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POST-WAR ECONOMIC POLICY AND PLANNING

pt. 9-15

HEARINGS

BEFORE THE

SUBCOMMITTEE ON HOUSING AND URBAN
REDEVELOPMENT OF THE

U.S. Congress Senate

SPECIAL COMMITTEE ON POST-WAR ECONOMIC
POLICY AND PLANNING

UNITED STATES SENATE

SEVENTY-NINTH CONGRESS

FIRST SESSION

PURSUANT TO

S. Res. 102

(78th Congress)

A RESOLUTION CREATING A SPECIAL COMMITTEE
ON POST-WAR ECONOMIC POLICY
AND PLANNING

PART 9

HOUSING AND URBAN REDEVELOPMENT

JANUARY 12, 1945

Printed for the use of the Special Committee on Post-War
Economic Policy and Planning



2392
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UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1945

pts 9-15

9/4/47

9338-91484

U. S. SUPERINTENDENT OF DOCUMENTS

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NOTE.—There will appear in the final volume an index by subject matter covering the entire series of hearings.

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POST-WAR ECONOMIC POLICY AND PLANNING

FRIDAY, JANUARY 12, 1945

UNITED STATES SENATE,
SUBCOMMITTEE ON HOUSING AND
URBAN REDEVELOPMENT OF THE
SPECIAL COMMITTEE ON
POST-WAR ECONOMIC POLICY AND PLANNING,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10:30 a. m., in room 301, Senate Office Building, Senator Robert A. Taft (chairman), presiding.

Present: Senators Taft (chairman), Ellender, La Follette, and Buck.

Senator TAFT. The committee will come to order.

Mr. Mott, representing the Urban Land Institute, will be the first witness.

STATEMENT OF SEWARD H. MOTT, DIRECTOR, URBAN LAND INSTITUTE

Mr. MOTT. Mr. Chairman and members of the committee, my name is Seward H. Mott. I am director of the Urban Land Institute, an independent organization working in the field of city planning and land development. It was established to inaugurate new approaches to the problems of urban planning and land use, to act as a clearing-house and stimulate broad public interest in city planning affairs.

The Urban Land Institute has a membership of over 500. Although largely composed of men in the building and real-estate profession, many members as well as trustees are active in other businesses such as banking, department stores, and in municipal public housing. A statement of the Urban Land Institute activities and a list of its trustees is attached.

(The list referred to is as follows:)

President: Hugh Potter, Houston, president, River Oaks Corporation.

Vice president: Arthur W. Binns, Philadelphia, Arthur W. Binns, Inc.

Secretary: Herbert U. Nelson, Chicago, executive vice president, National Association of Real Estate Boards.

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 James S. Holden, Detroit, president, James S. Holden Co.
 Philip W. Kniskern, Philadelphia, president, the First Mortgage Corporation.
 Walter R. MacCormack, Cambridge, formerly dean, School of Architecture, the Massachusetts Institute of Technology.
 Walter J. Mattison, city attorney, Milwaukee.
 J. C. Nichols, Kansas City, Mo., builder of Kansas City country club district.
 E. L. Ostendorf, Cleveland, past president, American Institute of Real Estate Appraisers.
 George Richardson, Chicago, trustee, Marshall Field estate.
 Mrs. Samuel I. Rosenman, New York; chairman, National Committee on Housing, Inc.
 Walter S. Schmidt, Cincinnati, past president, Society of Industrial Realtors.
 Richard J. Seltzer, Philadelphia, author of Proposals for Downtown Philadelphia.
 Howard J. Tobin, manager, City Loans, the Northwestern Mutual Life Insurance Co., Milwaukee.
 Paul E. Stark, Madison, realtor and builder.
 Mrs. Alan Valentine, Citizen's City Planning and Housing Council of Rochester.
 Winston Wheeler, Wichita, vice president, the Wheeler Kelly Hagny Trust Co.
 Foster Winter, Detroit, the J. L. Hudson Co.
 Director: Seward H. Mott.

Mr. MOTT. Previously, for 9 years, I was director of the Land Planning Division of the Federal Housing Administration in which position I was responsible for the land planning and subdivision standards of the Administration and for all technical matters having to do with city planning and land development. I was in charge of a staff of 40 field technicians located in key cities throughout the United States and spent a considerable part of my time inspecting housing projects, lecturing, and consulting on urban planning matters.

Previous to coming with F. H. A., I, for many years, conducted a professional office as town planner and landscape engineer in Rochester, N. Y., and Cleveland, Ohio. While with the F. H. A., and particularly during the last 2 years, I have traveled extensively throughout this country, have visited the larger cities and the major war-production centers many times, inspecting their housing projects and becoming familiar with their planning problems.

Some months ago it became evident to the officials of the Urban Land Institute that there was a wide divergence of opinion as to trends in post-war housing and land development. It was felt that the institute could make a very valuable and realistic contribution if opinions regarding these matters were secured from the men who would be responsible for the actual post-war construction of homes and the development of land. Consequently, a series of opinion surveys was decided upon. They have already been held in 10 key cities selected geographically and from the standpoint of expected activity in the post-war period. They are Seattle, Portland, Oreg., San Francisco, Los Angeles, Denver, Chicago, Memphis, Houston, Dallas, and Cleveland. Other cities, particularly in the northeast and southeast areas, will be scheduled later. These meetings take

the form of round-table discussion of a prepared list of questions and are participated in by a selected group of 25 to 35 leading builders, land developers, mortgage bankers, real-estate brokers, members of the planning and housing commission, and representatives of the local F. H. A. office. Questionnaires are mailed to the participants previous to the meetings, which are full-day sessions. The topics covered include such subjects as market analysis, trends in architecture and land development, effectiveness of municipal regulations and city planning programs, financing, and steps that can be taken by Federal, State, and municipal authorities to assist housing in the development of sound urban communities.

These meetings are not open to the public or the press, and frank discussion is encouraged and secured. They are not held to prove any theory or support any program, but to secure the frank and unbiased opinion of the local leaders in housing and urban development. The comments which I have to make will be based on these opinion surveys and on my own personal observations of many hundreds of housing projects in all parts of the United States. When the opinion is personal I will note it.

For your information, a copy of the questionnaire is attached herewith. I will give you these copies. It might be interesting to refer to them. I will not attempt to cover all the questions listed, but only those which I think will be of particular interest to your committee. If there are any questions in which you are interested but which I do not touch upon, I will be glad to comment. These opinion survey groups were selected from the leaders in their particular professions. The men that organized these groups were leaders in their communities, and their opinions were those of outstanding businessmen and men with deep interest in this particular subject.

MARKET ANALYSIS

The estimate price range for homes to be built in the various groups was—

Low cost: \$3,000 to \$4,500 in the South and West, \$4,000 to \$6,000 in the northern areas. They estimated the price range for homes would be between certain figures. For instance, in Cleveland it would range from \$4,500 to \$6,000. In that price range they could furnish low-cost homes. For instance, the \$4,500 figure might be in the suburbs where land values were less and the improvement costs less, but the average low-cost was \$3,000 to \$4,500 in the South and West, and \$4,000 to \$6,000 in the northern areas.

Senator BUCK. You could not build much of a home for \$3,000 these days.

Mr. MORR. In the South, they have been able to; yes, sir.

Medium priced: \$5,000 to \$9,000 in the South and West. \$7,500 to \$10,000 in the northern areas.

High priced: Over \$10,000.

The estimated percentage of single-family homes to be constructed in the various price ranges in the first 2 post-war years was: Low, 23 percent; medium, 67 percent; high, 10 percent.

Those figures ran very close in all cities except Memphis, where it was estimated that 60 percent would be in the low-cost field, 30 percent in the medium, and 10 percent in the high. The reasons for the

comparatively small percentage to be built in the low-cost range was due not only to the expected tremendous demand for homes costing over \$6,000 due to war restrictions, but to the fact that the expected departure of at least 50 percent of in-migrant war workers will leave a great number of title VI homes vacant. It is estimated that these vacancies will be sufficient to take care of a large percentage of the low-cost needs in the first 2 post-war years. In Memphis, where there has not been such a large number of title VI homes built, the percentage of homes expected to be constructed in the lowest-cost field was very much higher, as above noted.

Of the dwelling units to be built in the first 2 post-war years, the average estimates are that 90 percent will be sold, 10 percent rented. The small percentage for rent is due largely to the fear of continued Federal rent control. I am of the opinion that a much greater percentage of rental units would be constructed if present controls were removed or greatly modified immediately upon the close of the war.

The estimated sale of single-family homes to veterans under the G. I. bill for the first 2 post-war years was 15 percent to 25 percent. This would depend, of course, upon the speed with which the troops are demobilized.

Practically all responsible builders are making definite plans for post-war construction. Many have secured land and are in process of preparing detailed plans.

With only one exception, Memphis, where H. O. L. C. had already done a lot of this, it was the opinion that the remodeling of existing dwellings would be a practical method for housing a considerable percentage of the lowest-income group if rent certificates or some similar subsidy were provided. The estimates of the percentage of the housing need that such remodeling would provide ran from 10 percent to as high as 30 percent.

The success of H. O. L. C. in remodeling existing dwellings for war workers, which I understand costs on a national average only \$1,600 per unit as against approximately \$4,000 for a new structure, would indicate a very careful study should be made as to the possibility of providing housing for the lowest-income group in this manner before large programs for new public housing are started.

I find considerable interest on the part of private operators in Negro housing, and in practically every city surveyed there was at least one operator planning to provide such structures. I found some very excellent Negro projects built by private capital, too, throughout the country.

There was a serious lack of data and statistics on housing needs and expected market. Los Angeles and Cleveland, as already noted by Mr. Blandford, have excellent local organizations securing such information, with the cooperation of local businessmen. The local F. H. A. offices have made some estimates that were well thought of.

I personally doubt if the local operators would have confidence or would use housing statistics sent out by N. H. A. statisticians. They have much greater confidence in data put out by the local F. H. A. office or, better still, by local organizations with no program to forward or case to prove.

AVAILABILITY OF LAND

With the exception of three cities, 75 percent of the post-war housing is expected to be built on new, undeveloped acreage, the balance on existing improved lots. In Chicago, Denver, and Cleveland, there is still a surplus of well-located improved lots available, and the percentages were therefore reversed. In other words, in those cities 75 percent would be on existing improved lots.

As yet there is no indication of inflation of land values. The average cost of existing improved lots for low-cost homes was \$660; medium, \$946; high, \$1,500 and up.

Senator ELLENDER. When you say there is no sign of inflation in the price of land, do you mean in the cities that you covered?

Mr. MOTT. I am speaking of these surveys which covered the 10 cities.

Senator TAFT. At what date, approximately?

Mr. MOTT. Since August.

Senator TAFT. Between August and the present time?

Mr. MOTT. Between August and the present time. The survey in Cleveland was held December 27.

Senator TAFT. You are speaking only of land value?

Mr. MOTT. I am speaking only of land value, yes, sir. The cost of homes has gone up surprisingly, yet there is no indication of inflation in land value.

Senator ELLENDER. Don't you attribute that to the fact that people cannot obtain lumber and other material in order to build on such property?

Mr. MOTT. That may have some influence on it.

Senator ELLENDER. To what extent did you find, if you investigated that phase of it, any increase in the value of improved lots?

Mr. MOTT. That is, improved with a house on it?

Senator ELLENDER. Yes.

Mr. MOTT. I did not get any figures on it, but everywhere I went there was an indication of a great increase in the cost of homes; homes that were selling a year ago for \$6,000 would sell for \$7,500—as large an advance as that.

Senator ELLENDER. You would not attribute that rise to the additional cost of labor?

Mr. MOTT. I would attribute it to the great demand for homes in these war areas—war production areas.

Senator ELLENDER. It is just inflationary.

Mr. MOTT. Yes. This shows the cost of the improved lot as about 15 percent of the value of the average \$4,500 complete low-cost home, which is a safe figure; that is, an improved lot at \$650 would be 15 percent of the cost of a \$4,500 low-cost home, which is a fair mean for the low-cost homes throughout the country. I think for the F. H. A. it runs from 11 to 16 percent, the cost of the improved lot as percentage of the value of the complete unit. Acreage prices for low-cost homes was \$715; medium, \$1,230; and high, \$1,700.

Senator TAFT. Per acre?

Mr. MOTT. Per acre; yes. That is for well-located land. The question was well-located land that would, in general, meet the locating ratings of the Federal Housing Administration, and those were the prices.

Senator ELLENDER. At what distances would they be from the city?

Mr. MOTT. I asked one question: What are the distances that you would consider feasible? The answer was: 40 minutes to employment; 3 miles to major shopping center; 2½ miles to high school, and one-half mile to a small store or grade school, and within those limitations they felt property was feasible to develop.

Senator ELLENDER. The prices you mentioned conform to that standard?

Mr. MOTT. They conform to that standard.

Senator ELLENDER. Thank you, sir.

Mr. MOTT. In spite of numerous warnings to the contrary, there is no indication that there will be a return to speculative lot sales such as occurred during the twenties. The vacant lots that will be sold will be almost entirely for custom-built homes in the upper-price brackets and for resort properties. The F. H. A. method of low-cost financing, combined with their conservative land valuations as well as local regulations requiring a developer to install complete street improvements at his own expense in all subdivisions, have almost completely stopped speculative lot sales except as noted above. The opinion on this was unanimous in every city. This trend was clearly indicated in the years just previous to the war, as one seldom found advertisements for anything except completed homes in our metropolitan papers. The land subdividers have either become builders or are wholesaling improved lots to builders.

Senator BUCK. When you speak of an improved lot, you mean one with a street, sewers, water, and utilities in it?

Mr. MOTT. A lot with a street, sewers, water, and everything, ready to build a house on. There is no indication of a swing-back to that wild speculative selling that we knew in the past, and I think it is largely due to these reasons that I have given.

Land located reasonably close to transportation, schools, shopping centers, and water is available at reasonable prices in all areas visited. In some sections, due to topographical conditions, the extension of public sewers presents a problem, particularly in Portland, Oreg.

LAND IMPROVEMENTS

It is becoming almost universal practice on the part of local authorities to require land developers to install street improvements at their own expense. The issuing of county and city improvement bonds for such purposes appears to be a thing of the past. The minimum requirements of local authorities and the F. H. A. now generally include hard-surface streets, curbs, storm-water and sanitary sewers, and walks within the city limits. Installation of water mains by the developer is also required in some cases. There is strong opposition in many areas to the developers being required to install oversize storm water, sanitary, and water mains to take care of areas outside their tract. In some cities, such as Baltimore, the city installs the mains and the developer puts in the house extensions and curb drains. This appears to be a fair practice.

The use of septic tanks and individual wells has proved unsatisfactory throughout the country, and the extension of public service or the construction of small community systems will, therefore, be necessary for all new developments.

IMPROVEMENT COSTS

Street improvements, including curbs, bituminous-bound pavement, sanitary and storm-water sewers, and at least partial installation of walks average \$6 to \$8 per lot front foot in the suburbs and \$8 to \$10 in the city. In general, costs in the South and Southwest are about 20 percent lower than in the rest of the country. Where water mains, very high-type paving and other improvements must be put in by the developer, as in Cleveland and in Cincinnati, costs may run from \$10 to \$14 per front foot. Where such severe requirements exist, it is extremely difficult to construct low-cost homes without decreasing lot widths below 50 feet, which is considered a desirable minimum in the North, and 60 feet in the South and West. This is a matter which should receive serious consideration from planning commissions and municipal highway departments if they do not want to force a large percentage of their citizens to live outside the city limits or force reductions in lot widths to a point where light, air, and privacy are jeopardized. I think under such conditions part of the improvement expense could well be borne by the city at large.

NEIGHBORHOOD PLANNING

The desirability of the construction of complete neighborhoods, with provision for such facilities as shopping centers, schools, parks, playgrounds, and churches, with a blending of various-priced homes, is becoming universally recognized. These neighborhoods are designed as self-contained units protected from the hazards of through traffic. Such projects, however, require large acreage and heavy investment, and in the past they were almost exclusively for high-class homes. Notable examples of such communities were Roland Park, Baltimore; Country Club District, Kansas City; Upper Arlington, Columbus, Ohio; River Oaks, Houston, Tex.; and Shaker Heights, Cleveland. The Land Planning Division of the F. H. A. has done a good deal to stimulate development of complete neighborhoods for low-cost homes, and where good zoning ordinances exist which protect property against adjacent adverse influences, much smaller acreage need be purchased than would be the case if there were no such protection. Several city planning commissions, particularly Los Angeles and Chicago, are setting up neighborhoods of this kind in their master plan and are establishing street lay-outs and land-use controls that would assure complete, well-balanced neighborhoods.

Another interesting trend is the cooperative action of groups of small builders in the development of a complete new neighborhood. The most notable example of this is Midwest City, near Oklahoma City, where 16 small builders cooperated in the development of the building of 1,500 homes. This is a war housing project done completely by private enterprise, with no Federal aid except F. H. A. insurance. It was constructed in a period of approximately a year, with all the facilities of a modern community. It has been so successful financially that the same group is planning a post-war project of some 500 acres, with approximately 2,000 dwelling units.

There is also great interest being shown in the development of local shopping centers to be built under one management with architectural control. The effect of such decentralization, which is expected to continue, is being seriously considered by the owners of

downtown stores and real estate and is being counteracted by the establishment of branch stores in the suburban centers and by proposed construction of limited-access highways to the center of the city, improved transportation, and provision for downtown parking area or space.

ARCHITECTURAL TRENDS

Regarding trends in the architectural design of homes in the early post-war years, there is universal agreement that there will be no radical changes in exterior design of any price ranges, no miracle houses as yet. More careful interior planning, more efficient kitchens, and greater use of electrical and gas equipment is expected. Even in the highest-cost range, the exterior design will remain conservative. Of 100 plans for homes costing over \$30,000 in a fine subdivision in Houston, only 2 were modernistic; and in a similar project in Seattle, only 1 out of 70 plans presented for approval was modern. However, even in the lowest-cost homes, the individual touch is demanded.

In the average project of 100 low-cost units, the developers expect to use at least 4 separate floor plans, with 6 exterior variations for each plan. It was the opinion that the "desire for the individual touch" would counteract savings up to 10 percent that might be made in mass production of 1 low-cost model.

We asked numerous questions of this group as to the fear of competition in mass production of low-cost homes. The builders felt they could handle their market and did not seem to fear mass production, such as Mr. Kaiser and other industrialists were speaking of. They felt when a man bought a home he wanted something that was a bit individual, and they could take care of that market, and as yet they were not fearful of the competition that mass production would present.

AIRPORTS

Because of the efforts being made to secure large Federal funds to build 3,000 small airports close in to built-up areas, the reaction shown in these surveys as to the effect of airports on residential areas will undoubtedly be of interest to your committee. Very strong opposition to locating airports near residential areas was shown. The least opposition experienced was in Los Angeles. The minimum desirable distance for a residential area from a large airport was indicated as 2 miles along the line of approach and departure and one-half mile from other sections of the airport. The reaction to "air parks" of 60 to 100 acres in area and used for recreation as well as the landing of small planes was that they would be equally undesirable and that any residential property closer than a mile and a half would be at a disadvantage. Circling training planes were considered a great nuisance and hazard. In Chicago the zoning prohibits airports closer than a mile and a half to residential areas. The general opinion was that it would be many years before private planes would be used for other than recreation and sport. For some time their use would be similar to that of a cabin cruiser or sailboat. It was felt that weather conditions and stringent air regulations limit the use of light planes as a regular means of transportation. There was no evidence of any residential developments being planned with the use of airplanes in

mind. It was thought that improved high-speed highways and more efficient automobiles would make travel by auto safest, quickest, and most convenient up to 200 miles.

TAXES

There was universal concern over the excessive tax load carried by real estate. Tax limitations such as the 40-mill tax limitation in the State of Washington were strongly advocated. The Cleveland group appeared to be satisfied with the tax situation in Ohio.

There was strong support for the Hartley bill, H. R. 3886, which would permit deduction of depreciation upon owner-occupied homes from income in making Federal returns. It was the universal opinion that the passage of this bill would greatly stimulate and help home ownership.

MUNICIPAL REGULATIONS

In recent years the municipalities have and are taking steps to revise their various regulations such as building and sanitary codes, subdivision and land-use controls. The revision of a building code in a large city is a slow and involved procedure as groups with conflicting interests must be considered, such as labor unions, material manufacturers, and the construction industry. Until revisions are made, it will be difficult to construct really low-cost housing in many cities or take advantage of some of the new materials and labor-saving methods of construction.

Because only 22 States have enabling legislation permitting counties to set up building or zoning regulations, the control of building and land use in areas outside of the cities is very lax and is a serious problem throughout the Nation. Immediate steps should be taken to correct this. Enabling legislation permitting counties to control sanitation has been passed in practically all of the States, largely through the efforts of the United States Public Health Service.

CITY PLANNING

The benefit of comprehensive city planning is becoming recognized by business leaders, but due to lack of an educational program and an effective public relations staff, city planning does not have the public support that it should. A better public relations and educational program was advocated in most of the cities surveyed. The benefits of city planning should be taught in the schools and public support for a long range planning program developed similar to that secured for the community fund. The best example of the success of this type of public relations is the Wacker plan for the development of the Chicago lake front, which was started 25 years ago and is being most successfully carried out with full public backing.

Comprehensive regional planning is needed with master plans covering highways, transportation, and land uses. During the development of such plans, the public and leading business organizations must be kept informed and consulted. Time and again where this has not been done, the plans developed are unrealistic and impractical, strong opposition is developed, and the plan is ineffective.

Business leaders, particularly those interested in urban real estate, recognize that city planning problems are economic as well as social

and esthetic and that the plans to revise their communities must receive the closest study and assistance of practical businessmen as well as city planners and sociologists in order to be effective. To date after 40 years of city planning, there are hardly a dozen cities throughout the country that are effectively following an official and comprehensive planning program.

URBAN REDEVELOPMENT

Mr. Blandford's charts and figures indicate the serious condition existing in our larger cities due to blighted or slum conditions and the disproportionate burden it is putting on sound areas. The opinion surveys indicate that the decentralization that took place before the war is expected to continue at the same rate. As indicated by Mr. Blandford, urban redevelopment bills have been passed in 9 States and bills have been introduced or are in preparation in at least 10 more. I find that such legislation is popular and will receive strong public support. It is felt by most that the use of Federal funds for redevelopment would increase Federal control of local affairs. Such control is strongly opposed and for this reason many medium-sized cities such as Denver, Indianapolis, and Portland, Oreg., are either going ahead with or proposing redevelopment programs financed wholly by local funds through bond issues or additional tax on real estate.

The city of Portland started a very extensive development in the center of the city for which they passed a \$4,000,000 bond issue. The Indiana redevelopment bill proposed a tax of 10 cents a hundred on real estate value to take care of it, and I understand a bill has been prepared for Michigan which will take care of the expense of redevelopment locally.

There are some, however, who feel that due to the fact that cities contribute such a large percentage to the Federal income, it is right and proper that they receive some direct return and they are hopeful that if Federal funds are made available the local controls will not be too stringent. They also feel that in order to get urban redevelopment quickly started, pump priming by Federal funds is necessary. In practically all surveys the opinion was expressed that in the distribution of Federal funds they would rather deal direct with a Federal agency than through a State commission set up for that purpose.

I have studied many redevelopment bills and discussed their features with numerous groups of planners and officials. To be effective there are several principles which I personally feel should be followed: (1) The purpose of redevelopment legislation should be to secure the highest and best use for the redeveloped area. It should not be a housing bill for its purpose is not just to rehouse the displaced families. (2) I do not think it should be administered by the local public housing authority, but by a well-balanced redevelopment agency appointed by the city authorities with wide power for land acquisition. (3) It should permit the replanning and development of partially vacant and blighted subdivisions. (4) The redevelopment legislation should require the appointment of a planning commission and the creation of a regional master plan controlling future highways, transportation and land uses. I think the legislation should include some definition of what the master plan should cover. (5) Recommendations of the area to be redeveloped and approval of the redevelopment

plans by the planning commission should be required. (6) Provision should be made to sell or lease the area after assembly and installation of new roads and utilities to private enterprise as well as to the public housing. (7) Land uses on sold or leased property and rental controls on public subsidized housing should be covered by zoning and covenants in the deeds and contracts. (8) Provision should be made for the conservation or remodeling of properly located sound old structures in the redevelopment area.

PUBLIC HOUSING

Considerable opposition to public housing was evidenced in most areas. The chief reasons for opposition were given as bad location, excessive cost, and method of selecting tenants. Strong opposition was continually expressed against what was called Federal interference in local affairs. One method recommended for making substantial savings in housing for the lowest income group was through the remodeling and conservation of old dwellings as I have previously discussed. In general, the site plan and construction of public housing was considered good although too expensive. Fear was expressed that present occupants, many of whom have high income due to war conditions, would remain as tenants, and in this way public housing would remain in direct competition with private enterprise.

FINANCE

In the post-war period, due to greater efficiency and manpower, labor and material costs were expected to remain about the same but with trends slightly up.

Construction and mortgage money was expected to be plentiful, and interest rates to remain about the same with the trend lower. No necessity was expressed for F. H. A. insurance of construction money for single-family homes.

F. H. A. procedure was very generally approved but with low lot valuations a frequent criticism. Claim was made that increased street-improvement requirements have not always been reflected in valuations.

There was strong sentiment for giving local and regional F. H. A. offices broader discretionary powers. They were fearful that trend is to centralize control in Washington where they think there is lack of knowledge of local conditions and sentiment.

In most areas there is wide variance in the standards of appraisal methods of the Federal Savings and Loan Associations and the F. H. A., the Federal Savings and Loan appraisals running very much higher than F. H. A. so that their smaller percentage of loan equals the 90 percent insured F. H. A. loan. The location, subdivision and construction standards of the Savings & Loan Co. are very much lower than F. H. A., creating a very difficult situation for both the builders and mortgage bankers. It was the universal expression that there should be greater uniformity in the standards and appraisal procedures in F. H. A. and the Federal Savings and Loan banks, as in the final analysis both organizations were dependent on Federal credit.

The complaint made was, for instance, on a house that was valued at \$6,000 by F. H. A. or say \$5,000, there a 90 percent loan would be \$4,500, and would be valued by the Federal Savings and Loan at, say, \$6,500, there a 70 percent loan would equal the \$4,500 F. H. A. loan and there was a complaint that the appraisal methods were not the same. There were general approvals of the F. H. A. system, and a very strong support, very loyal support, of the local F. H. A. offices. It was done everywhere I went.

I would like to make a personal comment on the excellence of F. H. A. title VI war housing both in apartments for rent and single-family homes.

I have inspected hundreds of these projects in all sections of the country from Maine to Florida and from Seattle to San Diego. With rare exceptions they not only compare well with pre-war housing, but on the whole the land planning and street improvements are superior, which is quite unusual.

It is the exceptional case where F. H. A. war housing was adversely affecting a neighborhood, even when built on scattered vacant lots. I feel this is a tribute to F. H. A. standards and the excellence of the judgment of the local staffs.

It was feared in the beginning that these title VI war houses would adversely affect the residential neighborhoods. I think an inspection will show that this statement of mine is true.

To the question, "What steps can be taken by the Federal Government to assist private enterprise in building post-war homes?" the most frequent answers were: (1) Elimination of more careful control of Federal subsidized public housing; (2) stronger support of F. H. A. and discourage centralization of authority in Washington. Local and regional F. H. A. offices should have greater authority in establishing standards and in making decisions on local matters; (3) establishment of a research laboratory to promote better housing, test building materials, and assist with building codes. This would preferably be a branch of the Bureau of Standards; (4) pass urban redevelopment legislation to stimulate maximum construction in the early post-war years; (5) elimination of unnecessary agencies. Most groups did not understand or could not see the necessity of N. H. A. and felt that F. H. A. could function better as a separate agency. They, however, approved the elimination of the many scattered housing agencies which N. H. A. made possible. They apparently did not understand the functioning of N. H. A. in the field; (6) elimination of rent and other Federal controls as soon as possible if the housing industry is to flourish.

Senator TAFT. That is a very interesting survey, Mr. Mott. It gives us the background of public opinion as to the effect of legislation. Are there any questions from the members of the committee? If not, we will go on with Mr. Alfred Bettman.

STATEMENT OF ALFRED BETTMAN, CHAIRMAN, THE AMERICAN INSTITUTE OF PLANNERS, CINCINNATI, OHIO

Mr. BETTMAN. I am Alfred Bettman of Cincinnati. For a quarter of a century I have been very active in planning law and legislation, have written planning law and legislation. I have been for many years, for instance, chairman of the American Bar Association committee on planning law and legislation, also chairman of the legislative

committee of the American Institute of Planners, which is a professional organization and thus engaged in making and administering the plans, which organization has been thinking for a quarter of a century about the problem of urban redevelopment, and perhaps by experience and by technical knowledge has peculiar qualifications for thinking out this subject of urban redevelopment, so I am going to take the liberty, Mr. Chairman and gentlemen, of leaving with you a statement of the American Institute of Planners. The institute has prepared a report on this subject, the original of which I have handed to the reporter.

Senator TAFT. I think it should be inserted in full in the record, if that is what you wish.

Mr. BETTMAN. Yes. Growing out of this activity, I was also the chairman of the City Planning Commission of Cincinnati for a time that memory of man knows not to the contrary, but I am not appearing for that commission. I am appearing for the institute.

Also in that connection, I would like to offer for the record a report by Prof. Alvin H. Hansen entitled "Three Plans for Financing Urban Redevelopment." Professor Hansen is in the research branch of the Federal Reserve Board and was the chief draftsman of the bill known as the Thomas bill for Federal aid to urban redevelopment. Professor Hansen unfortunately could not be here today. If I may, I would like to leave that report here. I haven't copies of that, and I do not intend to read it, but I would like to insert that in the record also.

Senator TAFT. Yes, that may also be inserted in the record.

Mr. BETTMAN. Urban redevelopment has come to be the recognized, and is an accurate, expression for the process of rebuilding or rehabilitating those portions of our urban communities which are in need of that treatment and which are commonly referred to as blighted. Consequently, urban redevelopment legislation deals with the organization, procedure, and financing of this process of rebuilding or rehabilitating the blighted districts of our cities. As these districts are estimated to constitute about 30 percent of the urban territory of the United States, the problem presented is of great magnitude as well as of the most profound economic and social importance. For an intelligent solution of the problems involved in the formulation of the legislation, we must know the causes and conditions with which it is to deal and from that knowledge draw our conclusions of the remedies to be embodied in the legislation.

The disease which we call blight must be something less visible, more subtle, deeper, than the mere age or structural obsolescence of the existing buildings; for, if that were the trouble, it would cure itself by which is meant the areas would be rebuilt in the ordinary course of private enterprise without novel or extraordinary forms of public participation. If new buildings for old were all that is needed, it would be practical and feasible to build them, and the ordinary economic motives of private enterprise would long ago have engaged in building them. Such has not been the case; and indeed the blighted areas have tended to grow more extensive and decadent. One reason is that the obsolescence is not merely a structural obsolescence but an obsolescence of the design of the areas themselves as well as of the whole urban territory. The existing lot and street layout of the areas is obsolescent in the sense that it does not fit modern technology, and the rebuilding cannot, as a practical or economic matter, occur

without the cure of this deeper obsolescence by a redesigning of the areas. But the obsolescence goes still deeper, for the present classes of the land uses of these areas are obsolescent in varying degrees. The processes of population, commercial and industrial allocation induced by the automobile and other contemporary changes in modes of transportation, in the types of territory required by or available to modern industry, and other causes, the nature of which have been explained and discussed in the literature on the subject, have made the existing classes of the land uses, as for instance habitation of various kinds, industry, business, and so forth, inappropriate and unfit. To prepare these areas, therefore, for a redevelopment or rehabilitation which would be socially and economically sound and stabilized, the replanning of the design and uses of these areas, in the light of the general master planning of the whole urban territory in which they are located, is essential.

This necessity is of the greatest importance for its bearing upon the procedure and the organization of the redevelopment and rehabilitation process; for this necessity indicates that any assumption either that blighted areas are coterminous or coextensive or identical with the slum areas or that areas now used for habitation should be rebuilt for habitation or which are now used for the habitation of a particular income stratum should be rebuilt for that particular income group—any assumptions such as these would lead to the tragic result that the rebuilding would simply institute the beginning of a new era of blight and instability which would accelerate a repetition of the social and economic wastes of which blight is the manifestation.

For these reasons a serious warning needs to be issued against conceiving urban redevelopment as a subject identical with housing or housing with little variations—housing the theme, urban redevelopment the variations. Of the uses of the land of an urban area, habitation is the largest, running, I believe, from 60 to 75 percent; but this is just as true of the unblighted as of the blighted areas, of the whole urban territory as of the blighted portion thereof. So, while housing construction will always form the larger proportion of all urban redevelopment or development, a costly mistake will be made if urban redevelopment be conceived of as the replanning and rebuilding of slum areas only or the replanning or rebuilding for housing only. The redevelopment or rehabilitation process needs to be applied to all areas which need it and for all the classes of uses which, according to good city planning principles, are appropriate to these areas. As urban redevelopment will prepare areas for reconstruction and will finance this preparation, housing, that is habitation, will be the greatest beneficiary of this process; but unless the legislation, planning and administration be understood to be for all kinds of blighted areas for all classes of urban uses, the process will not produce sound and stable results.

To give just a few illustrations of blighted areas which are not of the slum species or necessarily to be redeveloped for habitation. Take an old area adjacent to railroad yards and now occupied by a more or less decayed or abandoned mixture of obsolescent structures, both habitation and others; all of these uses being of a kind which under modern conditions cannot stabilize and thrive in their present locations or adjoining modern active railroad yards. Perhaps the master planning will demonstrate that it is the railroad yard which needs to

be moved; but if not, then the situation calls for some form of non-habitation use, such as automobile parking or modern warehouses. Or take an area subject to river inundation more or less occasionally. Perhaps the planning will indicate the thing to do is to remove the inundation, making the area available for habitation; but perhaps the planning will indicate that the thing to do is to devote the area to types of uses other than habitation.

Take as another illustration an area composed of the frayed portion of a central business district with mixtures of all sorts of standard pieces of dwelling. Perhaps the master planning of the whole urban territory would indicate that this area is appropriate for a type of habitation tributary to the central business district and not to industry.

These illustrations could be multiplied, making ever more clear that the problem is not restricted to slums or to housing, and that no rebuilding which will have stability and therefore will produce the desired social and economic welfare can be accomplished unless we start with the conception that we are dealing with all types of districts which need the treatment and for all types of appropriate uses in accordance with good city planning; all of which, as it will be seen later, has important bearings upon procedures and organization.

Before going into the question of the role of Federal legislation and government, it would illuminate the subject if we first inquired what is the role of public participation. That the master planning and the replanning of the areas in their general features, that is, the general distribution of the land uses, must be done by the public should be obvious without much argument. Naturally the private citizen will have a large part of this governmental activity as he does in all others, and naturally, as in all other governmental activity, much of the initiation will come from the private interests, and naturally most of the detailed structural planning of the private housing, business, industrial and other structures will be in the charge of the private redeveloper. But the general distribution of the land uses in the redevelopment areas, that is, the general location of the habitation, industry, business, transportation, education, recreation, and so on, and the standards of population and building density, cannot possibly be soundly determined, from the point of view of social and economic values, except by public agencies.

It is furthermore obvious that, as one of the obsolescences with which we must deal is the present lot lay-out and design of the areas, the carrying out of the replanning is impossible unless ownership or other form of control of the land of the area be temporarily concentrated so that the plan can be legally imposed upon it and become binding upon those who will take over the area or their successors in title.

I wish to say by "area" I mean a piece of the blighted district, which is usually a single unit of the redevelopment project. I use the word "district" to mean the entire blighted district or districts.

This means the assembly of the land of the area, that is, its acquisition and control long enough to impose the plan upon it, and, we cannot rely upon voluntary sales entirely, this necessitates the exercise of eminent domain. This in turn necessitates the availability of funds to finance this land assembly. It is important to remember that this

type of legislation deals with the financing of the land assembly and not the financing of any construction.

One of the obsolescences which produced the blight, however, is that the existing market land values are seldom harmonious with the land values based on conformance with the plan, and its planned use value which will be an important factor in producing the stabilized redevelopment which is the objective of the type of legislation under discussion. As we all know, the existing land values are the product of speculative market values based on past uses or past expectations or hopes for uses which are no longer appropriate to the area. There is every sound theoretical reason for the hope that in the long-term course of the history of the development of an urban territory, the use values in the aggregate and market values in aggregate will tend to be equal. But that is not even theoretically true of any area in particular, and especially not true of the old areas where the hangover of past speculative values is still strong. We must face, consequently, the condition that many areas in the blighted districts cannot be disposed of subject to the plan for an amount equal to the acquisition cost, and we must be prepared not only to carry that proportion of the land acquisition cost which will come gradually to be recovered by sales or ground rents of the areas, but beyond that to expend from public funds the acquisition cost which may not prove thus recoverable.

This is no reason for hesitation; for this difference between acquisition cost and disposition yield is the evidence of the strength of the disease which we are engaged in treating. Putting our urban communities upon an economically and socially sound basis is worth not merely the advance of public funds but some degree of expenditure of public funds; and the indirect financial benefits to both private and public treasuries will, if the redevelopment be well administered, unquestionably show an enormously favorable balance.

What, then, is the role of the Federal Government in this process? Why should it feel called upon to aid? The answers are easy to discover and are convincing. The very magnitude of the problem demonstrates that it is a national problem in its scale. Thirty percent or, say, 25 percent of the urban territory of the country is in need of one or another degree of urban redevelopment or rehabilitation treatment. But the patient is not only the obsolescent areas; it is the whole urban community. In other words, the entire urban territory of this country is, in its social and economic conditions, adversely affected by the blight. This means that urban blight is a blight on the national economy.

Furthermore, one cannot attribute all blighting factors to local causes. They include both local and national processes, such as the location of great national industries and the location of great national facilities such as railroad, major highways, Federal aid to suburban private developments, and others.

The most convincing reason for Federal aid, however, is the fact that, under our present tax system, the Federal Government takes from the localities revenues without which they cannot finance this redevelopment process. If, as is obviously the case, the revenues available to the localities are inadequate for all other local activities and also for carrying on this urban redevelopment, then, to the extent of this additional need, it is the Federal Government which, under

our present tax system, is absorbing the necessary additional tax revenue.

Senator TAFT. That assumes, though, that it has some left over after it gets that increased revenue and pays its bills. We have had a deficit in our Federal system for 12 years, so there is no evidence, as I see it, that there is any possibility of getting any more money from the Federal Government than from the local government.

Mr. BETTMAN. Of course, it is a question, Senator Taft, of the selection of the objectives of your expenditure. If this is important enough, it ought not to be treated as a residue after many other important things are done.

Senator TAFT. The city has provided for the use of all of its revenue and there is no revenue left for this. I say the Federal Government has provided for the use of all of its funds under its existing uses, and there is no residue left for this either. I see no difference there. At least, I object to the theory that the Federal Government has an unlimited source of tax power, because no one has invented a tax system for the Federal Government which will pay for what we are doing now, much less what we expect to do in the future.

Mr. BETTMAN. Of course, in administering Federal aid, the administrative agency must be sure that the city is contributing all it can. I am hoping that this process will demonstrate that the returns from the areas will growingly approach the acquisition cost and require less final expenditure, as distinguished from advances, and that the localities may be able to find local revenue, some local revenues with which to do some of the aiding themselves.

The inhabitants of the localities pay the Federal income and some other Federal taxes. Perhaps the localities can furnish some of the necessary aid out of their general local tax revenues; but if this is very urgent, restoration of the economic vigor of our urban territory is to be started and carried on vigorously, the localities must have some financial help from outside of themselves. They will and they should commit to repayment of the aid all funds they receive by way of ground rents or sales proceeds of the areas. Beyond that some aid from outside themselves is essential; and logically it certainly seems that that aid should come from the Federal Government, which, under the existing tax system, is the recipient from the people of the localities of the moneys which are needed for this purpose.

Now, how about the organization of the work? The planning can be soundly done only by a planning agency, by which is meant an agency whose function is the master planning and the general features of the area planning in conformance with the master plan; which means an agency whose sole or primary function is the land-use planning and the coordination, by means of the techniques of urban design, of all types of uses—habitation, industry, business, education, recreation and the other categories of land use—a function which, taking human nature as it is, cannot be well performed by any agency which has a special interest in any one class of use, even housing. For consciously or unconsciously, any special interest dislocates and warps the quality of the territorial planning. And as it is the locality which should be permitted to make its plans, this means that the legislation, whether it be State-enabling legislation or Federal-aid legislation, should repose this use-planning or territorial-planning in and should insist upon its performance by a local planning agency

whose official statutory function is planning, not administration or construction.

Both logic and experience teach that this same analysis is applicable to the Federal agency which is to be in charge of the administration of the Federal aid to the localities for the land assembly. This Federal agency ought likewise have no special interest in one functional use, even housing, or in construction; this for the same reasons which apply to the local planning agency; and, as no single Federal agency can have charge of Federal activities in relation to all urban land uses—housing, roads, public buildings, recreation, public works, public utilities, and all the rest—the healthiest results, in terms of the soundness of the redevelopment measured by its economic or by its social values, can come only if the Federal agency which administers the aid has planning for its function, not administration or construction or operation of any special functional type of land use.

I stated above that experience supports this conclusion. One available record of experience has been the English experience. Following World War I, England entered upon a period of housing construction, both public and private, on an unprecedented scale. England has statutes and agencies for urban planning, what we call city and regional planning. The central government's activities in relation to both housing and planning were placed in the same ministry, namely, in the Ministry of Health. England has a greater degree of central governmental control over local activities than we wish over here; but her experience is nevertheless logically applicable to the particular question under discussion at the moment. The planning and housing have now been departmentally separated, the housing remains in the Ministry of Health, with all of the central government's activities in relation to local planning transferred to the Ministry of Town and Country Planning. A reading of the parliamentary debates and official and professional reports on the reasons for this change shows that one of the reasons is that experience demonstrated that the locating of housing projects is not likely to be wisely determined unless that determination is made in accordance with a city or urban regional plan made by a planning agency. The issue is not one of the ability or character of the individuals who occupy official positions in the housing agencies or in the planning agencies, but in an inevitability, arising out of universal human nature, of the effects of placing specific functional uses, such as housing, in the agency upon which the public relies for that technique of the integration or coordination of all the uses of the land of an area, district, city, or metropolitan region which we know as city or urban planning.

If our urban economy is to be made beneficial to the national economy and vice versa, then a Federal agency which will be the contact agency between the Federal Government and local planning is urgently needed, and this is time to bring it about in relation to this all-important matter of urban redevelopment. Whether this Federal agency should be a single-head agency with an administrator whose office is now created for the first time or a multiple-headed agency composed of heads of other agencies, such as those in charge of public works, public buildings, public roads, interstate commerce, civil aeronautics, national housing, and so on, is a minor detail compared with the basic principles above presented.

This brings us to the Thomas bill, S. 953—I am not certain, Mr. Chairman, whether these bills are considered pending bills.

Senator TAFT. They have not been introduced as yet. No doubt they will be. This committee does not have specific bills before it, anyway. We are considering all the bills introduced in the last session as well as this one.

Mr. BETTMAN. This brings us to the Thomas bill, S. 953, in whose composition I have had a part in association with Albert H. Hansen and others. Incidentally, there may not be complete awareness that the Thomas bill has been revised (committee print, December 10, 1943), representing not only a substantial shortening, but also many other changes in important features responsive to the criticisms and suggestions which were received from numerous qualified sources. This shorter form should be considered as the pending bill and embodies, as is respectfully claimed, such sound principles of Federal legislation relating to the organization and procedures of the Federal part in urban redevelopment, as well justifies its use in the process of producing the final form of a Federal statute for aid to municipalities for land assembly for urban redevelopment.

The great amount of detail in the original form of the Thomas bill has been greatly reduced, but the bill adheres to the sound principle that the planning is a local matter; though of course, in determining whether or not to grant aid, the Federal agency inevitably will consider the quality of the submitted plan. By its careful definition of what is meant by master plan, planning agency and area redevelopment plan, the bill would help the localities without controlling their discretion beyond the necessities of the administration of Federal aid.

One debatable policy embodied in the bill is that the disposition of the redevelopment project areas is limited to the leasing of the areas, sales of the areas being thereby excluded. While there is much to be said in favor of a lease land tenure policy as promotive of the stabilizing of the plans upon which the Federal aid would be based, nevertheless the time may not have as yet arrived for the adoption of that policy, and in that respect the Thomas bill should perhaps be changed so as to permit sales of federally aided areas as well as leases.

Coming to the not unimportant question of the forms or modes of Federal aid:

As it stands at present, the Thomas bill provides for advances repayable, plus 1 percent, out of the proceeds of the areas so far as they reach, and does not call for the issuance of municipal securities with definite interest and principal maturities.

Senator TAFT. Does it provide for a municipal obligation to repay the money put up by the Federal Government?

Mr. BETTMAN. Not only to pay over everything received from the area, but to pool and pay over everything received from all areas in aid of land assembly for which Federal money has been advanced.

There is presented herewith a statement of Alvin H. Hansen entitled "Three Plans for Financing Urban Redevelopment," one of which plans is that embodied in the Thomas bill, one for local financing with Federal guaranties, and one for Federal loans at so low a rate of interest, 1½ percent, and long maturity, 100 years, as to offer some promise that the difference between land-acquisition cost and disposition yield may be absorbed by means of this low rate and long maturity.

Senator TAFT. I think it would be wise to insert also in the record this committee print of the Thomas bill which, I presume, will be

the basis of the new bill introduced. I think that ought to be inserted in the record in connection with your testimony.

Mr. BETTMAN. Yes. I have brought along a committee print, and I have also brought along a mimeographed copy which is easier for a layman to read.

Senator TAFT. Just leave the mimeograph copy with the reporter.

Mr. BETTMAN. One hundred years may strike you as a long time, but we are dealing only with the financing of land, which lasts beyond 100 years.

Senator TAFT. The 100 years does not strike me so much as the 1 percent. It would be hard to explain to farmers why you loan them money at 4 percent and charge the cities only 1 percent.

Mr. BETTMAN. The idea was if you make it a low rate with a long maturity you could thereby absorb the difference between what I call acquisition cost and disposition yield.

What with the novelty of all financial problems involved in urban redevelopment, all proposals regarding the fiscal provisions of a Federal-aid statute are necessarily somewhat experimental and exploratory. The important consideration is not whether the Federal Government is going to get back every penny it puts out for this all-important objective, nor even the very important stimulus to employment and construction materials which urban redevelopment will produce, valuable as that consideration is. The recovery of the economic and social soundness of the urban communities is the all-important ultimate goal, and the most important consideration to be applied in the determination of the mode of Federal aid is that it tends to promote instead of to discourage the most genuine selection of areas for redevelopment according to need and the rebuilding or rehabilitation of these areas in accordance with best city planning principles and techniques, including standards of population density and building intensity, which will prevent a new era of blight and represent a quality of urban living fit for American citizens.

Senator TAFT. Mr. Bettman, as I remember the bill from reading it at the time it was before the Education and Labor Committee, this is still a local project; that is, the locality itself has to initiate it.

Mr. BETTMAN. Oh, yes.

Senator TAFT. Has to plan it entirely.

Mr. BETTMAN. Oh, yes.

Senator TAFT. Of course, it is necessarily a local project or a State project, because the laws of excess, condemnation, and so forth, are all matters that the Federal Government could not itself intrude on very well.

Mr. BETTMAN. All the powers to do this thing have to come from State enabling legislation.

Senator TAFT. So all you are asking the Federal Government to do is to finance the acquisition of blocks of blighted areas?

Mr. BETTMAN. That is right.

Senator TAFT. To finance it on, as I see it, rather low, favorable terms.

Mr. BETTMAN. That is correct.

Senator TAFT. And, of course, in the furnishing of that aid you propose to give them some power over the planning, to approve or disapprove, at least, to say whether the Federal Government will finance that particular plan.

Mr. BETTMAN. Inevitably the administrator of Federal aid would have to be satisfied that the community has a good plan.

Senator TAFT. Yes.

Mr. BETTMAN. That he would have to be satisfied with the plan is made obligatory. In other words, that the plan on which the Federal aid would be advanced follows the man into whose hands it comes and may not be modified without going back to the Federal administrator to consent to the modification. Naturally, it may happen that some mistake was made in the plans, but the Federal-aid administrator would certainly want to know that those legal steps had been taken, that the State legislation and urban legislation and the urban administration assured the carrying out of the plan on which the Federal aid was based.

Senator TAFT. I suppose there are no estimates on the amount that might be called for. It is really an experimental proposition.

Mr. BETTMAN. It is quite experimental. It has been estimated that the total cost of assembly of blighted land in this country runs from \$12,000,000,000 to \$15,000,000,000, which, if you spread it out, would carry a proposal of \$750,000,000 per annum.

Senator TAFT. Does the bill authorize any particular subsidy?

Mr. BETTMAN. The bill leaves a blank on that in its present state. In the original bill some small figure was put in just to start things, but at that time there was no estimate. It has now been estimated that between \$12,000,000,000 and \$15,000,000,000 of property acquisition will be necessary for this long-term process. It is a long-term process; it would naturally extend through a generation or two.

Senator TAFT. Is it proposed in the bill that there will be some contribution from a local community, or a city, or a State?

Mr. BETTMAN. There is nothing in the bill which provides that. You see, the bill provides that all of the yields of these areas—I am talking of the municipality, of course—will be turned over for the recovery of the payment for land assembly. If, therefore, you divide the aid you will have to divide the yield.

Senator TAFT. As I understand, the city assumes no financial obligation beyond that of repaying the Federal Government and of any revenues received from the project?

Mr. BETTMAN. No general obligation.

Senator TAFT. It puts no credit of its own into the project at all, under this bill.

Mr. BETTMAN. That is correct. The difficulty comes from the constitutional and statutory debt limits in various States. The extent to which a city can commit its general credit, beyond the yield of the area, is something that has to be explored. There is no experience that answers the question. You know, for instance, in the State of Ohio every commitment of general taxes involves the debt limit calculation and requires an annual levy of tax. You may remember, Senator Taft.

Senator TAFT. Yes.

Mr. BETTMAN. And probably some analogous to that exists everywhere. The bill does not provide for any type of tax exemption, nor does the corresponding model of State-enabling legislation which we are also working on.

Senator TAFT. If the plan that was made called for some part of it to be developed for a public park, would there be some way in which

the city, or whoever would get the park, could assume the obligation to buy that part of it at least?

Mr. BETTMAN. In those parts of the area which are devoted to the ordinary public uses, such as parks, recreation centers, playgrounds, civic buildings of any kind, any public use, the city would actually pay for it in the usual way, by its usual general credit bonds.

Senator TAFT. I suppose there might be such an obligation asked for in advance.

Mr. BETTMAN. Oh, undoubtedly, Senator Taft. In other words, the public assembles the land. The community assembles the land either through the ordinary administrative organization or through special developmental authorities created for the purpose. Now, all portions of that assembled land which go into streets or which go into playgrounds, or which go into any other type of ordinary public use—I am leaving housing out now—there the community would pay for it by its ordinary general credit bonds. The community would have to throw into the pot, for the return of those advances, that amount of money which represents the cost of those particular parts of the area, and, of course, for that it would pay out of its general credit bonds or general revenue.

Senator TAFT. My doubt is about the Federal aspect—not the plan, because I fully agree with the idea—about the Federal interest in it. We have been appointed a special housing committee. The Federal Government is committed to a policy of housing. I have assumed that it is committed to that policy, up to a date at least, on a social-welfare ground. The Federal Government is saying: "We are interested in providing a floor under essential services so we can eliminate, as far as possible, extreme poverty and hardship from the United States, because we have got production sufficient to do so." Housing is one of those things. Our policy is justified on the ground that we are going to provide everyone in this country, by the time we get through with our plan, with decent housing, and if the economic conditions are such that a man cannot earn enough money to pay for that housing, we are going to subsidize the housing.

Now, it seems to me a step beyond that, to go out and say that we are interested in what a city looks like, or whether it has a lot of tumbled-down structures around a railroad yard. I do not see what that has got to do with it. When you separate it from the housing end of it, I cannot quite see what the Federal Government has got to do with how Cincinnati lets itself look, or how any other city lets itself look.

Mr. BETTMAN. If it were only a question of looks, there would not be very much worry about it. It is an economic disease.

Senator TAFT. What does that mean?

Mr. BETTMAN. That means that the city is maintaining huge portions of its area into which it has thrown huge investments in pipes, poles, street pavings, and what not, for which it spends huge operating costs, for police, fire, and what not, but which, in themselves, have no vigor, have no economic vigor.

Senator TAFT. That does not affect me at all. I think that is just talk. I mean, for every structure that is destroyed around the railroad yard a new one has been built somewhere that is more valuable for that use. The tax revenue has steadily increased, except in a

very recent period. Surely, I think the city ought to do something about it, but I do not see any economic disease affecting the United States of America in any respect.

Mr. BETTMAN. If 25 percent of your urban territory is blighted, I do think that affects the national economy.

Senator TAFT. I do not see where it affects the national income in any way. As a whole, the city is still sound. The city has more people, more manufacturing establishments. It does not spend vast sums on these areas. Just as any man who bought real estate there and perhaps made a profit when it went up in value, and now it is going down in value and he loses, so the city loses in a particular area, but it can more than make up for it in some other part of the city.

Mr. BETTMAN. What are you going to do with that area?

Senator TAFT. I don't care what you do with that area. That is a local concern. I cannot see how it affects the national economy in any way.

Senator ELLENDER. Usually, you have a lot of poor people living in those blighted areas.

Senator TAFT. I am willing to do something to the extent that the blight is a housing blight. Beyond that I run up against the difficulty.

Mr. BETTMAN. If it is just a question of rebuilding for poor people, you have a relatively easy question. You just decide who are poor people, what standards you want to use to rebuild for them and how much money you want to spend of public money in addition to the private money. That is relatively simple, but it is more than the poor people, it is an economic disease right in the vitals of your city.

Senator TAFT. I cannot see that. I have gone through those areas in Cincinnati. Sure, some people have lost money on real estate and those areas do not look very pretty, but I cannot see any economic diseases that affects the United States as a whole in any way. Cincinnati is just as good a city as it ever was, and it is going to get better constantly.

Mr. BETTMAN. If you had an industrial plant here, Senator Taft, and its whole lay-out, its whole equipment, its whole construction no longer fitted modern technological modes of manufacture, but you kept it up, kept paying for all of it, kept operating all of it and then added some more, you did not just rebuild that, you left that as it is, then you rebuild for your whole population anew and build your whole industry anew, your whole activity was a new activity and at the same time you kept all that old plant up, paid the operating expense of all that, I would say you would engage in an economic waste that would bankrupt your industry.

Senator TAFT. Not at all. Industry after industry has done the same thing. The steel industry today has decrepit steel plants which they are carrying on. Sooner or later they sell them, or they tear them down, or someone else comes along and finds use for them.

Mr. BETTMAN. That is what we are talking about, a use for this area.

Senator TAFT. That applies to individual property. As far as planning for the whole business is concerned, I cannot see what effect it would have on the national economy, and I cannot see the national interest in it. I have been unable to understand what that interest is.

Mr. BETTMAN. Rebuilding is itself a method of increasing production and employment.

Senator TAFT. If that justifies public works of a purely local character we would have Federal participation in building all the schools in the country, all the hospitals in the country, and everything else.

Mr. BETTMAN. I say that is a temporary result. I do not believe in emphasizing that. It is the immediate strong motive. We ought to have reemployment immediately. That is temporary. What counts is the fact that you permanently invigorate and put health into a very large territory which is capable of maintaining all your aspects of urban life, not merely the poor.

Industry tends to decentralize, therefore those types of habitation which are incident to industry should likewise be decentralized and not be forcibly kept in an old area.

Senator TAFT. Nobody wants to use those areas and there isn't any good commercial use for them. Of course, if they can be used for housing, we have got a plan to do that. We can permit that, but if their only use is a commercial use, it seems to me it ought to be an economic commercial use that somebody would want, or if it is public, the public can go in and acquire it for parks. The city can do that.

Mr. BETTMAN. Well, it can be used for parks, parking places—all sorts of use, and some of it might be commercial.

Senator TAFT. As far as any of it is needed for parking places, people will acquire it for parking places. There is a steady growth in the use of places for parking.

Mr. BETTMAN. Yes.

Senator TAFT. They are not so pretty, I agree.

Mr. BETTMAN. I am not talking at all about looks. If I said a word about looks it is a slip of the tongue. I never intended to say anything about looks.

Senator TAFT. I don't know. It seems to me that public support for an urban redevelopment plan is based on looks. Rebuilding an area so it is better looking than it was before, that produces the public support for it. I don't know what the thought is.

Mr. BETTMAN. We go to Naples in order to look at those old tumbled-down areas because they are picturesque.

Senator TAFT. It is a different kind of picturesqueness.

Mr. BETTMAN. They are bad; their social effects are bad; they are a manifestation of economic sickness. I am not talking about looks at all.

Senator TAFT. There may be a manifestation of economic sickness there, but it seems to me that is no reason for saying the city of Cincinnati as a whole is economically ill or is not doing as well as it ever did.

Mr. BETTMAN. It is paying for the maintenance of an investment in a territory less and less fit for the different contemporary uses of its citizens.

Senator ELLENDER. Does not that go to the question of a return to those who own that property?

Mr. BETTMAN. We know very well if you take the areas as a unit and figure the cost and return, it would cost six or seven times what it would return. In other words, it has a declining tax value. Increasing vacancies decrease tax payments.

Senator TAFT. I should question that. Except that it is decreasing in tax payments, I should question whether that gets beyond the area.

Eliminate the residential question and I doubt whether it costs the city anything substantially. The streets that run through it are through streets that you have to have anyway, as a rule. I would question whether there is a great expense connected with that kind of an area, apart from the slum area where bad housing produces the crime—I agree with that.

Mr. BETTMAN. The areas are mixed, they are full of all kinds of things, as you know, such as abandoned retail stores, or until somebody moved upstairs of what used to be a warehouse, abandoned decrepit storage places of all kinds into which some persons may have moved, some ramshackle little houses, old houses scattered around in the midst of these abandoned or decrepit ex-retail, ex-storage, ex-wholesale structures. As a rule, it is a mixed situation. The blighted areas are not all fit for habitation. We use the word "slum" for those types of areas which are permanently habitation areas, but these areas are not all habitation areas, they are all decrepit, obsolete areas, where there are vacancies, where they have declined in tax values and they have declined in tax production. There is nothing to show they have declined in public cost.

Senator ELLENDER. I am free to confess I have misunderstood your proposition.

Mr. BETTMAN. Yes.

Senator ELLENDER. I am inclined to the belief of Senator Taft, that the Federal Government should not step in and try to remedy the situation that you just described.

Mr. BETTMAN. No; but just to aid it.

Senator ELLENDER. Now, in your proposal you state that for an area that would be, let us say, called blighted, a certain plan would be proposed.

Mr. BETTMAN. That is right.

Senator ELLENDER. What would you have in contemplation there in order to repay the Federal Government for purchasing that land or advancing the money to purchase it?

Mr. BETTMAN. The area would be turned over to the Redevelopment Corporation, which would pay a ground rent on it, or which would buy it.

Senator ELLENDER. Who would finance the building of these homes or review producing facilities?

Mr. BETTMAN. That would be financed by whatever the ordinary method of financing of that type of construction is, that is, the group dwelling with the shopping center. That would be financed like anything is financed.

Senator ELLENDER. Would all of that have to be agreed to in advance before the purchase would be made and the money advanced by the Government?

Mr. BETTMAN. The plan would have to be agreed to.

Senator ELLENDER. I mean the execution of it. You would have to obtain some method by which the Government would have to be repaid.

Mr. BETTMAN. That is right.

Senator ELLENDER. According to your view, the whole plan would be so arranged that the money borrowed from the Government would be repaid and provision would be made for its repayment.

Mr. BETTMAN. None of that money would go to construction.

Senator ELLENDER. I understand. I am talking now about the repayment to the Federal Government of the money advanced. All of that would have to be agreed to in advance.

Mr. BETTMAN. The area would be turned over to the Redevelopment Corporation under a purchase or under a lease, and all that it paid for the land would go back to the Government.

Senator ELLENDER. I doubt if you could get such a plan executed.

Mr. BETTMAN. Why not?

Senator ELLENDER. Well, to have the plan worked out in advance, that is, first circumscribe the area and then put a value on it, and then obtain companies or individuals or agencies to actually agree in advance to finance the construction of buildings, and so forth, whose revenues would partially pay to the Government, I am just wondering how far you would proceed if you depended strictly on the local people, on private capital. My guess is you would have to come back to the Government and make most of your money through the Government on a Government project.

Mr. BETTMAN. I would not think so, because some of it might be commercial, which paid for itself, and some might be industrial, which paid for itself; some might be purely private housing, which paid for itself. If the housing was the kind that went to F. H. A., I would say that is a different type of Federal aid. In other words, whatever the modes of financing were that were required by the construction.

Senator TAFT. You tried to separate it very clearly from housing. I wonder if there is not an intermediate step, and intermediate possibility? That is, that the Federal Government might finance the acquisition where, by doing so, they eliminate a comparatively large amount of slum housing, where two-thirds of the place is residential.

Mr. BETTMAN. That is right.

Senator TAFT. In order to do that, you might have to help the city finance a somewhat larger development plan. That seems to me a possible approach to it. I would regard that more favorably than a wide open plan.

Mr. BETTMAN. It would be predominantly housing, because all urban development is predominantly housing.

Senator TAFT. I had in mind whether in dealing with the housing problem, we should, to an extent greater than at present, separate the slum-clearance idea and motive from the construction of new housing. It occurred to me, in that way the thing might be worked out.

Mr. BETTMAN. You see, the financing of the construction would take whatever forms it usually takes under other laws. It might be perfectly private mortgage laws, it might be F. H. A. laws. Whatever the modes of financing construction are, under other laws, would be available.

Senator TAFT. The elimination of slums always seemed to be a somewhat different problem from the low-cost housing question.

Mr. BETTMAN. I am not talking about low-cost housing, because it does not follow because a slum is down here to day that low-cost housing is the type of thing you should put in there. You must not assume that in advance. It is a problem of planning for the city as a whole.

Senator TAFT. It seems to me we had testimony here yesterday or the day before—it was not very definite, but it implied that the cost

of low-rent housing was practically \$500 a unit greater if it arose out of the elimination of slum areas. It does not seem to me that cost ought to be tacked on to low-cost housing. That is an elimination problem rather than the provision of new housing. I thought perhaps we might separate those, and then have some plan, perhaps modified along your lines, for the elimination of slum housing.

Mr. BETTMAN. The problem is getting these areas in shape for rebuilding, the cost of getting them up to a point where they are in shape for rebuilding. I do not mean physical shape, but I mean legal shape for rebuilding.

Senator ELLENDER. According to your plan, you would have to have all of that agreed to before you took the land over: In short, you could be compelled to finance the purchase of the land and provide for repayment. That is the problem, as I see it, and it would be difficult of solution.

Mr. BETTMAN. I have assumed that the American people are not ready to permit their municipalities to pick up land without having a plan as to what to do with it. That is a possible concept, that the city has the power to pick up land here and there without having any plan as to what to do with it. This assumes we are not ready for that policy. Whether we ever will be or not, I do not know. We must know what to do with the land before the municipality shall have the legal power to acquire. That is why a use plan for the area is made a condition requisite to the power to acquire the land or to get Federal aid for the cost of exercising the power of acquiring the land. If you want to enter on a general policy of cities picking up lands knowing that sooner or later they will have a good use for them, that would be a different thing. The plan is made a requisite of the power to assemble the land simply because the city should not have general, unlimited power to buy the land or to get money from the Federal Government just to buy land.

Senator TAFT. Are there any further questions?

If not, thank you very much, Mr. Bettman.

Mr. BETTMAN. Thank you very much.

(The matters heretofore referred to are as follows:)

STATEMENT OF THE AMERICAN INSTITUTE OF PLANNERS (THROUGH ITS COMMITTEE ON LEGISLATION) CONCERNING FEDERAL LEGISLATION FOR AID TO URBAN REDEVELOPMENT WITHIN THE STATES

By urban redevelopment is meant the rebuilding, rehabilitation, and reconditioning of what are known as the blighted districts of American cities. Blighted districts are those portions of urban areas in which, owing to the obsolescent condition or character of existing buildings, or the obsolete lot and street layout, or the obsolete character of the existing land uses, or combinations of these factors or causes, there is a state of decline and stagnation of development, thereby damaging the prosperity of our urban communities, the tax bases upon which municipal revenues depend, with harmful effects upon the health, prosperity, and welfare of the inhabitants, and the cure of which necessitates a redesign or re-planning of the areas and such disposition of the areas as will produce rebuilding or rehabilitation in accordance with the replanning.

Blighted districts include slums but are not limited to slums. Urban redevelopment legislation deals with sick areas, whether they be new housing, commercial, industrial, or, as is usually the case, mixed.

While the largest portion of the needed redevelopment, as indeed of all urban development, will be for housing, that is for habitation, it is of the utmost importance to realize that urban redevelopment is not to be restricted to slum areas or to housing; that urban redevelopment legislation, though important for housing, is not housing legislation, and that the appropriate organization, procedure,

and basic principles for the redevelopment of blighted, including slum, areas, should not be identical with those which might be advocated were we dealing exclusively with slum areas or with redevelopment exclusively for housing. Indeed, if the housing itself is to be located where it ought to go and not be simply a beginning of a new era of blight, the legislation for the redevelopment of blighted (including slum) areas should recognize that urban redevelopment must be planned by urban planning, not housing, agencies and the assembling and disposition of the land for the redevelopment must be administered by administrative redevelopment, not housing, agencies. As was well stated by Mr. Langdon Post in the conference held by the California State Reconstruction and Reemployment Commission (Sacramento, October 18, 1944):

"The local housing authorities are merely another agency through which the dispersal agency, the urban redevelopment agency, could negotiate and deal for the purpose of rehabilitating an area which the planning commission believes is suitable for that kind of housing."

Housing agencies, public and private, will take over and do the constructing on the areas which are to be used for housing; but there will be no sound urban redevelopment unless the planning and assembly and disposition of the areas be in charge of planning and administrative bodies whose functions are not weighted with either exclusive or overmastering concern with one functional use, even habitation.

In his article on Urban Redevelopment Explained, Gen. U. S. Grant 3d, listed as types of blighted areas—

"Blight is an urban disease which, like leprosy, is undermining the economic vitality of our cities, while manifesting itself in various symptoms. Among these we readily recognize (a) areas of decreasing taxable and use values, without corresponding decrease in municipal operating and maintenance costs; (b) areas gradually being abandoned or relegated to uses incongruous with the character of surrounding neighborhoods; (c) areas incapable of adequate development in the normal way because of initial faulty subdivision, topographic obstructions, or the thoughtless intrusion in the past of artificial obstacles to normal development; (d) finally, slums with their squalid and overcrowded conditions, breeding crime, disease, and only too often bad instead of good citizens. * * *

"In conclusion, one thing needs to be emphasized: Urban redevelopment is not merely an effort to provide decent homes for the poor with the help of Government powers and subsidies; it is much more, it proposes to take back into public ownership the parts of our cities that are blighted, to replan them so as to adapt them to the economic and social requirements of today, and to rebuild them as balanced and healthy, stable parts of the city with the facilities and amenities recognized as essential today. Slum clearance will necessarily be included as an important element, but only one element of the redevelopment."

Urban redevelopment legislation is intended to provide principles and procedures whereby the land in the blighted (including slum) areas will be assembled and then leased or sold to developers, to be redeveloped in accordance with sound redevelopment plans. Such legislation is therefore not concerned with the financing of construction, whether public or private or for housing or other uses. The grant of powers to the municipalities to assemble the land, to make the redevelopment plans and lease or sell the areas subject to the plans will, of course, have to be derived from state enabling legislation, and consequently Federal legislation in this field will be concerned with Federal financial aid to the municipalities for these purposes, with the conditions to be attached to such aid, and with the organization, administration, and procedures for such aid.

Obviously urban redevelopment offers the opportunity for large-scale employment of labor and purchase and use of materials, and, from that point of view, is worthy of the favorable attention of the Federal Congress. Furthermore, so considerable a portion of the inhabitants of the United States are adversely affected by the blighted conditions which urban redevelopment is intended to cure, that the problem calls for national attention by virtue of its scale. Furthermore, the gradual and progressive cure of urban blight is so necessary, not only for the reduction of the social evils produced by that blight, but also for the economic soundness of urban communities, that the whole national economy is adversely affected by the continuation of that blight and will be beneficially affected by its cure. These considerations demonstrate the justification for Federal financial aid if needed.

There can be no doubt that Federal financial aid is needed; and the obvious reason for this need is that, under the present Federal, State, and local taxation systems in this country, the revenues directly available to the localities are insufficient, and some of the moneys which the citizens and residents of the cities pay

for taxes levied and collected by the Federal Government may fairly be considered as local revenues which, under our tax system, are payable to the Federal Government and which the Federal Government ought therefore return to help meet such imperative situations as those produced by urban blight.

We therefore submit the following principles of Federal urban redevelopment legislation:

First. That the Federal Government should furnish aid to the urban communities for urban redevelopment, which means funds to be applied to the assembly of the land of blighted districts and the areas thereof.

As Federal aid on a substantial scale would furnish so prime and effective a stimulation to urban redevelopment, and as, furthermore, all of the moneys which the municipalities would realize from the leases or sales of the areas would be applied to the reimbursement of the aid, we do not see any good reason for requiring State aid as a condition of Federal aid—a requirement which would unnecessarily delay and complicate the redevelopment process.

Second. The planning of the redevelopment, the administration of the land assembly and the leasing and selling of the areas and the administration of all the details of the redevelopment should be left to the local governments, and the Federal Government should not impose any particular plan or any particular administrative organization upon any municipality. Naturally the Federal Government should require the necessary State and local legislation, and possibly, in the administration of the Federal aid, some standards for this legislation might well be prescribed; perhaps even a few more or less standardized clauses in leases or sales of areas, as, for instance, forms of assurance that the redevelopment plan will be carried out and maintained and modes of protection and enforcement of the plans; possibly going so far as to specify that, with appropriate financial adjustments, leases or sales would permit the recapture of the area by the community if that should prove to be necessary to prevent the decay of the area. But the redevelopment plans themselves and the administration of the redevelopment should be left to the uncontrolled discretion of the local governments themselves.

Third. One of the standards which should be imposed as a condition of Federal aid is that the municipality which receives it shall have an official planning agency and that that agency shall formulate what is called a master plan which would serve as a guide to and tool of integration of the more detailed and particularized redevelopment plans of the redevelopment areas.

The master plan should therefore contain at the least the general extents, locations, and characteristics of the distribution of the uses of the land of the planned territory for communication, transportation, industry, business, recreation, education, public buildings, and other general categories of public and private uses of the land. Then before any Federal aid for the land assembly of any proposed redevelopment area occurs, a redevelopment plan should be a requisite which would, with a considerable degree of definiteness, specify the extents and locations of the proposed land uses within the area for habitation, education, recreation, civic activities, transportation, sanitation, and the other classes of public and private land uses, as well as standards of population density and building intensity, and consequently the locations and extents of open spaces, public and private. In the interest of soundness from the point of view of both social and economic values of the area redevelopment plan, the legislation should require that the planning agency shall make the area plan subject to the approval of the governing body of the municipality.

Fourth. On the important question of the character of the Federal agency which will be in charge of the Federal aid, while there is present as usual the question of whether it should be single headed or a multiple-headed agency, the important specification is that, as the soundness of the redevelopment is dependent upon the soundness of the planning for all the functional land uses and activities, the Federal agency which administers the Federal aid shall, analogous to the local planning agency which makes the plan, be primarily interested in the planning for all the categories of land uses and not in one or a few of the functional land uses, such as housing or highways or Federal public works. It is for this reason that a housing agency or any agency which has charge of construction or administration of any other functional land use or facility is not the appropriate agency to administer Federal aid for urban redevelopment; nor is there in the present organization of the Federal Government any agency which is appropriate for this function. At the same time, we call attention to the fact that while almost every administrative agency in the Federal structure has relationships with municipal land uses, as, for instance, the Corps of Army Engineer-

with local flood works, the Bureau of Public Roads with highways running through the municipalities, the Federal works agencies with numerous classes of public works and utilities, the National Housing Agency with public and private housing, and so on, still, there is no one public agency whose function is that of Federal relationships with the planning of the cities and with the integration and coordination of all the functional types of physical development, public and private, Federal, State, and local; and, as sooner or later, such a Federal agency will need to be established if we are going to realize in our urban communities the social and economic benefits of good developmental planning, this would seem to be the appropriate time for the establishment of such an agency in connection with urban redevelopment aid.

Fifth. On the question of the form which the Federal aid should take, the main question being the commitments which the municipalities should be required to make, it is important that, in view of the unpredictable elements, the municipality to which the aid is furnished should not be required to commit itself to a repayment out of its tax revenues; for, unless the aid is furnished at so low a rate of interest and with such long-term maturity that the direct returns from the ground rents and proceeds of sales of the areas will cover the obligations attached to the aid, the municipality will be tempted to such a selection of areas for redevelopment and such population density and building intensity standards that assurance of getting enough out of the areas to repay the aid rather than sound standards would become the controlling motivation. It would be unfortunate if the redevelopment to cure one area of blight should become the beginning of another era of blight.

There is good reason for the trust that in the long run urban redevelopment will directly pay for itself, that is, will produce direct rentals or sales proceeds sufficient to pay the cost of acquiring and assembling the land. But it is the long-run pooled proceeds of the whole process of redevelopment which should be relied upon and not the results of any particular area or of the early areas chosen for redevelopment.

For these reasons the best policy would seem to be that the financial obligations required of the municipalities relating to the repayment of the aid be to pay over, up to the aggregate extent of the aid, the revenues and proceeds derived from the areas in which the aid is used for land assembly. This means that the securities which would be demanded from the municipality be income or revenue type of security in which the general credit or tax revenues of the localities are not committed.

On the subject of interest for the advances, we believe the Federal Government could well afford to make these advances without interest, or at least require not more than 1 percent to cover administrative expenses.

The American Institute of Planners, whose members may be said to constitute a group which, by virtue of their professional and official vocations, has had greater occasion and greater facilities for the study of the problems involved in urban redevelopment than any other group, begs to submit the foregoing considerations to the Congress of the United States and to the committees and subcommittees to which the pending urban redevelopment bills have been referred.

Respectfully submitted.

THE AMERICAN INSTITUTE OF PLANNERS
(Through its Committee on Legislation),
ALFRED BETTMAN, *Chairman*,
CHARLES W. ELIOT 2d,
F. A. PITKIN,
FLAVEL SHURTLEFF.

By ALFRED BETTMAN, *Chairman*.

THREE PLANS FOR FINANCING URBAN REDEVELOPMENT

(By Alvin H. Hansen)

A. THE NEED FOR URBAN REDEVELOPMENT

Any plan for financing urban redevelopment must go straight to the roots of the conditions confronting towns and cities in the United States. Slum and blighted areas are spreading in all urban communities. Financial limitations, both in terms of statutory limitations on local debt and taxable capacity, make it impossible for cities and towns to cope unaided with this problem.

Yet the need for redevelopment is great. About one-third of the total urban population live in slums and badly blighted districts. The incidence in slum areas of major crimes, juvenile delinquency, fire hazards, tuberculosis, and other preventable diseases—far in excess of the city as a whole—are well known. Cities service costs in slum and blighted districts are frequently six or seven times the tax revenues. Slum and blight is not only a social problem; it is a problem of urban finance.

To tackle this problem it is generally recognized that the land in the slum and blighted areas must be assembled and brought under unified control. The acquisition and assembly of the land, and the making of a comprehensive land-use plan should be undertaken by the municipalities themselves. But municipal debt limitations and fiscal incapacity make it impossible for the cities without aid from the Federal Government to finance the land purchase program.

In accordance with the redevelopment plan, part of the assembled land must be used for parks, playgrounds, streets, and public buildings. A sound redevelopment program requires more open spaces. Standards must be imposed to protect against excessive density. This is an important part of the cost of a sound redevelopment program. But most of the assembled land would be available for residential, commercial, or other business use. For these purposes the land would be leased or sold by the municipality to private companies for development in accordance with the master land-use plan.

Urban redevelopment will stop the spread of blight and deterioration of property values. It will strengthen the fiscal capacity of Federal, State, and local governments. It is reasonably expected that the direct and indirect returns from the redevelopment process will amply justify the cost of the program from a strictly financial standpoint. Broad social and economic benefits will accrue to the community as a whole through the revitalization of our towns and cities, the elimination of the social and financial costs of slum and blight, and the general stimulus to construction, employment, and high income levels.

B. THREE PLANS FOR FINANCING

I shall discuss briefly three plans for financing the assembly of the land. All involve some measure of Federal aid. Some would involve capital financing by the Federal Government; others would not. The plans differ also as to the extent of urban redevelopment which can feasibly be undertaken.

Plan I. Federal loans.

Under this plan it is proposed that the Federal Government make loans to the municipalities at 1 percent interest with an amortization period of 100 years. This would make the annual interest and amortization payments 1.56 percent of the initial loan. A hundred-year amortization period, while inappropriate for structures, may be regarded as not inappropriate for the purchase of land, particularly if land use is controlled by comprehensive planning.

Under this plan the cities would pledge their full faith and credit to pay the annual fixed charges, interest, and amortization, of 1.56 percent. The Congress might appropriate the funds available for making such loans, and the annual interest and amortization payments might flow into a revolving fund to provide for a continuing program.

Under this plan it is clear that the Federal Government would subsidize the land assembly to the extent of the difference between the 1 percent obtained on the loans and the cost of money to the Federal Government.

This plan could enable cities to engage in a considerable amount of urban redevelopment without financial cost to themselves. All projects which yielded net returns equal to 1.59 percent on the purchase price would become feasible for redevelopment.

There is, however, the danger that municipalities in undertaking a redevelopment project would endeavor to make it pay out by permitting or even encouraging densities way beyond the limits of a sound development. If excessive densities are permitted, unsound projects would lead again to future slum and blight. Alternatively, there is danger that the cities will select only such projects as can cover the fiscal charges, thereby failing to tackle the really difficult problem of redevelopment of the serious slum and blighted areas.

In some cases it would doubtless be possible for cities to undertake costly projects by subsidizing the difference between the annual fixed charges and the net returns from the land rentals.

Everything considered, while plan I is far from adequate or ideal, it is clearly better than nothing. While the results would be limited, something worth while could be achieved under this plan.

Plan II. Local financing with Federal guaranty.

Under this plan it is proposed that urban land authorities be created by the municipalities with power to issue revenue bonds amortized in a hundred-year period, such bonds to be fully guaranteed by the Federal Government. Being so guaranteed, the bonds would not come within the statutory local debt limitations. The procedure would be similar to the local financing by local public housing authorities. Being exempt from Federal taxation, the urban land authorities could float bonds at a low rate of interest, presumably around 2 to 2½ percent or less. In view of the low interest rate and the long amortization, the annual fixed charges would run from around say 2.25 percent to 2.75 percent.

Since the bonds are guaranteed by the Federal Government, the difference between the annual fixed charges and the annual returns from the redevelopment process would be a liability of the Federal Government. It is proposed, however, that the municipalities contribute one-third of the annual "loss"—the difference between the annual charges and the net return from the lease of the land. With respect to each development project, estimates would be made of the probable annual net return from the land from which the probable annual Federal subsidy could be calculated. Thus, with fixed charges of 2.5 percent and net rentals at 1.0 percent of the purchase price of the land, the Federal annual subsidy (covering two-thirds of the annual loss) would run at \$10,000,000 per annum for every billion dollars of assembled land. The Congress would, however, have to authorize complete cover on the guarantee in order to ensure the investor against loss in the event that the local government failed to make good on its annual subsidy, and in the event that the net annual returns, from the land proved to be less than had been estimated. At all events the maximum annual contribution of the Federal Government can specifically be set forth, and the probable annual contribution for each development project could be fairly accurately estimated.

This plan has several advantages. In the first place, it would involve no capital financing by the Federal Government. Moreover, the local financing (by local land authorities) would not be hampered by municipal debt-limitation. Both the Federal and the local contributions would consist of annual payments which could fairly specifically be estimated. The financing procedure would involve no increase either in Federal debt or local debt.

Plan II is, I think, distinctly superior to plan I. Urban redevelopment can go farther if a municipality is called upon to provide a relatively small annual subsidy than if it were to pledge its full faith and credit for the capital financing of the assembled land.

Plan II has the advantage not only of providing a method of financing involving neither the increase of Federal or urban debt, but also of providing for local financial participation and therefore increasing local responsibility. Local financial participation may, however, impose limits upon the possible extent of the program. There may be a danger, as in plan I, that municipalities would undertake only such redevelopment projects as would involve relatively little subsidy or else would be tempted to make the projects pay out by pushing densities beyond the limits required by a sound development.

Plan III. Federal advances.

The method here proposed is that of Federal advances of funds to municipalities for the purchase and assembly of slum and blighted land. This is the method proposed in the revised Thomas bill.

The Thomas bill provides that the cities shall in no way pledge their faith and credit to repay the sums advanced by the Federal Government. The cities are, however, required to pay over to the Federal Government any net returns obtained from the lease of land to private development companies. These payments from net rentals would continue until the principal sums advanced by the Federal Government were paid, plus 1 percent annually on advances remaining unpaid. The net rentals thus paid over might indeed never equal even the principal sums advanced. The obligation of the city is merely that the payment of net rentals shall not cease until repayment in full of the sums advanced plus 1 percent per annum upon each advance or the balance thereof not covered by prior payments.

Clearly this plan assumes that the Federal Government is prepared to absorb losses accruing from the difference between the acquisition costs and the use value of the land. Under the Thomas bill the Administrator is directed, in making an advance to the local government, to consider broadly the effect of the development program upon the productivity and real income of the community as a whole, rather than the probable payments from net rentals which any project area may

yield. This is precisely the kind of consideration that the Federal Government has in mind when it subsidizes road building. It does not do so with the idea of getting direct returns, but rather with the idea of promoting the general productivity and real income of the entire community. Indirectly it can be expected that the benefits flowing from the development program will increase the taxable capacity of the Federal Government. Thus, while direct losses may be suffered, the Federal Government may nevertheless gain financially when all the indirect financial benefits to the community as a whole are appraised. So far as the direct returns to the Treasury are concerned, the success of the Thomas bill plan might be regarded as fairly good if the sums advanced were repaid without any interest whatever. In the case of Federal aid to road construction, no direct returns are contemplated. Under the redevelopment plan as envisaged by the Thomas bill very large direct returns would flow back to the Federal Government in addition to the indirect and general benefits accruing to the prosperity of the community as a whole and therefore to the fiscal capacity of the Federal Treasury.

This plan has the great advantage that it would permit urban redevelopment to proceed on a sound basis without being hampered by the financial limitations of local communities. Desirable densities could be imposed which would insure a sound development. Cities would not be tempted to "sweat the land" with excessive densities in order to pay out. While initially more costly to the Federal Government, the cost truly appraised may in the end prove to be less than that of other plans which might limit and restrict the execution of a really sound and adequate redevelopment program.

It is estimated that the total cost of assembling all slum and blighted land in this country would not exceed from twelve to fifteen billion dollars. If this program were spread over a period of 15 to 20 years, the annual outlay of the Federal Government for capital financing would amount to around \$750,000,000 a year. In view of the enormous benefits which could be expected to accrue to the Nation as a whole, this may be regarded as a productive and wise investment and well within our fiscal means. That it would contribute directly and indirectly to a high level of national income and thereby lessen the real tax burden, is a reasonable expectation.

[S. 953, 78th Cong., 1st sess.]

A BILL To establish the Urban Redevelopment Agency and to provide financial assistance to the municipalities and urban areas of the United States for their development in accordance with plans therefor, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby declared, as a matter of legislative determination and policy that—

1. In order to secure sound economic practices with respect to urban affairs and to reduce to a minimum the expenditures necessary to revitalize and modernize urban communities, it is necessary to institute a program of planned and ordered urban development.

2. The replanning and redevelopment of blighted or obsolescent (including slum) districts and the reduction of the blighting factors in urban development require the comprehensive planning of the whole of the urban area, and this planning should proceed without delay.

3. This Act is designed to strengthen the fiscal condition of urban communities, to encourage and stimulate private and public capital investment in urban development, to reinvigorate the building construction industry, to provide useful employment, to increase the productivity of the population, and to raise national living standards.

TITLE I

THE URBAN REDEVELOPMENT AGENCY

SEC. 2. There is hereby created and established the Urban Redevelopment Agency, which shall be administered and the powers of which shall be exercised by a Federal Urban Redevelopment Administrator (hereinafter termed "Administrator"), who shall be appointed by the President, by and with the advice and consent of the Senate, to hold office for a term of five years and until his successor is appointed and who shall receive a salary at the rate of \$12,000 per annum and shall be removable by the President upon notice and hearing for neglect of duty or malfeasance, but for no other cause.

SEC. 3. The Administrator is authorized to appoint without regard to the civil-service laws a Deputy Federal Urban Redevelopment Administrator, who shall act as Administrator during the absence or disability of the Administrator or in the event that the office is vacant.

SEC. 4. The Administrator is authorized to establish such agencies and to appoint and employ such officers and employees as he may find necessary for the proper performance of the duties of the Agency under this Act and may prescribe their authorities, duties, responsibilities, and tenures and fix their compensations. The Administrator may delegate any of the functions and powers conferred upon him by this Act to such officers, agents, and employees as he may designate or appoint.

The Administrator may accept and utilize such voluntary and uncompensated services and, with the consent of the agency concerned, may utilize such officers, employees, equipment, and information of any agency of the Federal, State, or local governments as he finds helpful in the performance of his duties or the function of the Agency. In connection with the utilization of such services, the Administrator may make reasonable payments for necessary traveling and other expenses.

SEC. 5. (a) The principal office of the Agency shall be in the District of Columbia, but the Administrator may establish branch offices or agencies in any State, and may exercise any of its powers at any place within the United States. The Agency may, by one or more of its officers or employees or by such agents or agencies as the Administrator may designate, conduct hearings or negotiations at any place.

(b) The Agency may sue and be sued in its own name, and shall be represented in all litigated matters by the Attorney General or such attorney or attorneys as the Administrator may designate.

(c) The Agency shall be granted the free use of the mails in the same manner as the executive departments of the Government.

(d) The Administrator may make such expenditures, subject to audit under the general law, for the acquisition and maintenance of adequate administrative agencies, offices, vehicles, furnishings, equipment, supplies, books, periodicals, printing and binding, for attendance at meetings, for any necessary traveling expenses within the United States, its Territories, dependencies, or possessions, and for such other expenses as may from time to time be found necessary for the proper administration of this Act. Such financial transactions of the Agency as the making of advances, and vouchers approved by the Administrator in connection with such financial transactions, shall be final and conclusive upon all officers of the Government; except that all such financial transactions of the Agency shall be audited by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe.

(e) The provisions of section 3709 of the Revised Statutes (U. S. C., 1934 edition, title 41, sec. 5) shall apply to all contracts of the Agency for services and to all of its purchases of supplies, except when the aggregate amount involved is less than \$300.

SEC. 6. In January of each year the Agency shall make an annual report to Congress of its operations and expenditures, including advances made or contracted for.

SEC. 7. It shall be the province and duty of said Agency to foster the economically sound and socially beneficial development of the urban areas of the United States in accordance with the comprehensive planning of such areas or of the municipalities therein; to diffuse amongst the people of the United States useful information on urban planning, particularly as affecting or affected by the national economy; to institute research into the economic and social factors of the physical development of urban communities and to analyze, organize, and disseminate the results thereof; to promote sound principles, methods, and criteria of municipal and urban area planning and improved financial and other mechanisms for execution of such plans; and to assist in the coordination between Federal policies and urban development.

SEC. 8. Neither the Administrator nor any officer or employee of the Agency shall participate in any matter affecting his personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly interested.

SEC. 9. The Administrator may from time to time make, amend, and rescind such rules and regulations, consistent with the provisions of this Act, as he may deem necessary to administer and carry out the provisions of this Act and the functions reposed in the Agency by this Act.

TITLE II

FEDERAL ADVANCES FOR LAND ACQUISITION FOR URBAN DEVELOPMENT

SEC. 10. The Administrator may make advances to municipalities for the acquisition of real property for the carrying out of plans for the development (including redevelopment) of the territories of municipalities, respectively, or of districts, areas, or other parts thereof or of urban areas of which such municipalities are parts.

SEC. 11. Any municipality which receives an advance or advances shall be obligated to pay over to the Administrator the rentals received by the municipality from and under the lease or leases of the project area or areas in which the real properties acquired in whole or part from the proceeds of the advances may be located; also the rentals and revenues received by the municipality from any of said real properties while held by the municipality pending the assembly and leasing of the project area or areas or after the termination of any such lease for any cause and pending the consummation of a new lease; also the rentals and revenues received by the municipality from leases or operation of real property acquired outside of the project areas but for the protection or effectuation of project area plans; also such portion of the revenues received by the municipality from any revenue-producing public utility or works for which an advance for real property acquisition shall have been made under this title as the Administrator may determine to be equivalent to a ground rent which, for a similar use, would be properly chargeable to a private lessee or operator.

Such payments of rentals and revenues shall continue until the total payments by the municipality to the Administrator shall aggregate the total amount of the advances plus 1 per centum per annum upon each advance or the balance thereof not covered by prior payments. The instruments setting forth the said obligations of the municipality shall contain such provisions as, in the opinion of the Administrator, will secure and effect that the said rentals and revenues shall be paid over to the Administrator up to the aggregate amount of the advances to such municipality plus said per centum.

No advance shall exceed the cost to the municipality, as certified by it, of the property with respect to which it is made; and the Administrator may require proof that the cost, whether the property be acquired through purchase, condemnation, or otherwise, is reasonable and has not been increased by reason of the prospective public works and utilities shown upon the master or project-area plans or by reason of the prospective assembly of the land in the project area in which the property is located or by the capitalization of earnings arising from failure to comply with the structural and sanitary standards specified in the State or local legislation regulating such buildings.

All of the said rentals and revenues received by any municipality from the project areas and other real properties within such municipality whose acquisition shall have been financed in whole or part by advances to such municipality shall be pooled. Payments by a municipality from the pool shall be made semi-annually, dating from the date of the first outstanding advance to the municipality. These payments shall continue, nor shall any land acquired by means of an advance be withdrawn from the pool, until all outstanding advances to the municipality and the additional 1 per centum per annum shall have been fully covered. The Administrator may require, as a condition of an advance for the acquisition of real property in a project area or elsewhere, that the requirement to pay over the rentals, revenues, and proceeds as hereinabove set forth shall apply to two or more municipalities of the urban area in which such property is located; and the Administrator may require that all such rentals and revenues from all properties acquired within an urban area be placed in a common pool applicable to the advances to all the municipalities of such urban area.

The Administrator may require that the net proceeds of compensated transfers of real properties in the project areas by the municipality to other political subdivisions, or other sums, such as grants or loans which represent recoupments of the cost of real property acquired with the aid of advances under this Act, shall be placed in the pool.

The Administrator is directed, in determining upon an advance, to consider the social and economic consequences of the planned long-term development of the municipality or urban area as a whole, the desirability of the project or projects in terms of the long-run effect of the development program upon living standards and upon the productivity and real income of the community as a whole, rather than the probable payments to the Administrator which that particular project area may yield.

SEC. 12. Advances under this title may be made to those municipalities only as satisfy the following requisites, furnish the following plans and reports, and take the following actions:

(a) That the municipality has a planning agency.

(b) A master plan made and adopted by the planning agency and which includes at least the following:

1. The general location and extent of existing and proposed future major thoroughfares, of street railway, bus, railroad, air, water, and other transportation routes and terminals and of other major transportation and communication public utilities.

2. A land-use plan which designates the proposed general distribution and general locations and extents of the uses of the land for housing, business, industry, recreation, education, public reservations, and other general categories of public and private uses of the land. In determining the location and extent of the land for housing, consideration should be given not only to the transitional but also to the permanent provision for adequate housing for families to be displaced by redevelopment projects.

3. A statement of the standards of population density and building intensity recommended by the planning agency in and for the various districts or other territorial units shown upon the maps included in the master plan.

4. Supporting data including estimates of population growth and a general description of the amount and kind of industrial, business, and other economic activities for which the planning agency deems that space should be supplied within the territory covered by the plan.

The Administrator shall have the power to prescribe whether the above-mentioned plan shall in any instance cover a single municipality or an urban area.

(c) The project area development plan, adopted by the planning agency and approved by the chief legislative body of the municipal borrower or borrowers, of the project area in which the land proposed to be acquired is located or for the effectuation or protection of which development the proposed land acquisition is necessary, which area development plan shall designate the locations and extent of streets and other public utilities within the area and the other features of a site and bulk plan for the development of the area, including the definite and specific locations and extent of the land uses proposed for and within the area, such as housing, recreation, business, industry, schools, open spaces, and other categories of public and private uses. The plan shall include a time schedule of the development and of the clearance if any.

(d) A statement by the planning agency, approved by the chief legislative body of the municipality, of the limitations, restrictions, and regulations to be imposed or accomplished, whether by exercise of the police power or procured by purchase or condemnation, of or upon land uses within a territory surrounding the proposed project area and of an extent satisfactory to the Administrator, for the purpose of the protection of the economic strength and social benefits of the proposed project area development.

(e) An agreement with the Administrator by the municipality that it will transfer to or place under the jurisdiction of the appropriate public bodies, administrative officers, departments, and agencies those pieces of real property which, in accordance with the project area development plan, are to be devoted to construction, operation, or use by the municipality or other political subdivisions, such as the streets and other public utilities and works, public recreational spaces, schools and other public uses (except public housing); and that it will, without public bidding but after a public hearing upon the proposed lease, lease as an entirety the remainder of the project area, which, in accordance with the plan, is to be devoted to public housing or to private housing, industry, business, or other private uses, or to mixtures or combinations of such uses, to a qualified corporation or public housing authority.

The initial term of any such lease shall not exceed thirty years; but the instrument of lease may provide for renewals upon reappraisals and with rentals and other provisions adjusted to such reappraisals. Every such lease shall provide that the lessee, its successors, assigns, and subtenants shall carry out or cause to be carried out the approved project area development plan or approved modifications thereof in accordance with the time schedule specified in the plan or modifications, and that no use shall be made of any land included in the lease nor any building or structure erected thereon nor any use of any such building or structure which does not conform to such plan or modifications. All the terms and provisions of any such lease or the assignment of any such lease by the lessee

shall be subject to the approval of the Administrator. The making of the advance or parts thereof may precede the actual effectuating of the lease or the determination of all the detailed terms and provisions of the lease; but the municipality shall agree that such terms and provisions shall be subject to the approval of the Administrator before the lease be entered into or have legal validity or effectiveness.

The agreement by the municipality shall contain provisions to the effect that the use which the municipality makes or to which it devotes or allows to be devoted any real property of or within the project area shall conform to and be harmonious with the category of public or private use for which such property is designated on the then (that is, at the time of the use) master plan and on the approved project area plan on which the advance was based or such modifications thereof as may be consented to by the Administrator. The agreement by the municipality shall also contain provisions whereby the municipality commits itself to the carrying out, whether by ordinance, acquisition, or other means, of the limitations, restrictions, and regulations described in the above subsection (d) or such modifications thereof as may be consented to by the Administrator.

SEC. 13. Nothing contained in section 12 or elsewhere in this Act shall be construed to prevent the municipal borrower, pending the devolution of any real property to the use specified in the approved plan, from maintaining or permitting the lessee to maintain any improvement which may be upon the property at the time of its acquisition or from temporary leasing or letting of such property for a period which will not interfere with the carrying out of the development or other purpose of the advance in accordance with the time schedule specified in the submitted plan or in accordance with the agreement entered into by the municipality in connection with the advance.

SEC. 14. In passing upon an application for an advance, the Administrator is directed to take into consideration the adjustment of the master plan of the municipality or urban area to available authoritative data relating to the national distribution of industry, economic activities, and population; and if the Administrator deems that the master plan submitted to him by a municipal or urban area planning agency is based upon untenable population, industrial, or income estimates, he may submit to it a report on this aspect of the plan in order that it may make such modifications in the plan as may represent a better adjustment to the national economy and to national planning.

In the interest of a socially and economically sound achievement of the master plan, the Administrator, in passing upon applications for advances, is directed to give due consideration to a balanced program of redevelopment of blighted territory and the development of new areas.

In addition to the plans and statements specified in section 12, the Administrator may require such other data as he deems necessary to indicate that the social and economic strength of the municipality or urban area and of the Nation will be progressively strengthened by the carrying out of the plans and programs.

The Administrator may attach to any advance any conditions and requirements in addition to and which are not inconsistent with those specified in this Act.

SEC. 15. In the event that at any time or times subsequent to an advance the planning agency of the municipality adopt any modification of the master plan or the planning agency adopt and the chief legislative body approve any modification of a project-area development plan the Administrator may consent to such modification of the agreements entered into by the municipality or of the terms and provisions of any lease made by the municipality as in the Administrator's judgment might be desirable to harmonize such agreements, or lease, with said modification of the plan.

SEC. 16. The acquisition or assembly of real property by a municipality and the holding or leasing thereof for redevelopment or development pursuant to master and project area plans are hereby declared to be public uses.

SEC. 17. The sum of \$ _____, to remain available until expended, is hereby authorized to be appropriated to the Urban Redevelopment Agency for the fiscal year ending June 30, 1944, to carry out the purposes of this title and for administrative expenses in connection therewith.

In addition to aforesaid appropriation, receipts from payments by municipalities to the Administrator under the requirements of section 11 of this Act, exclusive of the additional 1 per centum, shall, without further authorization or appropriation by the Congress, be available to the Agency, in accordance with such procedure as may be prescribed by the Secretary of the Treasury, as a revolving fund for further advances under this title.

DEFINITIONS

SEC. 18. The following terms, whenever used or referred to in this Act, shall, unless a different intent clearly appears from the context, be construed as follows:

1. "Agency" means the Urban Redevelopment Agency and "Administrator" means the Administrator thereof.

2. The word "law" includes Federal and State statutes and municipal charters and municipal ordinances enacted under statutes or charters.

3. The term "urban area" is meant to designate the combined territory of one or more municipalities, or one or more municipalities and surrounding unincorporated territory, which together constitute an urbanized and urbanizing territory predominantly used or needed in the future for the location of and sites for the requirements of urban, as distinguished from rural or agricultural, life, and therefore possessing such common and interrelated social, economic, and developmental problems as to be an appropriate unit for urban planning. The Administrator may, for the purpose of the exercise of his powers under this Act, define the boundaries of any urban area even though such determination include less or more territory than might be included within an urban area as above defined.

4. The word "municipality" or "municipalities" includes cities and other incorporated urban political subdivisions; also the unincorporated territory which lies within an urban area, as, for instance, a part of a county included in an urban area. If an urban area have a metropolitan or joint government or governmental agency possessing authority to acquire real property and enter into the agreements specified in title II of this Act, such area may be considered as a "municipality" under this Act. "Municipality" or "municipalities" includes agencies or instrumentalities of a municipality or municipalities.

5. The term "master plan" signifies a group of maps, charts, and descriptive, interpretative, and analytical matter and social, economic, and financial data which together present a general guide and pattern for the development of the territory of a municipality or urban area, and furnish, in the light of the general distribution of public and private land uses, of the standards of population densities and building intensities and of the social objectives and economic and financial practicalities presented and described therein, a framework of development within which the various districts, areas, and development projects of the planned territory may be more precisely planned and calculated. Master planning connotes a continuous process evolving with changing conditions and increased knowledge, and the "master plan," therefore, includes at any time the modifications and extensions thereof up to that time.

6. "Land" includes bare or vacant land, or the land under buildings, structures, or other improvements; also water and land under water. When employed in connection with the word "use," as for instance, "use of land" or "land use," "land" includes buildings, structures, and improvements existing or to be placed thereon.

7. "Real property" includes land, and also includes land together with the buildings, structures, fixtures, and other improvements thereon; also includes liens, estates, easements, and other interests therein; and also includes restrictions or limitations upon the use thereof other than those imposed by exercise of the police power.

8. "Development" includes both redevelopment of blighted (including slum) and other built-up territory and development of still undeveloped territory or combinations or mixtures of the same. It includes open-space types of uses, such as streets, recreation grounds, agricultural tracts, and spaces around buildings, as well as buildings, structures, and improvements. "Redevelopment" means clearance, redesign, reallocation, and rebuilding of the area or other territorial unit, but does not exclude the continuance of some of the existing buildings or uses whose demolition and rebuilding or change of use are not deemed necessary for the redevelopment.

9. "Project area" is an area of such extent and location as is deemed appropriate as a unit of development project planning and for a development project separate from the developments of the other parts of the municipality or urban area. In the provisions of this Act relating to leases to qualified corporations or public housing authorities, "project area" means that portion or remainder of the whole project area which, as stated in section 12 (e) of this Act, is to be devoted to either private uses or public housing or both.

10. "Qualified corporation" means a corporation which, by virtue of the statute or charter defining its powers, has the power to become a lessee of a development project area in conformance with the provisions of this Act and to fully perform

and comply with the terms of the lease of such area and which does not possess the power to engage in any enterprise or business other than the leasing, development, and operation of such project area. "Corporation" may be construed to include any form of association or legal entity which has succession throughout the period of a lease and renewals thereof and which possesses said powers and is subject to said limitations.

11. "Housing" includes and is synonymous with housing, habitation, or residential.

12. "Public housing" means housing constructed, acquired, or operated or to be constructed, acquired, or operated by a public housing authority, whether created under Federal, State, or municipal law, or by a public housing agency as defined in the United States Housing Act of 1937 (U. S. C., title 42, sec. 1402), and which has the power to be a lessee of a project area in conformance with this Act. The word "authority," when used in connection with public housing, includes any public agency or body or public corporation possessing said powers, whether designated as authority or by any other designation.

13. The term "planning agency" means an official planning body or agency created by law to which the function of making and modifying a master (general, comprehensive) plan of a municipality or urban area is expressly assigned by law. A planning agency of a municipality authorized by law to make a master plan of the territory of another municipality or municipalities of an urban area may be treated as the planning agency of such other municipality or municipalities or urban area.

14. In relation to a plan or statement, "adopt" or "adopted" means the resolution or other form of action by which a planning agency determines such plan or statement to be in the form and content which it is ready to transmit to the chief legislative body of the municipality or to the Administrator for the purposes set forth in this Act; and "approval" means the ordinance, resolution, decision, or other form of action taken by the chief legislative body of the municipality under subsection (c) or (d) of section 12 of this Act, and "approved plan" means a plan thus approved.

15. "Rentals" means the rents specified in a lease to be paid by the lessee to the lessor municipality, exclusive of taxes or sums in lieu of taxes paid to the municipality. "Revenues" means the revenues or income received by the municipality from real property held by the municipality while not under lease from it, after deducting operating expenses and taxes paid by the municipality including taxes paid to itself.

16. "Blighted" territory includes slums as they are defined in the United States Housing Act and other Federal or State legislation but is not limited to slums and may include blighted districts, areas, or other territorial units to be redeveloped to any extent for industrial, business, or other nonhousing uses, as well as for housing uses, or any mixtures, or combinations of such uses.

GENERAL PROVISIONS

SEC. 19. All general penal statutes relating to the larceny, embezzlement, or conversion or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Agency and to moneys and properties of the United States entrusted to said Agency.

Any person who, with intent to defraud the Agency or to deceive the Administrator or any officer or employee thereof or any officer or employee of the United States, makes any false entry in any book of the Agency or makes any false report or statement to or for the Agency shall, upon conviction thereof, be fined not more than \$3,000 or imprisoned for not more than two years, or both.

Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Agency or with intent unlawfully to defeat its purposes, shall upon conviction thereof, be fined not more than \$3,000 or imprisoned for not more than two years, or both.

SEC. 20. Nothing contained in this Act shall be construed to authorize or to require the exemption of any real property from taxation by any State or political or taxing subdivision thereof.

SEC. 21. If any provision of this Act or the application thereof to any municipality, person, corporation, situation, or circumstances be held invalid, the remainder of the Act and the application of such provision to other municipalities, persons, corporations, situations, or circumstances shall not be affected thereby.

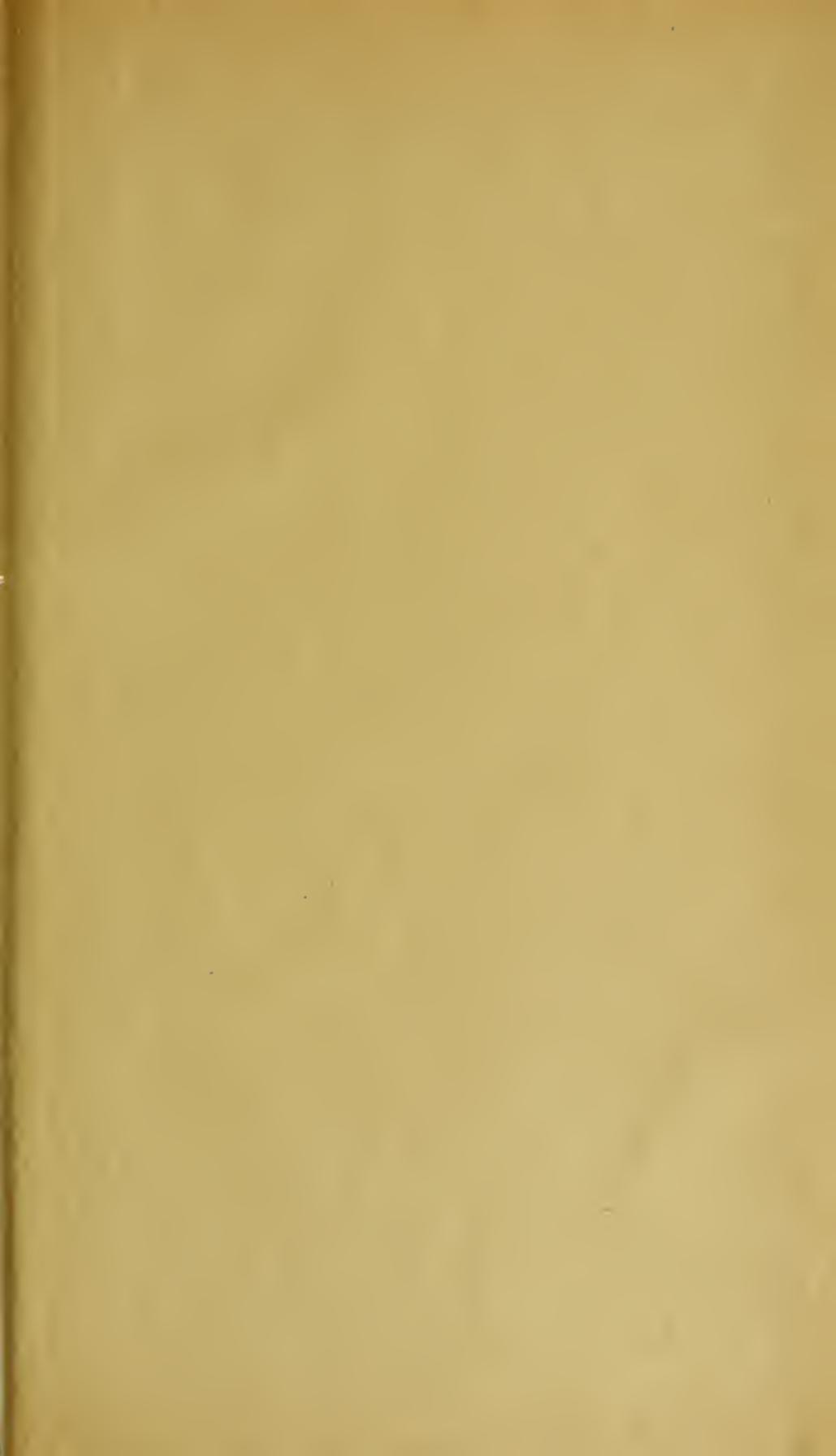
SEC. 22. This Act may be cited as the "Federal Urban Redevelopment Act of 1943."

Amend the title so as to read: "A bill to provide financial assistance to the municipalities and urban areas of the United States for real property acquisition, in order to facilitate the development of urban areas and the redevelopment of blighted areas including slums in accordance with plans therefor, and for other purposes."

Senator TAFT. The committee will adjourn until 10:30 Monday morning.

(Whereupon, at 12:15 p. m., the committee adjourned until 10:30 a. m., Monday, January 15, 1945.)

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