

TAKING PROFIT OUT OF SLUMS

Code enforcement spoils market for slum housing in Philadelphia

Price of tenement units dives 50 to 75% in year. Big operators stay in business, but small ones begin unloading holdings at any price. Officials say they face big relocation problem

A single year's enforcement of its new housing code has knocked the bottom out of the market for slum property throughout Philadelphia.

Since the city opened an attack on its 700 blocks of slums by concentrating inspections and citations in a 21-block area, prices for tenement dwellings have dived between 50 and 75%. The reason: removal of illegal overcrowding and forced repair work has either drastically reduced income for such property or raised the maintenance cost.

There are plenty of sellers, but few buyers. And those who are still buying consider their purchases sheer speculation, not the sound, high-yield investment they once were.

Some landlords are pulling units off the market. Some who had converted old single-family houses to multiple uses are evicting tenants and reconvert-ing. Others—mostly small operators—are going out of the housing business as fast as they can. It is logical to theorize that dropping prices may cut land cost in slum areas so much that much less federal subsidy will be required for redevelopment. But the trend is too young to prove this yet.

Philadelphia provides what is probably the nation's most dramatic example yet of how quickly a determined city can take a big chunk of the bootstrap profit out of operating slums. Realty men have long argued that if the profit disappears, so, in time, will the slums themselves.

The Philadelphia story—and some of the still unsolved problems it has spawned—should be studied by every builder, realtor and civic official who hopes his city will do something effective about stopping the spread of blight.

Small property owners say they can't get mortgages to finance repairs, FHA shuns Sec. 220 loans

Philadelphia's year-old housing code is one of the nation's four or five strictest.

Among other things, it requires three-piece toilets in neighborhoods where outdoor privies have served for generations. It requires hot water, and, in multiple dwellings, extra baths where one had served for decades. It has portable heaters. It sets up space requirements (see p. 64).

In many a city, slum housing is one of the most profitable investments available. Realty experts in Oakland, Calif., for instance, recently told a delegation of HHFA officials inspecting its urban renewal program that an income of \$3,600 a year on \$9,000 investment in tenement dwellings was "common."

It is a different story in Philadelphia: "People are staying away from the market and mortgage money doesn't exist for this kind of housing," observes David Goldsmith, office manager for broker-rents Diamond Liss & Goldberg in Philadelphia. "There are plenty of sellers, most of them owners of four, five or six properties who have been

living off the income from them and just don't have the money to rehabilitate. But even the big boys wouldn't gamble over price if they got an opportunity to sell."

The big operators have been better able to hang on than small owners. Some are going ahead pretty well with the called-for improvements—facing what they believe is the inevitable—while others are squeezing every day of delay they can from the city.

The small owners, however, will unload at any price. Edward H. Gornish, an owner-broker, says he paid only 25% to 60% of the property's former value on the deals he made last year. "I bought a little more than I did last year (1954), because of the low price," says Gornish. "But the small operators—the men who pick up a property here and there as an investment—aren't in the market today. . . . I would say that there has been a 200% to 300% increase in the number of people coming into my office wanting to unload."

But brokers, says Gornish, are now grow-

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Big demand for fixed-up units at twice old rent

It took money to renovate these six single-family row houses on Lamminger and South Sts. In the pilot area to make them meet the provisions of the housing code. Old dwellings (above) were smothered up inside and out (in lower photo, Mrs. Alice Lipscomb stands in front of her renovated home). The fixup job does not appear to have changed the face of the neighborhood, but it is a start. Landlords would not touch the project, as the owner paid for the work. It cost KFBS Realty, Inc. \$22,000—\$1,950 per dwelling—to replace bad walls and floors, install baths, hot-air furnaces, and hot water heaters and paint the buildings inside and out. Units formerly rented for \$85 to \$95 a month. Now the owner hopes to get \$160 to \$180 per month. David Goldsmith of Diamond Liss & Goldberg, managers of the property, says there were three vacancies when the work started—it was done around the corners—and he has had 12 applications for them. "That was without putting up any signs," he adds. "If we put up signs, we would have had 20 to 30 applications." All applicants must be approved by a neighborhood committee which has been organized to improve the neighborhood. The owner has ten similar projects of from six to 16 buildings, says Goldsmith, but not enough money to handle them the same way.

Photo: Ted A. Hays





AFTER SIX YEARS OF TOIL, FOUR APARTMENTS ON FORMER SLUM SITE IN CHICAGO

Lake Meadows rises as Negro market proves worrisome — a progress report

Lake Meadows, a controversial and beleaguered idea for massive slum redevelopment, is gradually hardening into the brick and mortar of a gleaming new community on Chicago's South Side. Last month, four 12-story apartment buildings rose above the 101 acres of cleared slum rubble; the skeleton of a fifth was transferred complete. On Nov. 12, New York Life Insurance Co., sponsor of the project, will swing open the doors of a \$1 million drive-in shopping center (AF, Dec. 32, News) to serve the project and surrounding area.

The opening of the center will complete one phase of Lake Meadows' development, but New York Life—after a cautious pause to look around—is moving on to the next and larger phase. Working drawings for the first four projected 20-story buildings are on the boards of Architects Skidmore, Owings & Merrill. Bids will be sought on the first two shortly after the first of the year.

Out of the slum-ghetto. When fully completed, Lake Meadows will house 2,000 families, most of them refugees from Chicago's stinking slums, in a park-like setting carved out of the rotteness part of the old South Side. It will contain not only its own shopping facilities, but a school, church, and parks as well. It will be Chicago's boldest enterprise to provide modern housing at medium cost for the exploited dwellers of today's Negro slum-ghetto.

It has taken New York Life six years to get its idea to where it stands today, still barely 25% complete. This has been a pioneering process beset by a series of social, legal, financial, and political troubles. A total of 475 of 725 parcels had to be acquired by the Chicago Land Clearance Commission (the subsidized clearance agency) through laborious condemnation suits in Cook County's hopelessly crowded courts. On 11 occasions, the suits dragged through to the Illinois Supreme Court. Three times they reached the US Supreme Court.

Repeatedly, the problem of relocating 3,500 Negro families from the site threatened to shake the support of the Chicago city council, some of whose aldermen wondered—perhaps with reason—if relocation might

not alter the political complexion of their own districts, perhaps even jeopardize their own jobs. For three months last year, planning of the site was snagged because a city council subcommittee delayed approval of a necessary street closing. Added to these delays were the endless bureaucratic processes involved in obtaining approval of local, state, and federal agencies for almost every move. Said one Chicago mortgage banker: "They should rewrite the book of Job."

Can the Negro market pay? Haunting the sponsors of Lake Meadows, besides these troubles, was the question of whether it is possible to build modern housing on such a scale for predominantly Negro occupancy (95% of Lake Meadows' families are Negro).

The sponsors, working on the basis of a 4% return on their investment and long-term amortization, planned Lake Meadows to rent at \$20 a room. Rising costs during the six years have boosted rents to \$28 per room. This is still a whopping bargain when contrasted with the \$50 a room, or higher, rent that tenants in other new elevator apartments pay in Chicago. And Otto L. Nelson, New York Life's vice president for housing, believes this is within the Chicago Negro family's ability to pay—just within. He bases his judgment upon his experience with the first four buildings at Lake Meadows. Col. William J. Reardon, manager, has no long waiting list of applicants, but his 476 apartments are 100% occupied. When the fifth building is finished sometime next summer, he confidently expects it to be filled within a month of its opening.

Nelson cites several factors which he believes have held down the number of applicants at Lake Meadows. The first is the fact that, physically, Lake Meadows still stands in the middle of the rubble of its demolition and is surrounded by the toughest, most criminal slums in Chicago. Lake Meadows' tenants must go into this slum world to shop, to schools, and to churches. Esoterically, there is nothing pleasant about a rubble heap. The first white family to move out of Lake Meadows moved out last month

because of the school problem. Said the mother: "Living here in Lake Meadows with the fine Negro people we have here is one thing. Sending my child into an old school overcrowded with young toughs from the slums is something else, again."

As Lake Meadows moves towards its ultimate objective, Nelson contended, the remaining factors will disappear. With the opening of the new shopping center, one of them is already going. As more buildings are built and landscaped, the physical ugliness of Lake Meadows will be vanishing.

Vanishing trademark. Until that time is reached, New York Life plans to continue a program of cautious progress. One victim of this caution is the original plan that called for two long, slim, 20-story buildings with open galleries housing 640 families each. These dramatic structures, portrayed in advance Lake Meadows' publicity, became almost the trademark of the project. In their place, Lake Meadows will have the four 20-story buildings planned on much more conventional lines. Reasons for the switch according to Nelson:

1. Experience has indicated it would be infeasible to put as many as 640 new units on the market at one time. With smaller buildings, the impact will be more gradual.

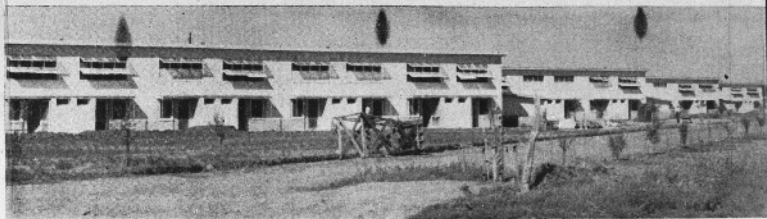
2. Economy. Buildings with the long, thin lines and outside galleries would be more costly than conventional buildings with a center corridor. Main factor in the savings: reduced exterior wall area.

3. The thought of open galleries 23 stories in the air where children might be playing unintended gave some people nightmares. To prevent accidents, a sturdy wire screen would need to extend from gallery level to gallery level, the sponsors decided. And this, in turn, would produce a problem of design to prevent a cheap appearance.

Reasonable cost. The original five buildings, designed along clean but conventional and economical lines, went up at a cost Nelson said was "all we could hope for." Other sources put it at \$1.21 per sq. ft., net counting land and certain other factors. This contrasts with a similar figure of \$1.29 which was the cost of a new apartment building of similar dimensions constructed about the same time in Chicago.

Experience at Lake Meadows has taught Chicago redevelopers other lessons, too. For instance, the Chicago Land Clearance Commission is now insisting that every project be built in stages, with new construction keeping pace with demolition. (Acres of Lake Meadows lay fallow for more than a year.)

But there is little sentiment among Chicago redevelopment leaders to call Lake Meadows a flop. Said one key official: "We will all be proud of Lake Meadows someday. . . . The impact of this on our urban renewal planning is more tremendous than you can imagine."



Vernon DeMars and the row house: from diagrams . . .

Among architects and planners, Vernon DeMars is recognized as one of the top authorities on row-house design in the U.S. Ever since 1936 when, as one of the architects for the Farm Security Administration, he designed some of the most advanced row-house communities in the world, DeMars has given as much thought to this building type as any man in the country. He was one of the architects for Easter Hill, and his thinking pervades the entire village. To those who have followed his work in the past, Easter Hill is bound to come as a surprise. No two projects could be more different than DeMars' Yuba City (1940) and his Easter Hill of 15 years later. This is the step-by-step story of his change in thinking and in practice.



Chandler Farms showed early attempt at individual expression through emphasis on heavy party walls.

"We've got to get rid of 'projectitis,'" Vernon DeMars likes to say when explaining Easter Hill Village to visitors. "It is hard enough for people to make the adjustment that's needed when they move into the economic ghetto of a housing project—or, for that matter, into the social uniformity of the average new suburb. It seems to me that we should not make things still more difficult for them by asking them to live in architectural diagrams. At Easter Hill, we tried to give the houses both individuality and familiarity. They are full of little details that are part of people's experience—porch rails, double-hung windows, pitched roofs, some flower boxes and so on. All this keeps Easter Hill from being set too far apart from neighboring communities—which is particularly important in public housing projects."

Does this mean that DeMars is backtracking from his earlier work?

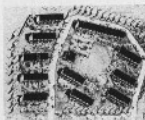
"Not at all," he says. He feels that his early, geometric, even diagrammatic row-house communities were a necessary and dramatic forward step to establish the basic concept of open row housing. Once that concept was established, DeMars felt it was important to apply it to the specific and detailed human needs encountered in most communities. His thinking developed along these lines:

▶ In his early FSA projects, the row-house strips were treated as long units with virtually no differentiation between them. Planting and each family's individual expression was expected to add the "human touch." DeMars discovered, however, that beautiful though these row houses were, their composition could be ruined by such frequent (and intensely human) touches as a display of laundry in the back yard or a tricycle on the front lawn.

▶ As he developed more FSA communities, DeMars introduced screens, fences, hedges and other divisions between houses, varied the orientation of his row-house slabs and generally moved away from a gridlike pattern.



1940: Yuba City, Calif.



1942: Taft, Calif.



1944: "Ladies Home Journal" row house