	.68
Kansas City	NA*	.41	.36
Los Angeles- Long Beach	1.03	.88	.69
Louisville	.37	.36	.86
Miami	NA*	.11	.78
New Orleans	NA*	.39	.74
New York	.69	.67	1.22
Philadelphia	.57	.40	.93
Pittsburgh	.81	1.07	.94
Portland	2.96	.59	.62
San Diego	.82	.41	.74
St. Louis	.50	.42	.75
Seattle	.10	.42	.54
Washington, D.C.	NA*	.47	.92

*Not available

suburban fiscal problems found that, on the average in 1970, in the 37 largest metropolitan areas, per capita expenditures in central cities were \$524, while in the suburbs they were \$385, a difference of 36 percent. The greatest disparity in 1970 per capita expenditures was in the Northeast where central cities expenditures were 148 percent of their respective suburbs. Seven metropolitan areas (Washington, D.C., Baltimore, Newark, Philadelphia, St. Louis, Cincinnati, and Dayton), had expenditure differences between their central city and suburbs of at least 50 percent. A related study indicated that, from 1962 to 1970, expenditures for many central city police and fire protection services rose 98 percent and public welfare costs increased 270 percent. The reason for these contrasts in expenditures is ". . . the disproportionate concentration of high-cost citizens in the central city."²⁰ High-cost citizens include single-parent families, persons with incomes below poverty level, and the aged--many of whom have high demands for public services.

What were the causes of the migration of white and nonpoor population and economic activity from the central city to the suburbs? Are the original causes still in operation? What stands in the way of de-concentrating the central cities? Chapter II addresses these questions.

CHAPTER II

CONTRIBUTION FACTORS

Immediately after World War II, the mass migration to the suburbs on the part of whites and the nonpoor began in earnest, and it is still occurring. For the most part, the central city poor residents stayed behind. In many cities, the vacating whites were replaced by streams of poor, rural, Southern blacks. An understanding of why these events took place is basic to identifying the stumbling blocks and obstacles to the resolution of this problem.

Outmigration of White and Nonpoor

The white and nonpoor left the central city and located in the suburbs for a variety of reasons: the suburbs attracted most of the new housing built in the postwar period; federal housing programs, which were chiefly responsible for the new suburban development, favored white and nonpoor homeowners; and transportation improvements were predominantly oriented toward the private automobile which, in turn, encouraged low-density, single-family development at widely scattered locations.

During the Great Depression of the 1930's, new housing construction had slowed down considerably from previous highs,

and during World War II, new housing construction was nearly terminated. The pent-up demand caused by this lack of new housing construction, the increase in both marriages and birthrates during and immediately after World War II, the accumulation of personal savings, and GI Bill mortgage programs all combined to create a vast housing market.²¹ Since automobile ownership was already widespread, new homebuyers did not have to be limited to close-in central city residential locations. Also, vacant central city land was scarce, and those areas that were vacant were relatively expensive and thus subject to economic pressures for development which would yield a higher return than housing. Therefore, the relatively cheap and vacant suburban areas became logical places to build new housing. The central city could not compete or meet the demand.

Most government assistance to ease the housing shortage after World War II was funneled through the private sector of the economy, which meant that this new demand for housing was to be filled by private enterprise methods and on its terms. Therefore, most new housing was built on large vacant tracts in the suburbs where developer profits could be maximized. Virtually none of the units were within financial reach of the poor, and blacks (both poor and non-poor) were systematically excluded by financial and real estate interests. Thus, the ". . . basic mechanisms of the private enterprise system, successful as they were in

meeting overall housing needs, selectively operated to reinforce existing trends which concentrated low-income families in the cities."²²

There were "push" factors operating as well. The core areas of the central cities were increasingly characterized by undesirable deteriorating neighborhoods, visual blight, traffic congestion, poor schools, crime, noise, and air pollution. Whites and the nonpoor also wanted to be more separated from blacks and the poor. Central city governments seemed unable to solve these problems; therefore, many residents began to exercise what appeared to be their only effective alternative--leaving the central cities for the "safe" suburbs.

Black Migration to Central Cities

While whites and the nonpoor were abandoning the central city for the suburbs, blacks, most of whom were also poor, were migrating to the central cities in large numbers. Prior to World War I, over 90 percent of the 9.8 million blacks living in the United States resided in the South, mainly in rural areas. Although some migration had occurred earlier, World War I marked the time when blacks started migrating in substantial numbers from the rural South to the urban North and West. However, as indicated in Table 5, the migration took on massive proportions during the 1940's and 1950's, when net outmigration for the 20-year

Table 5. Decennial Net Migration
of Blacks Out of South, 1910-1970*

Years	Net Black Out- Migration From South	Annual Average
1910-1920	454,300	45,400
1920-1930	749,000	74,900
1930-1940	347,500	34,800
1940-1950	1,244,700	124,470
1950-1960	1,457,000	145,700
1960-1970	613,000	61,300

*From: Hauser, Philip M., "Demographic Factors in the Integration of the Negro," The Negro American, Talcott Parson and Kenneth B. Clark, Boston: Beacon Press, 1969; and U.S. Bureau of the Census, The Social and Economic Status of Negroes in the United States, 1970, Current Population Reports, Series P-23, No. 38, U.S. Government Printing Office, Washington, D.C., 1971.

period totaled over 2.7 million persons.

By the 1960's the migration had slowed to less than one half what it had been for each of the previous two decades.²³ From 1970 to 1974, the number of blacks four years old and over migrating from the South (241,000) was somewhat less than the number migrating to the South (276,000).²⁴

The massive migration of blacks to central cities, which has been so predominantly a part of this country's urban growth patterns for the last three decades, seems to have ended. As noted demographer Karl Taeuber pointed out recently, black migration to central cities carried with it (as have other migration movements) its own seeds of destruction: as more and more young blacks moved to the central city, the potential for population increase in the rural areas subsided, thus ensuring even larger gains in the destination cities and ultimate exhaustion of the supply of future migrants from the original places of origin.²⁵

A distinguishing characteristic of this migration was that the shift was not only geographic, from the South to the North and West, but also contained cultural and social overtones, particularly the shift from rural to urban. Lee Rainwater and William Yancey, of Washington University, describe this shift further:

Country life and city life are profoundly different. The gradual shift of American society from a rural to an urban basis over the past century and a half has caused abundant strains, many of which are still much in evidence. When this shift occurs suddenly, drastically, in one or two generations, the effect is immensely disruptive of traditional social patterns.²⁶

As did other immigrants before them, the blacks went to the central cities to live because other blacks lived there, the housing was cheaper, central city public transportation was more readily available, and, at the time, central cities were the primary location of many unskilled jobs. However, overriding all of these explanations for in-migration to central cities was the basic fact that blacks moved there because, as indicated by Kenneth Clark, racial segregation prevented any other choice in metropolitan areas.²⁷

Early Federal Policies and Practices

Federal governmental policies encouraged suburban migration at the expense of the central city. The Federal Housing Administration's mortgage insurance programs and the Veteran's Administration's loan guarantees instituted after World War II both worked to further the concentration of disadvantaged residents in central cities. Under these programs, the poor--many of whom were black--were excluded because the benefits were mainly for families that could meet minimum income and credit requirements and that had

good prospects for continued high earnings in the future.²⁸ From 1935 to 1950, when almost 15 million new housing units were built, the federal government used its power and influence to prevent racial and economic integration. These actions were based on the supposition that economic and social stability could only be assured when neighborhood residents were as homogeneous as possible. The Underwriting Manual of the Federal Housing Administration warned that ". . . if a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial groups."²⁹

These federal programs also were not designed to help those who wanted to buy older homes in central cities. The required down payments for older homes of comparable value tended to be larger, the repayment periods were shorter, and monthly payments were higher than for new homes constructed in the suburbs. In short, it was less expensive for the nonpoor who could qualify to buy the new home beyond the central cities' borders.³⁰

Suburban Resistance

The affluent whites who moved from the central cities to the suburbs sought to keep out the urban ills from which they had so recently fled. Exclusionary land use controls--zoning, subdivision regulation, and building codes--became, in the hands of local suburban governments, tools to keep

the poor and blacks from the new suburbs. Zoning became a mainstay in preventing intrusion of the poor and black by operating in the following manner:

1. Certain residential uses attractive to the poor would be excluded, such as mobile homes or apartments.
2. Only low-density residential developments would be specified, thus pricing out low- and moderate-income housing.

In wealthy suburbs, minimum lot sizes often begin at one acre or more per lot, and even the less affluent suburbs often have a minimum of one-quarter acre to one-half acre or more per lot. According to Michael N. Danielson, a Princeton University scholar and contributor to the Commission on Population Growth and the American Future,

. . . the average lot size in the major suburban counties of New York area doubled during the 1950's. Because of more restrictive zoning, the residential capacity of Westchester County, in New York, dropped from three million in 1955 to 1.8 million in 1967. Between 1960 and 1967, over 150 municipalities in New Jersey increased minimum lot sizes, while none reduced their requirements.³¹

3. A minimum house size, in terms of floor space, would be required, which, in effect, became ". . . a minimum cost requirement. At 20 dollars per square foot, a 1,200 square foot minimum mandates a \$30,000 house, assuming \$6,000 for land and improvements."³²

4. Apartment buildings would be limited to one-bedroom units, thus excluding large families--many of which tend to be poor.

5. Exclusionary practices in local zoning procedures would be used such as allowing apartment development only by administrative approval, with such approval never occurring. Building code

provisions prohibiting certain materials and building techniques utilized in mass production housing also tended to minimize low-income home building.³³

Finally, specific efforts were directed toward blocking construction of publicly subsidized housing projects in the suburban areas. This action was possible because most federal and state housing programs required either the consent or the initiative of the local government. Leonard S. Rubinowitz, a former HUD official and presently a Research Associate at Northwestern University's Center for Urban Affairs, illustrates how local approval in one federal program originated:

The U.S. Congress is a frequent and not unconsciously of the exclusionary suburbs. The federal subsidy programs come equipped with constraints which, directly or indirectly, permit the local community to prohibit the use of the program within its borders. . . .

When the rent supplement program was created by Congress in 1965, HUD considered using it as a means of providing integrated housing opportunities in the suburbs. When Congress got wind of these plans, the program was almost aborted. Finally, a small appropriation was approved, but Congress placed a condition on the use of these funds. None of the funds could be used in any community without the express approval of the local governing body. Inaction by the community is thus sufficient to keep out rent supplement units.³⁴

Since most suburbs are incorporated, this local control over governmental housing programs can have a widespread effect. Danielson reports the results:

. . . because suburban governments have the ability to exclude public housing, almost all such housing built in the metropolis is located within the older

cities, further concentrating lower-income groups and dependency in the core far from the widening economic opportunities in the developing suburbs.³⁵

Political Fragmentation and Autonomy

Suburbs in the United States currently enjoy political autonomy from the central city which enables them to ignore their common interests and to act solely for the benefit of suburban constituents, most of whom are white and nonpoor. However, this has not always been the case. During the nineteenth century, newly developed areas outside the city were quickly annexed into the central city, thus bringing under one political jurisdiction representatives of varied economic classes. The rich, the middle class, and the poor were governed by the same governmental authority. According to Danielson, the nineteenth-century city could

. . . meet the needs of the poorer areas by tapping the resources of the higher income neighborhoods, the central business district, and the industrial concentrations. And a single municipality existed to mediate the claims of a heterogeneous constituency whose components sought to use public resources and powers to advance particular economic, political, neighborhood, and ethnic interests.³⁶

However, today, with few exceptions, new middle-class developments outside the corporate limits have not been annexed to the central city. These outlying areas have either incorporated themselves or have used alternative administrative devices (water and sewer districts, school districts, etc.) to maintain local control over services and facilities.

Thus, the white and nonpoor of the suburbs are often under a different governmental jurisdiction than the black and the poor of the central city. This circumstance further strengthens economic exclusion because suburban governments can exercise their power for the sole benefit of their own nonpoor constituents.

Several attempts have been made to overcome or alleviate the central city problems described in this thesis. The following chapter summarizes the major efforts and their success.

CHAPTER III

RECENT EFFORTS TO SOLVE THE PROBLEM

As described earlier, the plight of central cities and their disadvantaged residents has been recognized for many years, and numerous attempts have been made to correct or rectify the problem. Some of these efforts, such as urban renewal and the Model Cities Program, have been national in scope, involving millions of tax dollars and the establishment of entirely new federal agencies. Other endeavors, such as municipal reorganization schemes or tax base sharing, are individual efforts based on local initiative and priorities. Still other measures, such as the dispersal of public housing, have both local and national--including judiciary--origins. While each of these efforts has contributed to the alleviation of central city problems, none has been successful at overcoming three major obstacles which must be addressed before solutions will take place.

Urban Renewal

The urban renewal program was initiated legislatively by the Housing Act of 1949, but received its major impetus under provisions of the Housing Act of 1954. Subsequent expansions of the urban renewal program have also been authorized by Congress.³⁷

The urban renewal program focused on the physical redevelopment of blighted central city areas. Three basic provisions enabled cities to undertake urban renewal programs: (1) local governmental bodies were able to use the power of eminent domain to assemble individual parcels of land into large tracts for private development purposes (heretofore, eminent domain could only be used for public uses); (2) a majority of the costs incurred in assembling the land, and in the planning and execution of individual urban renewal projects were borne by the federal government; and (3) private developers were stimulated to buy the newly assembled land by offering it at a lower price than the land would normally bring.³⁸

Impact on Central City Problems

The urban renewal program had the potential of alleviating the problems of central cities in three ways.

1. The development of central city middle- and high-income housing could be stimulated, thus bringing back to the central city white and non-poor residents. These residents could be expected to demand and, presumably, would obtain for all central city residents, a higher level of public services than currently was available to poor and minority residents.
2. Central city employment opportunities could be stimulated for low-income residents in urban renewal construction activities and in new commercial or industrial activities locating in central city urban renewal areas.
3. New developments taking place in urban renewal areas could increase central city real property assessments and thus property tax revenues. These additional revenues could then be utilized to provide increased levels of public services to all central city residents.

Although urban renewal projects have stimulated revitalization efforts in some central cities, such as Hartford, Boston, Atlanta, etc., they tended to deal more with the symptoms than with underlying causes. Urban renewal placed too much emphasis on producing new buildings,³⁹ and often failed to consider adequately the needs of poor and minority people displaced in project areas.⁴⁰ However, in some instances (notably Lake Meadows near Chicago, West Side in New York City, and in southwest Washington, D.C.),⁴¹ and as indicated by Robert Weaver in Bellush and Hausknecht's Urban Renewal: People, Politics, and Planning, urban renewal has produced some racially integrated housing areas.⁴²

Urban renewal is no longer a separate federally assisted program. Its activities have been included in activities carried out under the Housing and Community Development Act of 1974 or by General Revenue Sharing.

Model Cities

The Model Cities Program became law through Title I of the Demonstration Cities and Metropolitan Development Act of 1966. The Model Cities Program was broader in scope than urban renewal in that it was to include social as well as physical revitalization of selected blighted and deteriorating inner city neighborhoods. Key elements in the Model Cities Program were the provision of (1) a concentration of governmental resources on target areas, (2) the close coordination of federal, state, local, and private involvement,

(3) financial assistance for innovative and experimental projects, and (4) technical assistance especially in the area of new management tools.⁴³

Impact on Central City Problems

The Model Cities Program had the potential to alleviate central city problems in that it sought to (1) rebuild or revitalize slums and blighted areas, (2) expand housing opportunities for disadvantaged central city residents, (3) expand income and job opportunities, and (4) provide better access between work and home.⁴⁴ Like urban renewal, the Model Cities Program is no longer a separate federal program, but many of its functions can now be carried out under provisions of the Housing and Community Development Act of 1974 and by General Revenue Sharing. Model Cities has not been successful in its endeavor to solve the problems of the central cities. An analysis of the Model Cities Program by Arnold L. Schuchter, a consultant with Arthur D. Little, Inc., indicated the following: (1) the scope of the program's objectives was enormously complex and not well understood; (2) effective coordination of implementation by the various federal and local agencies was never established; (3) funding levels could not be counted on (a HUD-sponsored Model Cities evaluation stated that, "Federal agencies could not in most instances give cities a guarantee of the future availability of categorical programs, or even a precise

handle on the Federal funds flowing into the respective cities.");⁴⁵ and (4) the inability to move from planning to effective implementation because of a "lack of realism in proposals, [and a] lack of operational expertise. . . ."46

A more recent critique of Model Cities by Bernard J. Frieden and Marshall Kaplan offers another view. They contend that the program failed because (1) shortly after the program was initiated, the Johnson administration left office, and the Nixon administration de-emphasized the innovative planning and poverty-elimination aspects of the program and replaced them with the strengthening of local governmental authority and capacity--a precursor to the new federalism; (2) a strong overall control of the various federal cabinet departments and agencies was lacking, i.e., HUD ran the program, but it had no real authority or control over the other line departments and agencies which did not consider themselves subject to HUD's directives; and (3) the Model Cities constituency was made up of poor people who could not--as had the highway lobby, for example--organize themselves into a unified, strong voice to create widespread Congressional support.⁴⁷

Political Reorganization And Tax Base Sharing

Several methods of local governmental reorganization and other area-wide tax base equity programs which could help

mitigate central city problems have been undertaken. These included:

1. Annexation, which involves the political extension of the central city to include other parts of the county in which it lies, followed by the extension of municipal services to the annexed area.
2. City-County Consolidation, which is the extension of the central city to the limits of the county in which it lies, and the merger of these two governments.
3. Federation, which is the retention of control over purely local matters by small community- or town-based governments, and the delegation of control over matters of overall metropolitan concern to a metropolitan government.
4. Tax Base Sharing, which, under a plan undertaken in the State of Maryland, is the allocation of a percentage of future assessment growth to local governments. Under this plan, a percent of increases in commercial and industrial real estate assessments is put into a "growth pool." The value of this growth pool is taxed at the average tax rate of all local governmental units involved. The revenue derived from this tax is then re-distributed to the contributing local governments based on population and per capita residential wealth.⁴⁸

Impact on Central City Problems

The major benefit of local governmental reorganization and tax base sharing plans is to increase the amount of tax money available to central city governments, and thus enable them to provide a higher level of public services to their residents. Improvements in central city schools and parks could increase the attractiveness and desirability of certain central city residential areas to those who are white and nonpoor.

The broader collection and distribution of area-wide tax revenues inherent in both governmental reorganization and

tax base sharing could also help to eliminate fiscal zoning on a community-wide basis. Fiscal zoning currently operates to (1) restrict low-income housing which does not provide high tax revenues and (2) encourage industrial or commercial development which does provide high tax revenues.⁴⁹ Fiscal zoning would not be needed, however, if communities were allowed to share the benefits of high tax-yielding development occurring throughout an entire region.

Local governmental reorganization and tax base sharing have not had a significant impact on central city problems. Most suburban areas strongly resist any moves toward reorganization with their central city, and tax base sharing is relatively new and with few exceptions (such as Maryland, New Jersey, and Minnesota) is untried.⁵⁰

Public Housing Dispersal

The most widely discussed and practical program for the dispersal of public housing is the Dayton Plan undertaken by the Miami Valley Regional Planning Commission (MVRPC). The Dayton Plan is based on a computation of low- and moderate-income housing needs by county (the MVRPC has five member counties) and allocating shares of this housing to pre-designated planning areas (each of which contains a grouping of either census tract areas, municipalities, or townships) throughout the region. The allocation of shares is determined by the use of a composite of six calculations:

(1) equal share; (2) proportionate share of a county's households; (3) proportionate share of the county's households making less than \$10,000 annually (or less than \$7,000 in the case of three rural counties); (4) the inverse of #3 above; (5) a share based on the assessed valuation per pupil of the school districts in each planning area; and (6) a share based on the relative overcrowding of the school districts in each planning area.⁵¹

Impact on Central City Problems

Public housing dispersal would spread the burden among many local governmental entities of providing public services and facilities to low-income persons. Also, low-income residents would have the potential of living nearer to numerous suburban job opportunities and good schools.

However, dispersal of public housing from the nation's central cities has vigorous opposition in many suburban areas, as previously described in Chapter II. There are no indications that this attitude will change in the foreseeable future, as indicated in a case recently decided by the U.S. Supreme Court. Arlington Heights, Illinois, refused to rezone a site for multi-family housing; the developer was proposing to build 190 low- and moderate-income apartment units. The court found that the village was not acting unconstitutionally when it refused to rezone the site, even though the effect (though not the intent) of the refusal was the barring of racially integrated, low-cost housing.⁵²

Failure of Efforts to Address Obstacles

None of the preceding four major efforts has succeeded in a significant way in alleviating the problems of the central cities and the poor and black residents who reside in them. None of the endeavors has effectively addressed the three obstacles which must be overcome if a permanent and overall solution is to be accomplished.

Opposition to Integration

Although substantial progress has been made toward eliminating the most blatant forms of racial segregation (e.g., in public restaurants, motels, hotels, theatres, public schools, and in most jobs), strong opposition still exists to integrating neighborhoods. Many white and non-poor fear that integration would result in a decline in their property values, an increase in crime and vandalism, and a decline in the quality of their schools. According to Herbert J. Gans, the white and nonpoor

. . . are generally reluctant to move into an integrated community, for when they buy a house, they also buy an investment and a sign of their family status; they want to assure the stability of their future status and property value of their house. As a result, people of higher status and lighter skin . . . are often unwilling to purchase houses in a community in which they will--or expect to--find many people of lower status and darker skin. . . .⁵³

Gans also states that although most white homeowners want racial homogeneity, they may be less afraid of color differences than of the possibility that neighbors of another

color will also be of a lower economic class. Gans believes that ". . . whites are fearful about black neighbors because they believe that, because many blacks are poor, their black neighbors would practice lifestyles associated with poverty and slums."⁵⁴

Robert Blauner and others contend that it is status alone, and not economics, that most contributes to the desire on the part of whites for segregation. Blauner asserts that whites are fearful that by living near blacks, they will lose status, and that the segregation of blacks helps to raise the status of whites. He states, "When one or more groups are excluded from equal participation in society and from a fair share of its values, other groups not so excluded and dominated are correspondingly elevated in position."⁵⁵

Further indications of status, and not economics, as the basic reason behind segregation, is presented by Davis McIntire and Luigi Laurenti. In studies undertaken in the late 1950's of neighborhoods which went from being totally, or predominantly, white to totally black, they found that the blacks who first moved into the all-white neighborhoods were of a similar socio-economic level as their white neighbors. However, even with these similarities in socio-economic levels, the whites moved out of the neighborhoods.⁵⁶

While most deliberations about opposition to economic and racial integration are presented from the perspective of

the majority (i.e., the nonpoor and the white), the minority (i.e., the poor and the black) is increasingly showing its opposition to integration. Some of this opposition stems from the dilution that integration would have on their economic and political power and leadership, which is showing signs of achievement and success for central city minorities. However, this decision on the part of some minority groups to want to live in the same area must never be used as a guise on the part of whites and nonpoor to further perpetuate segregation. On another more personal level, when a poor individual or family moves into a nonpoor neighborhood,

. . . their status increases, to be sure, but often at a price; for example, having to give up living patterns of which their more affluent neighbors disapprove; having to spend more money to keep up with the prevailing standard of house and yard care on the block. This is not to mention providing their children with the same toys as their more affluent neighbors, and running the danger of being socially isolated because they cannot find friends or compatible neighbors.⁵⁷

Residential Undesirability of Central City

The concentrations of blacks and the poor would be reduced if the whites and the nonpoor returned to the central cities. However, in contrast to most suburbs, central cities contain extensive areas of shabby, inadequate housing, and few good schools, parks, food stores, and other neighborhood amenities. Many central city neighborhoods also contain abandoned houses, creating not only "bombed out" neighborhoods,

but havens for vandals. According to a 1971 study undertaken for the U.S. Department of Housing and Urban Development, housing abandonment in four cities--Chicago, St. Louis, New Orleans, and Oakland--had the following characteristics:

The type of concentrated and contagious abandonment that is the cause of our present concern stems mainly from a very particular set of conditions that are evolving in the context of certain inner neighborhoods. The key indicators of these neighborhood conditions are high concentration of very low-income, non-upwardly mobile people; a depreciated, high density housing stock; a prevalence of anti-social behavior; minimal public services; and housing market conditions in the city and surrounding metropolitan area that do not allow some choice of housing locations for low-income and/or minority persons.⁵⁸

George Sternlieb and Robert Burchell have pointed out that one reason for such large-scale abandonment is that (as discussed earlier in this thesis) in-migration to most central cities has declined from previous highs. The ". . . population depletion . . ." ⁵⁹ reduces the number of persons requiring central city housing, thus resulting in vacant structures.⁶⁰

Difficulty of Innovating in Suburbs

Any widespread change in the racial and economic makeup of most existing suburbs would be a difficult task to undertake. Many suburbs are already fully developed, or nearly so, and have well-established white and nonpoor residential patterns (see Chapter I). Thus, any extensive effort at altering these patterns would be disruptive and highly impractical. In suburban areas where new development

is taking place, much of this development is in an individualized piecemeal manner by relatively small developers. In order to ensure an adequate return on their investments, many of these developers are building for, and appealing to, the traditional white and nonpoor suburban housing market, rather than the potentially risky, experimental, and innovative integrated housing markets. Also, because of previously described exclusionary land controls and citizen opposition, low-income housing has been effectively kept out of many suburbs. Even if recent court action against exclusionary land use controls continues, the economic and racial pattern of most present suburban areas is so well-established as to make it extremely resistant to change.

Only a mechanism which reflects the need to overcome these obstacles will succeed in overcoming the problems of our central cities. One such mechanism is new towns.

CHAPTER IV

RECENT NEW TOWN EFFORTS

This chapter describes recent new town development efforts which have provided housing opportunities for low- and moderate-income families and for blacks. Especially relevant in this regard is the discussion of the federal new towns program and its difficulties.

New towns can be mechanisms for successfully overcoming the previously identified obstacles to a solution of the problems of central cities and their poor and black residents. Up to now, however, new town development in the United States--with few exceptions--has not focused on either the problems of disadvantaged central city residents, nor on central cities themselves. This is not to completely fault past and present new town development; for the most part, private development efforts have been, of necessity, directed toward ends that would maximize market acceptance and profits. Accordingly, emphasis has been placed on providing a superior living environment, amenities, rational transportation patterns, cluster housing, open space and walkways, excellent recreational facilities, functional community centers, etc. Little consideration has been given in these private development programs to the potential of

new towns in relieving some of the pressures and problems of central city residents. Some steps in this direction were taken with the passage of the Housing and Urban Development Act of 1970, which provided for federal assistance to new town developers and which called for specific provision of housing opportunities for blacks and low-income families. Unfortunately, the recent recession and other factors to be discussed in subsequent phases of this thesis have put these and numerous other developments in financial jeopardy and have caused the federal government to temporarily withdraw its support.

Private New Town Efforts in the 1960's

In the 1960's, two privately financed new towns were developed which actively promoted open housing and included a small but significant number of housing units for low-income persons. These new towns were Reston, Virginia, and Columbia, Maryland.

Reston started development in 1962, and, although racial and economic integration was not one of its stated original goals, by 1975, approximately five percent of its 24,000 residents were black, and it contained approximately 440 low- and moderate-income housing units.⁶¹

Columbia started development in 1965, with racial and economic integration specifically identified as important goals. By early 1975, it had approximately 35,000

residents, 19 percent of whom were black, and six percent of its housing was occupied by low- and moderate-income residents. Interestingly, in early 1975, the median annual family income for Columbia's black residents was \$21,000, approximately \$2,000 higher than that of its white residents.⁶²

Reston and Columbia became the models and inspiration for subsequent new town developments. However, these two developments demonstrated the tremendous problems associated with financing large capital investments in land, infrastructure, and amenities. With these problems in mind, several national studies were undertaken in the late 1960's calling for federal assistance in new town building to alleviate these financial problems.⁶³ A parallel concern was for greater housing opportunities for central city low-income and minority residents. These two concerns led to the enactment of federal legislation to assist new town development.

Federally Assisted New Town Development

Beginning in 1966, federal legislation was enacted which eventually led to the stimulation of new town development which had as one of its goals racial and economic integration. Three federal legislative actions--the Housing and Urban Developments Acts of 1965, 1968, and 1970--provided federal assistance in the form of mortgage insurance for land

acquisition and site preparation for new towns. Title VII of the Housing and Urban Development Act of 1970 stipulated that housing for racial minorities and persons of low and moderate incomes was to be provided in any new town receiving federal assistance under its program.⁶⁴ Table 6 outlines the general purposes of each of the three federal legislative measures.

Fifteen new towns, identified in Table 7, have been included in the federal assistance program. Thirteen of the new towns are satellite communities on the fringe of existing metropolitan areas. One of the new towns (Cedar-Riverside) is a new town intown, and one (Soul City) is a "free-standing" new town (i.e., not near or dependent upon a metropolitan area).

From the start, the federal new towns program had major problems. These problems continued and finally led to the announcement in January 1975, by the U.S. Department of Housing and Urban Development (HUD) that no new applications for federally assisted new towns would be accepted.⁶⁵

Why the Federal New Towns Program Failed

An analysis of the federal new towns program by Decision Sciences Corp. of Jenkintown, Pennsylvania, projected that everyone of the 15 HUD-sponsored new towns would " . . . go broke without infusions of new money."⁶⁶ A recent article in Urban Land indicated that the federal new towns program

Table 6. Federal New Communities Programs

(From: Hugh Miels, Jr., Federally Assisted New Communities: New Dimensions in Urban Development, Washington: The Urban Land Institute, 1973, p. 22)

Program Title	Legislative Source	Primary Purpose
Mortgage Insurance for Land Development and New Communities* (Title X)	Housing and Urban Development Act of 1965 (Public Law 89-117.79 Stat. 451, 461.)	To insure mortgages for land acquisition and site improvement by private developers
New Communities Program: Loan Guarantees and Supplementary Grants (Title IV)	Housing and Urban Development Act of 1968 (Public Law 90-448,82 Stat. 476, 513; 42 U.S.C. 390 et seq)	To guarantee bonds, debentures, and notes of private new community development of new community facilities through supplementary grants
New Communities Assistance Program (Title VII)	Housing and Urban Development Act of 1970 (Public Law 91-609, 84 Stat. 1770)	To guarantee bonds, debentures, etc., of private and public new community developers and to provide other development assistance through interest loans and grants, public service grants planning assistance, etc.

*"New Communities" were made eligible for Title X assistance by Section 401(a) of the Demonstration Cities and Metropolitan Development Act of 1966. Public Law 89-754 approved November 3, 1966, 80 Stat. 1255, 1271.

Table 7. Federally Assisted New Towns As of January, 1976

(From: The Washington Post, Tuesday, January 14, 1975, p. A13)

Name	Location	Population	Federal Loan Guarantee Commitment*	
Jonathan	Near Minneapolis, Minn.	50,000	\$21	Million
St. Charles	Near Washington, D.C.	75,000	\$24	Million
Park Forest South	South of Chicago, Ill.	110,000	\$30	Million
Flower Mound	Near Dallas, Texas	64,000	\$18	Million
Maumelle	Near Little Rock, Ark.	45,000	\$7.5	Million
Cedar-Riverside	In Minneapolis, Minn.	31,000	\$24	Million
Riverton	Near Rochester, N.Y.	25,600	\$23	Million
Harbison	Columbia, S.C.	23,000	\$13	Million
The Woodlands	Near Houston, Texas	150,000	\$50	Million
Gananda	Near Rochester, N.Y.	55,800	\$22	Million
Soul City	Rural North Carolina	44,000	\$14	Million
Newfields	Near Dayton, Ohio	40,000	\$32	Million
San Antonio Ranch	Near San Antonio, Tex.	88,000	\$18	Million
Beckett	Near Philadelphia in N.J.	60,000	\$35.5	Million
Shenandoah	Near Atlanta, Ga.	70,000	\$40	Million

*Not all guaranteed loans have actually been issued.

". . . did not account for the realities of the real estate business . . ." because it:

(provided) . . . little adaptability to changing market and financial conditions . . .

(ignored) . . . the traditional role of local communities in planning and controlling development . . . (and,)

(required administrative measures which) . . . resulted in excessive expenditures for land, planning, and--in certain cases--social goal programs.⁶⁷

As suggested by the above, numerous problems beset the HUD new towns program. However, all of the problems focused on two factors: (1) little real help in easing the financial burdens for new town development; and (2) recession and inflation.

Financial Burdens

The primary reason for the failure of the HUD new towns program was that developers not only had to shoulder the costs of land acquisition and site preparation, but they had to absorb most of the cost of providing community facilities, as well. (With traditional patterns of development, the latter costs are usually carried by an agency of local government.)

Land acquisition is usually the first item requiring a major outlay of money in new town development. According to Richard W. O'Neill, in an editorial published in House and Home, "Most new towns have been disasters for their original developers, chiefly because they were burdened with

heavy debt structure for financing the land."⁶⁸ In most cases, private new town developers cannot assume the 20 or more years of financial burden for large acreages of land purchased at early stages of development at market prices.

Similar conclusions were drawn by the General Electric Company, which studied the feasibility of their undertaking new town development. Along with land acquisition problems, G.E.'s study added the problem of site preparation and the provision of community facilities. General Electric Company found that:

Most all attempts (at new town development) are foredoomed to failure unless very unusual conditions exist in relation to the ownership and control of land, or institutional financing is obtained for 100 percent of land and development cost. . . .⁶⁹

The G.E. study goes on to describe the specific financial problems in land assembly and development costs.

Long-term development incurs high risk and long-term payout, which must be offset by low-cost land or special financing--both now difficult to obtain. To have any chance of benefitting from the values he creates, the developer must control a large land area, and that involves carrying charges of no less than 10 percent to 12 percent per year compounded (without taking into account inflation of 4 percent annually). To stay even, land must double in value every five years. The scheduled marketing rate is critical to profitability and any short-fall will bring financial failure. . . .⁷⁰

As described later in this chapter, inflation and the recession combined to produce a marked shortfall in the housing market.

Lack of Administration Support. The financial woes of new town developers were never eased, and in many cases

were aggravated by an almost total lack of support by the Nixon administration for the new towns program. Title VII of the Housing and Urban Development Act of 1970 itself was opposed by the Nixon administration, and the Office of New Community Development (which later became the New Communities Administration) was severely understaffed.⁷¹

The law stipulated that HUD-sponsored new town developers should be given special consideration for grants and financial assistance for moderate-income housing, transportation, public facilities, etc. However, these provisions received only minimal funding. While \$168 million in supplementary grants for public facilities in new towns was authorized by Congress, the actual appropriation for the period 1970 through 1973 was only \$25 million. In June 1973, this provision of the Act was terminated by the Nixon administration.⁷²

Many provisions of the Act were never implemented at all. For example, HUD never requested funds (1) to make low-interest loans to developers, (2) for public service grants, (3) to provide technical assistance, or (4) to undertake the development of demonstration new communities.⁷³ According to a recent General Accounting Office report,

HUD's fiscal year 1972 budget request did not include funding for the new programs authorized by the legislation. Nevertheless, Congress appropriated \$5 million for the special planning assistance grant program for fiscal year 1972. The Office of Management and Budget, however,

impounded the funds, and HUD has not requested appropriations since then.⁷⁴

No new loan commitments for new towns were made in 1974, and, as stated earlier, on January 14, 1975, the federal new communities program stopped accepting new applications.

Lack of Local Support. Added to the lack of federal support for the new towns program was an equally devastating lack of local support for the program. When new town developers received little or no federal support for community facilities and planning, etc., these developers had to either supply such money themselves, or turn to local governments for help. However, when the developer sought help from local governments or agencies, they had no legal leverage to require that local areas provide the cooperation or assistance that was needed.⁷⁵

For example, at Cedar-Riverside, a HUD-assisted new town in Minneapolis, Minnesota, the developer assumed many of the tasks which should have been carried out by local public agencies, such as (1) planning and administrative costs related to public improvements, (2) planning and administration of relocation activities, (3) preparation of public improvement funding applications, and (4) conducting informational programs. Although traditionally regarded as local responsibilities, these activities were not financed by the local government.⁷⁶

Also at Cedar-Riverside, there was no provision for funding to provide the public facilities. Private developers were encouraged to assemble land and prepare development proposals with the implication being that public facilities would be forthcoming. However, ". . . no monies were set aside as part of the redevelopment plan; and no mechanism for budgeting for capital improvements, planning, land write-down or other financial needs at an appropriate scale was established."⁷⁷ So, local governments saddled private new town developers with the costs of public services and facilities. These local governments, understandably, did not wish to raise already high property tax rates. They also felt that these costs were part of the developer's role and the price he must pay to develop and add people and expenses to the local area.

Red Tape. By accepting federal assistance (which turned out to be more of a promise than one of action) new town developers were burdened with a large number of regulations with which they had to comply. The time, money, and effort needed by developers to comply with the myriad of regulations, assurances, guidelines, and criteria, was overwhelming. And, it diverted the developers attention away from what he could do best--develop and market housing. As indicated in a recent article in Practicing Planner,

. . . the uncertainties and complex application and contract requirements associated with obtaining aid

were the cause of extensive delays and costs. Although some monies were obtained from federal programs, the costs and delays associated with obtaining these monies considerably reduced the value of the assistance finally received.⁷⁸

Inflation and Recession

Soon after the start of the new towns program, inflation and recession set in with devastating effects.

. . . [S]teadily rising interest rates and the scale and suddenness of inflation and energy shortages sharply increased developers' front-end costs and, in turn, the size of their interest payments on borrowed funds.⁷⁹

To pay for these increased costs, the pace of development at new towns had to be quickened. However, according to a recent study by a team of experts from the University of North Carolina:

. . . high interest rates, difficulties in securing mortgage money, materials shortages, and the recession beginning in 1973 led to a drastic drop in new home construction throughout the country. With builders investing at record levels, it became increasingly difficult to market land in new communities, or, for that matter, in new developments in any setting.⁸⁰

Although not a cause of its failure, another difficulty HUD-sponsored new towns had was in complying with requirements for low- and moderate-income housing. To be eligible for assistance, new towns had to include housing for low- and moderate-income families. However, in January 1973, the Nixon administration placed a moratorium on all new federal housing programs.

Federal housing programs were not revived until August of the following year with the passage of the Housing and Community Development Act of 1974.⁸¹ By this time, most of the new towns were in financial crises too deep to take advantage of the new housing program. Therefore, HUD-sponsored new towns did not really have an opportunity to provide low- or moderate-income housing.

Because most of the HUD-sponsored new towns are in deep financial trouble and have not progressed far in their development, they have had little positive impact on housing opportunities for low- or moderate-income families and blacks. However, the advantages inherent in new town development have not yet been fully tested. New town development is an excellent concept, but it went amiss through poor planning and implementation, and, in the case of recent inflationary and recessionary conditions, unfortunate external circumstances. The next chapter identifies some new town planning and implementation concepts which should permit new towns to achieve their real and full potential.

CHAPTER V

RESTRUCTURING NEW TOWN DEVELOPMENT EFFORTS

New town development in the United States requires a new alliance between cities and private enterprise and a basic restructuring of both their respective roles. This is needed in order to make new town efforts in this country more successful than in the past, and to help achieve broader goals of providing adequate housing opportunities for blacks and low- and moderate-income persons.

It should be noted that new town development as described in this thesis is but one way of alleviating the problems of the central cities. Hopefully, this type of new town development can become a model for local governments everywhere to vigorously promote integrated housing opportunities, improved physical environments, and to help improve the fiscal disparity between central cities and suburbs.

City*/Private Partnership

A key leadership role in new town development must be assumed by city governments, especially in the crucial early stages of development. Cities should be given the powers to

*The term "city" is synonymous with "local government."

provide for their own expansion through the assembly of community-scale land areas--inside and outside their corporate limits--and should prepare overall plans for new town development of these areas. After committing for basic public facilities and services, such as the transportation and utility systems, schools, police and fire protection, etc., the city should then be permitted to sell or lease individual development areas to private developers who would build and market housing units and commercial and industrial space. Of course, the cooperation and direct involvement of state and federal public agencies--in such efforts as coordination of on-going and new programs and financial and technical assistance--will be an important factor in the ultimate success of this kind of new town undertaking.

This combination of city government and private enterprise should remove one of the major impediments of new town construction in the United States. Past experience has shown that private developers cannot and should not be expected to bear the entire burden of building new towns--especially the heavy and long-term financial commitments for acquiring and holding large tracts of land, and providing community facilities, such as roads, water and sewage treatment plants, trunk lines, etc., traditionally handled by public agencies. A panel of this country's leading new

town experts recently convened by the Academy for Contemporary Problems in Columbus, Ohio, concluded that:

A potential innovation that would make new community development much more feasible for developers would be to reduce the carrying periods to 3-7 years through the release into development of village-sized tracts, a tract at a time, with the total area for the eventual new community held by a public entity and sold for development a tract at a time.⁸²

Recent testimony before the U.S. Congress by Donald D. Kummerfeld, Vice President of First Boston Corporation, suggested a similar approach in private financing of community-scale projects:

. . . I might suggest it may be possible to defer the point at which you ask private investment, or you bring in private investment, until a point a little later in the process, a little bit closer to positive cash flow generation. It may be that the up-front cost of land assembly, land holding, and early development ought to be financed publicly. If there is going to be a division of this public-private relationship, it may be that the public sector input ought to be those earlier year inputs, which are further away from the point at which the investment pays for itself.⁸³

Cities are the public sector entities with the most experience, the organization, the personnel, and the capability to undertake initial new town development functions. Although various state and federal agencies now undertake some of the major planning, funding, and construction of individual elements of the city, such as major transportation systems, it is only at the local level that these various city functional elements are coordinated and dealt

with as a whole. Also, many city functional elements are planned--although they may receive state and federal funding--at the local level, including schools, parks, water and sewer systems, and fire and police protection facilities. And, cities are already directly responsible for the administration of building codes and development permits.

Also, the direct involvement of cities in new town development will reduce the potential for economic competition between the existing city and the new town, and help them to be complementary. During times of strong national and local economic growth, the potential for such competition may not be as great as in times of economic decline, when existing cities and new towns may be fighting over the same industry, federal grant, or some other economic benefit.

Precedents

Up to now, cities in the United States have not involved themselves directly in new town development. However, precedents exist outside the United States for direct city involvement in new town development and for land acquisition outside city limits to guide urban growth. In the United States, many cities acquire land both inside and outside their limits for water and sewage treatment plants, solid waste disposal areas, airports, parks, and other such public purposes.

Stockholm's New Towns

Beginning in 1904, the City of Stockholm, Sweden, started a program of large-scale land acquisition both inside and outside its city limits. This practice continued and by 1965, the city owned approximately 27,700 acres of land. After World War II, Stockholm was experiencing large population increases and a severe housing shortage. The city planned and developed several small, neighborhood-sized housing projects, but the influence of Great Britain's Garden Cities movement⁸⁴ and the magnitude of Stockholm's housing shortage encouraged city leaders to try to deal with their problems by developing satellite new towns on the periphery of the city's developed areas. During the late 1940's and early 1950's, a master development plan was prepared that identified and located these satellite new towns. At the same time, and coordinated with the master plan preparation, a public transit system to link these new towns to central Stockholm was planned and initiated. In 1954, the first of Stockholm's new towns, Vällingby, was opened. This was followed by the opening of other new towns identified in the plan such as Farsta in 1960, and Skarholmen in 1967. Each of these new towns was built on city-owned land that, when purchased, was outside the city limits.⁸⁵

Goran Sidenbladh, Stockholm's city planning director, stated in an article in Scientific American that the key

element in the effectiveness of Stockholm's planning efforts was the city's land acquisition program. Sidenblad said, "Stockholm's ability to plan its physical, economic, and social development must be attributed mainly to one all-important factor: public ownership of the land."⁸⁶

Stockholm's new town development program was not a purely public sector undertaking, however. Private contractors were also important participants, as indicated in a recent study by David Pass:

Experimental community developments on this (new town) scale were economically infeasible for individual private building contractors, so they accepted the city as developer-owner, and in return they carried out the actual construction. Private enterprise combined with the public sector, and together they achieved generally acceptable results with a minimum of conflict.⁸⁷

Public Land Ownership in the United States

Examples can be cited in which publicly-owned land in the United States has been used as a mechanism for guiding urban growth. In fact, prior to 1900, much of the land development in this country was based on state or municipal platting of publicly-owned land.⁸⁸

Presently, many U.S. cities have the authority to acquire land inside and outside their corporate limits for public purposes. For example, the Atlanta City Charter authorizes the city to ". . . acquire, dispose of, and hold in trust or otherwise, any real, personal or mixed property, or any intent therein inside or outside the corporate

boundaries of the city . . . [emphasis added]." And, once this property is acquired, the city is also authorized to construct, operate, and maintain any public improvement on that property.⁸⁹ At this time, the City of Atlanta owns two 10,000-acre land holdings outside its limits--one acquired in 1973 in Dawson County, approximately 60 miles north of Atlanta, and one acquired in 1975 in Paulding County, approximately 40 miles east of Atlanta. Each of these tracts is being held as an alternative site for a second Atlanta airport.⁹⁰ According to staff personnel at the Georgia Municipal League, provisions for acquiring land outside city limits is included in many other Georgia city charters.

The City of Milwaukee, Wisconsin, has also acquired land outside its limits for various public purposes, including school and park sites. In this case, the authorization came from state enabling legislation.⁹¹

Benefits of Direct City Improvement in New Town Efforts

A broad range of benefits result when cities undertake the kind of involvement in new towns discussed in this chapter.

A. Open housing policies can be more effective because the city will have more direct control over housing development. The city can require open housing policies as a basic condition of the sale of building sites.

B. Sites for low-income housing can be designated in specific areas in the overall development plan, and, where appropriate, the city can be directly involved in such construction.

C. A direct functional political and economic link will exist between such new town development and its sponsoring city. Citizens of the new town will be entitled to full participation in the benefits already accruing to residents of the sponsoring city, including the enjoyment of existing schools, parks, libraries, hospitals, and cultural facilities.

D. Land speculation can be reduced because the city, not the land speculators, will be the chief beneficiary of the appreciation of land values that occurs when commitments are made for new roads, water, sewer systems and other public facilities and services in the undeveloped new town sites.

E. Effective public control will be established over the most important elements of urban growth--the location, the overall planning, the sequence, and the tempo of development. At the same time, the private sector is brought into the process and shares in the benefits.

F. The problems of requiring private developers to dedicate sites for public facilities will be reduced because land for these facilities would simply be withheld

from sale or lease.

In addition to removing many of the existing impediments to new town construction, the above-mentioned benefits also indicate that the direct involvement of urban government can also be a major factor in resolving the problems of the central cities described in Chapter I.

New Towns As An Instrument of Open Housing Policy

City control over new town development, especially in the leasing and selling of development sites, can be an effective method of encouraging racial and economic integration.

Open Housing Policies and Their Administration

Through its direct involvement and sponsorship, a city can ensure that the open housing policies of a new town development are known by every prospective resident. If residents know in advance that minority and low- and moderate-income persons will be welcomed, those who are opposed to such policies will likely not become residents in the new town. This pre-selected mix of residents should lead to a greater degree of stability in housing patterns than is generally the case.

The importance of instituting integration policies from the very start of development was illustrated in a recent survey undertaken by researchers from the University of North Carolina. Their findings were:

If racial integration and the introduction of subsidized housing are delayed, or if the potential for population heterogeneity is not apparent to initial residents, they may resist later attempts at racial and income integration. . . . On the other hand, by marketing a balanced community and introducing subsidized housing early in the development process, a much more tolerant population is likely to settle in the community, which should make the achievement of even greater integration and balance a feasible undertaking.⁹²

An excellent example and model to be followed of a new town open housing program initiated at the start of development and successful in attracting both low- and moderate-income persons and blacks is in the new town of Columbia, Maryland. As indicated in a recent study by Helene V. Smookler, Columbia developer James Rouse promoted integration by undertaking the following actions: (1) Rouse announced in Columbia's early planning stages that at least 10 percent of all dwelling units in the new town were to be set aside for low- and middle-income housing; (2) he widely advertised the integration goals of Columbia, and included blacks in advertisements and in information-promotion booths; (3) Rouse's key personnel in the development of Columbia had a strong commitment to integration; (4) he expedited the construction of low-cost housing by writing down land costs; and (5) Rouse worked with various organizations and community residents to establish the credibility of Columbia's integration policies.⁹³

A potential problem arises when open housing policies are only selectively enforced, i.e., enforced only in new towns and not in suburbs where the major integration problem lies. Under these conditions whites are still able to "flee" to non-integrated suburbs and have a reasonable assurance that they will remain all-white. However, if open housing policies are vigorously enforced everywhere, whites will then recognize that open housing will be in effect no matter where they live.

Effect of Providing Superior Living Environment

New towns undertaken under the sponsorship of existing cities have the potential for provision of more economical, superior living environments, especially when compared with traditionally developed areas. Assuming the potential becomes reality, integration should be an acceptable price to pay even for families who, under other circumstances, would prefer more exclusionary living patterns. A superior living environment includes conveniently located, high-quality schools, a wide variety of readily accessible parks and recreation activities, excellent housing design, and a convenient and efficient transportation system.

The influence of an area's attractiveness on residents' receptivity to integration was revealed in a recent study of housing patterns in Philadelphia. In that study,

it was found that housing selection:

. . . was not made on the basis of price alone, but was influenced also by specific advantages of the area, such as nearness or ready access to place of employment, good transportation service, and proximity to a variety of shopping facilities. . . . In view of these positive factors the white buyers evidently felt that the presence of Negroes was an insufficient reason to avoid the area.⁹⁴

Innovations That Can be Transferred

New towns are able to introduce planning and development innovations which are not as easily accomplished in existing cities. One major reason for the difficulty of innovation in most existing cities is the individualized type of development which characterizes most existing city development. This piecemeal type of development, according to William Nicoson, the former Director of the HUD New Communities Program:

. . . does not provide the necessary support for innovative planning and demonstration of innovative features in the communities being developed. This is possible only when developers control sufficient tracts of land so that physical, institutional, and economic barriers to the demonstration of innovative features can be swept away.⁹⁵

Nicoson goes on to say that innovation ". . . may be demonstrated more easily in a new community without the expense and disruption of replacing an existing system or replanning other affected facilities or programs."⁹⁶

New Towns Intown

The development of new towns intown will revitalize many central city residential areas, providing attractive living areas for disadvantaged central city residents who now live in dilapidated areas and for suburban residents who may desire to live in central city neighborhoods.

Harvey S. Perloff, Dean of the College of Architecture and Urban Planning of the University of California at Los Angeles, and the person credited with first formulating the new town intown concept, has identified three territorial elements for new towns intown: (1) large scale, (2) inclusion of both viable and nonviable urban areas, and (3) non-contiguosness.⁹⁷

Large Scale

A new town intown should be large enough to contain certain basic community features, such as schools, parks and other recreational facilities, employment centers, housing, churches and libraries, and community centers. The size of a new town intown should be such that it could function as a semi-independent entity.⁹⁸

Inclusion of Both Viable and Nonviable Elements

Both viable and nonviable urban elements should be included within a new town intown. Perloff identifies viable elements as:

1. Good public service delivery systems and location of public facilities,
2. Present and future economic potential, and
3. Good transportation networks.⁹⁹

Perloff believes that a basic reason for the failure of urban renewal and the Model Cities Program was that they tended to isolate declining urban areas for more viable areas. Urban renewal focused attention only on physically deteriorated areas, and the Model Cities Program only on economically and socially depressed areas. An analysis of the Model Cities Program undertaken by Judson Lehman James and submitted to the U.S. House of Representatives Subcommittee on Housing states:

Planning difficulties (in the Model Cities Program) arose out of the relation of the target neighborhood to the rest of the city, especially since the ghetto was the most dependent and least viable part of the city's economic and social structure. On the other hand, the dilution effect of larger boundaries would be fatal to the program given the modest level of funding . . .¹⁰⁰

However, Perloff feels that larger boundaries would have had the opposite effect:

. . . [B]y increasing the size of the target area, the total amount of resources may be increased. By encompassing economically and socially stronger areas and providing more leverage for investment, more private capital may be attracted, so that every dollar of federal funding could conceivably attract additional flows of funds for the target area.¹⁰¹

Certain nonviable areas, such as places where large-scale abandonment has occurred (described earlier), could

be assets in new town intown development. As pointed out in a recent article by Roger Starr in the New York Times Magazine, these abandoned areas may have positive aspects for revitalization. Starr indicates that such abandonment may offer unique opportunities for renewal because (1) the reason for some of the abandonment may have been that market forces could no longer support the original use of the site, and therefore a change in use may be in order, and (2) revitalization efforts in these areas would not entail the disruptive effects of relocation.¹⁰²

Noncontiguousness

A new town intown should also include certain noncontiguous areas, such as commercial, industrial, recreational and residential areas, which contain particular employment, housing, or other opportunities. Such areas could be "linked" by transportation facilities to the new town intown as resource and opportunity areas for intown area residents. These areas could provide more leverage for investment and more private capital so that funds from a wide range of sources, both private and public, would flow into the area.

Once the geographic area of the new town intown is identified, specific programs to upgrade the area's basic public facilities and services, and to provide capital should be undertaken.

Upgrading Public Facilities and Service. The basic public facilities and services in the area that are deficient should be upgraded, and if they are nonexistent, should be provided. These facilities and services include parks, community centers, schools, sidewalks, streets, water and sewer services, and street lights.

Stimulating the Inflow of Capital. Private lenders should be encouraged to act collectively to provide the steady flow of capital so vital to central city neighborhood maintenance and improvement. Too often, lenders, due to fear of neighborhood transition or decline, abandon the central city.¹⁰³

Unfortunately institutional lenders acting individually to protect themselves from neighborhood decay often accelerate the very blight they fear. At the first sign of deterioration, the lender will often refuse to make loans in the neighborhood. This in itself causes neighborhood decline.¹⁰⁴

A steady flow of capital for neighborhood maintenance and improvement ought to be provided by lenders, acting collectively, and organized by an intown effort. Just as disinvestment and decline are a process which is cyclic and builds upon itself, investment and improvement can act similarly.

Under a substantial new towns intown program, there are strong reasons to assume that, at a very minimum, the spread of blight can be halted, entrepreneurship encouraged, and activities that normally function most effectively in the core-city areas encouraged to return to the central city or to set up shop there anew.¹⁰⁵

As stated by Perloff, ". . . a key indicator of the success of a new town intown program is the amount of public and private investment induced by the initial government expenditures."¹⁰⁶

The Development Process

As previously stated, the development of new towns as suggested in this thesis is a joint public/private endeavor. The public sector involvement in new town planning should not be construed as an unwarranted and unjustified incursion of the public sector into activities normally undertaken by private enterprise. On the contrary, private enterprise will rarely be able to successfully undertake large-scale community development without public assistance, especially in the area of loan guarantees, which reduce risk and borrowing rates. Public involvement in various elements of urban growth, such as transportation and utility development, has been a feature of American land development for many years. And, most recently, the federal government has been involved in certain aspects of new town development through its new communities program. What is suggested in this thesis is a program whereby the public sector--cities, in particular--assume some of the new town development tasks which private enterprise has found most troublesome. Private enterprise will realize substantial benefits from this program, just as it does from all large-scale public works

activities. As indicated in the development steps discussed below, the private sector can be included in each step of the new town development process. Also, as stated earlier, although cities are identified as having the key public sector role, state and federal governmental cooperation and involvement is also an essential ingredient in this process.

Before describing the actual steps in the new town development process, three items of importance to the overall success of a new towns program undertaken by cities are discussed: (1) public financing, (2) intergovernmental relations, and (3) resident relocation problems.

Public Financing

A funding mechanism must be established to enable cities to purchase community-scale land areas and to finance the planning and construction of community facilities. One mechanism which has been recently discussed--though not for new towns development--is a federally-sponsored public urban development bank, sometimes referred to as "Urbank." Urbank would assist new town development in a similar way as the International Bank for Reconstruction and Development (or World Bank) assists foreign countries. For example, Urbank could provide long-term, low-interest loans, at one percent above the federal government's borrowing costs (approximately five percent) to cities undertaking new town development. Also, Urbank could provide guarantees to enable cities to

raise money in bond markets without paying premium prices. Revenues generated by cities from the sale and lease of new town development parcels (discussed below) and future new town tax revenues would go to pay back the loans.¹⁰⁷

Intergovernmental Relations

New towns undertakings by cities outside their present corporate limits would require the cooperation of local governmental jurisdictions in which the new town site is located as well as by regional, state, and federal agencies. State enabling legislation would need to be passed establishing a legal framework for local governmental coordination, outlining procedures for such things as jurisdictional and taxing authority, new town incorporation, and the like. Regional planning agencies would also be involved in any city-sponsored new town development through their A-95 review process (a federally-mandated procedure whereby regional planning agencies evaluate the regional impact of various public development actions), and other functions they may be authorized to undertake. State governments would play important roles in transportation, education, and recreation planning and development. In some cases, state governments may do the actual planning and construction (such as in major transportation systems), or they may provide funding or technical assistance (such as in education facilities and services), or they may act as a "pass-through"

for federal funding (such as for park facilities or planning grants). Federal agencies would be involved in various ways, such as in water and sewer planning and construction grants (part of which could be funded by Urbank, previously discussed), and in other federally funded development programs.

Resident Relocation Problems

A major purpose of the new towns program suggested in this thesis is the opening up of housing opportunities for low- and moderate-income central city residents, and some of these housing opportunities would be in locations outside the central city. For some of these residents, the idea of moving to a new and strange place far from where they now live could be a frightful experience, and actions should be undertaken which would ease these negative impacts. Such actions could include the following: (1) encouraging large portions of neighborhoods to move together, thus preserving long-time relationships and ties; (2) bringing potential new town residents into the process in the early stages of the new town planning, thus enabling them to have their ideas incorporated in the design and development of the new town's cultural and recreational amenities, and also, helping them be more at ease and comfortable with the new town concept; and (3) moving and/or providing familiar cultural, social, and neighborhood institutions such as

churches, schools, libraries, small stores, and the like, thus helping to reduce the number of unfamiliar community fixtures in the new town.

Steps in the Development Process

The actual steps in new town development as undertaken by the public and the private sectors would be as follows:

Site Location. City governments should identify large undeveloped tracts of land inside or outside their corporate limits that would be most suitable for new town development. The city could utilize data and information from federal, state, and regional public agencies and private sector expertise to ensure that the best site or sites are selected. Importantly, the site or sites should reflect the city's own particular needs and goals. These needs and goals would be based on a variety of factors which would vary with each city. However, certain overall considerations should receive major emphasis, such as: (1) existing and future transportation networks linking the site to the city and other developed areas, (2) existing and future utility development (i.e., water, sewer, and power), (3) development potential of the site (i.e., slope, drainage, and soils), (4) compatibility of surrounding land uses, and (5) land costs. Private professional real estate, economic, and engineering consulting services could be

engaged to undertake location and feasibility analyses of various alternative sites.

Land Acquisition. The city should acquire the selected site or sites by negotiated purchase or, where necessary and appropriate, condemnation. The city should pay fair market value and should acquire all property on a fee simple basis. In some instances, the city may be able to swap city-owned land at other locations for the undeveloped tracts. As indicated previously, financial assistance from a federally-funded urban development bank could be utilized for land acquisition costs and guarantees. Where privately owned land areas are selected as new town sites, private sector real estate appraisers could be engaged to determine fair market value, and, in some cases, surveyors could be engaged in site platting. The city should be responsible also for all relocation activities and costs.

Plan Preparation. The city should direct the preparation of an overall comprehensive site development plan for the new town area. This plan ought to identify the general overall layout of the entire site, including the overall transportation system, public facilities, residential areas, commercial centers, and employment areas. Linkages to the central city transportation network, school system, park and recreation facilities, health centers, and other

important elements of the city should be identified. Linkages should also be established with present and expected future regional, state, and federal public works activities, such as roads, airports, higher education facilities, water and sewer developments, etc. The economic mix of housing types and their respective absorption rates should also be identified. And finally, a staging plan indicating the sequence of development of the entire site should be prepared.

If the plan is to be undertaken "in-house" (i.e., by the city), advice and expertise could be given by private developers, builders, site planners, transportation planners, economists, marketing specialists, real estate consultants, and human services experts. Alternatively, the preparation of the plan could be commissioned by the city using private sector firms with wide experience in community-scale development. In either case, comprehensive city planners should play a key role in all phases of the new town development process, especially in the preparation of the development plan. They should be involved in planning for the unified social, economic, and physical development of the new town, and in the interrelationships among the various functional elements of the plan.

Constructing the Infrastructure. Based on the previously discussed development plan, particularly the staging plan of construction, the city and relevant state and

federal agencies would be responsible for the building of the road system, the water and sewer system, schools, parks, libraries, health centers, and other such basic components of the new town. This process will probably be one that continues throughout the development of the new town as areas are brought into development in a planned sequential manner.

The private sector can play a major part in this development step--just as it does in most large-scale public works projects--by undertaking major portions of the planning, engineering, and construction work.

Selling or Leasing of Building Sites. As the public facilities are constructed, the city should then sell or lease building sites to private developers for specific uses in accordance with the general development plan. Centrally located parcels would be sold or leased for intensive central city uses (e.g., retail, office, hotel, etc.) at appropriate front foot or square foot prices. Tracts appropriate for industrial development would be either sold or leased at appropriate industrial land prices, shopping center land would be either sold or leased at appropriate commercial land prices, etc. It is at this point in the process that the city (or lenders) begins to recoup some of its land acquisition, planning, and infrastructure costs.

The city could also undertake some long-term contractual arrangements with builders to supply a certain amount of housing and other development each year. This would allow for greater economies and stability for the developer, and allow a continual and steady flow of new development. The city should also include in its development staging the provision of low- and moderate-income housing in appropriate numbers to satisfy its need as determined in earlier studies.

Private developers and builders should be able to design, build, and market completed development projects, and do so without the attendant risk of carrying enormous front-end costs for extended periods of time.

Thus, both the public and private sector can join together, each undertaking complementary and mutually supporting roles in developing new towns that are truly companion-pieces to existing cities.

CHAPTER VI

CONCLUSION

This thesis has described a way to restructure new town development so as to help alleviate many problems associated with the large concentrations of poor and black residents in many of this country's central cities. Central city problems must not be considered inevitable nor unsolvable, for as indicated earlier, if the present course is pursued, urban America will become more and more polarized into two camps--poor and black central cities and nonpoor and white suburbs. These conditions can be--and must be--reversed. The principal task ahead is to see that the solutions directly relate to the problem. Central cities themselves must be able to deal directly with their own problems, and they can do so by becoming directly involved in new town development that focuses on central city needs. As previously mentioned, such involvement is not perceived as the only solution to central city problems; most of the nation's larger cities will require a variety of ameliorative activities to solve their problems. The proposals in this thesis, however, offer one way cities can help themselves.

New town development, for a variety of reasons, is a concept which is currently out of favor with many private developers and public officials. But the idea of building new, efficient, well-planned, liveable cities is too compelling and attractive to be dismissed. New towns will always be built; the question is, how? As stated in a recent Urban Land Institute publication,

. . . the need for well-planned land use which can provide a framework for orderly growth appears to make inevitable the return to community scale projects. Somehow these projects will get built, whether they are privately planned and controlled or under the supervision of public bodies.¹⁰⁸

The challenge is to plan and build new towns in a more meaningful way than in the past, and to bring existing cities directly into the process.

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