

What Can We Do About Our American Cities?

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It has become a favorite American pastime to berate the ugly American city as if it were a dying institution. Not enough attention is being paid to what can be done about it. I would like to try to make a few positive suggestions as to how we can meet some of the challenges we face.

Actually, for the first time in the history of man there is a reasonable possibility that within our lifetime poverty can be almost completely wiped out in this country. The anticipated increase in national and individual incomes could mean the virtual elimination of slums in our cities within a generation. Whether we achieve this and whether in the year 2000 - which isn't as far off as we think - we will be living in beautiful or in ugly cities in America depends largely on what goals we set for ourselves right now and how we go about trying to reach them.

What is the American city of the future going to be like? It is going to be just what we make it. Never in history have we had a greater challenge and a greater opportunity to do a good job. Never have we been in more of a position to bungle it and do a bad job. America is the world's pioneer in peacetime urban renewal for two reasons: first, our cities have grown so fast and topsy-like that they need renewal on a larger scale than in any other country, and second, for probably the first time in history we have the financial and technical means to do the job -- if we want to do it.

We can be proud of the fact that we have achieved the highest standard of living the world has ever known and even have it within our grasp to almost completely eliminate poverty within the next generation. Eight years of living, working, and traveling abroad in modern and ancient countries, in democracies, and in dictatorships, in mystic and feudalistic countries, has impressed me with the fact that, by and large, we also have a greater sense of social responsibility and respect for the dignity of the individual and equality of opportunity than any other country in the world.

Having said the positive about our country, I want to look at some of the negative. There is something ugly in many of our American cities. We are, esthetically speaking, pretty insensitive. We are ready to accept litterbugged highways, rusty old auto junk yards, unsightly and unnecessary utility wires and poles in front of our most beautiful homes, screaming billboards and gaudy neon signs, dilapidated and deteriorating residential and commercial slums, maddening noises, and bumper-to-bumper traffic congestion, polluted air that isn't fit to breath for man nor beast -- all without seriously challenging the fact that it doesn't have to be so. If we don't do something about it, our city of the future will be less fit to live in. We can run away from our ugly cities to the suburbs, but we can't run away from the problems of our cities.

Our cities are unfortunately not always things of beauty. They are not restful places to live in. To be sure, we have patched them up here and there, trying to cure some specific problem, but we have no overall plan to create a city for people, a city of which we can be truly proud. Our cities of the future could become more beautiful and more livable if every American becomes interested in doing something about them now. This is my message for today, and it has become reinforced the past month as a result of a study trip to Europe with American housing industry and government leaders to see what some of their cities are doing to meet these problems. With more limited means and handicaps I feel they have done more thinking than we have about what kind of city they want to live in.

Our approach unfortunately has often been too piecemeal and fragmented. As an active participant in the savings and loan industry I have tried to tell my colleagues there that their interest in housing and cities must go beyond only a financial interest. They must become aware of and do something more to shape the American city of the future. To you, my friends in the construction industry, I would like to say the same thing. Yours cannot merely be an interest in building things after somebody else makes up the blueprint. Your interest likewise has to go far beyond the "nuts and bolts" stage. You should have an active hand, based fortunately

on an enlightened self-interest, in all community problems as citizens as well as technicians.

The problems of our American cities can't be solved by government action alone, federal, state, or local. It is gratifying to see in various parts of the country, including my own city, Fresno, that citizens committees are being set up -- not only to meet a formality to qualify to receive federal funds for urban renewal -- but to take a broad, balanced, approach to meeting all the community's problems, including those of finance, community facilities, housing, renewal, and cultural and economic improvement. I am happy to see some of your own members represented on such committees and on various boards and city housing authorities and redevelopment agencies. You have much to contribute in know-how and general ideas, and in turn will benefit from the satisfaction of helping in democratic solutions of the problems of our cities.

Changing City Walls

Essentially the city, as we know it, is over 5,000 years old. Until recently, however, with few exceptions, there was a limit to the size and functions of the city. The medieval walled city was a complete, compact unit. It served a useful protective function for its citizens, and it could be strategically located and remain useful as long as it did not grow too fast or was not destroyed by war or fire. Buildings were built to last, and a sort of natural urban renewal, a process of replacement and repairs, kept the city from getting too run down.

The industrial revolution changed all this. The world's population has trebled in the last century and will probably do so again in the century ahead. Technological advances no longer make it necessary to keep the majority of our population on the land raising food and fiber. Automobiles make it possible to live and work at far distant points and to live in metropolitan cities or their suburbs.

In our own lifetime America has changed from a rural to an urban economy where 70 per cent of our people now live in cities. Unfortunately, our political organizational units of local, state, and federal government have not yet adjusted

to this fact, and rurally-oriented state and federal legislatures and provincially-minded local government have not faced up to the realities of what needs to be done if life in our cities is to be natural, or normal. The Kansas wheat farmer is infinitely better represented politically than his more numerous middle income city cousin. In fact, I never cease to be amazed that the federal government has paid out more subsidy for a single crop, potatoes, than it has for all its urban renewal and housing programs put together.

It would be a mistake to assume that government -- federal, state, or local -- could solve all urban problems, even if there were some assurance they had the right answers, which I'm afraid they don't. In a democracy, it is the responsibility of all the citizens -- not just their elected or appointed officials -- to help in the solution of our problems -- in this case, those of the city. This is where I think the construction industry has a duty as well as an opportunity.

Census Reveals Blight

We have made great progress in housing in this country. Few, if any, Americans actually lack a roof over their heads. Over 60 per cent of our families have bought or are paying for their own homes. This tends to assure a stable society, political moderation, and a respect for individual dignity and opportunity.

We cannot be as proud, though, of the fact that with all our progress the 1960 census reveals that one-fifth of our housing is in a dilapidated or deteriorating condition. The burden of substandard housing is borne disproportionately by a few groups, the aged, the non-white, the poorly educated, and families without a male breadwinner.

But not all our slums are in housing. American cities have all too many deteriorating commercial and industrial properties and parcels of improperly used land. Nor are slums just confined to the big cities. Often those in smaller urban communities are just as bad or worse. 63 per cent of the cities and 44 per cent of the projects in the urban renewal program in the United States today are in cities

that have populations of less than 50,000.

Haphazard strip zoning, fringe area shacks housing minorities and farm laborers in communities like my own, and the absence of or lack of enforcement of proper building and housing codes have resulted in serious problems. Rapid unplanned growth in our American cities and land speculation have contributed heavily to developing slums by causing artificial increases in land values. High land prices, and not just high costs of financing, building, or restrictive labor practises, are, in my opinion, probably the number one handicap to building in the United States today.

Property Tax Is Stupid

Our unfair and stupid tax policies have aided and abetted land speculation as well as the growth of slums. We all suspect there is an unfair division of the tax dollar between the levels of federal, state, and local government. But what is even more unfair and unwise, in my opinion, is our tax policies in relation to land and improvements. Cities subsidize slums by undertaxation and penalize improvements by overtaxation. Local governments subsidize land speculation by underassessing and undertaxing underused land while the federal government benefits speculators and slum landlords by giving them income tax breaks. Ownership of slum real estate is one of the most lucrative investments in the United States today -- if your conscience doesn't bother you and if you don't mind letting your fellow taxpayers pick up the tab for the problems you help to create.

In my own state of California there is under interim study a proposed Constitutional Amendment (ACA43) which, if passed by referendum, would allow local option on differential taxing of land and improvements. This would be one way of penalizing slum ownership and rewarding home improvement without the use of extensive federal government subsidies and programs which are still only a drop in the bucket in meeting problems of slum clearance and urban renewal. Estimates of the cost of doing the job by subsidy alone -- in Chicago it is taking almost \$100 million to clear one square mile -- are so astronomically high as to be impossible.

Code enforcement is another step but will never be effective until the profit is taken out of slums by taxation. Fairer, and just more consistently applied local tax policies, still yielding the same total revenues, would be at least one reasonable tool. In short, high land costs, which are the big bottleneck to building low and middle income housing, could be brought down, and a considerable part, if not all, of the slums could be eliminated by more courageous use of tax policy at the local level without the need for federal subsidy.

In testifying before both the Senate and House Currency and Banking Committees at the last session of Congress I also supported the idea that people making home improvements be allowed a reasonable deduction, like a business, from their income tax for such improvements. I know these and other suggestions sound like crackpot reformism to those content with the status quo or who might feel their own ox is being gored, but I still think they are worth looking into. In fact, as an economist, I think our economy is seriously handicapped by the fact that our jerry-built tax structure, not just in relation to property taxes, is so stupid that business decisions are being made right and left, not on the basis of whether they are good for the business or for the best interests of the economy as a whole, but on the basis of tax considerations alone. That is really the "tail wagging the dog" in my book.

Watch For "Sleepers"

I previously mentioned a good California tax proposal, ACA43, but that was set over for interim study. Meanwhile, a classic example of tax exemptions gone wrong is ACA-4 which, wheeled through the Legislature as "the farmers' friend", will appear on the ballot as Proposition 4 in California this year.

Some of you may remember the tax exemption measure for golf courses and the "Keep California Green" campaign for Proposition 6 two years ago. Golf club members all over California were specially assessed for that one, and the high pressure campaign paid off. No organized opposition; a plurality of better than 1 and 1/3 million votes.

This sweet smell of success led to ACA-4, which seeks to grant a tax-vacation to close-in lands used for agricultural purposes.

Now, anyone connected with the building industry -- the builders, the construction trades, the real estate people, the title companies, the savings and loan associations -- can see that the den motherhood for urban sprawl is the flock of land-speculators sitting tight on that fence along the rural-urban fringe.

You would think tax laws would be handy to help move those rural-urban fringe properties on to the market when industrial and housing developments meet them. Instead of tax laws moving in the right direction, ACA-4 wants those properties locked up at a low assessment rate based solely on agricultural use.

If ACA-4 passes, these lands could be locked up for a good long time. What is called "leap-frogging" by developers now, will be looked upon as short steps. If ACA-4 becomes law, builders will enter a new space age. They will have to go far, far, far out.

Thus, both agriculture and the cities will be hurt. (And by agriculture I mean the farmer-farmer, not the land speculator-farmer.) Urban sprawl gone wild will riddle logical agricultural areas; cities will lose their concentrated center for business and industry.

ACA-4 will be peddled, I assure you, with weeping and great wringing of hands for the poor farmer, but it is really a land speculators' dream -- a Land Assessment Paradise, both constitutionally intact and impregnable from responsibility to support schools, civic improvements and all the other signs of the ad valorem zodiac we ordinary citizens must observe.

I hope I have not bored you with this illustration of how easily we can go off the deep end in California when we are not watching for "sleepers." This is merely an illustration of the kind of thing I feel your industry has a real interest in watching out for all over the country. These are problems that should be of general interest to every citizen, but they could directly affect your pocketbooks. My role, however, today has been to try to interest you in more active participation

in the problems of urban renewal and housing, in helping to formulate enlightened public policies, in participating by serving on various city boards and authorities, and not just in executing plans formulated by somebody else. It is your show as much as it is mine.

Can We Afford It?

You may be asking yourself, how can America pay the tremendous costs of repairing our deteriorating cities and building for the future instead of the past? Without going into the complex estimates of the cost of renewing our cities, (excluding costs for "normal" new construction) I would say that for the next ten years a reasonable estimate of the renewal costs for housing, roads, community facilities, public buildings and the like should run around \$500 billion, which is somewhat less than the Gross National Product for this year. Some estimates go twice this high, but I think are somewhat too generous.

Can we afford the cost of rehabilitating American cities? I think the answer is "yes," and without cutting down elsewhere. If we increased our investment rate in urban renewal by 2 per cent, from 10 to 12 per cent of the Gross National Product, with a normal growth in GNP, the job could be done within a generation without cutting into other fields of expenditure. As an economist, I am satisfied that the economic capacity is there, provided we want to use it.

Trade Association Members As Citizens

What role could trade association members like yourselves play in the problems of rehabilitating American cities? I would like, with your permission, to make some suggestions.

We should encourage city officials in their efforts to renew the central core of our cities. A tree with an unhealthy trunk is dying. Maybe we should encourage the planners to reconsider the whole problem of what kind of a city we need in the future. Maybe it will have to have a series of cores or strip or satellite cities because people aren't about to walk, and it's getting impossible to drive and

park downtown in most of our big cities. (The Europeans criticize us saying, that we'd take the car even to go to the bathroom if we could get it through the door.) We could well stop and ask ourselves whether our streets and cities belong only to shoppers and motorists or to all the people. Our traffic and mass transit problems and air pollution problems are crying out for solutions.

We can't just sit there and expect "George to do it." Too often we elect or appoint city officials and then expect them to do it all, feeling as if with our taxes we've bought a 50-yard line ticket to the football game and now enjoy the right -- without any responsibility -- to just sit there and criticize the quarterback for every mistake that occurs, whether it's his fault or not. I feel somewhat strongly about this as a non-paid citizen commissioner who has taken a beating from both sides.

It is estimated that maybe two-fifths of our local expenditures have to be for "unproductive" purposes, that is, not directly paying out capital investments like streets, public buildings and the like. We have to become interested in how these expenditures are made, what impact they will have on the future "productive" side, and what they will do to shape our future life in the city. We also have to remember that if the aim of the economy and of government activity isn't to promote the welfare and well-being of the individual, we are just wasting our time. Actually, we are making remarkable progress in urban renewal in many of our American cities, both large and small. The best programs are invariably in cities where everybody is taking an active interest and pride in them.

The past year as president of the National Association of Housing and Redevelopment Officials I tried to encourage the members of that association to take a broader look beyond their day to day problems. I tried to tell them something about our problems in the private home financing industry and of the need for inter-association cooperation. I tried to encourage them in further education and professionalized training of their members, in the need for more research to deal more intelligently with the problems we face at the federal, state and local levels in

exercising the catalytic role in the governmental housing program, which will be 25 years old next year and in the urban renewal program which is a mere infant, though lusty -- being only 10 years old. We have passed the point of arguing whether things should be done publicly or privately. They have to be done both ways.

I appreciate the opportunity of being allowed to present this message as one who has worked on both sides of the fence. The problems are urgent. As potential commissioner members on urban renewal agencies and housing authorities, you have a great deal of practical experience and know-how to contribute. I would encourage you to such active participation and leadership in civic affairs. Even if you do not, as just plain citizens, with a sense of social responsibility you have good reason to be interested in helping to shape the housing and the city our children will live in when the year 2,000 rolls around.

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Lived, worked, and traveled abroad eight years. Written numerous articles
on housing and redevelopment problems and lectured abroad for
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January-February 1962 studied housing and planning in England, Denmark,
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Past year testified in Washington before Senate and House Currency and
Banking Committees on Housing Act of 1961. Also Sacramento
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