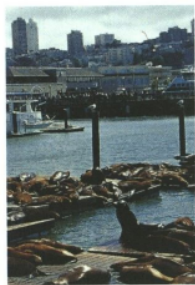


Outreach

Tearing down the freeway

Disaster struck San Francisco in 1989 when an earthquake hit the city. It killed 16 and shattered arterial road links. Former director of the city's transport authority, **Andrew Nash**, tells how the city rose from the rubble



AS YOU WALK along San Francisco's Embarcadero with its palm trees waving in the ocean breeze, watching historic streetcars rumble by while admiring views of the Bay, it's hard to imagine that just 10 years ago you would have been

walking in the ugly, dark, smelly street under two levels of freeway. That freeway was damaged by the 1989 Loma Prieta earthquake and torn down to make way for today's spectacular boulevard.

Demolishing this freeway was quite controversial since it led directly to Chinatown and Fisherman's Wharf. Merchants complained that visitors could not reach their restaurants and shops without it. However, a large group of sealions had settled in a nearby marina at Pier 39 following the earthquake. The sealions pushed Pier 39

attendance to record levels despite the closed freeway, proving that visitor declines were not caused by the lack of freeway access.

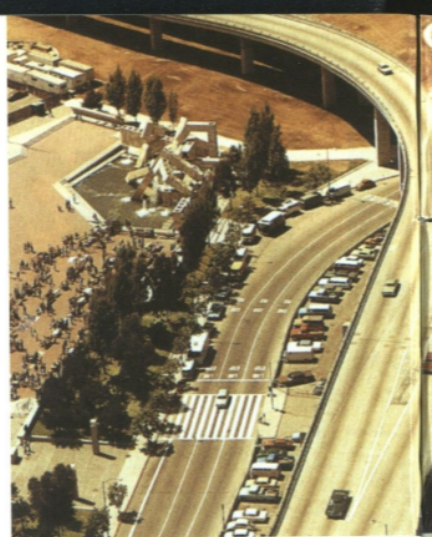
Demolition of San Francisco's Central Freeway, also damaged in the earthquake, was even more controversial, since it provided access for a large part of the city. Some of the freeway had been demolished immediately after the quake and Hayes Valley, a once marginal neighbourhood, blossomed with new shops, restaurants, and activity. Residents realised that demolishing the remaining freeway could have similar benefits and began fighting reconstruction plans. Between 1996 and 1999, San Franciscans voted four times on whether to rebuild the Central Freeway, ultimately deciding to replace it with a boulevard.

The Embarcadero is now complete and Octavia Boulevard is under construction. Early results are nothing short of extraordinary – both areas have redeveloped into vital, attractive and exciting neighbourhoods. The Embarcadero is a major

regional shopping and entertainment district; real estate values have rocketed, and billions of dollars have been invested in the area. Hayes Valley has been transformed into one of the city's most hip and arty neighbourhoods. An area once filled with drugs, prostitution, and parking lots, now boasts restaurants, galleries, and new apartments.

In San Francisco, demolishing the freeways provided two fundamental ingredients for urban revitalisation: land and an improved environment. The freeways themselves took up a huge amount of space and their environmental impact (noise, air pollution and visual intrusion) destroyed any possibility of economic vitality. Before these areas were urban wastelands. Now they are the city's most highly sought after property. Urban revitalisation started when the freeways were torn down and was, especially in the case of Hayes Valley, a spontaneous community-driven effort.

Tearing down the freeways cost more than building them. Surplus land sales made up the



Pre-quake, the Embarcadero freeway (above) still

Olympics fan flames of regeneration

THE 2000 SYDNEY Olympic Games were a huge success, not only in the arena, but also in the upgraded infrastructure it produced that helped real estate values to surge.

The benefit of this to land and property owners has not gone unnoticed by the New South Wales state government, which is considering ways to tax the rise in land and property value when a new road or rail project is built. The lesson was Waterloo's Green Square. Since a new airport-corridor rail line was built there, unit prices have risen by up to 180 per cent. Taxpayers paid £327m which benefited local land owners who had no direct involvement with funding the line.

The NSW government has chosen the Bringelly suburb as a test area where 30,000 home lots will be available over 15 years. Studies show developers would be required to contribute around £21,600 per block. Thus, value created by tax-funded infrastructure can be recycled into the public purse.



Philadelphia reborn

Win-win: shifting tax from improvements and on to land values could reward communities

Jonathan Sidel, Philadelphia's City Controller, here gives his reasons for campaigning to use a land based tax to resurrect the city

FOR PHILADELPHIA TO have a future we must find creative solutions to lower the overall tax burden while maintaining and improving city services. The challenge for our municipality is to find taxes with the least negative impact, which allow us to raise the needed public revenue without chasing away individuals and businesses.

That is why a shift within the current real estate tax is so appealing. It will help neighbourhoods to improve in quality while keeping the fiscal cost to

the individual homeowners, who care for their property, at a minimum. How?

The mechanics are pretty simple. The current real estate tax is a tax on two separate things: a levy on the value of the building and a levy on the value of the underlying lot. Currently both tax rates are the same. Because buildings are usually more valuable than the underlying land, three quarters of the city's real estate tax revenues are derived from improvements; only a quarter from land. This makes it very costly to anyone to



ed growth. Demolition and sealions (below left) changed that

cost difference from disaster funding. The city will eventually benefit from increased property tax values - imagine the difference in value of a hotel located next to a double deck freeway, and a hotel overlooking a park with views of San Francisco Bay.

But with California's convoluted tax system it will be many years before the city collects these taxes - and this will be a fraction of the private sector benefit. From a funding agency's perspective it would be nice to share in the windfall profits property owners accrue after construction (or deconstruction) of major transport projects. A system for this would go a long way to funding the rebuilding of our decaying urban infrastructure.

Looking back it's hard to believe tearing down the two freeways was controversial, however, without change cities become stagnant and die. The earthquake helped push San Francisco into the future. We hope other cities can get there without a natural disaster.

maintain their homes and tend their gardens. In the meantime, slum landlords see themselves rewarded by having their assessments - and thus taxes - lowered, when they let their buildings fall into disrepair. So, while the current system punishes the person who contributes to the wellbeing of the community, it gives a tax break to the ones who bring down whole neighbourhoods with their ignorance and neglect. This is obviously wrong.

By shifting the tax burden from improvements to land values, the city could reward people and businesses who invest in their communities while making it harder for speculators and slum landlords to hang on to property. Almost every single owner of a vacant lot or a derelict house would see his tax bill go up and would be encouraged to do something with the property or sell it to someone else. Taxing land at a higher rate than buildings - or not taxing buildings at all -

First word

ACCORDING TO THE United Nations, in 2007, and for the first time in the world's history, the number of urban dwellers will equal the number of rural dwellers. The number is expected to rise to a staggering 5 billion by 2030. The city is becoming the prevalent setting of human life.

There have been times when cities have been beacons of culture. Rome in the First century for instance, or Florence with the 15th century Medicis, burgeoning New York in the 1880s, London in the swinging 60s - when life really bustled - at least for some.

But cities have always had their less salubrious sides too - their grimy pockets, their ghettos of poverty and backstreets of filth, places in need of rebirth, of regeneration. The city of the modern world is a tableau of contrasts - a jarring discord of fabulous opportunity, of wealth and comfort, for some, in the face - for others - of grinding social iniquity, relative poverty and unrelenting economic pressure.

This is the raw material of the urban regeneration movement.

For Londoners and visitors alike - whether rich or poor - the troubles of the capital today are in your face, and part of your life. The rush-hour Underground is crowded, with travellers packed as cattle for the slaughter may never be. Roads are so congested with cars that the Victorians with horse and carriage got about their business quicker. House prices today are so high that teachers, firemen and nurses can't live by where they're needed - and our children can't afford to live close to us in our failing years. It's in all our interests to put right the wrongs of urban life.

Urban regeneration, social and physical, is certainly a burning issue today. But our initiatives remain superficial. The underlying problem is the competition naturally arising from the use of the common resources and benefits of the city. How can we manage that competition, equitably, for everyone's benefit? Road congestion charging is an answer to one problem. That project will create a revenue stream which should help transform public transport in the city. But we need to build on that sort of thinking right across the board.

This supplementary issue of Land&Liberty focuses on some of the fundamental issues at play in urban regeneration. They are matters which our current approaches to regeneration fail to address. They centre on the critical interplay of our cities' development, and social and economic progress, with the phenomenon of land value. These questions require us to look critically at the manifestation of increasing land values, accruing in private hands, which arise directly as a consequence of broad social progress and specific public investment.

Inside this special edition there are suggestions for some fresh ways to make our cities better places for all citizens;