

Urban Redevelopment

AH. Schaaf - Economic Aspects of Urban Renewal

1. "The widespread existence of slums and blight in American cities is evidence that voluntary, privately initiated renewal has not been - and presumably will not be - sufficient to eliminate or perhaps even reduce appreciably the number of dwelling units that lie below generally accepted norms of minimal health & safety. Anticipated profits are the requisite for private market renewal, and the very existence of sub-standard housing & blight attests to the absence of profitability." p. 1
2. role of public policy is to bring about renewal in situation where it would not otherwise occur.

Two approaches

a) Housing Act of 1949

1. use of eminent domain
2. 2/3 federal funds
3. sell land to private developer at whatever price necessary
4. use of writedown in land value

b) Housing Act of 1954

1. area improvement
2. liberal finance FHA

3. owners in area are to supply initiative.

3 in all cases private entrepreneurship of renewal responds to profit motive

4 code enforcement - property owner faced with compliance or withdrawing property from present use

private renewal feasible if is least-cost course of action

Re-New Newark

1. found property records useful especially for depreciation and obsolescence info.
2. find that low cost land sites made available, lower property taxes on new construction and availability of long term, low interest loans will encourage middle income housing
3. city could organize moderately large tracts of land and sell at cost to develop use of eminent domain in acquiring such land to permit spot removal of blight
4. points to tax structure of ad valorem taxation compels taxation of new construction most, dilapidated older structures least
- "The result is a tax bonus for slum ownership and a tax penalty for the creation of modern standard houses" 54
- solution may lie in partial tax exemption of improvements
5. N.Y. low cost loans at $3\frac{1}{2}\%$ for 50 yrs by state
6. plan for payments in lieu of taxes may bring in less revenue than taxes wanted but more than taxes collected from replaced structures.

NATHANIEL LICHFIELD - COST-BENEFIT ANALYSIS IN URBAN REDEVELOPMENT

Inst. of Bus + Ec. Research #20 1962

1. Def: development ~~value~~ value is the difference between current use value and potential use value
2. ✓ concept of floating potential use value, over many sites which could be chosen for particular development; each site has a speculative potential use value
 - a) when floating value has settled shifting expectations on other sites diminish
 - b) when site removed from competition expectation on other sites rise
3. Bulk of work is 2 detailed studies of cost-benefit analysis

R. U. RATCHLIFF PRIVATE INVESTMENT IN
URBAN REDEVELOPMENT

Inst of Bus. & Ec. Research Berkeley #17

- 1 Reasons for failure of private land use succession
 - a) units of ownerships too small
 - b) owners of small means
 - c) " unaware of potentials of renewal
 - d) uneven deterioration makes development of whole costly
 - e) hold out owners exploit situation
- 2 Blight more than physical deterioration
P5 "it includes 'functional obsolescence'
reflecting the accrued inappropriateness
of the physical improvements to the land under ^{conditions} of
- 3 claims primary function of public urban renewal is the public acceleration of adaptive land use succession.
- 4 || Deals mainly with the disposal of the cleared land by sale or lease to the private redeveloper.
 - a) role of:
 - 1 user
 - 2 capitalist-investor
 - 3 builder
 - b) sold through:
 1. sealed bids
 2. auction
 3. negotiated sale

4. predetermined asking price

5. plan competition

costly to builder, increasingly popular