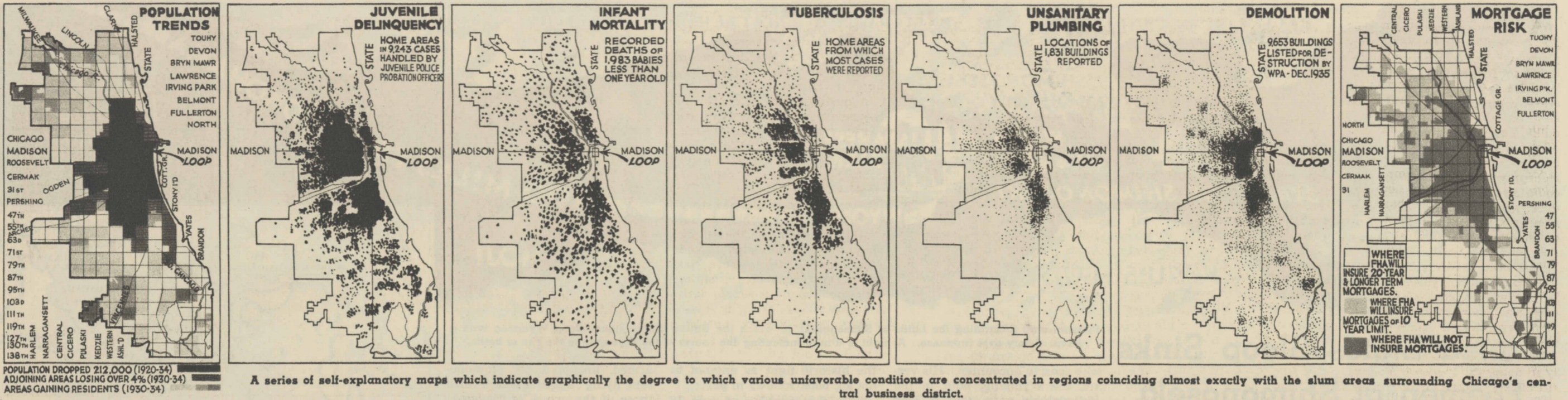


Chicago Points New Way to Slum Clearance



Private Initiative Paves Way for Rehabilitation

By HOWARD WOOD
(Financial Editor, Chicago Tribune.)

WHAT is the future of Chicago? What will be the character of the city in ten years? Twenty years? Fifty years?

Will it be a prosperous city of attractive homes extending in orderly and pleasing progression away from the great central business and shopping district? Will it be a city in which the most valuable land lying within easy reach of stores and offices is occupied by the homes of the workers and shoppers?

Or will it be a city with a hollow core—a city in which the loop, or central business district, is separated from the decent residential areas by a broad belt of ramshackle slums?

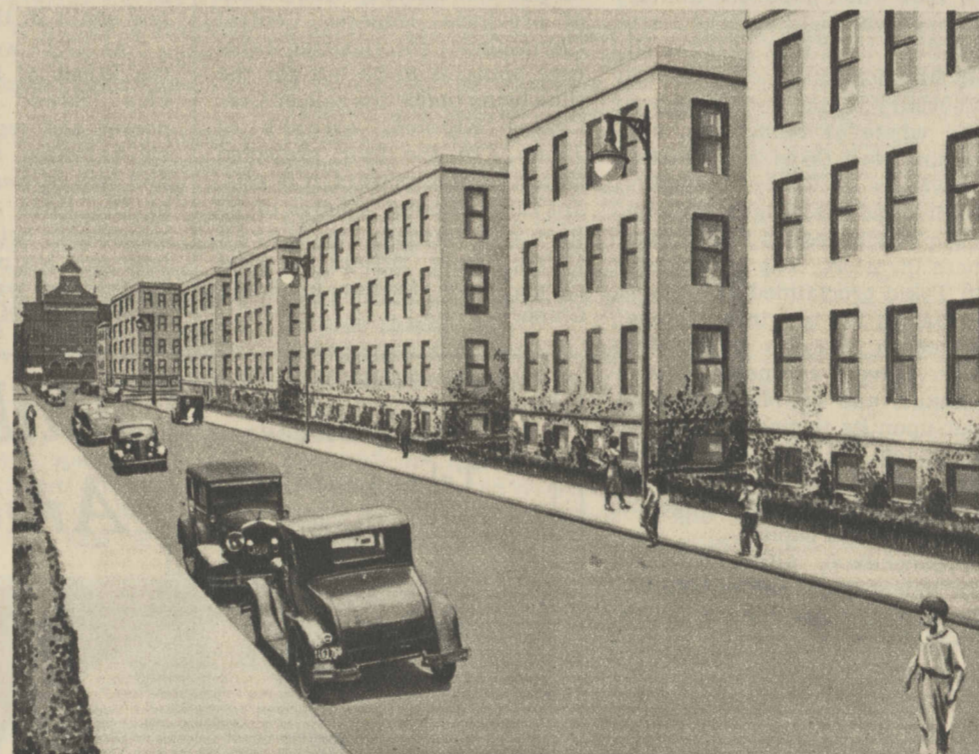
For ten years Chicago business men, bankers, property owners, real estate experts, and public spirited citizens have been wrestling with this question. They have seen the slum belt that rings the loop slowly but unmistakably creeping outward at the rate of one-half mile every five years. They have realized that individual property owners are helpless to stem this tide of destruction. The task is too big. It calls for leadership, united action, and a program. These interested people

tant things that have been discovered:

1. The broad areas of run-down tenements and shacks that encircle the loop are the principal crime centers of the city.
 2. They are the districts where the public health is most seriously jeopardized and where the most firetraps and unsanitary buildings are located.
 3. They are the districts where population is decreasing alarmingly fast.
 4. They are the districts where tax delinquencies are the thickest and where tax collections fall far short of the cost of such city services as fire and police protection, water, recreation centers, and maintenance of streets and alleys. They are thus a financial burden on all the rest of the city.
 5. They are the districts where no money can be borrowed on home mortgages. Neither private lenders nor the Federal Housing Administration dares risk money on loans in these areas under present conditions.
 6. They are the districts of the most illegitimate childbirths.
- And yet, strangely enough, these very districts from the standpoint of location are intrinsically the most valuable



(Photo © Chicago Aerial Survey Co.) Chicago from the air, its highly developed north shore and business areas contrasted with the obsolete districts that include the unproductive slum areas.



Before and after. An unretouched photograph, at left, of Cambridge avenue, Chicago, looking south from the corner of Elm, is contrasted with an artist's conception (right) of how a slum clearance project would alter the appearance of the same scene. (Tribune photos.)

have likewise come to realize that reclamation and rebuilding of obsolete districts is the most important problem confronting Chicago and other large cities today—for no other thing so vitally affects the lives and welfare of dwellers in the cities.

These searches for the solution have resulted in the building up of tremendous stacks of information and statistics. Individuals working alone or pooling their efforts through such organizations as the Chicago city council, the Chicago Plan commission, the Chicago Housing authority, the Illinois State Housing board, the Metropolitan Housing council, and the Chicago Real Estate board have developed a train of thought on the subject that has helped bring the issue to a definite head.

Here are some of the impor-



The slums encircle Chicago's loop. A view from the intersection of Jefferson and De Koven streets looking east toward modern downtown business buildings. (Tribune photo.)

residential areas in the city of Chicago. They are the regions from which workers and shoppers could most conveniently get to

and from the loop with a minimum of time and effort. They are near enough to the lake to get the benefit of cooling breezes on hot summer days.

They are within easy distance of Chicago's great parks with their hundreds of millions of dollars' worth of recreational facilities. They are close to

schools, universities, theaters, museums, and railroad stations. Why doesn't somebody do something about it?

That is the obvious question that comes to mind. And the answer is equally easy. A suitable vehicle is needed—some instrument whereby private investors can go into this man's land of property ruination and rebuild it on a large scale, restoring vanished real estate values and creating desirable residences for hundreds of thousands of Chicagoans who would like to live in pleasant surroundings close to the loop.

People with money to invest would welcome the opportunity, for the profit possibilities are excellent—provided the right kind of safeguards are set up.

The great majority of property owners in the run down districts would be happy to sell or participate in a rebuilding program. In most of these districts

it is estimated that from 80 to 90 per cent of the property is owned by outsiders. Much of it is held in trust by banks for heirs of original owners. At present such property has practically no sale value.

Builders and material men would get business that they have been lacking for ten years.

Workers in the building trades and other lines would get badly needed jobs.

Practically every Chicagoan has a selfish interest in the proper solution of this problem. It is this very community of interest which assures a successful outcome if the right method of approach is decided upon.

The result, according to students of the subject, would be the beginning of a complete metamorphosis of the city of Chicago. Once a backfire is built against the spreading belt of depreciation, property owners farther out would quickly regain confidence in the value of their real estate and would be encouraged to spend money on modernization of their existing buildings. Run-down houses and apartment buildings that have not yet reached the serious stage could profitably be reconditioned for rental to persons in lower income groups who might not be able to afford apartments in the new buildings. Thus, even the family on relief which is allotted \$25 a month for rent would be able to live in a decent dwelling.

Experience has shown that sporadic attempts by private capital to build moderate rental housing projects thus far have been largely unsuccessful from the broad standpoint of reviv-

ing whole districts. As in the case of the Marshall Field Garden apartments, they tend merely to become pleasant oases surrounded by dismal slums. Earnings of such projects are reduced by the necessity of providing schools and other services to attract tenants who do not want to use the facilities provided in the neighborhood by the city.

Another big factor is the high cost of acquiring land. Most of the property owners are glad to get a fair price for real estate they never hoped to be able to sell at all. A few, however, realizing that the project builder must have their property in order to round out a land acquisition program already under way, hold out for prices many times the fair value of the property. In the case of the Marshall Field Garden apartments the land costs were reported to average \$4.78 per square foot in a neighborhood where individuals are ordinarily glad to sell vacant property for less than one dollar per square foot.

Federal housing projects, it has been demonstrated, are not the answer to the need for housing for people of moderate means. Federal housing units are subsidized by taxpayers' money. To rebuild the run-down districts in the big cities of the nation would bankrupt the treasury.

The job must be undertaken by private capital if it is to be done profitably. But how?

An answer is provided by a little group of experts who have been plugging at the problem more or less continuously for the last ten years. They have explored the vast amount of detailed information developed by the different fact finding agencies. And they have carried it a few steps farther to what they now believe is the long sought solution.

This group includes J. Soule Waterfield, former president of the Chicago Real Estate board and vice president of the Starrrett Brothers; Arthur Kruggel, present president of the Chicago Real Estate board; Herbert U. Nelson, executive vice president, National Association of Real Estate Boards, and Paul Angell, vice president of the Chicago Real Estate board.

Entirely as individuals and not as official representatives of their organizations, these men have groped their way through the tangle to a point where they believe they have the broad outline of a plan whereby the rebuilding of great areas of the city of Chicago can be accomplished with private capital.

The two big difficulties to be met are:

1. Making possible the acquisition of land at fair prices and preventing the blocking of such acquisition by the minority of holdout property owners who prevent enterprise by demanding enormous prices for their parcels as soon as they discover that a large project is under way.

2. Creating a financial setup that will attract the funds of investors by setting up safeguards and assuring prospective security purchasers that they will not be subjected to the unfortunate experiences suffered by investors in the post-war period when buildings were financed by high pressure sales of so-called (Continued on page nine.)