

Financing City Planning by Lawson Purdy.

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Oct 5/14  
for Graham R. Taylor  
Survey

The financing of city planning may be divided broadly into two parts.

First: the planning which has to do with areas still undeveloped and mainly unsettled, and the planning which is really replanning, which involves the opening of new streets to relieve congestion of traffic, the widening of old streets, the opening of public places, and parks in congested areas, and the acquisition of land for public buildings.

The expense of developing unsettled areas should almost entirely be met by assessment of property benefitted. Nearly all the cities of the United States make use of assessment for local improvements to some degree, but in many cities the power is limited, and the entire expense of such developments cannot be met by the assessment of the property benefitted. In this matter the law governing the City of New York is in principle generally satisfactory. It is not perfect in detail, but the city is able to recover from property benefitted substantially all the cost of opening streets in new territory, and regulating, grading, paving and sewerage them. It is fair and right that this policy should be pursued, for such street developments add value only to the land immediately served by the streets. When main thoroughfares are opened and developed, it is proper that the cost should be imposed upon a larger area than in the case of ordinary streets. In the city of New York part of the cost of such main thoroughfares may be made a borough charge, and the assessment may be

collected with the taxes of the following year. The major part of the expense should almost always be assessed upon the land fronting on the street, but part of it may properly be imposed on the territory extending half-way to the next main thoroughfare, and in some cases part may be imposed on the borough. It merely happens that the City of New York is divided into five boroughs. The same principle may be applied in any city.

There is a provision in the New York law which saves expense to the owners of property by which such owners may dedicate their land for streets officially laid out. By such dedication the expense of a street opening proceeding is avoided.

When parks or public places are to be acquired in new territory the apportionment of the assessment for benefit is a question of fact which can be determined by a board clothed with sufficient power and trained for the duty. The proportion of the assessment on any property should be proportioned to the increment of value, which land will derive from a public improvement after the assessment is levied.

The problems presented by the opening of new streets and the widening of old ones in congested areas are more difficult, and for their proper solution it is imperative that the city should have power to acquire more land than that immediately needed for street purposes. This power is generally known as that of "Excess Condemnation". Probably such power may be exercised in most states if suitable legislation is enacted without constitutional amendment. In the City of New York about sixty years ago, the power of excess condemnation was attempted to be exercised, and the highest court held that it was contrary to that provision.

of the constitution which declares that private property may only be taken for a public use. It seems that to-day the courts generally take a broader view of what is a public use, nevertheless, it seemed necessary in New York State to amend the constitution and this amendment was effected in 1913.

The amendment in substance declares that when land is taken in amounts sufficient to form suitable building sites on the line of a street which is opened or widened, such taking shall be deemed to be a public use.

While this discussion of excess condemnation is under the heading "Financing City Planning", it is more important as a planning measure than as a financial measure. The actual experience in many cases of widening of old streets proves that when such streets are widened many unusable pieces of land are left along the line of the widened street. It is often impossible for private enterprises to unite into suitable plots for improvement these small pieces of land, and many years after the street has been widened it remains an irregular, partially utilized territory. In many cases it is impossible to utilize fully land lying only a few feet from a widened or new street, because of the interposition of a strip of land too small for proper development. Under these conditions an assessment for local benefit bears with grievous severity upon the owners of land potentially valuable, but which cannot be utilized to advantage. If under these conditions the city acquires a strip of land of approximately 100 feet in depth, and acquires it at its value prior to the improvement, the land so acquired may be sold, after the improvement is made in plots of suitable size for development. The added prices will at least

suffice for the fair share of assessment which would be born by the land acquired by the city. The new street or widened street will quickly be improved with suitable buildings. The economic advantage to the city will be commensurate with the character of the new street, and the cost of the improvement will partly be obtained from the additional value of the new plots over the price paid for the land acquired.

When old streets are widened or new streets are opened through built up sections, so much of the cost as is not obtained from the sale of the land which has been acquired in the proceeding may generally be assessed against the property benefitted. The area of assessment must be determined by experienced men who can judge fairly as to the territory which will be enhanced in value by the improvement. In some cases the improvement may be of such general benefit that part of the cost should be born by the city as a whole.

The principle to be always kept in mind and applied to the fullest extent possible, is the principle of pay as you go, and not incurring a debt for improvements. In the long run the financing of improvements by long term bonds amounts to an additional charge equal to the aggregated interest paid on such bonds. Local improvements will continue to be made, and nothing is to be gained by deferring the time of payment. Suppose in some city Fifty Million Dollars are to be spent for local improvements during a period of fifty years. If the city annually raises by an assessment of the property benefitted the sum of One Million Dollars, it will spend Fifty Millions in fifty years. If it borrows the money by the sale of bonds running fifty years, and borrows at so low a rate of four percent, the improvements will cost the city the sum

of Fifty Million Dollars plus the interest at four percent for fifty years on Fifty Million Dollars, or One Hundred Million Dollars to the capital expense.