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# Anderson: The Federal Bulldozer: A Critical Analysis of Urban Renewal, 1949-1962

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It should be a part of the library of every attorney who expects to defend a person accused of a crime. Anyone else would probably find it ponderous reading.

CHESTER A. LIZAK\*

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*The Federal Bulldozer: A Critical Analysis of Urban Renewal, 1949-1962.*

By MARTIN ANDERSON. Cambridge, Mass.: M.I.T. Press, 1964. Pp. xi, 272. \$5.95.

*The Federal Bulldozer* is a blistering indictment against the federal urban renewal program. The author, Martin Anderson, who is only twenty-eight years old, has a background of engineering and business. He is at present an assistant professor of finance at Columbia University Graduate School of Business. The case for the prosecution was prepared by Mr. Anderson for a Ph.D. thesis under a fellowship at the Joint Center for Urban Studies of M.I.T. and Harvard University, and was published by the M.I.T. Press as part of the Joint Center's series of urban studies.

Using a vast array of statistics, opinions, beliefs, and guesses, he charges that: "The Federal urban renewal program had admirable goals. Unfortunately it has not and cannot achieve them. Only free enterprise can."<sup>1</sup> His allegations are as follows: (1) the program is destroying far more low-rent housing than it is constructing; (2) it is causing great hardships on those who are displaced; (3) businesses dislocated from a project frequently cease doing business; (4) the length of time necessary to complete a project is too long; (5) private redevelopers are disenchanted with the programs; (6) the rehabilitation program has failed; (7) the program is unconstitutional; (8) the quality of housing is being substantially improved by private enterprise—no thanks to urban renewal. The sentence which he recommends to the court of public opinion is the immediate repeal of the urban renewal program.

Anderson apparently believes that capital punishment is the only means of securing adequate retribution for these heinous crimes.

As might be expected, the defendant claims that this is a distortion. Commissioner of Urban Renewal, William L. Slayton, in a letter to James A. Wilson, Director of the Joint Center, stated that the work was not an accurate treatment of the program and that there was not a reasonable relationship between the facts and the conclusion. This of course is understandable, for we are dealing with a book which not only attempts to take bread out of Mr. Slayton's mouth, but would seem to nominate his organization for a place in history alongside the Third Reich and the Huns who followed Attila.

It is surprising, however, to find the book berated by the head of the organization which sponsored it. Mr. Wilson, Director of the Joint Center, has been reported as saying that Anderson's work meets only the minimum standards of scholarship that the center applies to its studies. He went on to say that had a poll of the center's personnel been taken on the book's conclusions, it would undoubtedly have revealed that the vast majority of the faculties of the two institutions concerned with the center's program and

<sup>1</sup> ANDERSON, *THE FEDERAL BULLDOZER: A CRITICAL ANALYSIS OF URBAN RENEWAL, 1949-1962*, 230 (1964).

the battery of urban affairs "outsiders" who counsel the center would not have accepted them.<sup>2</sup> A close examination of the book reveals that the young prosecutor has done a somewhat sloppy job in preparing his case. The book contains truths, half-truths, and untruths. Much of the evidence he offers is based on secondary sources.

The fundamental basis of the study is the aggregate statistical data covering every urban renewal project in operation, as of March 31, 1961. It is significant that the data were three and one-half years old before the publication of the book in November, 1964. During these three and one-half years, the program has made some of its greatest accomplishments. The author himself states: "The data in this study are not perfect; a significant part of the data—especially new construction figures—are estimated and therefore subject to a certain amount of error. Some areas of the study are supported with quite rough estimates, particularly in the area of tax revenue changes. . . . Some of the data are a little out of date by now."<sup>3</sup> He admits that there are indications that the amount of construction activity has increased significantly since the time that this study was made. A significant change would, of course, change the effect urban renewal has on the tax basis of hundreds of cities across the country and could alter the ratio between private and public investment in urban renewal.

His outdated material is a small fault when compared with the hasty and oversimplified conclusions which are frequently based on no more than a scintilla of evidence. After he showed the work to governmental and non-governmental authorities on the program, he candidly tells us, "They did not always agree with my conclusions."<sup>4</sup>

The worse fault of the book, however, is not what the book states, but what it doesn't state, not the factors which it considers, but those which it ignores. As if seeking absolution for the deficiencies in his work, the author continues with his public confession: "In fact this book is an unbalanced account in that most of the evidence presented is not favorable to the federal urban renewal program. In my judgment, this is the only way that it could be, simply because there is no other alternative."<sup>5</sup> Unfortunately, Mr. Anderson is not so certain of his judgment that he feels that he can afford to reveal to his readers those facts which might invalidate his conclusions.

In Chapter 4, Mr. Anderson laments the fact that urban renewal has cleared 101,000 substandard and 25,000 standard low-rent housing units. He then asks where those who were displaced by the clearance could be expected to live. He somehow neglects to inform his readers that during that period of time 268,000 units of public housing were completed. In the same chapter, we are informed that one out of every four of the small businesses involved with urban renewal ceases doing business. He didn't tell us, however, that most of these businesses are marginal and subject to an annual casualty rate of six per cent. This is certainly a substantial factor when one considers the length of time it takes to complete a project.<sup>6</sup>

<sup>2</sup> Goldberg, Book Review, 21 JOURNAL OF HOUSING, 471 (1964).

<sup>3</sup> ANDERSON, *op. cit. supra* note 1, at ix.

<sup>4</sup> ANDERSON, *op. cit. supra* note 1, at x.

<sup>5</sup> ANDERSON, *op. cit. supra* note 1, at xi.

<sup>6</sup> Conversation with Duane V. Ramsey, Chief of the Relocation Staff of Region IV of the Urban Renewal Administration on February 27, 1965.

There have been families and business that have suffered hardships in relocating. But the hardships are not so severe or so frequent as when private industry does the displacing. In those cases, the displaced are given no help and are left to their own devices in finding a new location. The federal law, however, requires that individuals and families displaced from an urban renewal area be offered decent, safe and sanitary dwelling units, at rents or prices within their financial means and reasonably accessible to their places of employment.<sup>7</sup> On page sixty-nine, he states that the determination as to what constitutes decent housing for those who are to be relocated is completely in the discretion of the local officials. This statement is not true.<sup>8</sup>

Chapter 5 finds the author criticizing the duration of an urban renewal project. His estimate is twelve years. However, he failed to cite an example where private industry, by itself, has managed to redevelop an urban area the size of a renewal project, in less time.

In Chapter 7, he claims that the private developer is becoming disenchanted and in order to support this position, he found it necessary to take a quote from an official of one of the large redevelopers, completely out of context.<sup>9</sup>

In the following chapter, he bemoans the fact that only \$1.00 in private funds is being invested for every \$1.00 in public funds. His argument would be more convincing were it not for the fact that his evaluations are based upon projects only partially complete or barely begun.

His next area of discussion is the rehabilitation program. He points out how insignificant is the amount of rehabilitation completed under the Urban Renewal Administration, when compared with the rehabilitation accomplished by the private sector of our economy. He does not go into the question of whether the rehabilitation which the federal program accomplished, was in

<sup>7</sup> 42 U.S.C. 1455(c) (1964). There is evidence, however, that some localities have not been conscientious in carrying out the law in the past and have done a poor job in aiding displaced to relocate. See Hartman, *The Housing of Relocated Families*, 30 THE JOURNAL OF THE AMERICAN INSTITUTE OF PLANNERS 266-285 (1964).

<sup>8</sup> The locality is required to submit with its application for loan and grant a detailed statement of the criteria used to determine standard housing for those who are to be relocated. HOUSING AND HOME FINANCE AGENCY, URBAN RENEWAL MANUAL pt. XVI, ch. 1 (1962). These standards are reviewed by the relocation staff of U.R.A. and must be approved by the Administrator. HOME FINANCE AGENCY, POLICIES AND PROCEDURES FOR URBAN RENEWAL pt. XVI, ch. 1 (1962). In addition spot checks are made to insure that this criteria is being used. HOUSING AND HOME FINANCE AGENCY, 4 POLICIES AND PROCEDURES FOR URBAN RENEWAL OPERATIONS pt. XVI, ch. 2 (1962).

<sup>9</sup> He quoted the following excerpt from a speech by Leon E. Hickman, executive vice-president and chairman, Finance Committee, Aluminum Company of America: "Our experience as a seed money angel was early in the game and relatively painless. *But we have seen enough to know that we have had it.*" The speaker went on to say, however: "Unless one has the banker's position of first mortgage it has been our experience that sending money into a project without the backup of your own management seldom works. . . ."

"Alcon is in urban renewal redevelopment up to its neck. Like most people we're learning the hard way. We have a conviction that urban renewal is essential if our cities are to survive and that Alcon can play a constructive role in that battle and bring home to its shareholders a reasonable return on their investment. Urban redevelopment can only succeed if it is a team effort of public and private agencies willing to enlist for a long, hard fight." Goldberg, *supra* note 2, at 472.

those areas which private enterprise with its concern for profit would not go into. Up until recently, the Urban Renewal Administration was not equipped to carry out redevelopment projects aimed at rehabilitation, as opposed to clearance. However, in the last two years it has been given certain tools.<sup>10</sup> With these tools the program will undoubtedly have substantially more success in rehabilitation.

In Chapter 10, the author treats us to a lengthy explanation as to why he believes that urban renewal is not an aid to cities with their tax problems, but is in reality a liability. Citing secondary sources, he states that at least fifty percent of the construction would have been built somewhere else in the city even without the urban renewal program. He concludes that the property tax issue is a "cloudy one" and that there is a possibility that a city could get more taxes from a rebuilt area than from slums.

In Chapter 12 we are informed that the constitutionality of the urban renewal program "is still an open issue." He believes the program is an abuse of the eminent domain powers, and accordingly, a taking of property without due process. In support of his position, he offers a statement of William Pitt and a federal district court decision which was later reversed.<sup>11</sup> Unfortunately, the Supreme Court of the United States<sup>12</sup> and the highest courts of thirty-four states<sup>13</sup> differ with him on this point.

His final thought is that while the quality of housing throughout the country is improving substantially, only an insignificant percentage of these improvements are due to the urban renewal program. The real credit should go to private enterprise. Citing the latest census figures, he points out that only nineteen percent of the housing of this country is substandard.

The author appears to be oblivious to the fact that the purpose of the program is "to aid the city to refashion and rebuild its physical plant along modern lines so that it can cope more successfully with the many problems of this industrial age—poor housing, traffic congestion, inadequate sites for commercial and industrial growth, decay of downtown areas, and neighborhood deterioration."<sup>14</sup> The creation of decent housing is an important goal of

<sup>10</sup> 42 U.S.C. § 1452(b) (1964) authorizes loans at an interest rate of 3% to owners or tenants of property in an urban renewal area, to finance rehabilitation required to make the property conform to applicable code requirements, or to carry out the objectives of the urban renewal plan for the area. In 1963, the rehabilitation program was aided by FHA's lowering of its minimum standards for urban renewal rehabilitation. The regular standards, in many cases, required extensive rehabilitation beyond the means of owners. Furthermore, many buildings were so old that they could not be altered to meet FHA specifications. 17 HOUSING AND HOME FINANCE AGENCY ANN. REP. 388 (1963).

<sup>11</sup> *Berman v. Parker*, 117 F. Supp. 705, *rev'd* 348 U.S. 26 (1954).

<sup>12</sup> *Berman v. Parker*, 348 U.S. 26 (1954); *Star V. Nashville Housing Authority*, 354 U.S. 916 (1957).

<sup>13</sup> *E.g.*, *People v. City of Chicago*, 414 Ill. 600, 111 N.E.2d 626 (1953); *Freidt v. City of Detroit*, 343 Mich. 210, 73 N.W.2d 211 (1955); *State v. Rich*, 159 Ohio 13, 110 N.E.2d 778 (1953). For a compilation of cases, see HOUSING AND HOME FINANCE AGENCY, *List of Citations to statutes, CONSTITUTIONAL PROVISIONS, AND COURT DECISIONS* (GPO 933582, 1962).

<sup>14</sup> Housing and Home Finance Agency, *20 Questions and Answers on Urban Renewal* 2 (1963). Mr. Anderson seems to be a bit confused as to the purpose of the

the program, but it is not the only goal of the urban renewal program.

The question now arises: Can we depend on private enterprise alone to achieve this goal? In 1960 the National Housing Conference, the AFL-CIO, and the National Association of Home Builders did not think so. They estimated that to reduce overcrowding, replace substandard housing, and accommodate the exploding population, construction of housing must be increased by 500,000 units annually.<sup>15</sup>

Another factor to be considered is that certain areas of the city continue to deteriorate while the housing of the country generally improves. These areas are frequently referred to as slums. Is it realistic to suppose that private industry will go into these areas? Anderson answered this question himself: "It seems likely that what has been accomplished so far by private enterprise in urban renewal has been largely a result of the government's decision to underwrite a substantial amount of the risk involved."<sup>16</sup>

Furthermore, in evaluating urban renewal's effect on the over-all housing situation, the author makes several fundamental errors. The first was his failure to take into consideration the relatively short period of time that the program has been in existence. His second error was his failure to consider Sections 101(a) and 101(c) of Title I of the Housing Act of 1949, as amended.<sup>17</sup> Under 101(a), at the time a locality makes an application for a loan and grant for urban renewal, it must submit evidence that it has adopted and is enforcing sound building, housing, and zoning codes which will minimize slum and blighted conditions and which will establish positive minimum conditions in dwellings and other buildings for the entire community—not merely the urban renewal project.<sup>18</sup> Section 101(c) of the Act requires that the federal government not enter into a contract for a loan and grant for urban renewal with a community unless the community has a workable program for its improvement. This program must be certified by the Administrator. It includes an official plan of action for effectively dealing with the problem of urban slums and blight within the community, and for utilizing appropriate private and public resources to prevent the development or spread of slums. The author does not discuss what effect this has had on private enterprise's efforts to create standard housing. His third error was his disregard of the effects which an urban renewal project has on property adjacent to its boundaries. He ignores the fact that redevelopment is often contagious, in that it often creates an incentive to rehabilitate the property outside the project. Mr. Anderson has failed to prove his case. The defendant is entitled to a directed verdict.

It is beginning to appear that this reviewer is guilty of twisting a review into a rebuttal. This is not his intention, for—and no false modesty intended—

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program and defines it as "essentially an attempt to change existing land-use patterns within cities, into new and different land-use patterns, that some persons feel are more desirable from their viewpoint of the public good." ANDERSON, *op. cit.*, *supra* note 1, at 91.

<sup>15</sup> Esstein, *The Row Over Urban Renewal*, 230 HARPERS 55, 59 (1965).

<sup>16</sup> ANDERSON, *op. cit.* *supra* note 1.

<sup>17</sup> 42 U.S.C. § 1451(a) (1964); 42 U.S.C. § 1451 (1964).

<sup>18</sup> HOUSING AND HOME FINANCE AGENCY, URBAN RENEWAL MANUAL pt. 2, ch. 3 (1960).

he realizes this would be a task which he is not competent to perform. His purpose is only to point out some of the book's more obvious shortcomings.

To sum up then, the data upon which the book is based are outdated and sometimes completely inaccurate. The conclusions which the author comes to are supported only by those facts which he chooses to consider, not by all the facts as they exist. The book is an important one, in that it will undoubtedly be used as a weapon by the opponents of the urban renewal program. It is not a book which will give the reader a true picture of the program.

The World Health Organization has been quoted recently as declaring: "After the question of keeping world peace, metropolitan planning is probably the most important single problem faced by man in the second half of the 20th century."<sup>19</sup> It is a problem from which this country is not exempt. Certainly a critical analysis of our urban renewal program will be of great value in coming to grips with this challenge. The Urban Renewal Program, like every other governmental program, has known both success and failure. However, a study which ignores the program's achievements and merely distorts its failures is of as little value as a study which dwells on its successes and glosses over its defects.

THOMAS GRIPPANDO\*

<sup>19</sup> Hughes, *The Crisis in Cities*, 110 CONG. RECORD 4864 (1964).

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*Father Coughlin and the New Deal.* By CHARLES J. TULL. Syracuse: Syracuse University Press, 1965. Notes, Index. Pp. 292. \$6.50.

Charles J. Tull, Assistant Professor of History at De Paul University, has made a sufficient contribution to the "Men and Movements" series of Syracuse University. His subject emerges from these pages as a prophet who, but for his inability to control his own petty weakness, might have grown with his country. Instead Charles E. Coughlin was unable to balance his influences, and to discriminate against the tremendous social, political and economic forces of depression-ridden America. In the late years of his life, Father Coughlin swung in a wild erratic course, without philosophy or balance. With each turn, he went further beyond the guideposts of constructive and conventional thinking.

It is evident upon reading the book that Professor Tull thoroughly researched his subject. His descriptive sequence of events relies only on objective material. The speeches, writings and actions of the controversial Radio Priest are founded upon ascertainable research rather than upon interpretation.

The ultimate picture of Father Coughlin remains as erratic and inconsistent today as it was thirty years ago. Father Coughlin deemed himself a force early in the depression. In truth, he was a force in America and as a matter of fact a remarkably constructive force. Few people today recall the Coughlin proposal, which was suggested prior to any "New Deal" enactments, that the United States government provide a permanent flexible job pool and offer employment, without strings, through prosperity or depression, for all individuals who were out of work. This concept of Father Coughlin's has as much validity today as it did when advanced. It is illustrative of Father Coughlin's ability and far sightedness, qualities manifest during his early years