



Milwaukee's community renewal program: urban renewal techniques.

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W - COMMUN. RENEWAL PROG.

DEPARTMENT OF CITY DEVELOPMENT

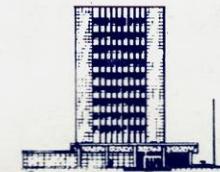
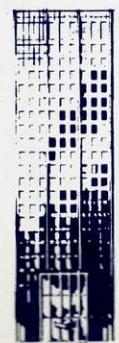


W - Community Renewal Prog.

URBAN RENEWAL TECHNIQUES

* CONSERVATION * REDEVELOPMENT * ORGANIZATION * STRATEGY *

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MILWAUKEE'S
COMMUNITY RENEWAL PROGRAM
URBAN RENEWAL TECHNIQUES

Milwaukee (Wis)
DEPARTMENT OF CITY DEVELOPMENT

May, 1964

Community Renewal Programs - Milwaukee, Wis



DEPARTMENT OF CITY DEVELOPMENT

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May 15, 1964

The Honorable Henry W. Maier
Mayor, City of Milwaukee

The Honorable Common Council
City of Milwaukee

The Department of City Development is pleased to transmit this report on Urban Renewal Techniques. In order to most effectively use renewal to improve Milwaukee there must be a clear understanding of what renewal is and what it can accomplish.

As one of the Community Renewal Program studies, the renewal techniques were reviewed in order to ascertain ways of improving Milwaukee's renewal process. Based on this study, improvements are being recommended. With increasing experience in renewal the need for other modifications of the process will become apparent.

Milwaukee has considerable experience with clearance and redevelopment, but we have just recently embarked on a conservation program. Substantial expansion of the conservation staff is necessary to carry out this program.

In order to effectively implement the projects recommended in the Community Renewal Program we will need to make adjustments in the renewal process as discussed in this report. Specific recommendations on renewal techniques and policies are incorporated into the report on Projects and Objectives.

Very truly yours,

RICHARD W. E. PERRIN, Director
Department of City Development

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I SUMMARY

Urban renewal is a process whereby areas of the community are rebuilt or otherwise upgraded in whole or in part by public and private enterprise.

CONSERVATION

The conservation type of urban renewal program is designed to prevent the causes of blight in new neighborhoods, to halt the decline of sound middle-aged areas, and to reverse the trend before clearance becomes necessary. Conservation cannot save badly deteriorated, older neighborhoods. It is not a substitute for clearance and redevelopment.

The major objective of the program is the restoration of economic and social values to basically good areas through a balanced program of public and private improvements. Secondary objectives include developing the assets of the area, restoring the residents' confidence in the area's future, and encouraging new investments in the area.

In selecting areas for treatment the following characteristics must be present: preliminary signs of blight, limited demolition required, indications of vitality, high degree of owner-occupancy, pride of ownership, street pattern and community facilities which are acceptable or which can be modified to meet modern standards. For planning and execution purposes the project area should be of a manageable size so that the conservation project can be completed in a reasonable period of time.

The cost of a conservation program will depend on the treatment required in each area. In areas where blight has not reached serious proportions a program financed entirely by the city should suffice. Those areas with more serious building and environmental deficiencies will require a program with federal financial assistance to restore the economic and social values. Under a federally assisted program structures must be rehabilitated to extend their useful life to approximately 30 years. It is doubtful that the city of Milwaukee can bear the entire cost of a comprehensive program over an extended period of years.

Conservation is a mutual assistance program with participation by the individual citizens and the city. The individual owners are expected to improve their properties to meet conservation standards and to cooperate with their neighborhood organizations to improve their areas. The city will improve public facilities, remove dilapidated and non-conforming uses, and provide advisory services such as community organization assistance, architectural, relocation, and social diagnostic services. These services will be made available to the residents through a field office in the designated conservation area.

The willingness and ability of the property owners to make improvements will determine the success of the conservation program. Expert guidance by the conservation staff will assist property owners in selecting the type of financing which best meets their needs and their ability to repay.

Although there are several methods of financing home improvements, there will still remain the problem of owners who cannot get loans through regular financing channels. Owners with bad credit ratings or with incomes too low to repay loans within a reasonable period of time will seriously affect the program. Techniques should be established to aid these persons in financing their property improvements.

In order to meet federal requirements, the city must recruit and train a conservation staff to provide the advisory services necessary to encourage home improvements. If the city has difficulty recruiting personnel, it may be necessary to contract for architectural, social diagnostic, and other services.

REDEVELOPMENT

Most rebuilding activity in Milwaukee is taking place and will probably continue to take place on an individual property basis rather than on a renewal project basis. Techniques that are being used or can be used to assist private redevelopment include (1) master planning, (2) zoning, (3) city code enforcement, (4) urban renewal policies and action, (5) public improvements, (6) community facilities, (7) property taxation, (8) economic subsidy of private redevelopment, and (9) treatment of social problems.

In municipally assisted redevelopment the city without federal aid acquires property, demolishes buildings and sells the cleared land to private enterprise for subsequent redevelopment. The primary role of municipally assisted redevelopment will be that of resolving isolated problems which demand immediate remedy and which have favorable project costs and market conditions. For example, acquiring blighted land and selling the cleared land to industrial and commercial firms whose expansion needs are of critical public interest but who cannot assemble the land to meet these needs.

Federally assisted clearance and redevelopment is primarily directed toward eradicating blight within those areas of the community which are hopelessly deteriorated. The Urban Renewal Administration, charged with administering the federal renewal program, has established six types of projects which cities like Milwaukee can undertake: (1) residential projects, (2) non-residential projects, (3) college, university, or hospital projects, (4) open land projects, (5) open land exception projects, and (6) demonstration projects.

Other federal agencies perform less central but still important functions in the federal renewal program. The Public Housing Administration assists municipalities in the planning, programming, and financing of public housing for low income people. The Federal Housing Administration administers a mortgage insurance program for urban renewal housing. The Federal National Mortgage Association provides a secondary market for federally insured mortgage loans. The Small Business Administration assists small businesses displaced by federally assisted redevelopment projects.

In areas suitable for governmentally assisted redevelopment differing degrees of clearance may be warranted depending on the condition of structures and environmental factors. In areas not suitable for governmentally assisted redevelopment, other renewal policies and techniques are necessary. Conservation with spot clearance and redevelopment is appropriate to the community's stable older areas. Zoning, code enforcement, and public improvements are among the important techniques to be used in areas of substantial private renewal. It is important that the city establish renewal policies and treatment programs for all needy areas of the community at all times. Specific policies and programs will vary with changing conditions.

ORGANIZATION FOR RENEWAL

If the pace of urban renewal quickens, the planning staff of the Department of City Development will need to be expanded. The relocation staff should be increased commensurate with the magnitude of a greatly increased workload and expanded relocation services. There is need to establish a position of Public Information Officer who would be responsible for producing and distributing departmental reports, news releases, brochures, and other communications.

The Program Evaluation Review Technique (PERT), as applied to public renewal, is a method of planning, replanning, and evaluating project activities in order to better control, administer, and expedite them. Its application to Milwaukee's urban renewal program deserves serious consideration.

MILWAUKEE'S STRATEGY FOR RENEWAL

Milwaukee's Community Renewal Program provides fresh insights into the city's problems, needs, goals, and resources. It outlines the techniques whereby the city can constructively assist private enterprise in the renewal of Milwaukee, and it establishes more complete organizational machinery whereby this assistance can be

rendered. To best apply these insights, techniques, and organizational machinery, a basic strategy of renewal should be adopted. Following are the major components of this strategy:

1. Renewal action program based on comprehensive analysis of needs and resources.
2. Systematic program of blight elimination in order to catch up and then stay ahead of spreading blight.
3. Establishment of high priority projects (both conservation and redevelopment) based on the concepts of containing or ringing the areas of most blight, eliminating the worst housing conditions in the city, and acting in areas which have the greatest success potential.
4. Intensive code enforcement and increased city services of other types in areas in need of treatment but not designated for immediate clearance.
5. Intensive educational and social service programs in problem areas.
6. Location and timing of governmentally sponsored conservation and redevelopment projects in such ways as will encourage and foster maximum private rehabilitation and redevelopment.
7. Coordination of renewal action with other public activities in order to obtain the greatest benefits for the least cost.
8. Broadening renewal to include a major emphasis on conservation to the extent feasible and based on the community's needs and resources.
9. Increased citizen participation in all phases of renewal activity in order to assure the development of plans and programs which are most desired by the citizens.

II URBAN RENEWAL DEFINED

Urban renewal, perhaps in most peoples' minds, has been more or less synonymous with federally assisted clearance projects. Some may have additionally included governmentally assisted conservation as part of renewal. Both views are incomplete, however, since they do not account for the extensive remodeling and rebuilding activity engaged in by private enterprise and by individual home owners on a single property basis. In both dollar volume of construction and in the number of structures built or remodeled in Milwaukee's older areas, renewal on a "property here - property there" basis far exceeds that undertaken on a project basis. In order to adequately account for all the activities involved, urban renewal should be viewed as a process whereby areas of the community are rebuilt or otherwise upgraded in whole or in part by public and private enterprise:

1. It is a process... A continuing series of activities, not necessarily related to one another, takes place.
2. ...whereby areas of the community are rebuilt or otherwise upgraded... The continuing series of activities takes the form of new building construction, repair or modernization of existing construction, and the provision or improvement of supplementary public facilities such as streets, parking, space, playgrounds, etc.
3. ...in whole or in part... In areas marked by substantial private renewal, many older buildings may not be replaced or rehabilitated; in governmentally assisted renewal projects all buildings may or may not require replacement or rehabilitation.
4. ...by public and private enterprise. Most new building construction and improvements to existing buildings are undertaken by private enterprise. Facilities involving public uses such as parks, streets, schools, and playgrounds are typically undertaken by public enterprise (governmental agencies). Public enterprise may also assist private enterprise in the assembly of land. In all cases, both are partners in the continuing development and renewal of the community.

Two broad kinds of urban renewal treatment have customarily been distinguished - conservation and redevelopment. In conservation projects, the dominant kinds of activities are the continued maintenance and preservation of buildings in good condition and the renovation of buildings in need of repair or modernization. In redevelopment projects, the emphasis is on the demolition of substandard structures and their replacement with new ones.

Both conservation and redevelopment are "project type" concepts but can be applied to areas other than those designated as renewal projects. For example, build-up areas characterized by a preponderance of well-maintained buildings are, in fact, self-conserving areas. Similarly, areas characterized by much private land assembly and rebuilding activity are self-renewing areas. It is the city's responsibility to effectively assist and constructively guide all renewal activities, without regard for type or sponsorship. The means whereby it does so is the topic of this report.

III CONSERVATION

American cities from coast to coast have found that areas deteriorate into slums faster than clearance and redevelopment can eliminate the blight. Code enforcement may be adequate to prevent extreme suffering or extreme hazard in individual houses, but codes have not been enough to prevent the decline of a neighborhood into a blighted condition.

With passage of the Housing Act of 1954, Congress recognized that clearance alone is not the answer to the problems of urban blight. The conservation type of urban renewal was created to preserve neighborhoods before the more costly and more drastic clearance treatment is necessary.

Conservation can prevent the causes of blight in new neighborhoods and it can halt the decline of sound middle-aged areas and reverse the trend, but it usually cannot save badly deteriorated older neighborhoods. It is not a substitute for clearance and redevelopment. Conservation is new to the city of Milwaukee. Fortunately, the city is in a position to benefit from the knowledge and techniques developed by the federal government and by such cities as Baltimore, Maryland; Cincinnati, Ohio; Grand Prairie, Texas; Little Rock, Arkansas; Oakland, California; Philadelphia, Pennsylvania; and Pittsburgh, Pennsylvania. Experiences in other cities show that the conservation of neighborhoods and the rehabilitation of properties is a complex, individualized renewal technique.

CONSERVATION OBJECTIVES

In considering the goals to be achieved through conservation, it is necessary to recognize intangible as well as tangible values. An example would be the pride a resident has in his home, or his fear that his neighbors are letting him down by neglecting their own dwellings and thereby threatening the "values" he seeks to maintain. Intangible residential values also are accountable in terms of convenience such as nearby stores at which to buy regularly needed supplies and services; easy, safe vehicular access; ample opportunity for family recreation nearby; adequate schools and churches; and the like. Another equally important intangible value, however, lies in the role a resident's neighborhood plays in the community of which it is a part, and in the role that the community plays in the complex of all the communities that make up the organism of the city. Some communities, and even neighborhoods, have roles that are of regional importance, while others serve purely local roles. The "values" a family attaches to its particular place of residence are bound to reflect the role its neighborhood or community plays in the larger city complex.

It is the sum total of all these "values" that is translated into the economic worth of the residential

properties held by the individual in the neighborhood. When this economic worth - which is a tangible value - declines or is even threatened, the decline is usually traceable to a lowering of intangible values. It therefore follows that, in order to restore economic worth, the intangible values must at least be restored if not raised to an even higher level than previously existed.

The major objective of conservation may therefore be summarized as the restoration of value to basically good areas through a balanced program of public and private improvements for all types of land uses. To restore value to an area, public action must provide adequate community facilities, services, and controls. Private action must provide modernization and maintenance of private properties; new investment; and neighborhood organization for communication, coordination of effort, and for other social or educational purposes. Public action can provide the opportunities for or stimulate private interest in new investment by private enterprise.

Secondary objectives of conservation are: (1) to develop the assets of the area; (2) to restore confidence in people that the area has a good future; and (3) to invite the attention of investors to the opportunities for new investment as well as maintenance of the old.

In developing the assets of an area, there must evolve a balance of values. Of course, values are different to different people. For the home owner who may seek to protect his old home and neighborhood to keep it as it once was, the value of the area as a place in which to live is different from that of the investor who may seek to capitalize on the demand for housing near the center of the city by building apartments. Because of such variations in value as it is interpreted by different people, no plan for community improvement can be of equal value to all. Conflicts of interest will occur among those for whom the area has value. Therefore, caution must be exercised so that the problems of the area are approached from as many directions as possible, thereby assuring that in no case will the urban renewal plan permit the continuation of trends that are already depressing property and neighborhood values.

SELECTING CONSERVATION AREAS

In order to determine possible conservation treatment areas, the following steps are taken:

First of all, areas which are good enough to require no renewal treatment should be eliminated from consideration. These are usually the new sections of the city. Ordinary home maintenance and code enforcement is sufficient to preserve these neighborhoods for the immediate future.

The next areas to be eliminated from consideration are the ones that have deteriorated too far for any treatment but clearance and redevelopment.

The remaining parts of the city then receive further study. The deficiencies are evaluated and the underlying causes of blight are identified. The question becomes whether or not conservation treatment can really solve the problems. Preference for conservation should be given to neighborhoods in the earlier stages of blight and which have some inherent vitality in terms of identity, character, or stability. In other words, there should be a high degree of owner-occupancy, the owners and tenants should have pride in the neighborhood, the area should be a desirable residential one, and the area should be conveniently located within the city. Where such positive qualities outnumber the negative or blighting factors, successful conservation is a real possibility.

In selecting conservation areas, it should be kept in mind that each area must be of a manageable size so that the conservation can be planned and carried out in a reasonable period of time.

FINANCING CONSERVATION PROGRAMS

The cost of conservation programs to the city of Milwaukee will depend on the degree of treatment required in each area. In general programs will fall into the following two categories:

1. Minor Conservation Program. When blight exists in an area but not to a degree serious enough to qualify for federal financial assistance, the city provides advisory services for property owners and provides needed public facilities and improvements. The city pays the entire cost of the program.
2. Major Conservation Program. Where at least 20 per cent of the structures in an area contain one or more building deficiencies, and where the area itself contains two or more environmental deficiencies, federal assistance is usually needed to restore economic and social values.

In order to justify the costs involved, a conservation program must result in lasting neighborhood restoration and stability. Moreover, if federal urban renewal funds are used in a certain area, no more federal money can be made available for further urban renewal in the same area. This means that based on existing federal regulations, if a conservation program fails and clearance becomes necessary, the city would have to pay for all clearance and redevelopment activities in that particular part of the city.

Another reason why the treatment must have a lasting effect is that FHA mortgage insurance under Section 220 of the Housing Act provides for refinancing present mortgages plus the cost of improvements. This will be discussed later, but the important thing is that rehabilitated properties must have a remaining useful life of 30 or even 40 years.

The process of eliminating blight is a continuing one. It is doubtful that the city of Milwaukee alone can bear the entire costs of a comprehensive conservation program over an extended period of time. The best way for this city to finance such a program is with help from the federal government. Because major conservation programs will play a large role in Milwaukee's urban renewal picture, consider what is involved and required for federal assistance.

Under a loan and grant contract, the federal government pays two-thirds of the net project cost. The city pays the remainder, but its entire share does not have to be paid in cash. If 10 per cent or more of the public improvements and new facilities serve the conservation area, at least a portion of the costs of these items may be counted as part of the city's share.

To secure federal participation in a conservation program, the city must go through much of the same procedure necessary for clearance projects. Here, in very brief form, is what must be done:

1. A tentative conservation area is chosen. The selection of areas will be based upon the Community Renewal Program.
2. With approval of the Common Council and the Redevelopment Authority, a survey and planning application is submitted to the Housing and Home Finance Agency (HHFA). With the application there must be preliminary evidence that:
 - a. All properties to remain in the conservation area can be upgraded to qualify for Federal Housing Administration (FHA) Section 220 mortgage insurance. This type of financing will be discussed later.
 - b. The area has residential qualities such as desirable location and physical characteristics, and other evidence of vitality which assures that conservation activities will restore the area to a long term sound condition.

- c. The street and land use pattern can be adopted to present day needs and long range objectives of the master plan.
- 3. When the HHFA approves the survey and planning application, the following steps are taken:
 - a. The Federal Housing Administration and the Urban Renewal Administration assist in inspecting a few typical properties in the area to help the city determine the feasibility of renewal and to establish tentative property conservation standards. These standards are higher than the Building and Housing codes, but they are actually the minimum level which the FHA considers essential for health, safety, and decent living. The standards must be realistic with respect to existing physical condition.
 - b. Surveys must be conducted to determine the willingness and ability of property owners to pay for improvements.
 - c. An urban renewal plan which is complete in all respects must be developed. It includes an accurate description of the conservation area, a land use map showing major thoroughfares, important public streets and rights-of-way. There must be a list of the property conservation standards, and a list of properties to be acquired for spot clearance and for public facilities.
- 4. After the urban renewal plan has been developed and before it is approved by the Common Council and the Redevelopment Authority, the plan is submitted with part I of an application for loan and grant for approval by the HHFA. When the Common Council and the Redevelopment Authority approve the plan and all actions have been taken to make the plan legally effective, the plan is again submitted to the HHFA in part II of an application for loan and grant.
- 5. As soon as the city has executed a loan and grant contract with the federal government, any avoidable delay may endanger the project's success. The conservation program is closed out when 75 per cent of the properties in the area conform to the conservation standards and 95 per cent of the properties conform to the building and housing codes.

Once part I of the application is submitted there may be a period of one to two years before the federal government approves the beginning of execution activities. During this waiting period, the neighborhood may continue to decline. In order to prevent further deterioration of the project area, and to sustain interest in the program, the city should provide funds to supply advisory services necessary to maintain the neighborhood until the execution phase begins.

The city should also extend conservation advisory services without federal assistance to any area threatened by deterioration, but not deteriorating at a rate or to a point where federal assistance is necessary. If no representative neighborhood organization for neighborhood betterment exists in such an area, the city should encourage and assist the residents in its formation.

MUTUAL PROGRAM - THE CITIZENS' ROLE AND THE CITY'S ROLE

The individual residents are expected to participate in the planning and execution activities through the neighborhood and block organizations. In meetings with city planners, the citizens help outline the neighborhood goals to be achieved through the conservation program.

In the execution phase of the program, property owners are expected to improve their structures at their own expense. Before undertaking a conservation program, it is extremely important to know whether owners are willing to make property repairs and improvements and whether they have the financial capability to upgrade their structures.

Property owners fall into categories based upon their willingness and financial ability to rehabilitate. First, there are the owner-occupants who are more or less willing and more or less economically able to rehabilitate their houses. Then there are the owner-occupants who, for reasons of age, poverty, or mental or physical disability, cannot rehabilitate their properties. Finally, there are absentee landlords, some of whom would like to improve their properties but cannot and will not because of destructive tenants, and some of whom only want to milk their properties, and some of whom maintain their properties well and will house only good tenants.

The neighborhood organizations can play an important role in motivating the owners. Motivation to make improvements will involve (1) a recognition by the individual and the group that the neighborhood needs to be improved, (2) a realization that making such improvements will in the long run be profitable for those who make them, (3) an assurance that other members of the neighborhood group will participate, and (4) a feeling

that group consent and pressure will reinforce the group decision. Although it may be difficult to draw absentee owners into any type of block organization, an attempt should be made to keep those owners fully informed as to plans for the total area and to gain their participation in a specific improvement program.

To restore value to deteriorating areas the city will participate in the mutual program by (1) improving neighborhood facilities and installing new public improvements, (2) removing dilapidated structures and non-conforming uses, (3) providing advisory services to encourage property rehabilitation, and (4) enforcing codes.

Public Improvements. The installation of public improvements contribute to the desirability and prestige of a neighborhood, and thus to the community image of its value. There are practical and urgent reasons for installing public improvements in the project area as soon as possible. Owners are not willing to improve their properties so long as their homes look out on nuisances and eyesores that deteriorate their value as investments and as homes. To residents of a conservation area the program consists, first, of the public improvements and second, of the rehabilitation of their houses. The improvements represent visible proof that the area is going to be given new status and prestige. These improvements should have a high priority in scheduling to stimulate private rehabilitation.

Dilapidated Structures and Non-Conforming Uses. Within any conservation area there are specific structures that will be removed because of their poor condition, their non-conforming use, or because their location is needed for a proposed public improvement. Although the number of these structures may not be great, the resulting improvement will be a major factor in neighborhood restoration.

We should expect to find some dilapidated structures that are in such poor state of repair that most property owners are unwilling to bring them up to the minimum standards required by law. When the project is underway, if the specific structures are still in poor condition, they will be purchased with renewal funds and the buildings improved or demolished as their condition dictates.

There are also structures that do not conform in use to their surrounding environment and in some cases do not conform to the city's zoning ordinances. Many of these buildings, although structurally sound, tend to exert blighting influences on surrounding properties. Since some have more detrimental effects than others, a list of priority of purchase with available funds should be made.

Advisory Services. To encourage owners to rehabilitate their properties, the city will provide the following advisory services whose goal is to make the owner's upgrading his house as convenient as possible:

1. Community Organization Assistance.

The Department of City Development will establish open channels of communication between residents and the municipal government. It will develop educational and informational programs to keep residents informed of current plans so that the demoralizing effects of doubt and rumor can be reduced.

Where neighborhood councils exist, the Department will work with the members to strengthen citizen interest and leadership. Technical advice will be given so that the groups can encourage "grass roots" participation through block clubs. The Department will also guide the citizens in promoting special projects to benefit the people and the conservation program. Where there are no active neighborhood councils, the Department should work with area residents to form block groups which can later band together to form such a council.

2. Architectural Advice.

If professional architectural advice is made available to property owners, the owners will be encouraged to make improvements. The advice will include ways of remodeling their homes and selecting suitable building materials. The plan is for an architect to make recommendations and preliminary sketches for individual property owners. Types of houses will be identified so that some standardized architectural treatment can be developed for each house type. Improvements which affect health and safety will be encouraged before other repairs or remodeling when work must be programmed over a period of time. The architect's suggestions will be made on the basis of what is needed and what the owner has in mind. The recommendations and sketches will be provided free of charge to the owner and the Department of City Development will help the owner obtain working drawings where necessary. In addition to persuading owners to follow the architect's suggestions, the Department will advise owners and check on the work being done to be sure it is in accord with specifications.

3. Financial Advice.

Because physical improvements involve a considerable financial outlay which some pro-

property owners who want to repair their homes feel they cannot afford, financial advice and direction are necessary elements in a successful conservation program. To assist residents with financing problems, the Department will provide budget and financing counseling and help in filling out forms and processing loans. An important part of this program will be to stimulate confidence in the future of the conservation area among lending institutions. Unless this can be accomplished, the overall program of physical improvement will be seriously handicapped.

4. Social Diagnostic Services.

Another type of assistance that requires professional resources of the community is that concerned with social problems as they affect the ability and desire of the resident to improve his home and the extent of a resident's cooperation with the neighborhood group. If problems of a social nature are discovered, the problems will be referred to a social agency qualified to give assistance.

5. Relocation Assistance.

In cases where physical improvements or spot clearance result in relocation for the owner or tenant, relocation services will be offered. It is possible that the tenant may be asked to move because extensive remodeling is to take place, or he may need to find another place to live if the owner increases rent to compensate for improvement expenses.

Code Enforcement. Code enforcement is the legal tool for compelling owners to bring their properties up to minimum standards. Its utility is both real and psychological or image-making - real because it is a legal tool, and image-making because its use in relation to eyesore and deteriorating properties proves to neighbors that the city fully intends to secure obedience to the law governing housing standards. Failure to enforce the code on such deteriorating properties encourages the neighbors to feel that the city is putting all the burden of property rehabilitation on them.

Properties in the conservation area in violation of the codes present an opportunity to persuade owners to make improvements beyond the required ones. Therefore, except in the most serious cases, the Department of City Development should have an opportunity to achieve rehabilitation before the building and health inspectors issue notices or orders.

Field Office. Late in the survey and planning stage, a field office should be established in the project area. The field office would be used as a base of operations, and persons owning property in the area could visit the office for rehabilitation information and guidance. The Department of City Development, the Building Inspector's office, the Health Department, and other city agencies should assign personnel to the field office on a full or part time basis as needed. The personnel assigned to the site office would receive day-to-day direction from the Community Conservation Officer and technical direction from their regular supervisors.

THE COST AND FINANCING OF REHABILITATION

A major key to success in property rehabilitation is the owners' ability to pay for improvements. Several methods of financing are listed in Appendix A. Since most owners are unaware that so many types of rehabilitation loans are available, expert guidance is necessary.

The cost of improving deteriorating structures is affected by the existence of so few businesses fully equipped to do the rehabilitation work which requires special experience and skills in order to deal with materials of various ages and to blend old and new. Moreover, work on older structures nearly always involves considerable risk because one cannot predict what complications the contractor may encounter. To protect the contractor from having to absorb unforeseen costs, his bid must contain a "contingency element." It is possible that rehabilitation costs could be reduced if a rehabilitation industry, equipped to handle the special problems involved in this kind of work, were developed. The city should encourage the development of such a rehabilitation industry to facilitate the maintenance, improvement, and modernization of existing housing in Milwaukee.

In keeping with the policy for a rehabilitation industry, the city should have policies both to progressively improve the condition of existing housing throughout the city and to accompany such overall improvement with a progressive raising of standards in the city's codes and in ordinances related to existing housing.

Although there are many possible ways to finance home repairs and improvements, there is still a problem when owners cannot get loans through regular lending channels. The owners' loan applications may be turned down because of a poor credit rating or because their incomes are too low to repay the loan in a reasonable time. People who cannot afford to rehabilitate their properties threaten the overall success of conserva-

tion in the neighborhoods that might otherwise meet the goals of urban renewal. Many cities have attempted to set up special loan funds for use by home owners who are unable to obtain financing through banks, building and loans, etc. A well known loan fund of this type is Baltimore's Fight Blight Fund, Inc. which was established in 1951 by several bankers, realtors, and other businessmen. Its purpose is to lend money to "worthy" owner-occupants of houses which are in violation of the city's housing code. The fund was designed for use when all other means to get financing had failed. "It is a combination of financial assistance to persons not able to qualify for usual bank loans and mortgage extensions, and of practical advice on the kinds of repairs that are required and honest contractors to make them." The initial capital for the revolving fund was \$10,000, and was "irrevocably" contributed by individuals, corporations, building and loan associations, insurance companies, and businessmen's associations. In 1954, the capital was raised to \$40,000 through three year pledges.

Milwaukee should prepare for the need of a special financial resource similar to the Fight Blight Fund even though the number of persons who would utilize it cannot be predicted. Assistance should be available not only to owner-occupants whose houses violate codes, but also to owners who wish to go beyond the codes and achieve the higher standards established for conservation areas. The local fund should be raised through pledges from local lending institutions, industries, realtors, and others who will participate. If these do not fill the need the city should consider the use of local public funds for this purpose.

Since some owners will be unable to hire a contractor to make repairs and improvements on their properties even with the availability of a special fund. the city should encourage the formation of clinics to teach appropriate methods of improving one's own property.

The State recently provided municipalities with a new tool to encourage property rehabilitation in conservation areas by passing legislation which provides a five year property tax exemption on improvement cost ranging from \$200 to \$1,000 or 10 per cent of the value of the improved property. The property owner must apply to the tax commissioner for the exemption. The city of Milwaukee should adopt an ordinance based on enabling legislation. In addition, through experience with the tax "freeze," it may be necessary to ease the existing limitations.

STAFF REQUIREMENTS

In order to provide the advisory services and encourage property owners to make repairs and improvements the city must have a trained and skilled staff. The following is a statement by William L. Slayton, Urban Renewal Administration Commissioner, made in a speech on November 14, 1963:

"...any local renewal agency that intends to carry out a rehabilitation program of any size had better face the need for attracting and training a staff adequate to do the job. Working with property owners is more than filling out a survey form. It involves getting to know them and acquiring the knowledge of what they can do and what they will do. It means communicating. And this means, in turn, a staff of competency and dedication.

"Only with this kind of staff should rehabilitation be undertaken. We in the Urban Renewal Administration intend to look very closely at every local agency's capacity to undertake rehabilitation projects. We will frown on a staff that is inadequate in number and quality as certainly as we will turn thumbs down on a staff that is too large for the job to be done."

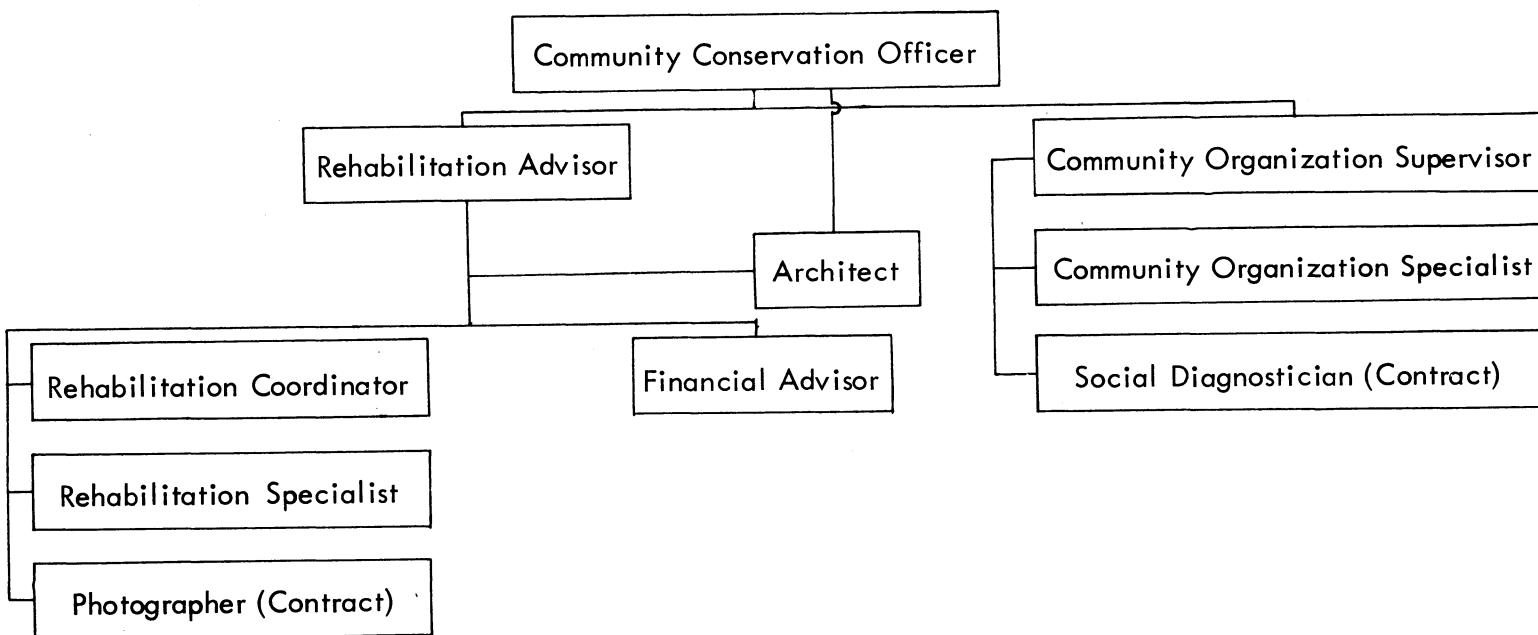
Milwaukee must recruit and train specialists in such fields as architectural design, finance, and community organization. In the short time the Conservation Division of the Department of City Development has been in existence it has been almost impossible to find trained persons to fill staff positions. If the Division continues to have difficulty in filling positions, it may be necessary to contract for architectural, social diagnostic and other services. The staff needed for an effective program is shown in the Functional Organizational Chart on the next page. A description of each position is included in Appendix B.

OPERATIONAL PROCEDURES

The following is a brief outline of the procedures to be used during the execution of a conservation program:

1. The conservation area will be divided into residential and commercial areas which, in turn, will be subdivided into blocks. A rehabilitation specialist will be assigned to each area. He will be responsible for block-by-block rehabilitation in accord with an established priority for each block.

FUNCTIONAL ORGANIZATION CHART
FOR
COMMUNITY CONSERVATION DIVISION
DEPARTMENT OF CITY DEVELOPMENT



2. A file folder for each property in the conservation area will be prepared. It will contain such information as ownership data, outstanding orders against the property, building permit application information, the zoning of the property, etc.
3. A list of owners and tenants in each block will be given to the Community Organization Section of the Conservation Division.
4. The Community Organization Supervisor will arrange for meetings with residents on a block-by-block basis according to the predetermined priority. The meeting will provide an opportunity for the rehabilitation specialist to meet property owners and tenants and make appointments to inspect properties. The Community Organization Specialist and the Community Organization Supervisor can select potential leaders in each block with whom they can work in establishing future block organizations if they are needed. At the block meetings, there will be an explanation of the program and an opportunity for the residents to ask questions. After the meetings a report summarizing what occurred will be sent by the Community Organization Supervisor to every owner and tenant in the block, whether or not they attended the meeting.
5. Every property will be inspected in a systematic block-by-block manner. The survey will reveal violations of the building and housing codes as well as conservation standard deficiencies. It would be good to have a team composed of a building inspector, a health inspector, and a rehabilitation specialist inspect each house. This would eliminate a parade of inspectors through the area at various times, and it would coordinate the city's effort to improve the neighborhood.
6. If health and safety items need immediate attention, the building or health inspector will write an appropriate order. If the work can wait a short time, the code work and conservation standard items can be presented in one package along with the suggested method of financing the repairs and improvements. Assistance in upgrading properties will be offered to each owner in the conservation area.
7. If owners want to rehabilitate immediately, the rehabilitation specialist will provide the financial advisor with information on the interior and exterior condition of the house, notes on the owner's desires and ideas about improvements, information on the owner's financial status, and personal information on the size of the family, ages, etc. The rehabilitation specialist will also arrange for taking photographs of the building.

8. The financial specialist will meet with the family and discuss their financial situation to determine the amount the family can afford to spend on rehabilitation.
9. The financial analysis showing the financial capability of the owners to make improvements will be sent to the architect who will prepare sketches and/or make recommendations. The architect will visit the buildings only if necessary. The rehabilitation specialist will provide additional information needed by the architect. When the recommendations are ready the architect will meet with the rehabilitation specialist and discuss the recommendations.
10. The rehabilitation specialist will present the owner with a letter listing the code violations and the conservation standard deficiencies, and the architectural recommendations and sketches. He will also have a plan to finance the improvements. He will attempt to sell the proposals to the owners in a package. In some cases it will be necessary to arrange meetings between the architect and the owner, for example, if there is a disagreement on design, etc. In other cases it will be necessary to program improvements over a period of time rather than accomplishing all the rehabilitation at once.
11. If the owner decides to proceed with the work the rehabilitation specialist may furnish a list of several reliable contractors. Three bids will be obtained. The specialist will follow up and assist owners in obtaining permits, etc. He will follow the work as it progresses to see that it is done satisfactorily. He will arrange with the owner to have placed in the yard a sign reading, "This property is being improved in cooperation with the conservation program of the city of Milwaukee."
12. When the work is done to the owner's satisfaction, the owner will sign completion certificates.
13. The rehabilitation specialist will arrange for "after" pictures of the building.
14. The Community Organization Supervisor will arrange for public recognition of the owners who rehabilitate their properties according to the recommendations. The owner may receive a certificate and an award may be put on his house.
15. If owners refuse to rehabilitate and the conservation staff cannot achieve improvement through persuasion, the building and health inspectors will be asked to use their police powers to have code violations corrected.

IV REDEVELOPMENT

The factors that favorably affect public and private enterprise's decision to tear down the old and rebuild anew are numerous. Of considerable importance is the municipality's constructive support and assistance in furthering this kind of activity called redevelopment. The different kinds of tools and techniques which the city can employ to implement this support and assistance vary with the types of redevelopment that may take place and with the kinds of situations in which redevelopment may occur. This chapter of the report discusses these various techniques, some of which are already being used with beneficial effects. Techniques to assist the redevelopment of Milwaukee via primarily private market mechanisms, via municipally assisted projects, and via federally assisted projects are treated as are the kinds of city areas in which these forms of assistance are appropriate. Major problems are cited and remedies suggested.

MUNICIPAL TOOLS AND TECHNIQUES FOR PRIVATE REDEVELOPMENT

Redevelopment refers to the replacement of old buildings by new ones on the same general site. Private redevelopment is defined as the assembly and redevelopment of land by private enterprise. For example, a developer purchases two properties on which are situated a couple of rooming houses. He then razes the rooming houses and constructs a new apartment building in their place. In this context redevelopment of land in governmentally assisted renewal projects is not private redevelopment since the land is not assembled by private enterprise.

Most rebuilding activity takes place on a normal "property here - property there" basis by private enterprise. This is the natural way cities are rebuilt. Project type redevelopment has its place only when and where this investment activity cannot take place in sufficient degree or manner to rid blighted areas of substandard housing and other recognized problems. The fact that private redevelopment is a relatively common phenomenon demands that full consideration be given to the tools and techniques the city is using and can use to assist and guide it.

Many factors affect private redevelopment, some of which are beyond municipal control and some of which are not. These latter factors, since they can be controlled or at least affected by municipal policies, assume the form of tools or techniques which should assist and guide private development. They include (1) master planning, both on a community and on an area basis, (2) zoning, (3) city code enforcement, (4) urban renewal policies and action, (5) public improvements, (6) community facilities, (7) property taxation, (8) economic subsidy of private redevelopment, and (9) treatment of social problems.

Master Planning. Master planning, as a tool to guide community growth and development, establishes the best workable pattern of general land use development and transportation, both on the community and neighborhood levels. It therefore fosters the creation of more attractive and intelligent settings for new building construction. In this respect it encourages private redevelopment.

Zoning. In order for private enterprise to redevelop at a fair profit, new construction must produce sufficient income to compensate for the expenses incurred in assembling land for redevelopment. This generally necessitates a more intensive use of land. Zoning's role is to adopt and enforce regulations which will permit the natural rebuilding of areas ripe for such activity and which will channel this activity in desirable ways based on master plan consideration.

City Code Enforcement. Code enforcement relative to private redevelopment is important in two respects. First, it assures that new buildings will be built and maintained according to accepted community standards. Second, it assures that existing buildings will be maintained in acceptable condition. These measures help make areas more desirable as settings for new private investment.

It is essential that city codes be periodically reviewed to ascertain their relevance as building and related technologies change. If not updated as required, municipal codes can impede private redevelopment by requiring expensive types of construction, repair, plumbing, electrical wiring, etc. which may no longer be needed.

Similar statements might be made with regard to code enforcement in different city areas. For example, it might be unwise to apply the same standards to recently constructed structures as would be applied to older ones whose life expectancy is more limited. This is especially probable in instances of badly deteriorated structures where substantial property improvements might prove uneconomic. In no case, however, should unsanitary and unsafe conditions be allowed to exist.

Urban Renewal Policies and Action. If private redevelopment is to flourish, it must be genuinely supported and properly guided as a matter of municipal urban renewal policy and action. Publicly assisted renewal projects should be sensitively executed with respect to timing, location, and project results so that they function as catalysts for the private renewal of adjacent areas.¹ In no case should public renewal be undertaken in those

¹Private renewal is one thing, private renewal of an AREA another. The former simply refers to the process of rehabilitating a structure or of building a new one in its place. The latter involves a high incidence and clustering of private renewal activity within a given area so that the area is substantially transformed and thereby renewed. In such cases, private renewal breeds more private renewal.

areas which are being renewed or hold promise of being successfully renewed by independent private action. If private renewal is not given genuine support by municipal policies and programs the city will discourage an important means of achieving community renewal.

Public Improvements and Services. The provision and maintenance of adequate streets, water mains, sewers, and public lighting facilities are essential to creating and maintaining good intown areas to which private capital is attracted. Good fire and police protection are similarly important.

Community Facilities. The construction or improvement of libraries, schools, playgrounds, and parks constitutes a particular type of renewal and contributes to the desirability of an area. Such facilities indirectly encourage private redevelopment.

Property Taxation. While the primary purpose of property taxation is to raise revenues for public purposes, it also constitutes a tool whereby community development and renewal can be facilitated. Milwaukee's existing property tax, by taxing property improvements, does little to facilitate private redevelopment. There is need to study Milwaukee's existing property tax program to determine equitable ways in which property can be more constructively taxed. Special emphasis should be given to the effects of alternate property tax programs on community development and renewal.

Economic Subsidy of Private Redevelopment. Wisconsin State statutes permit the granting of a tax assessment freeze to limited dividend redevelopment corporations for a period of up to 30 years. The area for which redevelopment is proposed must be substantially blighted and generally at least 100,000 square feet in area. Use of the power of eminent domain is permitted to enable the city to execute this kind of project when the area is found by the City Plan Commission to be blighted in such a way that renewal is necessary to achieve a public purpose.

Another kind of assessment freeze permitted by State law is that available to industrial and commercial firms displaced by governmental activity such as urban renewal and expressway projects. This relocation freeze according to State statutes may not exceed 5 years and 50 per cent of the assessment of the property acquired for which the freeze is sought. Generally, the land acquired must be at least 30,000 square feet in area.

Although use of a relocation freeze is contingent upon displacement caused by a public project, use of the assessment freeze is largely dependent upon the existence of blighted conditions and, more basically, upon a property taxation system which tends to perpetuate rather than amortize the economic life of blighted build-

ings. While the assessment freeze is of benefit to private renewal, it is questionable whether it should be viewed as a permanent device to facilitate private renewal.

Treatment of Social Problems. Property abuses such as those produced by poor housekeeping and maintenance are the most visible causes of residential blight. They are symptomatic of underlying social and economic ills which need effective treatment if the city's full potential for private renewal is to be achieved. Employment discrimination; tenant unfamiliarity with minimal standards of health, sanitation, and safety; overcrowding of living quarters; vandalism; and broken families are examples of problems which indirectly foster residential blight and discourage private renewal.

MUNICIPALLY ASSISTED REDEVELOPMENT

Municipally assisted redevelopment is a process whereby the city acquires property, demolishes buildings, and sells the cleared land to private enterprise for subsequent redevelopment. According to Wisconsin statutes the area for which this form of redevelopment is proposed must be substantially blighted with little or no hope for adequate remedy by other means. To date the city of Milwaukee has not made use of the provisions of these statutes except in the form of federally assisted redevelopment projects which are discussed in the following section.

Municipally assisted redevelopment is a potentially costly process since the city bears all project costs. Under these conditions costs must be kept down and proceeds from the sale of land and from taxes on new redevelopment must be substantial if the project is to be financially successful. This necessitates the following:

1. The purchase of generally low value blighted properties on relatively small tracts of land. If total project costs are to be kept within reason, it is essential that acquisition and demolition costs be kept down since they are likely to account for the majority of project expenditures. A further limiting factor is the amount of municipal capital that can be invested in a single project. This tends to limit the number of properties that can be acquired and the amount of land that can be cleared.
2. The existence of a good market for cleared land. It would be uneconomic to acquire and clear land then let it like fallow for lack of developers, to mention nothing of the needless relocation of families and businesses who occupied the properties. Successful redevelopment is best when there

exist redevelopers whose desires of purchasing and redeveloping cleared project land are known.

3. Relatively intensive redevelopment of cleared land. For economic reasons as well as to insure the project's financial success, redevelopment should involve a high ratio of improvement value (dollar value of new buildings and facilities) to land value. This assures both the efficient use of high value urban land and the receipt of substantial tax proceeds by the city in years to come. This does not rule out the redevelopment of cleared land for needed public uses.

It is anticipated that the creation of municipally assisted redevelopment projects will be a comparatively rare occurrence. Notwithstanding the time and effort saved by avoiding the "red tape" inherent in federally assisted renewal, municipal cash outlays for redevelopment without federal assistance would be substantially more than with it. The probable role of municipally assisted redevelopment will be that of resolving particular problem situations which demand immediate remedy and which, in terms of favorable project costs and market conditions, lend themselves to this type of redevelopment. The primary use of this treatment technique will be that of acquiring and reselling land to industrial and commercial firms whose expansion needs are of critical public interest but who cannot assemble the land to meet these needs. Specific reference is hereby made to the city's recently inaugurated industrial land bank program.

THE FEDERAL URBAN REDEVELOPMENT PROGRAM

In 1949 Congress recognized that cities with substantial slums or otherwise blighted areas generally do not have at their disposal the financial resources with which to renew their decaying areas. In recognition of the serious plight in which many American cities had found themselves, federal enabling legislation was enacted by Congress which permitted municipalities to apply for and receive cash grants-in-aid for the purpose of clearing and redeveloping slums or otherwise badly deteriorated areas. Most of this enabling legislation is contained in Title I of the amended Housing Act of 1949 and in subsequent housing acts. The Urban Renewal Administration (URA) of the Housing and Home Finance Agency (HHFA) is charged with the responsibility of administering this federal assistance.

Financing Federally Assisted Redevelopment. To date all principal federally assisted redevelopment activity has been on a project basis. By this is meant that the redevelopment is undertaken on a tract or an area approach rather than on a property-by-property approach. In Milwaukee these areas or tracts have ranged in

size from 9 acres (Roosevelt) to 89 acres (Marquette University). After a municipality has delineated a proposed federally assisted redevelopment project, conducted the preparatory survey and planning work, and obtained URA approval, the URA reserves a specified dollar amount in the federal government's urban renewal fund for purposes of making a cash grant to partially subsidize the municipality's proposed project. The federal government generally shares 2/3 of the net project cost exclusive of relocation payments.² The latter, which are made to residents and merchants to be displaced, are borne entirely by the federal government.

The municipality's 1/3 share of the net project cost is frequently provided in part or whole by other than direct cash expenditures. For example, expenditures made for project serving capital improvements such as street widening, sewer installation, and street light construction can qualify as part of the city's 1/3 share. These are called non-cash credits and may, in rare instances, exceed the city's 1/3 share. When they do, the surplus amount may be pooled and used for part of the city's 1/3 share in future renewal projects. New or reconstructed elementary and secondary schools, district police and fire stations, branch libraries, parks and playgrounds, and off-street parking facilities are further examples of local non-cash expenditures which may be eligible for credit. Cash expenditures, on the other hand, come from a portion of the city's Capital Improvements Fund allocated for slum clearance and redevelopment and from the city's authorized sale of bonds. The table on the following page illustrates the general types of expenditures involved in redevelopment projects and how they are shared by federal and local governments.

²The 2/3 share includes the cost of detailed survey and planning work. An alternate program is available to local redevelopment agencies whereby 3/4 of the net project cost excluding the cost of detailed survey and planning work is borne by the federal government.

SAMPLE REDEVELOPMENT PROJECT COSTS

Costs:

Planning and Administrative Costs	\$ 1,370,000
Land Acquisition	4,310,000
Site Clearance	370,000
Project Improvements & Supporting Facilities (Non-Cash Credits)	1,000,000
 Gross Project Cost	 \$ 7,050,000

Less Proceeds from Sale of Land	\$ 1,050,000
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Net Project Cost	\$ 6,000,000
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Contributions:

Local 1/3 Share	\$ 2,000,000
Cash	\$ 1,000,000
Non-Cash Credits	1,000,000
Federal 2/3 Share	\$ 4,000,000
 Relocation Payments by Federal Government in Addition to 2/3 Share	 \$ 6,000,000

Kinds of Federal Redevelopment Projects. The URA has established six kinds of redevelopment projects which municipalities like Milwaukee can undertake: (1) residential projects, (2) non-residential exception projects, (3) college, university, or hospital projects, (4) open land projects, (5) open land exception projects, and (6) demonstration projects. The URA has also established criteria for determining in which category a redevelopment project may be classified.

1. Residential Project. A residential project is one in which the existing and/or proposed use is predominantly residential. Most of Milwaukee's urban renewal projects have been of this type.
2. Non-Residential Exception Project. A non-residential exception project is one in which existing and proposed uses are both predominantly non-residential. The term "exception" is used because, according to URA regulations, no more than 30 per cent of the total dollar amount of federal urban renewal grants made or scheduled to be made after September 23, 1959 can be used for non-residential projects. This percentage limitation reflects the primary goal of federal renewal legislation which has been the elimination of substandard housing in cities.
3. College, University, or Hospital Project. A college, university, or hospital project is one:
 - a. In which an eligible educational institution or hospital is situated, or near which such institution or hospital is situated;
 - b. Characterized by slum or otherwise severely blighting conditions;
 - c. That has been determined by the city to be necessary to promote the public welfare and the proper development of the community by making land in such area available for disposition for uses in accord with the redevelopment plan, and/or by providing through the redevelopment of the area a cohesive neighborhood environment compatible with the functions and needs of such educational or hospital institution.

Under a college, university or hospital project, certain kinds of expenditures which an eligible institution makes or has made for land acquisition, building demolition, and relocation are allowed as part of the city's local non-cash credits. In the Marquette University project, for example, certain expenditures made by the university for land acquisition constitute local non-cash credits just as city financed improvements do.

4. Open Land Project. An open land project is one in which the land is presently undeveloped but which is proposed for predominantly residential uses. This type of project may receive only loans and advances, since no capital grants are available. The city is required to submit to the URA evidence that the proposed development of land is part of the community's total renewal program. The

evidence must demonstrate that the proposed development of land is necessary because of the displacement of families resulting from urban renewal and public improvement activities. It must further demonstrate that the project will result directly or indirectly in housing accommodations available to those families.

5. Open Land Exception Project. In an open land exception project the land is developed for non-residential uses. As in regular open land projects, only loans and advances are available. The city according to URA regulations must determine that development for predominantly non-residential uses is necessary and appropriate in order to facilitate proper growth and development of the community in accord with sound planning standards and community objectives, and to afford maximum opportunity for development of the project area by private enterprise.
6. Demonstration Project. A demonstration project is a study rather than a renewal project even though the latter may apply the techniques and solutions advanced in the former. The primary purposes of a demonstration project are to improve methods for combating blight and to foster the undertaking of local renewal programs which will serve as guides to similar programs undertaken elsewhere in the country.

Eligibility for Federally Assisted Clearance and Redevelopment. The primary and immediate purpose of clearance and redevelopment is to rid a community of its slums or otherwise hopelessly deteriorated areas. A second important, but less immediate, purpose is to rebuild these blighted areas in conformity with the community's master plan. The importance of the first mentioned purpose is underscored by the URA's eligibility requirements which stipulate that more than 50 per cent of project area buildings must be structurally substandard to a degree warranting clearance. An alternate requirement stipulates that more than 20 per cent of the project area buildings must be structurally substandard to a degree warranting clearance, and additional clearance in an amount bringing the total to more than 50 per cent of the buildings must be warranted to effectively remove such conditions as (1) inadequate street layout, (2) incompatible uses or land use relationships, (3) overcrowding of buildings on the land, (4) excessive dwelling unit density, (5) obsolete buildings not suitable for improvement or conversion, and (6) other identified hazards to health, safety and the general welfare of the community.

Most clearance and redevelopment projects currently being undertaken throughout the nation involve the demolition of one or more physically sound buildings. Whether total, substantial, or selective clearance is

proposed, the URA requires that the local renewal agency show that the extent of clearance proposed is warranted, that it fully justify the acquisition of individual parcels of basically sound property which involve high acquisition costs, and that it show that in the development of the urban renewal plan adequate consideration has been given to alternate proposals which would result in the retention of a greater number of structurally sound buildings.

OTHER FEDERAL PROGRAMS RELATED TO URBAN REDEVELOPMENT

The federal redevelopment program is administered by the Urban Renewal Administration. Other constituent agencies of the HHFA perform less central but nevertheless important functions in the federal renewal process. The Public Housing Administration assists localities in the planning, programming, and financing of public housing for low income and elderly people. The Federal Housing Administration administers the government's mortgage insurance program for urban renewal housing and related construction. The Federal National Mortgage Association provides a secondary market for federally insured mortgage loans. The Community Facilities Administration assists in the provision and financing of adequate public improvements in depressed localities. In addition, the Small Business Administration, an agency separate from the Housing and Home Finance Agency, assists small businesses displaced by federally assisted redevelopment projects.

The Government's Public Housing Program. In the construction of housing by private enterprise, there is a level below which standard housing cannot be profitably produced. The federal government's public housing program was instituted by Congress in the 1937 Housing Act to induce and assist local communities to provide safe and sanitary housing for low-income families who cannot afford standard private housing, old or new.

Under this program, the Milwaukee Housing Authority first specifies the need for public housing and subsequently plans, constructs, and manages the housing. The federal government, operating through the Public Housing Administration of HHFA, makes possible the financing of local public housing through the provision of loans or guarantees of loans. Annual contributions are made to the Authority to enable rents to be set at levels which low income families can afford. Since public housing construction replaces previously existing construction on the same general site, it constitutes a specific type of urban redevelopment.

The Government's Mortgage Insurance Program. In 1934 the Federal Housing Administration was crea -

ted to advance the establishment of better housing standards and conditions, to facilitate sound home financing, and to help stabilize the private housing market. To achieve these aims FHA was authorized to insure housing loans against financial loss through a program of federal mortgage insurance.

Although FHA mortgage insurance plays a significant role in the financing of many kinds of new residential construction, it plays a dominant role in federally assisted renewal. Because of longer term, lower interest mortgage loans possible under FHA's special urban renewal insurance program, virtually all new residential construction undertaken in urban renewal projects involves FHA insurance and is thus subject to FHA review and approval. This special insurance program is referred to as Section 220 Mortgage Insurance. It provides insurance for the financing and refinancing of (1) new residential construction, (2) rehabilitation of existing housing and apartment buildings, and (3) home improvements in renewal projects. In new residential construction insurable mortgage amounts are based on estimated replacement cost rather than on appraisal value. In designated conservation areas evaluation of properties is conducted in the light of their value after rather than before renewal of the area. Ability of private capital to make larger loans and provide smaller equity investment is made possible and renewal construction thereby facilitated.

The Government's Market Assistance Program for Mortgage Loans. The Federal National Mortgage Association (FNMA) of the Housing and Home Finance Agency was created to improve the flow and exchange of home loan funds by establishing a readily available secondary market through which lending institutions and other investors may purchase and sell FHA insured and VA (Veteran's Administration) guaranteed home loans. FNMA's relation to urban renewal lies in its established special assistance program whereby FHA and VA guaranteed mortgages and loans for housing in public renewal areas, for moderate income families, for displaced persons, and for the elderly are purchased at below market rates. Thus FNMA plays a significant role in urban renewal by facilitating the financing of residential construction and rehabilitation activity in public and private redevelopment areas.

The Government's Program for Aid to Displaced Small Businesses. Federally assisted clearance and redevelopment involve the demolition of large numbers of buildings, many of which accommodate numerous small business concerns. To help reduce the special financial problems and difficulties encountered, the Small Business Administration has been authorized to make loans to small business concerns for the purposes of (1) plant construction, conversion, or expansion, (2) land acquisition, (3) the purchase of necessary equipment and supplies, and (4) the re-establishment of business which has suffered substantial economic injury as a result of public renewal activity. The terms of such loans vary, but generally may not exceed an amount of \$350,000 and

an interest rate of 5-1/2 per cent. The loans may be made either directly by the Small Business Administration or in participation with banks and other lending institutions. The maximum period for which these loans may be made cannot ordinarily exceed ten years, although renewals and extensions up to an additional ten years may be granted. This aid to small business program is designed to supplement financial assistance available from other sources. The Small Business Administration is not empowered to make loans when loans on reasonable terms are available from private sources.

KINDS OF REDEVELOPMENT AREAS AND APPROPRIATE TREATMENT

As we have seen, redevelopment refers to the replacement of existing buildings and facilities by new ones. A new three story, 24 unit apartment building replaces two rooming houses in the city's near west side; a branch library replaces three duplexes and a grocery store on the south side; a restaurant-tavern replaces a parking lot on the city's lower east side; third rate shops and restaurants are replaced by a multi-million dollar hotel-tourist center as part of a municipally sponsored redevelopment project downtown; a south side manufacturing plant expands on property acquired and sold by the city as part of its Industrial Land Bank Program; a 100 acre federally assisted clearance and redevelopment project is undertaken on the city's near north side. These hypothetical examples illustrate the variety of forms which urban redevelopment takes, not only in terms of the changes that actually take place, but also in terms of sponsorship - private, municipal, and federal.

Public Redevelopment Areas. Public redevelopment areas are those areas of the community characterized by substantial groupings of buildings deteriorated beyond the point of being safe, sanitary, or otherwise adequate. Typically these are areas which have lost their desirability for new private investment. Few new buildings have been erected and there is little evidence of building renovation. These basic conditions notwithstanding, there exist differences in the degrees to which clearance may be warranted in a public redevelopment area.

Total (100%) Redevelopment Areas. Total clearance and redevelopment is the appropriate renewal treatment in those areas of the community in which nearly all or at least a majority of the buildings are substandard to a degree warranting clearance. All or most of the remaining buildings are not capable of being upgraded physically, cannot serve useful functions within the context of proposed re-uses, and need to be acquired for a clearly defined, well demonstrated public purpose. Special attention should be given to relocation and market capabilities. Specifically, relocation of all families, individuals,

and establishments must hold promise of being successfully handled, and there must be convincing evidence that a substantial market exists or will exist for the redevelopment of the land once it is cleared. If one or more of the above conditions does not exist, it is unlikely that the area should be totally cleared and redeveloped.

Substantial (90 - 100%) Redevelopment Areas. The same conditions exist in substantial redevelopment areas as exist in total redevelopment areas, with one significant exception: one or more buildings or cluster of buildings are capable of being upgraded as required, can serve useful functions within the context of proposed re-uses, and do not need to be acquired for a clearly defined public purpose. Examples of such buildings include a remodeled elementary school, a cluster of apartment buildings in good condition, a church of historic or architectural significance, a strip of retail buildings which can be adapted to future needs. It is expected that in Milwaukee substantial redevelopment of an area will be the rule rather than the exception, since in almost any seriously blighted neighborhood there exist one or more buildings which can be integrated with future development.

Selective (20 - 90%) Redevelopment Areas. These are areas wherein at least 20% of the structures are substandard and warrant clearance. Most of the remaining buildings, however, are capable of being upgraded to desirable standards, can serve useful functions within the context of proposed re-uses, and do not need to be acquired for a public purpose. If there are sizeable clusterings of them which need to be and can be rehabilitated, separate conservation sections may be delineated thereby making the area a "combination redevelopment - conservation" project. Areas eligible for selective redevelopment are typically located near the edges of badly blighted areas. They may lie adjacent to or partly within relatively stable older areas or areas of substantial private renewal.

Private Redevelopment Areas. Some older areas of the community which do not need public redevelopment are being or can be independently redeveloped by private enterprise. These are areas in which market conditions, the availability of sites, and the economics of private land assembly lend themselves to substantial private investment. Zoning policies and regulations, city code enforcement, and public improvements are the principal techniques whereby the city can assist and guide this investment activity. These techniques are best applied within the framework of area master plans which describe basic redevelopment goals. Areas of substantial private redevelopment may also be the scene of much private rehabilitation activity.

Renewal Techniques for Eligible Public Renewal Areas Not Within the Six Year Program. Due to several limiting factors, governmentally assisted redevelopment and conservation projects cannot be undertaken in the number, size, or with the scheduling that blighted conditions might warrant. Examples of possible limiting factors include (1) insufficient city funds to undertake many projects within a given time period, (2) evidence of a poor market for land that could be cleared, (3) an inadequate supply of housing or of commercial quarters for families and businesses that would have to be relocated, (4) insufficient citizen interest in conservation programs, and (5) inadequate number of social agency personnel to provide assistance to residents affected by proposed project activity. Consequently, within a six year program only a portion of the areas that might ideally be renewed on a project basis can be so renewed. What happens to the remaining eligible project areas?

Although some of these areas may regenerate themselves without governmental project assistance, others may grow worse. Some aging or blighted areas both in Milwaukee and in other cities are regenerating themselves largely because of their proximity to successfully executed urban renewal projects or to intown areas of private renewal. The activity of new investment in adjacent areas can be contagious. Other areas, however, are less desirably situated and remain blighted or actually deteriorate further. Trends and conditions within these areas need to be regularly assessed and determinations made of the type of renewal techniques to be used at different time intervals. Intensive code enforcement, initiation of special tax abatement programs to encourage private investment, development of area master plans, and the extension of special educational and social services to "problem families" are among the measures that could be constructively undertaken to reduce or contain blight until a project is initiated or as the area regenerates itself. The importance of having renewal treatment programs for all areas of the community at all times whether or not renewal projects are scheduled cannot be overestimated.

V ORGANIZATION FOR RENEWAL

The planning and execution of renewal not only involves many procedural steps, but also numerous facets of activity which demand the services of a variety of skilled technicians and talented professionals. Qualified administrators, city planners, social scientists, statisticians, urban conservationists, relocation supervisors, real estate appraisers, accountants, financing and budget advisers, clerical help, draftsmen, engineers, architects, artists all have important roles to play in the community's total planning and renewal effort. It is not enough, however, for a city planning or urban renewal agency to simply hire qualified personnel and assign them work. An agency should be so organized that each major type of professional or technical activity constitutes an administrative unit whose work is coordinated with that of each other unit. This principle of organization assures the most efficient use of agency personnel by permitting them to apply themselves, both as individuals, and as members of teams, to the tasks which they are best equipped to handle.

The Department of City Development, from its inception in September 1961, recognized this principle of organization and implemented it through the establishment of five and later six divisions whose work was to be coordinated by the department's Office of the Director. The six divisions are Planning and Programming, Conservation, Management, Administration, Technical and Maintenance, and Real Estate. The activities of three of these divisions are concerned primarily with important facets of public housing and urban renewal projects - Conservation, with the execution of conservation projects; Management, with the development and operation of public housing projects; Technical and Maintenance, with the provision of supervisory, engineering, inspection, and other technical services relating to the maintenance or demolition of buildings in public housing and in urban renewal projects. The remaining three divisions are concerned with a variety of matters, most of which have direct or indirect bearing on urban renewal. Planning and Programming concerns itself with general community planning, urban renewal planning, zoning, and related research programs and studies. Real Estate is responsible for the acquisition of properties required for public purposes by all municipal agencies and for the conducting of related appraisal and land disposal surveys and services. Administration, in addition to providing the general clerical and administrative services for the department, is in charge of budgeting, financing, accounting, and the review of expenditures for urban renewal and public housing projects. The Office of the Director not only coordinates the work of the various divisions, but also maintains most of the major contacts with federal agencies (especially URA) and furthers general inter-agency cooperation in the city's total renewal effort.

The Community Renewal Program anticipates an increased pace of renewal activity, both public and private. If this materializes, additional planning and relocation personnel will be needed, commensurate with the need. A larger renewal planning staff, one which should not be created by sacrificing personnel in other phases of city planning, is needed to guide renewal before it occurs. Similarly, the department's present five

man relocation staff will need to be expanded if it is to meet the demands of a greatly increased workload and expanded relocation services. Increased departmental activity in renewal programming may result in the need for additional personnel in other phases of staff work.

Apart from increased renewal activity, there is need for a public information officer who would be responsible for producing and distributing departmental reports, news releases, brochures, and other communications with the public which explain the department's programs and activities. It is desirable that the public information officer be assisted by a delineator or artist who would prepare the necessary illustrations and other graphic work involved. This public information team is organizationally best situated within the Office of the Director.

IMPLEMENTATION OF FEDERALLY ASSISTED RENEWAL: THE PROJECT PLANNING PROCESS

One of the primary functions of the Department of City Development is to plan and process the renewal projects established within the framework of Redevelopment Authority policy. "Project planning," as this process has come to be known, involves seven basic steps: (1) selection of a project area, (2) preliminary survey and planning, (3) final survey and planning, (4) property acquisition, (5) building demolition and rehabilitation, (6) land disposal, and (7) redevelopment and/or conservation.

Selection of a Project Area. The Redevelopment Authority and the Common Council first authorize preparation of an application for federal funds to undertake surveys and planning work preparatory to executing a federally assisted urban renewal project. These two agencies, in their deliberations about which area should be selected, may refer to the policies, findings, and recommendations of the city's Community Renewal Program and Master Plan for guidance.

Preliminary Survey and Planning. Before a survey and planning application can be assembled for submittal to URA, preliminary surveys, analyses, and planning must be undertaken, primarily to demonstrate to both the community and to URA the need for and feasibility of the renewal proposed and to indicate approximate project costs. Surveys and analyses undertaken in this phase involve preliminary assessments of existing land use, building conditions, unusual or otherwise distinctive topographic drainage, and sub-soil conditions, and the probable impact that proposed renewal activity will have upon racial minority housing. General plans and proposals are formulated for renewal treatment, future land use, public improvements and community facilities; and rough estimates of net project costs, local and federal shares of these costs, and estimated proceeds from the sale of land to be cleared are calculated.

Final Survey and Planning. Upon review and approval of the survey and planning application by URA, a federal advance of money is granted to the Redevelopment Authority for purposes of conducting all the necessary detailed survey and planning work. In subject matter, the research and analytic work is the same as that undertaken in the preliminary survey and planning phase. The level of detail, however, is greater and the work is directly action oriented. Detailed inspections of all buildings are made to determine which areas should be cleared and which should be conserved. A land utilization and marketability study is undertaken to determine market characteristics and re-use values of cleared land. An urban renewal plan is prepared to assure that the project area will be improved in accord with sound planning principles. Studies are made to determine specifically what public improvements should be provided. Competent acquisition appraisals are undertaken in order to estimate the costs of acquiring property. A relocation program is prepared to make certain that people and businesses to be displaced are satisfactorily relocated. Budget and finance studies are conducted to determine itemized project costs and financing. An analysis by legal counsel is undertaken to make sure that all project activities will be in accord with applicable statutes and ordinances. In conservation areas, surveys are made of family attributes and financial cabalities, and a program of conservation is developed.

The above studies and proposals constitute the financial project report, and customarily take 12 to 18 months to complete. This report is submitted to URA with a locally approved application for loan and grant. The application is submitted as a prerequisite for entering into a contract with the URA for expenditure of federal funds. If needed, a contract agreement to issue federal loans for purposes of financing the city's share of project costs may be entered into.

Property Acquisition. Once the application has been approved and the loan and grant contract signed, the project enters the execution phase. Acquisition of properties to be cleared commences. Attempts are made to schedule and locate acquisitions in a manner that will facilitate the early disposal of land for redevelopment.

Building Demolition, and Rehabilitation. In clearance areas, demolition is scheduled closely on the heels of property acquisition. In conservation areas, rehabilitation is commenced upon the completion of building surveys which specify for each structure the improvements essential to meet adopted rehabilitation standards. While demolition ordinarily follows acquisition of any given property, demolition of buildings in certain sections of a project area frequently commences before purchase of properties in other sections. Additionally, work on public improvements may commence at this time and the relocation program is implemented as properties are acquired and demolition commences. Thus, while properties are still being purchased, demolition and/or rehabilitation of buildings may be taking place.

Disposal (Sale) of Land. As property acquisition and building demolition are completed, all cleared land for sale to private enterprise is advertised for sale. A disposition policy is adopted and necessary disposition documents are assembled and submitted to prospective bidders. A number of factors assist the Redevelopment Authority in selecting the bidders who will redevelop the land, for example:

1. The degree to which redevelopment proposals meet the objectives and requirements of the Urban Renewal Plan.
2. The quality and appropriateness of the proposals in relation to architectural and site planning treatment.
3. The economic soundness of the proposals and the measure of community return provided by the proposed redevelopment as related to the general welfare of the city.
4. The financial responsibility, qualifications, experience, and ability of the redevelopers to complete the proposed redevelopment.
5. The maximum prices obtainable for the land.

Redevelopment and/or Rehabilitation. This phase constitutes the culmination of the entire sequence of project planning and execution activities. New buildings and related improvements are constructed and existing buildings are rehabilitated. A final project audit is made, a financial settlement with URA reached, and project activity draws to a close. The area reverts to private status with governmental controls limited to provisions in the Urban Renewal Plan and municipal codes.

IMPROVING THE PROJECT PLANNING PROCESS: PROGRAM EVALUATION REVIEW TECHNIQUE (PERT)

As it applies to public renewal, Program Evaluation Review Technique (PERT) is a method of planning, replanning, and evaluating activities involved in the project planning process in order to better control, administer, and expedite them. PERT was first developed in 1958 at the Navy Special Projects Office by a team which analyzed the application of statistical and mathematical methods to the planning, evaluation, and control of research and development. The Navy's first application of PERT was in the development of the Polaris submarine. By 1961 the technique had found application in certain areas of the Air Force, Army, and special agencies of both government and private industry. Today the value of applying PERT to public renewal programming is being considered by a number of city renewal agencies across the country. Milwaukee might well follow their example.

In renewal programming, PERT can be used to determine what must be done in order to achieve renewal project objectives on time. Phases of project planning that require revisions can be detected and the effects of exchanges among or modifications in time, resources, and the technical performances of individuals can be ascertained. One of the important advantages of PERT is that it provides a method of programming and inter-relating project planning activities diagrammatically. Each completed task is depicted and its relationships to others expressed, with time as the common denominator. Various activities of all individuals are pinpointed in time and sequence, thereby facilitating inter- and intra-agency communication. Timely progress reports identify potential problem areas where action may be required.

PERT makes possible a simulation of the effects of alternate decisions under consideration and an opportunity to study their effects upon program deadlines, prior to implementation. PERT's nature is such that the larger and more complex the project, the greater will be the benefits of its use. It therefore shows considerable potential application to the city's renewal programming where the activities of many projects and agencies must be coordinated and expeditiously administered. Its implementation does not necessitate any changes in agency organization or policy.

VI MILWAUKEE'S STRATEGY FOR RENEWAL

Milwaukee's Community Renewal Program provides fresh insights into the city's problems and resources. It outlines the techniques whereby the city can constructively assist private enterprise in the renewal of Milwaukee and establishes more complete organizational machinery whereby this assistance can be rendered. To best apply these insights, techniques, and organizational machinery, a basic strategy of renewal should be adopted. The following are the major components desirable in this strategy.

1. Renewal action program based on comprehensive analysis of renewal needs and resources. In the Community Renewal Program, the city's deteriorating areas are studied and the factors which tend to create them are analyzed. The community's physical, social, financial, and administrative resources with which it can combat blight and renew the city are also examined. These analyses provide a sound foundation upon which to build an action oriented renewal program.
2. Systematic program of blight elimination in order to catch up and then stay ahead of spreading blight. This is really an aspect of the action renewal program discussed above. The elimination of blight requires implementation of a number of specific programs and policies: (a) intensive code enforcement and increased city services of other types in areas which need treatment but which are not designated for immediate clearance, (b) intensive educational and social service programs in problem areas, and (c) treating and timing governmentally assisted renewal projects in ways which will encourage maximum private renewal.

Relating to the establishment of high priority renewal projects, the elimination of blight appears to hold greatest promise by ringing or containing the areas of most blight, by eliminating the worst housing conditions, and by acting in areas which have the greatest success potential. A policy of "ringing blight," in particular, possesses a number of advantages, the first being that the market for cleared land tends to be better if it is situated near relatively good areas rather than in the middle of the worst ones. A second advantage is that residents and merchants of neighboring good areas will be more apt to invest money in the upkeep and improvement of their properties, knowing that nearby blighting influences are being eradicated. Thirdly, successful renewal projects and the favorable effects they can have upon nearby areas tend to prevent the spread of blighted conditions.

3. Coordination of renewal action with other public activities in order to obtain the greatest benefits for the least cost. Sometimes public activities exert marked effects on surrounding areas. If the

adjoining areas lend themselves to successful renewal treatment, special efforts should be made to coordinate both kinds of activities. Over a long period of time this tends to establish a better pattern of new development which will indirectly increase the tax base. A more immediate benefit is that the city will receive credit for public improvements should a federally assisted renewal project be initiated.

4. Broadening renewal to include a major emphasis on conservation to the extent feasible and based on the community's needs and resources. Milwaukee's renewal program to date has featured redevelopment rather than conservation as the dominant type of renewal treatment. With a better understanding of the community's needs and a more effective mobilization of its resources, conservation has a greater potential for success. The city in its recognition that preventing blight is no less important than eradicating it, should place an increased emphasis on conservation in its total renewal program.
5. Increased citizen participation in all phases of renewal activity in order to assure the development of plans and programs which are most desired by the citizens. Planning for the successful renewal of the community must be oriented toward peoples' needs and preferences. Citizen participation in the renewal planning process should be an essential ingredient in specifying what these needs and preferences are.

APPENDICES

APPENDIX A: FINANCING HOME IMPROVEMENTS

There are a dozen possible ways for willing owners to finance needed home improvements. The various methods are listed below. It should be noted that several loans are insured by the Federal Housing Administration. The FHA does not make loans; it merely insures the lender against loss in the event the property owner defaults in his payments. For this reason the interest rates on these insured loans are usually lower than conventional financing.

FHA Title I. One of the more popular types of remodeling loans, FHA Title I, can be obtained from any bank or lending institution which has been approved by the FHA. Any property owner with a good credit record and a regular income can obtain this loan as long as he can make the monthly payments without undue hardship. No down payment is required. The law provides that work done must "substantially protect or improve the basic livability or utility of the property." An application for a Title I loan to repay for work already done is not acceptable.

The maximum amount an owner may borrow for making improvements to a single family house is \$3,500. If one has a two or more family dwelling, he may borrow \$2,500 per apartment up to a total of \$15,000.

What will it cost to borrow under this plan? The borrower is charged approximately five dollars per year for every \$100 borrowed up to \$2,500, and then four dollars per \$100 for any amount over \$2,500. See the chart on the following page.

If one borrows \$1,000 and wants to pay it back in a year, he would sign a note for \$1,052.63. His monthly payments would be \$87.72. If he wishes to pay it back in five years, the monthly payment would be \$20.79, but his note would amount to \$1,246.96. The longer one takes to pay, the more it costs; this is true for any loan.

If an owner borrows \$3,500 for 60 months and wants to know his monthly payment, he simply adds the payment for \$2,500 (\$51.96 per month) and the payment for \$1,000 (\$19.93) under the Four Dollar Gross Charge Table. In this case his monthly payments would be \$71.68.

The advantage of a Title I loan is that it can be processed and approved in approximately two days with

SAMPLE FINANCING COSTS - FHA TITLE I

\$5.00 GROSS CHARGE TABLE

Amount To Finance	12 Months		36 Months		60 Months	
	Amount Of Note	Monthly Payment	Amount Of Note	Monthly Payment	Amount Of Note	Monthly Payment
\$ 100	\$ 105.26	\$ 8.78	\$ 114.98	\$ 3.20	\$ 124.70	\$ 2.08
500	526.32	43.86	574.90	15.97	623.48	10.40
1,000	1,052.63	87.72	1,149.80	31.94	1,246.96	20.79
2,000	2,105.26	175.44	2,299.59	63.88	2,493.92	41.57
2,500	2,631.58	219.30	2,874.50	79.85	3,117.41	51.96

\$4.00 GROSS CHARGE TABLE

\$ 100	\$ 104.17	\$ 8.69	\$ 111.86	\$ 3.11	\$ 119.55	\$ 2.00
500	520.83	43.41	559.29	15.54	597.76	9.97
1,000	1,041.67	86.81	1,118.59	31.08	1,195.51	19.93

a minimum of red tape. The disadvantage is that the owner must make monthly payments in addition to his monthly mortgage payments. This may stretch the family budget to the breaking point. However, it may be the best loan for an owner who has a low interest rate (4-1/2 or 5 per cent) on his present mortgage. If he refinances his present mortgage to take care of remodeling costs, he may have to pay 6-1/2 per cent not only on the money for improvements, but also on the unpaid balance of the old mortgage. One should investigate carefully since refinancing could cost hundreds of dollars in interest charges, re-examination of title costs, etc.

FHA Section 220. This insured loan is available only to owners of property within an approved urban renewal project. It is desirable when extensive improvements upgrading the overall condition of the house are required. Under FHA mortgage insurance a property owner may refinance his existing mortgage together with the cost of the repairs and obtain a 90 to 97 per cent mortgage, depending upon the value of the property.

The interest rate on this loan is very good - 5-1/4 per cent plus 1/2 per cent FHA insurance premium or a total of 5-3/4 per cent. Mortgage payments can also be amortized over a 30 year period if necessary to keep the owner's monthly payments within his budget. FHA will not approve a loan for installation of a modern kitchen or bathroom alone unless other deficiencies, such as a leaking roof, lack of paint, defective gutters and downspouts, etc. are also corrected at the same time.

The closing costs, including discount charges, are higher with this type of loan than under some conventional loans. This type of loan is valuable to a home owner who already is stretching his budget with a high interest loan. He can borrow a substantial amount of money for improvements and make small monthly payments over a long period of time. It is also valuable to a home owner who purchased his home under a land contract since financing under Section 220 will give him clear title to the property.

FHA Section 221. This section of the National Housing Act is being used to assist families displaced by urban renewal or other public action to purchase homes with 100 per cent financing. It has been liberalized to include urban home owners who improve their property. Any city home owner having code violations against his property is also eligible.

Property owners desiring to use this type of financing for home improvements must first obtain a Certificate of Eligibility from the Department of City Development. Section 221 will enable the owner-occupant to obtain 100 per cent financing up to \$14,500 to cover the cost of the existing mortgage plus the cost of the repairs or improvements. A two-family house can be financed up to \$25,000, three-family up to \$32,000, and four-family up to \$38,000.

The interest rate is 5-1/4 per cent plus 1/2 per cent FHA insurance premium or a total of 5-3/4 per cent. The amortization period can be extended to 40 years or 3/4 of the remaining economic life of the property. This will enable the owner to keep his monthly payments down to an amount he can pay without undue hardship.

FHA Section 203(b). This is the FHA section under which most of the new homes are built or purchased. It can, however, be used to rehabilitate one to four-family dwellings. It must be kept in mind that the FHA under Section 203(b) will not insure mortgages on homes which are in deteriorated neighborhoods or in neighborhoods where there is mixed commercial and residential use. The property must also meet more severe standards than those required by any other FHA section.

Under Section 203(b) an owner-occupant can obtain financing for 97 per cent of the appraised value up to \$15,000 plus 90 per cent of the value up to \$20,000. The maximum amount insurable under this section is \$25,000 for a one-family, \$27,000 for a two or three-family, and \$35,000 for a four-family.

The interest rate is 5-1/4 per cent plus 1/2 per cent FHA insurance premium or a total of 5-3/4 per cent. The term of the loan can be 30 years or 3/4 of the remaining economic life of the property.

FHA Section 203(k) and 220(h). These are new types of FHA insured loans created by the Housing Act of 1961. Section 220(h) is available to owners living in urban renewal areas; 203(k) is available to owners living outside those areas. Under these sections, the FHA will insure rehabilitation loans on family dwellings (apartments or homes in urban renewal areas, and one to four-family homes in other areas) in amounts up to \$10,000 per dwelling unit. The loan may have a maturity from 3 to 20 years, and may not run longer than 3/4 of the remaining economic life of the structure. It may bear a maximum rate of 6 per cent simple interest and there is a 1/2 per cent FHA insurance premium. Security on these loans will be a recorded lien against the property.

Under these sections the owner can make needed improvements without refinancing his present mortgage. Since the payments can be extended over a 20 year period, the monthly payments can be kept low to fit the owner's budget.

Open Account Credit. The people who sell the materials to accomplish the improvements may be interested in handling the financing for the owner. Many building firms are happy to extend Open Account Credit

which allows the owner 30, 60, or 90 days to repay. Some even encourage "budget accounts" for a 12 month (or sometimes longer) period. Since this credit is sometimes available at no extra cost, property owners are encouraged to investigate this possibility.

Bank Plan. Because of the successful experience with Title I loans, more banks have originated their own plans. Some banks will charge exactly the same amount as under Title I while others charge considerably more. The chief advantage of this type of loan is that the bank will often permit borrowing for improvements that do not qualify for Title I loans. The owner can also add refinements to a new house under these plans; this is not permitted with FHA Title I which requires that a house be occupied for at least six months before the FHA will issue the loan.

Refinanced Mortgage. Because title examination, appraisal fees, legal costs, etc. are involved, refinancing is advisable only when an owner considers a sizable improvement costing, for example, \$1,500 or more. Today one will probably have to pay a higher rate of interest than he did previously, not only on the new money borrowed, but also on the existing balance refinanced from the old mortgage, which can amount to a considerable sum.

Second Mortgage. There is also the possibility of obtaining a second mortgage from an individual. This is not a good way to get home improvement money. Since the holder of a second mortgage cannot enforce collection against the home owner unless the first one is paid, he is likely to charge the owner an excessive rate of interest or impose difficult terms in the mortgage. He may even welcome the idea of the owner's defaulting so that he can buy the property at a foreclosure sale. However, at some times and under some conditions it may be advisable to take a second mortgage.

Personal Loan. This type of loan is usually obtained from a finance company. It not only enables one to get money for improvements, but also permits him to consolidate existing debts all into one monthly payment. True interest rates, however, run from 18 to 36 per cent. This loan should be considered as a last resort to be obtained only after all other possibilities have been exhausted.

Insurance Secured Loan. Relatively few people stop to consider the possibility of an insurance secured loan from which to obtain money for property improvements. Yet this is an excellent method and one of the least expensive. All the property owner needs to do is take his life insurance policies to the bank where he can assign the policies to the bank for the full amount of the cash or loan value of the policies. The owner then

gets the money on what is known as a secured demand loan. The bank will bill the owner quarterly for the interest and will give a liberal repayment schedule. There is the benefit of having a preferred interest rate as low as 4-1/2 per cent, and at the same time making the policies do double work. One maintains his life insurance and gets cash too. It is possible to borrow directly from the insurance company, but usually at a higher interest rate.

Credit Union Loans. A credit union may be the ideal answer to a borrowing problem if the home owner has access to an efficiently managed credit union. Few, if any, lending institutions have the credit union's advantages of low operating costs, tax exemption, and often free office space and clerical help, and few can match the low rates credit unions charge or can compete with their service. Credit unions are usually formed by members of a closely knit group, for example, employees of a business firm or members of a labor union, club, or lodge. Their purpose is implicit in their name - to extend credit to the members of the union when they need help. The unions operate under federal or state laws. They usually restrict interest on loans to one per cent per month on the unpaid balance. The maximum size of the loan depends on the particular credit union.

APPENDIX B: STAFF JOB DESCRIPTIONS.

The functions to be performed by conservation staff members are described below. While there would be only one Community Conservation Officer, Rehabilitation Advisor, and Community Organization Supervisor, the number of persons in other positions may vary according to the size of the conservation area and the number of projects undertaken at one time.

The Community Conservation Officer administers a comprehensive, city-wide program for the restoration of selected areas to a long term, sound condition as well as the prevention of the spread of blight into existing sound areas. He trains and directs a staff of employees engaged in such functions as organizing citizen participation, facilitating financing of home repairs, public relations and informational programs and the providing of technical guidance and assistance in the fiscal, architectural, and social problems of urban development areas. He assists the Director of the Department of City Development in planning and policy making to determine the urban development program. He develops methods, procedures, and standards for project objectives and for the rehabilitation of structures. He is responsible for the selection of ethical contractors, approval of contracts, and acceptability of completed work, maintenance of good public relations and the obtaining of adequate financing. He participates in liaison with neighborhood councils and other citizens' groups and prepares information for publication to explain and promote understanding of the program. He coordinates the activities of his division with the Department and other agencies such as the Federal Housing Administration, real estate boards, civic organizations, and other municipal agencies to insure a smooth flowing and productive operation. Occasionally he represents the Department of City Development at meetings and civic functions.

The Community Organization Supervisor plans, develops, and executes programs of community and neighborhood organization as part of the total urban development program. He develops and maintains close liaison with community councils, neighborhood citizens' groups, public and private agencies to promote citizen participation and to integrate community activities with internal and external agency operations of the total urban development program. He organizes, on a block-by-block as well as on a higher level basis, community groups and he acts as liaison between them and other persons and agencies concerned with conservation and rehabilitation. He evaluates reactions, data, and recommends social survey methods and procedures based on the physical, civic, cultural, social or welfare needs of the area. He advises other agency officials on community organization matters, defines problems for presentation to agencies which can contribute to solutions. He conducts educational campaigns, explains conservation standards, describes available rehabilitation aids, promotes neighborhood projects such as clean up and beautification campaigns.

The Community Organization Specialist assists the Community Organization Supervisor in planning, developing, and executing programs of community and neighborhood organization as part of the total urban development program. He organizes property owners and tenants and maintains close liaison with community councils, neighborhood citizen groups, and local agencies to promote citizen participation. He helps initiate and promote programs to improve neighborhoods. He assists in the preparation of educational materials explaining the program. He interprets the conservation program by speaking before community groups.

The Rehabilitation Advisor administers and is responsible for planning, developing, and executing a program to improve existing deteriorated dwellings, structures, and physical aspects of an urban development area. He supervises and trains a staff of rehabilitation specialists who inspect structures, advise on improvements, and persuade property owners to upgrade and remodel their homes in accord with approved rehabilitation standards. He helps develop standards, formulates methods and procedures, maintains contact with contractors and building material suppliers, recommends spot acquisition where necessary, and screens applications for building permits in conservation areas. He coordinates with other officials and advisory services in determining the extent and nature of rehabilitation for individual structures. He is responsible for obtaining voluntary compliance with standards and refers extreme cases to enforcement agencies when necessary. He reviews proposed contracts and advises on clarity, completeness, and standards of acceptability on completed work. He may compile a list of ethical contractors for use by property owners. He maintains records of inspection, violations, property data, and current condition data. He works with contractors, building material suppliers, and architects in setting up displays and exhibits which show methods and available supplies used in home improvements. He maintains a close working relationship with the Financial Advisor, the Community Organization Supervisor, and the staff Architect.

The Rehabilitation Coordinator is responsible for all rehabilitation in an assigned area under the direct supervision of the Rehabilitation Advisor. He organizes and administers a program of improvement of existing deteriorated dwellings, structures, and physical aspects of a project area, and he works with property owners and tenants to secure compliance with established standards. He is in charge of all cases which cannot be handled in a routine manner.

The Rehabilitation Specialist inspects buildings within a conservation project area as part of a blight prevention and property improvement program. He determines whether conditions of buildings and premises meet

rehabilitation standards. He advises owners of the nature and estimated cost of necessary or desirable improvement, and informs them of the technical assistance available from the Community Conservation Division of the Department of City Development. He promotes voluntary property improvement above the level of minimum building code requirements. He inspects improvement work in progress for compliance with recommended plans, materials, and workmanship.

The Financial Advisor advises property owners in conservation areas on the various methods of financing home improvements, repairs, and modernization. He reviews estimates of costs to repair and remodel buildings in urban development areas, and assists owners in determining their ability to pay necessary costs. He explains economic advantages of improvements to owners, determines the most feasible method of financing, recommends and refers property owners to appropriate financial sources. He seeks out new sources of mortgage funds and maintains contact with officials of banks, lending institutions, insurance companies, and other agencies. He organizes financial advisory services to assist owners to place loans through the various financial institutions. He assists owners in scheduling work. He explores and develops methods of FHA financing under Sections 213, 220, and 221. He renders financial advice to displaced families and businesses. He maintains effective relationships with property owners, financial institutions, and public and private agencies concerned with the conservation program.

The Architect conducts field reviews in areas being considered for conservation treatment. He identifies structures by types and studies block and neighborhood characteristics to evaluate design possibilities. He works with the FHA in formulating property conservation standards, recommends improvements for specific properties, and helps induce owners to upgrade their buildings. He supervises preparation of design plans, sketches, and cost estimates for specific buildings in the project area. He inspects work of property owners and contractors to insure compliance with specific plans. He assists in selecting demonstration houses and deteriorating and dilapidated properties. He meets with individuals and groups to discuss improvement proposals.

The Social Diagnostician is a trained social worker who serves in an advisory capacity to the Rehabilitation Specialist. He has direct responsibility for working with tenants and with property owners who must be displaced from their houses. He works with public and private social welfare agencies to provide social services for problem families to accomplish property rehabilitation.

In addition to the above list, the Department will also need a photographer and stenographic and drafting personnel. If two or more conservation programs are in execution in different areas at the same time, it may be necessary to have a Project Coordinator in charge of each one.

DEPARTMENT OF CITY DEVELOPMENT

Richard W. E. Perrin, Director
Frank J. Polidori, Assistant Director

Vincent L. Lung, Planning Director
Carl H. Quast, Assistant Planning Director

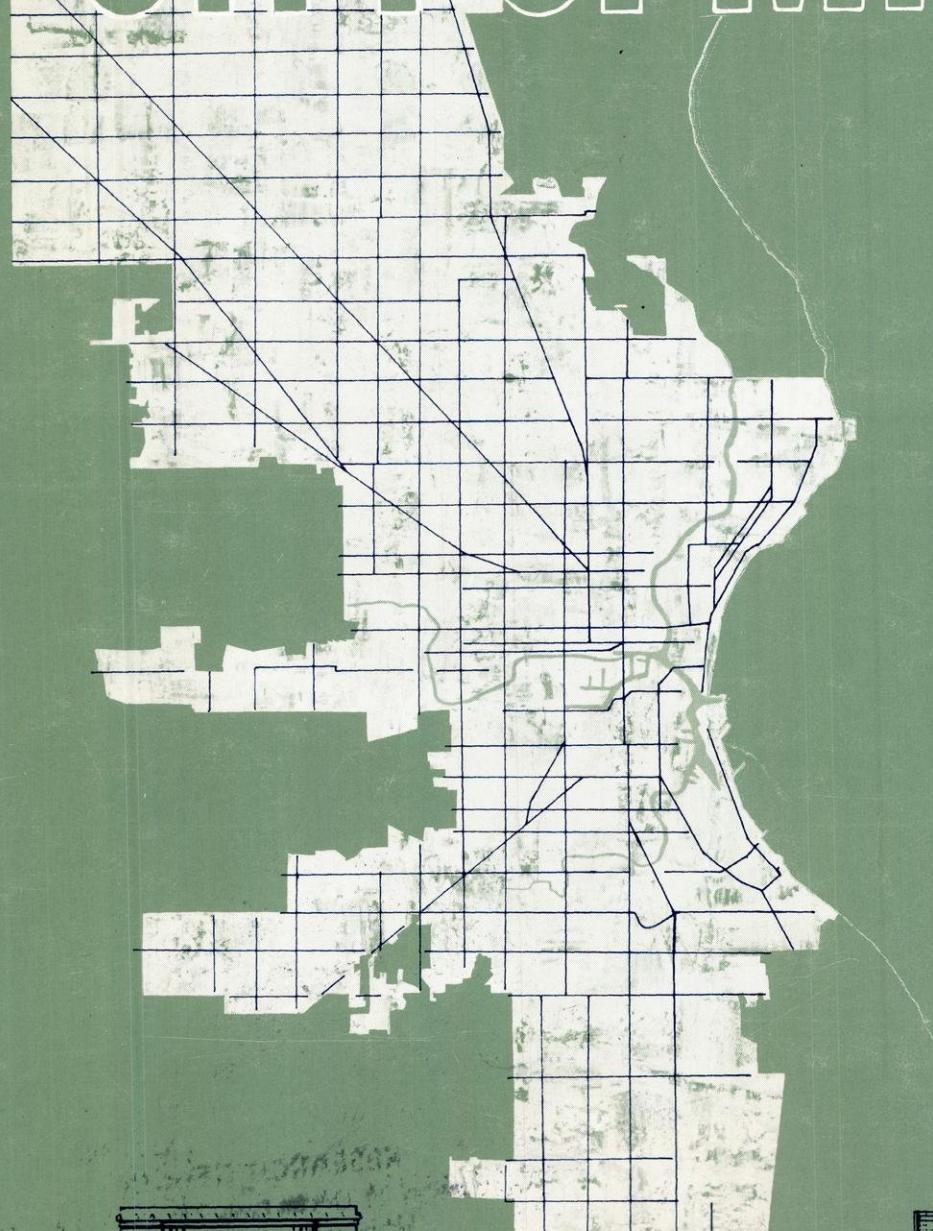
Community Renewal Program Staff

Robert S. DeVoy, Project Director
Jean R. Moehring, Planning Analyst IV
John A. Balon, Planning Analyst II
Gerald A. Holtenhoff, Planning Analyst II
Clyde B. Bethke, Planner II
Peter K. Riese, Planning Analyst I
Leroy A. Brazale, Planner I
Arnold L. Clement, Planner I
Mary Stott, Statistical Clerk

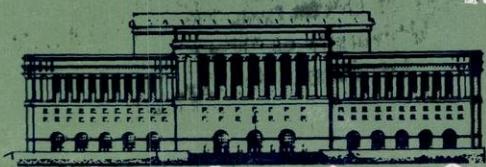
Other Department of City Development Participants

Marvin H. Linder, Community Conservation Officer
Anthony V. Cannariota, Community Organization Supervisor

CITY OF MILWAUKEE



MAY, 1964



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