

a12c (2d file)
Misc. Urban Expansion
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Phil Cornick:

1. Measures of subdividing currently. Try FHA.
2. Trend toward reassessment?
3. Trend of commuting costs.

Groves' series of articles on Wisc.

Milwaukee & Madison, separate runs.

Lissner has, V.G.P. knows where it is.

{ NY City tax roll back to 1906 by boroughs.
{ Some key lots, value of land & bldgs.

Less subdividing ahead of demand:

1. FHA rules. Submit map. May develop part of it at once. Must put in certain things. Has revolutionized practice.

FHA must be self supported.

Frederick H. Babcock of Chi. setup FHA underwriting system.

→ Graham Aldis in Chicago, art qrs.

Qns to circulate quickly: (cont. over)

1. At what stage(s) in land devmt does yr. assessor raise assessment?
2. ~~Is there~~ What is happening to ~~rate~~ rates of property taxation. What ^{are} the nominal & real rates of r.e. taxation? What recent trends are notable, as regards: overall rates & ^{assessment} discrimination among forms of r.e., age groups, ^{regions or jurisdictions} ~~etc~~ or other categories. ~~is central~~
3. Trends in policy toward annexation.
4. Trends in prices for land
5. Trends in density of new devmts.
6. Who pays for extensions of utilities &c. to new areas?
7. Who in general are ^{major} ~~largest~~ holders of bypassed developable land? Why have they not sold? What are they waiting for?
8. For years land devmt has been undertaken by builders. Any signs of change, subdivision for sale of lots to individuals?
9. If all pvt. devmts now partly finished were finished, would they

Qns, (cont.)

meet mkt demand for land?

10. Is Urban Redeemer able to assemble land for integrated nuclear new developments?

11. Has hi level of land prices ~~the~~ [&/or new compn from outside) led to any massive movement toward reclaiming difficult land?

12. Follow up specific G. Clay leads: N. Orleans, Indianap., Phila, W. Palm Spa, etc.

Cumulative factor:

People who sell at cap. gain
will buy at a premium to meet
time limit for reinvestment.

But when they stop selling for
gains, this urgency goes.

Another cumulative factor:

Lagging ~~to~~ assessments.
Both up & down.

Time of hi i.v., many expect to fall, think they are temporary. Holdout $\therefore$. Don't borrow; don't sell land at low price.

Each shopping center is a new city or town. Thus we are founding new towns in effect, as in westward expansion. Each new factory, likewise, makes much new land usable for residences besides the employment opps. Employment & shopping — export & import.

Land tends to become too hi for residences, but a bargain for shopping centers. Why? Bcs. small possibility of higher use elevates all values, while wide range of choice for centers prevents most sites from being priced to absorb all the gain.

Thus residential bldg is inhibited & centers overstimulated.

The thing that spreads demand around is that best sites are priced out of mkt, so developers consider worse ones. This in turn overprices the worse ones for their most appropriate development, thus reserving many of them from that & thus offering too much choice to developers of fancier centers.

Thus along whole range, top to bottom, too many sites are reserved for No. 1 use, this pushes out No. 2 use, too many sites are reserved for that from No. 3 use, etc. ad inf.

Suggested items to work into land editorial: No sale?

✓ 1. The land bubble ~~has~~ forces many builders, who would rather concentrate on building, to assume great financial risks. They have to buy raw land 2-4 years ahead of building operations. This has been all very well in a rising ~~and~~ market, but now the market has risen the unwilling land speculator-builder is treading on shaky ground.

Builder in dual capacity as land buyer & land speculator. In latter role he is indifferent ~~to~~ or even favorable to rising land prices. H & H. urges him to remember his basic role as a land buyer and builder, ~~minimize~~ try to minimize his speculative risks.

2. Far-out land is farther from ~~some~~ lumber yards, workers' homes, repairmen, etc. hence higher building costs.

3. The ~~increased price of a specific site~~ is not so relevant to the builders' problems as the increased price of sites on today's fringe compared to sites on yesterday's fringe.

In 1946 builders had ~~the~~ cheap land & lowest taxes on houses in history. Now have opposites.

4. Higher interest rates should be compensated by lower land prices. This has not come about.

The carrying cost of land is the product of price times interest rates. This has increased of course by much more than the price of land itself, since i.r. has - what? - doubled since 1946?

This makes the point stronger at any rate. Now add 3d and 4th points:

3, Local real estate taxes are rising

4, Developer must now hold land longer before liquidation (is this true?). Due to increased problems of land assembly; zoning delays.

5. In a tight money market, land costs are particularly tough on the builder.

He buys land before anything else, holds it w/o income.

He has to sell it to buyer partly as a long-time investment, as it outlasts the house; but with higher i.r. buyer is more interested in immediate returns from house, less able to speculate in resale value.

6. Building boom of last 15 years has urbanized vast new land areas — the areas under new houses. To tempt 2d-time buyers off that land to new sites calls more than ever for cheap land

Common view is land is gone because built on. But no, it is not gone, it is in use, meeting demand for space

To overcome local resistance, builder may have to pay unreasonable sums.

Everyone's grabbing land to get it ahead of builders. When they've ~~sent~~ killed building, then they'll stop feeling so pushed, then try to sell -- in vain.

Perry: How reconcile land lust and
Δ demand for high-income housing?

Prices were low. Developers did well by developing one site, thereby upgrading adjacent ones they owned.

Now land is priced on assumption someone else will develop environs. But who can, at such prices?

Differences, 1929 vs. 1960

1. Zoning (first allowed in 1926). + Ag. Zoning; recreation land hysteria
2. Income Tax
3. Less subdivision. (But seems likely wd. be more subdiv. & "almost -" subdiv. to avoid Δ prop. tax. Other hand, prop. tax not the burden now it was in '29.
4. Lower property taxes, & prop. tax burdens.
5. Cities less desirous to extend lines to add taxable territory?
Depends on the city. L.A. extends w/o service, at her expense, & may characterize growing cities.
6. Less munic. bonding? Check data.

Upper turning point:

Buyers lose int. Sellers hold out. Period of lull.

Then, when downward trend is established, cumulative forces take over, carry movement to rock bottom.

This is possible: our warning may have impact, lower prices, thereby revive building, prolong boom.

Govt. & banks lend to house-buyers. Thus Δ demand for $\& p.$ of land. Thus give M to sellers, not just loan, but outright gift — & simul. require repurchase land in one year. Sellers of that land the same, etc. ad inf.

Cresting of farm land boom may & probly does tell more about suburban conditions than in '20, when farm factors alone prevailed. Now, active farm buyers have been sellers from suburbanizing areas. If this demand is slackening, indicates this nudging-out & rippling-out process is slowing, losing strength at source. Slower sales. Need data on deeds recorded.

✓ (Try Maverick, Cornick, etc)

Call U.S.D.A., talk to writers of Fm. R.E. Mkt, is it the demand from urban buyers that is faltering?

An increase of land price, unlike almost any other, will not of itself ΔQ offered on mkt. Bes. it Δ s holder's ability to hold.

Thus, in static condition, small portion land supply offered for sale annually as people die etc. Now Δ demand, poor man sell for higher price? But he is no longer so poor! His ability to hold land has risen w. its price, almost. Maybe more, if he can borrow on it better.

Perhaps crux is, rather, reproducibility. Δ hog prices holders antic. Δ output, so sell after p rises a little. But land-holders by contrast see Δ popn, infln., etc. etc. pushing up prices forever.

Raymond

Bedford, 4 acre zoning, subdivision still proceeding rapidly.

Apt. zoning is getting easier, in connection w. urban renewal.

But large lot zoning is getting worse.

Rye Drops 3 Plans Proposed to Solve Growth Problems

Special to The New York Times.

RYE, N. Y., June 15—Three proposals for combating problems of suburban growth in this residential city of 14,059 have been rejected.

The City Council voted unanimously today against a controversial 5 per cent tax on admissions to concessions in Westchester County's \$12,000,000 Playland Park at Rye Beach.

The Council also agreed to drop plans for converting narrow, old-fashioned Purchase Street, the city's shopping center, into a landscaped pedestrian mall that would have stores facing it and parking behind the stores.

And last night, the voters rejected a proposal by the Board of Education to increase school spending powers by \$215,485 a year. The vote was 675 to 456.

Playland now grosses about \$1,596,000 a year, but it has never paid real estate taxes or any special local levy. The concessions tax would have added about \$25,000 to \$68,000 a year to the city's coffers.

The Purchase Street mall idea was tested briefly not long ago. The council ordered a block of the street closed to traffic for a two-week period but protests ended the test after only three days.

Last night's rejection by the voters of the Board of Education's bid for more spending power means the 1960-61 school budget must be pared, officials said.

that the cosmetic industry had served notice that it would file objections to declaring the colors unsafe, as is permitted by law. The industry also said it was prepared to carry its case to the courts.

Meanwhile, the manufacturers will continue to use the colors.

Seventeen coal tar lipstick colors were pronounced toxic to animals by the F. D. A. last October. The list of colors to be banned later was narrowed to fourteen. On objections from the industry, hearings were held for eleven days in February. The decision announced today resulted from the hearing, and was based on the present law, which requires coal tar colors to be listed "safe" or "unsafe" with no provision for tolerances.



The Winner-



**the King with
the Moustache!**

The winner in every test for quality, purity and flavor—Imported.

RE UMBERTO OLIVE OIL

—the finest in the whole wide world. Because it's 100% golden pure and delicious. America's favorite for 70 years.

Eat Royally



MARIE ELISABETH

Skinless & Boneless

Portuguese Sardines

Packed in purest olive oil.

Delicious! Deluxel

Delectable! Enjoy

"Portugal's

Perfection Pack!"



Rezoning movement? To admit industries previously excluded. Seems reasonable, as industries become more attractive.

Big push now is to reserve land for future needs: for future industry, future shopping centers, future highways, future recreation, future everything. Buy, buy, buy, before those other guys get in there and chop it all up.

Communities, meantime, have their own way of reserving for future uses, without buying. That is by restrictive zoning. They are biased in this largely by desire to attract land uses that traditionally pay more in taxes than they cost in services, or are thought to.

Thus these uses, which in a sense are discriminated against, are in zoning discriminated for. Thus they have a wide range of choice -- plus the certainty that wherever they choose to go they will be soaked. To them land is cheap; to other uses, the ones that need it more, it is dear.

Today's builder or middle-class house buyer is in same position as the sturdy vagrants of Elizabethan England. These were required to leave one area after another for fear they would go on the rates.

Δ xptn cost wd. account for both:

- a. Collapse of outer values
- b. Reduced alternatives for builders, hardening of inner values, & land shortage

Δ xptn cost comes from:

- a. J. Hoffa & co.
- b. Reduced use of rails
- c. Increased use of autos
- d. Δ taxes on gas, toll gates

Get data on:

Commuter fares.

Freight charges by trucks

Prices of cars, trucks

Gasoline prices.

Auto insurance

Check H. Hoyt. Did not values fall at fringes, 'twice, more than at center? Those w. a preference for more remote market wd be hit by any genl decline, being leisure-class group, probly much cap. gains; & supply in outer ring is greater.

E. Kiehl subdivision

1. Tract 1, 33 acres, \$40,000

2. 13 acres, \$50,000

To get sewer access.

\$30,000 for Martin St,
not improving ~~much of the~~
~~whole~~ all the 33 acres.

Hillside sites. Why are more of them bypassed?
Not bcs acres are for sale free. $\therefore$ they are overpriced.

Probable answer: they suit luxury mkt. So in period of mass-mkt build'g, more of them than of flat sites are reserved for hopeful future demand.

Usual assumption, get fewer lots/acre on hills. But not nec. so. You can be much closer laterally to yr downhill or uphill neighbor, never know it.

Hilly land.... matter of indifference to individual whether spend extra money developing it, or traveling farther. But not to society, social cost of 1 xpm etc. says use hilly sites first.

???

Contact U.S. Census

June 3, reports NY popn.
moving back in to city.

Get summary of
nationwide prelim. rpts

NY. Regional Plan.

Gebler

Land prices. None. Housing price indices are just from
assessments? house sales

Columbia Prof, dealing w. p.u.

Not overpriced because people are buying it.
Use too much land. Use more economically.

European index - none

Robt. Alexander, LA arch., working on more compact
plans.

LA 5-3193

THS-6000

2491

Call Sat. A.M.

Jack L.

1. San Anselmo

2. Results of survey

3. Reactions to talk.

4.

a. Is there a shortage of land for urbanization? Case study of S.E. Bay.

b. Greater reliability from technique of sampling

c. Amt of land available in '46

d. Changes to '60

e. Projections for future

"Nucleations of complementary uses"

Fisher rpt to ~~HHFA~~ ~~HHFA~~. ~~sent~~ Feb. 15.

Send copy to Fisher.

~~RR, 333~~

Urban Renewal, in 10 yrs to '60, 26 projects completed, but planning begun on 647 projects (in 385 communities)

Program gaining momentum: 65 projects scheduled for completion this yr ('60) and next.

Annexation is increasing - afES article.

Growing trend by cities to make builder pay for all of sewers, wtr & parks in new subdivisions. This should certainly lower land price, --- but only by reducing demand first.

Shopping centers want room to expand, to discourage establishment of competitive centers.

'60s, lots of young marrieds, probly means
more apts demand, less space.

Why antic. Δ lv? Bes of Δ pop. And yet
individual towns fear Δ pop. as depressant!!

One reason specs hold on is not just for the rise but more specifically to get developers further out to pay for utility extensions.

If this is primarily what they're awaiting, then they should be ready to sell when outer land comes on.

If urban redevelopment program gives central cities land assembly powers it gives them essential power lacking in fringes & will bring people zooming back.
E.g. LA, Bunker Hill renewal project.

~~ni EdRef Leg: EM Fisher, Study of Housing Programs & Policies.
Govt Doc. Columbia Lib. Ext 2108 his seq will lend. 1936 or '37.
ni ER Leg: Frederick Bird, The Genl Prop. Tax: Findings of the 1957
Ordered Census of Govts. Chicago 31: Public Adm. Service, 1960.
6-6 1313 E. 60th St.~~

~~Check Morgue, call 2771 for directions, go visit.~~

~~Leg: Urban Land, UL? pdcl.~~

~~Visit a call Inst. for Urban Land Use & Housing Studies, Columbia U.~~

~~Fisher 199 Hillcrest Ave Leonia NJ.
Windsor 4-3302~~

~~Winnick 9-1860~~

Agenda.

Urban r.e. value = \$1,000 b. What income is being capitalized?

Implicit value of resident-owned dwellings is big item, not found in nat. inc. data.

1959 Non-farm bus. & profit ^{proprietors} income \$32 b.

Rental Inc.

12

44 b

Less ^{rough} ~~estimated~~ labor component
of ~~the~~ proprietorship

- 12 b

30 b

Plus est. 13 ^{urban} m families owning
homes x est. \$1200/yr value

\$15 b

\$45 b

Leg.

N:ER

LE 5-57 Chas R. Hayes p.177-81

Suburban l.v. along CBA, relation to Topog. etc.

Harvey, Robert O. Land Uses in Bloomington, Ind., 1818-1950.

Ind. Bus. Studies #33. Bloom: 74P, 8-51.

Esser. "Are new resid. areas a tax liability? 12-56, CH,
30 pp. mimeo.

David Blank, RCA.

Wenglick won't reveal how he derives indices. Maybe weak.

Louis Winnick.

BR 2-6161

Leo Gekler, UCLA, School of Bus.

1890 - ¹⁹³⁴ ~~1934~~ or so, house prices. 22 cities,
Jasa 3-54 p. 67

Schabkenbach has Grosser study on land & bldg values in
Wis. from 1916.

Leg. Wm. Zeckendorf, "Fluid Suburbia." Gale Rex

9-58

Leg.

Maverick, Lewis, LE, 1932, 191-9, on cycles of subdividing, showing them most extreme cycles.

Maybe call him at S?U. for more current data.

6-8

Perry:

Please return this to library (via me if you wish).

Salient points re Hawaii.

1. R.e. prices soar 1500% in five years.
2. Many fear over expansion
3. Land near Waikiki Beach, now brings over \$40/ft² or \$1.6 million/acre
50x100' building lot, "ordinary", \$200,000. (That is \$4,000 per front foot, probably refers to apartment or hotel sites)
1960 - \$40/ft²
1958 - \$14-25/ft²
1955 - \$2.50/ft²
4. Land 15 miles "from the city":
1960 - \$20,000/acre
1958 - 15,000/acre
1950 - 1,200/acre [for sugar cane]

AS 1900.

5. Much thin-equity financing.
6. Island of Hawaii, (thinly populated)
Undeveloped land.
1960 - up to \$500/acre.
1958 - 15/acre
Six subdivisions, ~~land~~ lots being sold
sight unseen for up to \$995, e-g payments.
"Gullied, unimproved access roads," etc.
7. Impact of psychology illustrated:
"Statehood" made the big difference, but
it has little economic significance.
8. Extreme concentration of landholdings.
Old estates won't sell.

Factors, phrases

Upper turning pt: New hiways bring in new land, Δ value. But demand for cap. to develop that new land raises i.r., devalues land.

No one ^{who grew} ~~brought~~ growing up in the 'thirties can forget the aura of desolation hang'g over the abandoned land devmts.

Cumulative factors: (Might express each ~~with~~ ff. by "but . . .")

1. Spec. on rise, make it come.
2. Cap. gains loophole Δ s this spec. emphasis, hence potential instability.
3. ~~the~~ sellers, ^{to avoid tax,} will buy at premium to meet time limit, but stop selling for gain, urgency gone.
4. Lagging assessments, up & down.

What ^{explaining why they} ~~Why~~ do most people so confidently expect land prices to ^{reply when one asks why} continue ~~rising?~~ They cite our ~~It is not the~~ "popn. explosion," the ~~inrush~~ ^{inrush} tide of popn, engulfing all those so shortsighted as not to ^{have} reserve land for the ~~the Malthusian spectre of~~ ^{excess} future. ~~the claustrophobic anxiety, fear of overcrowding?~~

~~By~~ 1940-50 popn. rose — 9%, & 1950-60 — 9%.

But 1830-40 rose — 9%, & this did not in no wise forestalled the land bust of 1837.

1850-60

1870-80

1890-1900

1920-29, neither for land bust of 1920

nor suburban ~~land~~ debacle of '29.

There is nothing about a popn & to prevent supply of accessible land from ~~by~~ still ^{faster}. Today our cities absorb a mere 2-3% land surface.

The only effective limit on supply is in ~~means to~~ ^{expn} & utility networks that bring land into urban mkt. And these have, in fact, been bringing in new land much faster than ~~than~~ ^{than} popn.

Public agencies are also subject to "racing". Preserve our open space. But by buying in advance, they destroy more open space.

Land may conceivably be held off until former. But hi price is incentive not to do so.

The desire to acquire land in advance of need is cumulative, & circular. One agency does it, i. others must. Must reserve land for industry, upper income housing, parks.

Park people (Mrs. Sigel) want not only to reserve park land, but buy land around parks, ..

N.J. has 5-acre limitation on tax exemption for non profit land uses. N.Y. & Co have none.

- ✓ What specific trends wd. cause ^{cessation of} land ~~setting~~ buying:
1. Higher taxes
 2. Reassessments
 3. Hi. i.r.
 4. Antic. Δ cap. gains tax.
 5. Return to center. Check w. Census
 6. Decline in other taxable income.
 7. Some restrictive communities cracked open.
 8. Cities need M, sell land, or open gates to Δ tax base.

Aug.

There are Three Reasons (All Short Term) for
Today's Seeming Shortage in the Midst of Plenty

Reason No.1 - Speculation

Countless acres are being held in "cold storage" by land speculators hoping for still higher prices tomorrow than their land would fetch today. (Most of these speculators are estate owners sitting tight for still bigger capital gains on their property, or farmers more interested in land prices than in crop yields.) ^{Thus the expectation of} This ^{shortage} speculation is the No.1 reason for today's scarcity in the midst of plenty. It is ^{creates} also the No.1 reason for expecting that great quantities of land will come on the ^{the} market when the speculators decide prices can go no higher, so it is the No.1 reason you can be sure supply will eventually overtake demand and bring prices down. (Outside Montreal, for example, the Star found that speculators were holding 610,000 acres -- ^{the} six eight times as much land as the city's booming growth can use before 1970.) ^{shortage.}

✓ Reason No.2 - Time - lag

Countless acres now being developed will not be ready for homebuilding for another year or more. For example, the first 209 lots in the great Marin Bay development north of San Francisco did not go on sale until this month -- four years after the land was bought for the project.

Land development takes so long that the supply of land ready for homebuilding responds slowly to the stimulus of high prices, but it responds massively. In Florida, for example, FORTUNE found that more land is being developed right now than today's fastest-in-the-nation rate of population growth there can absorb before 1980. When all this land hits the market, something is bound to happen to the sky-high land prices that invited the overdevelopment. It took the homebuilding industry 20 years to use up the hang-over of developed lots left over after the last big land boom collapsed.

Land

PIP

Three reasons

Aug

Reason No.3 - Over-zoning

Countless acres are being withheld from economic use today by communities deliberately using wasteful zoning requirements, wasteful street improvement requirements, and wasteful building code requirements to keep out tract builders and small home buyers whose children would cost the town more to educate than their parents would pay in taxes.

These towns hope the exclusive tone of these "snob" requirements will one day attract upper-class residents who will pay high taxes, support local merchants handsomely, and send their few children away to school. This is a sort of municipal land speculation on a grand scale. How much longer it can continue is an open question, for two reasons:

1. The courts may not always agree that the health and safety of the people necessitate two-acre lots, 16" truss spacing, worse-than-useless house traps, rigid-conduit wiring, and local streets wider than the transcontinental Lincoln Highway 25 years ago, and
2. Enough local land holders may be tempted by the higher land prices they could otherwise get. One New Canaanite, has already carried his protest to the Supreme Court, arguing that he could get \$250,000 more for his acreage if his four-acre zoning was voided.

4. Capital gains loophole (you do mention this under #1)

LAND

PIP

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Reason No. 2 -- Time

Countless acres now being developed will not be ready for homebuilding for another year or more. For example, the first lots in the great Chin-Ho development 20 miles north of San Francisco will not be ready for sale until next year -- 36 ? months after work was started.

Land development takes so long that the supply of land ready for homebuilding responds slowly to the stimulus of high prices, but it responds massively. In Florida, for example, FORTUNE found that more land is being developed right now than the present astronomic rate of population growth can absorb before 1980. When all this land hits the market about the same time, something is bound to happen to the sky-high land prices that invited the overdevelopment. It took the homebuilding industry 20 years to use up the hang-over of developed lots left over after the last big land boom collapsed in 1929. Because homebuilding collapsed, too.

"Rates" are not "astronomic".

6/15/60

LAND

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3 Reasons

2

Reason No. 3 -- Over-zoning

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Supreme Ct. last week refused certiorari on New Canaan or Greenwich case, thus letting them continue to get away with it. Source - Gurney B.

Most of the Land Shortage Talk You Hear
Is Nonsense: Here Are Five Big Reasons Why

The easiest-to-build-on big raw acreage of flat land just the right distance from town may be gone, but

- 1) There are millions of acres of by-passed land closer to town than most of today's new tracts -- more millions of acres of by-passed land than the housing industry will need in a hundred years. Around booming San Jose, for example, where builders have scattered their tracts one-or-more-to-the-mile over 169 sq miles of the finest fruit land in California, they have actually used only 12 sq miles, leaving 157 still to go. (Turn to the front cover of this issue if you want to see for yourself some of the land that is being by-passed there.)
- 2) New earth-moving equipment makes it practical to use millions of acres of hillside land and waterfront land that could not be developed economically before the war. These new machines are so efficient that grading, filling, and road building are the only homebuilding costs that are lower today than in 1929. *This seems to contradict Bartling's statement circled on p. 1* Hillside land and waterfront land both offer pleasanter living than the flat fields where most recent homes have been built.

For more about using hillside and waterfront land see pages 000-000. For more about the new earth-moving machines see pages 000-000.

- 3) There are millions of vacant lots in existing neighborhoods and developments (nearly 13 million vacant ^{of record} lots in 1955, according to the U S Census of Governments). That is almost as many vacant lots as all the houses built from 1950 to 1960.
- 4) There are at least five million dwelling units so old and run down that they are no longer fit for human habitation. Their demolition will clear nearly a million acres of close-in land for new construction. They would have been demolished and replaced long ago if our tax system did not subsidize slums by under-taxation and penalize improvements by over-taxation. (See page 000)

Land
Aug

Land shortage-2

PIP

6/15

5) New highways are making millions of acres easier and quicker to reach than land much ^{closer} ~~nearer~~ in was right after the war.

With the new bridges and expressways it takes only a little longer to drive from San Francisco across the Golden Gate to the wide open spaces beyond San Anselmo than it took to drive out to the Cow Palace near the city line in 1946. It takes *or to San Anselmo in 1946. This may not be a good example. S.E. from Oakland is better, or N.E. from Berkeley* only a little longer to drive out on the expressway from Manhattan 30 miles to Oyster Bay than it took to drive through traffic to Jamaica well inside the city limits in 1930.

When new roads increase the easy-to-reach radius of a city from eight miles to nine miles, that one-mile extension adds more easy-to-reach sq miles than all the land within four miles of downtown! It adds 17 times as many square miles as all the land within one mile of the center.

Overstated. I thought we decided to multiply this one More specifically, that one-mile extension adds enough easy-to-reach land to house nearly 200,000 more people two families per acre, or 400,000 more people at the usual tract density of four families per acre, or 2,000,000 more people at row house density!

There is more than enough land around all our cities to meet all our homebuilding needs for years to come -- more than enough land to let an urban population of more than 200 million get more use and enjoyment of the land than most urbanites and suburbanites get today

Those 200 million could all live with a density of only 6.1 persons per acre (i.e., the way people live in the wealthy model suburb of Winnetka, Ill.) inside 32 circles with a radius of only 22 miles (i.e., hardly half an hour by expressway from downtown). Or they could all live with Winnetka's luxury standard of density inside eight circles with 45 miles radius (about the size of today's New York or Los Angeles metropolitan areas). Either way would still leave 97% of the United States for farming, fishing, and hunting.

Aug.

Land shortage-3

Land is hard to buy today and harder to pay for, not because there is any shortage, or because so many millions of acres are being held off the market.

If you don't believe there is still plenty of land left, just go up in an airplane and see for yourself. Or take a good look at the next eight pages of aerial pictures.

Land

PIP

AUG

Land Prices Like These Are Just Plain Crazy

Take a Look at This Graph Before You Buy Today

Ten years ago land was a bargain and builders were smart to buy land ahead. Hundreds of builders got rich, not because they built better for less but because they bought land for less and cashed in on their land speculation.

It's smart to buy ahead at the bottom of the market, before prices start up. But it is not smart to buy ahead at the top of the market, just before prices start tumbling down again. Suburban land is over-priced today -- so now is the time not to buy. Just because land was a bargain in 1948 for \$500 an acre does not make it a bargain today at \$5,000 an acre.

The 100-year graph shows that land prices don't always go up; land prices also fall down. "Land prices go up and down in bigger and wilder swings than any other prices in our economy," says Nat Rogg, economist for NAHB. ^{Suburban prices} ~~They~~ / have been going up for 23 years now -- longer than they have ever gone up in all our history. They are long overdue for a fall. Famed land economist Roy ^{Wenzlick} Wenzlyk has been warning his high-paying clients for seven years now that a big break is almost here. Just because he cried "Wolf! Wolf!" too soon does not mean ~~the~~ the wolf will never come.

And the longer the price break is delayed, the bigger/break will be.

Good land may indeed be worth twice what it averaged ten years ago; i.e., the true value of suburban land may have risen five times as fast as the 21% rise in the ^{consumer price index. (Wholesale prices have risen much less)} ~~general price level~~. Good land may even be worth three times what it ~~was~~ averaged ten years ago; i.e., its true value may have risen almost twice as much as stocks in Wall Street, with their big average ^{leverage?} from bonds, rose from their 1952 peak around 290 to their 1960 peak around 678.

But take a good long look ahead before you let today's artificial land

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check this
one. He's
pretty
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needs
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Land Prices

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scarcity (see below) scare you into paying land prices you may soon have reason to regret.

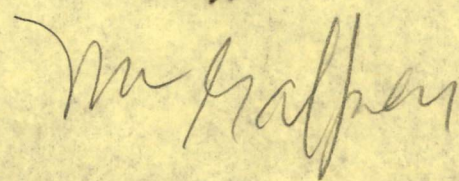
X Already farm prices outside the suburbs have leveled off and started to ~~fall~~ (see clipping, left). And don't forget that land prices inside most *central* cities are ^{no higher} ~~lower~~ today than they were in 1929!

If you want to get better land for less, wait for the market to turn. Suburban land will sell for much less before it sells for much more.

Good timing is the key to speculative profits. There is a time to buy and a time not to buy. And today is not a good time to buy.

Today's sky-high suburban land prices are predicated on an artificial scarcity -- a scarcity created in the midst of plenty by holding off the market vastly underestimated miles and miles of land in anticipation that vastly overestimated future demands will drive prices still higher.

Today's fancy land prices can be kept high only as long as the illusion of scarcity can be preserved, as long as each buyer thinks the land he pays too much for today would cost more -- and sell for more -- tomorrow. But what will happen when the inevitable day comes when land prices can go no higher and speculators try to cash in their paper profits? What will happen and who will get hurt when this land price boom collapses -- as every other land price boom has collapsed?



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Ten years ago land was a bargain and builders were smart to buy land ahead. Hundreds of builders got rich, not because they built better for less but because they bought land for less and cashed in on their land speculation.

It's smart to buy ahead at the bottom of the market, before prices start up. But it is not smart to buy ahead at the top of the market, just before prices start tumbling down again. Suburban land was under-priced right after the war, so that was the time to buy. Suburban land is over-priced today -- so now is the time not to buy. Just because land was a bargain in 1948 for \$500 an acre does not make it a bargain today at \$5,000 an acre.

The 100-year graph shows that land prices don't always go up; land prices also fall down. Land prices go up and down in bigger and wilder swings than any other prices in our economy. They have been going up for 23 $\frac{1}{2}$ years now -- longer than they have ever gone up in all our history. They are long overdue for a fall. Famed land economist Roy Wenzlyk has been warning his high-paying clients for seven years now that a big break is almost here. Just because he cried "Wolf! Wolf!" too soon does not mean the wolf will never come.

And the longer the price break is delayed, the bigger the break will be. Good land may indeed be worth twice what it averaged ten years ago; i.e., the true value of suburban land may have risen five times as fast as the 19.5% rise in the general price level. But take a good long look ahead before you let today's artificial land scarcity (see below) scare you into paying much more than twice the 1950 price.

Already farm prices outside the suburbs have leveled off and started to fall (see clipping, left). And don't forget that land prices inside most cities are lower today than they were in 1929!

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Land prices - 2

If you want to get better land for less, wait for the market to turn. Suburban land will sell for much less before it sells for much more.

And the best advice any builder can heed is this:

Don't tie up a penny more than you must to buy land ahead at today's prices;
and
Try to sell now while the selling is good any land you won't need for building before mid-1962.

Good timing is the key to speculative profits. There is a time to buy and a time not to buy. And today is no time to buy any more land than you have to.

Today's sky-high suburban land prices are ~~now~~ predicated on an artificial scarcity -- a scarcity created in the midst of plenty by holding off the market vastly underestimated miles and miles of land in anticipation that vastly overestimated future demands will drive prices still higher.

Today's fancy land prices can be kept high only as long as the illusion of scarcity can be preserved, as long as each buyer thinks the land he pays too much for today would cost more -- and sell for more -- tomorrow. But what will happen when the inevitable day comes when land prices can go no higher and speculators rush to cash in their paper profits? What will happen and who will get hurt when this land price boom collapses -- as every other land price boom has collapsed?

As building proceeds & bypassed lands get filled, this must at some stage devalue lands developed early, by crowding commons & utilities built for smaller capacity. Also by crowding hiways from without.

This helps the orig. area to become a slum. Owners sell to lower inc. groups, move out.

Is always an element of hysteria in recommendations to buy up open land for recreation. I do not recall ever hearing an objective presentation.

✓ Antic. A.L.V. affects hsg mkt. Thus: people buy larger houses than otherwise to gain from A.L.V. beneath. Or buy who wd. rent.

The public minded planner is as bad as the priv. spec.

He looks ahead, wants to reserve land, & allow an engineer's margin of safety, says Jenning Stright, buy 2-3 times as much as you expect to need.

This ^{excessive} advance purchase contributes as much to lousing up land devt as anything priv. specs do.

Man who can pay most for land is one who can capture 2dry beans he creates, big diversified developments like Cameron Village with apt & shopping together

✓ Smaller devmts can compete if all is proceeding together, all have confidence in simul devmt of complements.

✓ As go further out, complements get spread farther apart. So confidence in others must finally fall.

(But assembly of huge tracts under one control may get harder)

So once start downhill, may go a long way. Here is another cumulative factor.

✓ Since 1948, 70 regional centers built. But rate slowing down. Future, small neighborhood centers are expected. Why? Probly land assembly.

Thus higher land prices block most efficient devmt

Buyer resistance - due to a few weakening sellers. Thus you don't get a flood of sales, but a small weakening, which leads to buyer resistance

Jennings Stright of near Pittsburgh, June 28 '60.

Leapfrogging over 5 mi underd land. To get us of
scale from large tract. assembly problem too difficult
nearer in.

✓ Where shd bldgs be shortest life? Where land dearest.

A L.V. i.e. encourages demolition of old bldgs, brings that new land onto mkt.

It's not that holders will dump. They never have.
Rather, buyers will not pay, sales will stop.

It is later land price drops.

What do specs do w. money when sell? Many probly buy more land further out. Thus net new M has come into land mkt.
The user-buyer is not borrowing to spec. in land directly, but he is indirectly thus.

Thus lower i help holders?

It is plausible rural land mkt may be dominated completely by buyers from suburbs. Bes. value of suburban land > value all fm. v.e.

also plausible, fm. land is most overpriced. This slows suburban sellers, who are less eager to sell when their gains from tax set-up go to farm seller.

So farm collapse could be key to upper turning point this time.

Heading for bust?

Foreclosure rate increasing?

Popn growth overstated, overweighted ... is less than 19th cent.

Declining quality of credit. 2d mortgages.

Newcomb doubts demand for land.

Surplus of snob zoned land, pressure builds up.

Downtown revival

Outline:

1. Faith in popn. explosion. ask anyone you know which way land prices are headed & chances are he will say "up!" ask him why, & he will cite on popn explosion
2. Past busts. And yet: ...
— other reasons for faith, & rebuttal.
3. Respond slowly but massively - outline. Emphasize U.S. has been thru this many times, little reason to expect land dev't not evolve along same
4. Why slowly. Roadblocks. Time-lag. pattern as before.
Only now are hiways & urban order getting up steam.

5. (Why massively). Why go to excess? Big long time-lag between start & finish, no good info on quantity, more gets started than can be bought when finished.
Sewers w/o houses, & houses w/o sewers.

Ride madly off in all directions.

Nucleation of compl. uses. Highest value. $\therefore$ try to establish them, too many. To day, every mass builder is a land developer, seeking to create communities, not just build houses. It is partly through him this process operates today.
(Tax-favorites, reserve too much land for)

These new nuclei are essentially new cities. They provide employment & supplies for surrounding areas. Location near former nucleus becomes less critical. If location is less critical, is less excuse for l.v., which are premised on restricted no. of usable sites. Thus they not merely extend the city, they create new ones.

✓ Leapfrog, but tie together.

Stir up comp'n, revive center

Must go way out to get big tracts so can reap gains of scale.

i.e. up valuing lands you own.

In short, peripheral urbanization starts long chain leading to & supply urban land also surrounded by comp'n.
in between, via networks; at center via comp'n; man via hi land p; beyond it, by proximity; among herd instincts by imitation This chain

Outline, 2

of events forms a cycle which may be traced several times thru history, & which our recent land desert is following unerringly.

6. ~~Why? However~~ One who voices sky

* Skeptics who doubt the inevitability of A.L.V. often hear this:
that's what — said 10 yrs ago, & what a dope he was.
But does this make any sense? If I am waiting for a traffic light, ~~does~~ that hasn't changed for a full minute, do I take ~~that~~ from that increased confidence that it won't change now?

7. Why in thin ice? ~~applied~~ Is always surplus site, if thrown on mkt., current p. Only illusion of future shortage creates shortage today.

b) Cum. factors up again you going down. Cap. gains, never worse, due to loophole.

8. ~~What brings to upper turning pt?~~

~~Leaving it all~~
Hi i.e. abundance of half finished projects scattered about,

~~not only~~ gradually put ever-greater strains on supplies of loanable funds. Thereby deflate what buyers can offer for land & bldgs.

In effect, society starts more than it can finish w. the cap. at its command. This tightens in more & more

d) Hiways getting up steam. Also urban redempt.

e) Vertical expansion.

f) Hysterical tone of mkt., irrational elements. g) Ag. taxes, reassessment.

8. Having rounded the crest, boom has little likely to bust badly

bes to such a large extent has fed on itself. Becomes clear, what created

Do not elaborate.

shortage was illusion of shortage that caused land hoarding