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THE POTENTIAL FOR NEW-TOWNS IN-TOWN: AMERICAN EXPERIENCE
IN TWO CITIES

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THE POTENTIAL FOR NEW-TOWNS IN-TOWN:
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While the new community concept has fallen on hard times in the United States, for a number of economic, market, and management reasons, it still offers major promise as a vehicle for accomplishing inner city revitalization. Some of the objectives and opportunities for this kind of large-scale revitalization are reviewed in this paper. Experience has shown that a number of major implementation problems and requirements must be met head-on, in order to make new-towns in-town work. While some of these problems are characteristic of the new-town concept in general, they are reviewed here in light of the additional complexities introduced by implementation within the existing economic and governmental structures of the inner city. Two American examples, from Chicago and Minneapolis, are used as case studies.

The paper is organized in two major sections:

First, basic objectives and potentials for new-towns in-town are outlined. Particularly significant here are the direct and indirect economic factors associated with major reinvestment in the central city. Also important are opportunities to capitalize on slack capacity already offered by public service infrastructures within older urban areas.

Second, major implementation problems and requirements, particularly as revealed by the two case studies, are examined. Administrative and management challenges have, in particular, been found to be large, compounded by the inertia of unclear intergovernmental relationships. Housing market stimulation and stabilization, at a scale sufficient to sustain financial feasibility for the private sector investor, also offer significant difficulties.

OBJECTIVES AND OPPORTUNITIES

The rationale for new-towns in-town is a simple one: Meet large-scale physical, social, and economic problems of the central city, and overcome the constraints associated with creating viable new and rehabilitated neighborhoods in the central city, with large-scale coordinated public/private action. Address problems of neighborhood decline and deterioration at an entire community level, considering both the rehabilitation of existing residential, commercial, and institutional structures, as well as the infusion of major doses of new development. There are, of course, many portions of cities that have been and can and should continue to be developed on a piecemeal, small-scale basis. Still, major "opportunity sites" for new-towns in-town, on the order of 100 acres or 5,000 existing/new housing units, or more, are relatively easy to identify in most major American cities. In addition to the cities addressed here, Miami, Atlanta, Washington, and San Diego are attempting to advance new-town in-town type projects, and large-scale projects approaching a new-town scale are quietly proceeding in St. Louis.

In fact, the number of opportunities that might exist for the development of new-towns in-town is an important initial question. Sites or areas of a size suitable for this scale of coordinated re-investment are plentiful. Almost any city of any size has a fairly large amount of land associated with old railroad yards, waterfront uses, obsolete industrial activities, etc., which might be developed as new-towns in-town. Deteriorating inner city residential areas, particularly where large-scale and stable institutional uses (medical, university, governmental) also exist, offer additional opportunities. In some cases, substantial areas of former slum and blighted housing have been cleared, with resultant vacant land areas still undeveloped for lack of market attractiveness. In many cases, appropriate sites are also defined by major transportation routes or facilities--free-ways, rapid transit, rail lines, rivers, port facilities--and, thus, offer important opportunities for coordinated transportation-land development.

In many instances, such new-town in-town site opportunities suggest a combination of both new and old development. Most locations, where sufficient land acreage can be identified, are likely to include some existing development--residential, institutional, commercial, etc.--which should remain, with rehabilitation of such structures a major feature of the overall development concept. Application of the new-town in-town concept to such sites is required to internalize the impacts of development, both positive and negative, so as to capture and use more of the values being generated by the development, eliminate or absorb any negative impacts being generated, and shield and buffer the new development from outside impacts to help ensure its success.

In addition to being necessary to effectively redevelop such areas, new communities offer the opportunity to achieve several overall urban or central city objectives. Some of the most important of these include:

-- Economic Revitalization. The deep-seated economic problems of the central city are well-known, and reflect decentralization trends that have proven extremely difficult to reverse. Both industrial and residential relocation to the suburban fringe, followed (and in some cases led) closely by commercial decentralization in the form of regional shopping centers, have all led to the depletion of a sound economic base within the central city. This "flight to the suburbs" has had both cause and effect relationships, with increasing concentrations of lower-income ethnic population groups within the central city. The quality and skill level of the central city labor force has often declined. Adding another level of complexity to these fundamental economic base problems are the unrealistically high land values, carried over from previous, more successful years, that tend to create stagnant land development/redevelopment markets.

-- Neighborhood Housing Quality. Continued decline in housing conditions and maintenance levels is closely tied with a range of social ills commonly associated with low-income neighborhoods--high crime rates, relatively poor health conditions, unstable family structures, low levels of educational achievement, high unemployment levels, etc. Additional problems created by the anonymity of high-density inner city neighborhoods are also

well-known. Greater balance in housing types available, including the need for low-rise owner-occupied housing units, is often acknowledged. Federal subsidy programs have been created to encourage owner occupancy and rehabilitation in central city neighborhoods.

- Public Service Infrastructure and Tax Base. One of the major advantages offered by in-town sites for new community development is the characteristic under-utilized or "slack" capacity associated with a full range of existing public facilities and services--water, sewer, police and fire protection, schools at all levels, recreational facilities and services, health and other social services, etc. Particularly in instances where the clearance of blighted and obsolete housing, and the abandonment of obsolete industrial structures, has led to actual declines in neighborhood population, employment, and tax base, under-utilized public service capacities offer real opportunities for cost savings, on the public sector side, in supporting major new-town in-town developments. In terms of net fiscal impact upon the central city, this form of rejuvenation can, in effect, make more efficient utilization of facilities and services already being provided. Fiscal impact analyses are, in fact, likely to show that major levels of new subsidy (in the form of tax incentives, land assembly write-downs, housing assistance programs, etc.) are still likely to lead to positive net cost/revenue impacts and an improved fiscal balance.
- Environmental Quality. In general, rural or suburban new community sites offer higher levels of environmental quality in terms of such factors as natural ecology, open space, opportunities for privacy, air quality, microclimate, etc. Conversely, new-town in-town sites offer greater challenges for achieving acceptable environmental conditions--but they also offer a way to make highly desired environmental improvements, such as the reclamation of a waterfront or the preservation of a historic district. To some extent, environmental quality factors, for such elements as air and water quality, are determined at a broader regional level, beyond the control of any particular community.

Table 1 summarizes this range of urban objectives often cited as reasons for new community development, in general, and compares their potentials for achievement in likely in-town sites with the essentially rural or open, undeveloped sites traditionally associated with new-town development. Both initial conditions and potentials for more effective achievement or enhancement of objectives are judgmentally assessed. The purpose of the table is both to simply list the various objectives often cited as important in new-town development, and compare, in a quite subjective way, the potential for in-town sites to achieve such objectives. In general, the table suggests that in-town sites are particularly favorable opportunities for achieving important community development objectives, and have the potential to meet more of these objectives than remote suburban sites. The implementation problems discussed in the second half of this paper are perhaps the major reasons that so few actual new-town in-town development efforts have been undertaken, in spite of the "natural" applicability of the concept suggested by Table 1.

Table 1
GENERAL OBJECTIVES FOR NEW COMMUNITY DEVELOPMENT

Objective (Achieve "Acceptable" Levels of Impact, Service, or Quality, for Each Factor Listed)	Initial Condition		Potential for More Effective Achievement	
	In-Town Sites	Other Sites	In-Town Sites	Other Sites
<u>Economic Revitalization</u>				
Diversified Economic Base	3	1	4	2
Range of Employment Opportunities	3	1	4	2
Balanced Retail/Service Facilities	2	1	3	3
Range of Labor Force Skills	2	1	4	3
Realistic Land Market	3	3	4	4
<u>Neighborhood Housing Quality</u>				
Condition of Housing	2	NA or 4	3	4
Range of Housing Types	2	NA or 1	4	2
Range of Housing Densities	3	NA or 1	4	2
Neighborhood Social Conditions	2	NA or 3	3	3
<u>Public Service Infrastructure</u>				
Transportation Alternatives	3	1	4	2
Utility Systems	4	1	4	2
Educational Services	3	1	3	3
Public Safety	2	1	4	4
Recreation Services	4	1	4	4
Health Services	4	1	3	2
Housing Assistance	3	1	3	2
Social Institutions	3	1	3	2
<u>Environmental Quality</u>				
Land Availability	3	3	4	4
Open Space	2	2	4	3
Air Quality	2	4	1	1
Water Quality	4	2	4	1
Natural Ecology	1	3	2	1
Balanced Population	3	2	4	2
Opportunities for Privacy	2	4	2	4
Soil Capability	3	2	2	1
Historic/Cultural Conditions	2	2	2	2
Energy Conservation Characteristics	3	1	4	3

KEY: Initial Condition

- 1 Rarely achieved at scale needed.
- 2 Sometimes achieved: perceived quality may be low.
- 3 Generally achieved: acceptability may be in doubt.
- 4 Almost always achieved: generally acceptable.

Potential for More Effective Achievement

- 1 Minimum opportunity.
- 2 Opportunities in some situations, but rare, or limited in effect.
- 3 Frequent opportunities, with some chance of substantial achievement.
- 4 Major opportunities for more effective achievement.

The objectives in Table 1 essentially reflect a number of environmental conditions or public facilities/services that must be available or provided to make a community possible and broadly successful. Not every community needs every condition or service to the same degree. But every community needs a combination of services and conditions that will attract and hold the residential housing market, and that will sustain a reasonable level of economic and social activity.

In some instances, a few qualities of a community will be so strong, and so attractive, that the community will thrive, even in the absence of conditions that might seem essential in other situations. Thus, some high-density central area communities are very attractive, even though they have little or no open space and relatively poor air quality. Others, in remote suburban locations, are equally attractive, though they may lack balanced transportation, employment opportunities, or a range of social institutions.

Table 1 is suggestive only, of course. The only way to make a meaningful analysis of the potentials of a specific area for new community development is to examine it on an individual basis. Table 1 is only intended to stimulate interest in, and consideration of, the very real potentials for achieving urban goals which appear to be offered by in-city locations. This evaluation suggests that in-town locations usually have more of the qualities needed for sound community development, and tend to provide greater opportunities for the effective use or enhancement of the facilities or conditions available, than their suburban counterparts.

To provide a more specific perspective on the objectives and opportunities for new-towns in-town, Table 2 compares the Cedar-Riverside project from Minneapolis and the Dearborn Park project from Chicago, in terms of the same objectives listed in Table 1. Again, only a rough subjective estimate for each project is given. Major differences among the projects are such, however, that judgmental comparisons are still useful for the purposes of this paper. These comparisons indicate, for example, that both case study sites tend to equal or exceed the initial conditions and potential achievement of objectives suggested for in-town sites, in general, in Table 1.

There are some differences between the two projects, as well--for example, the site of Dearborn Park is essentially isolated by industrial and rail uses, unused, vacant, and involves only a few landowners, whereas Cedar-Riverside is occupied and consisted (before assembly) of several hundred parcels. Cedar-Riverside is largely and generally favorably impacted by the adjacent University of Minnesota Campus and a Mississippi River park. Dearborn Park lacks such amenities, though it is adjacent to a much larger employment base--the Chicago Loop. Cedar-Riverside contains an existing population; it had the image of a skid row neighborhood, which was changing into a more "hippie" area, oriented to the young and the old.

Cedar-Riverside and Dearborn Park also differ in their management and financing. Cedar-Riverside is being developed by an independent private group which received support in the form of loan guarantees from the Federal New Communities Administration. This support carries with it the need to do a tremendous number of studies and other

Table 2

ACHIEVING NEW COMMUNITY OBJECTIVES: TWO IN-TOWN EXAMPLES

Objective (Achieve "Acceptable" Levels of Impact, Service, or Quality, for Each Factor Listed)	Minneapolis-- Cedar-Riverside		Chicago-- Dearborn Park	
	Initial Condi- tion	Potential Achieve- ment	Initial Condi- tion	Potential Achieve- ment
<u>Economic Revitalization</u>				
Diversified-Economic Base	4	4	4	4
Range of Employment Opportunities	4	4	4	4
Balanced Retail/Service Facilities	2	4	1	4
Range of Labor Force Skills	3	4	3	4
Realistic Land Market	3	2	3	4
<u>Neighborhood Housing Quality</u>				
Condition of Housing	2	4	NA	4
Range of Housing Types	1	4	NA	4
Range of Housing Densities	1	3	NA	4
Neighborhood Social Conditions	2	3	NA	4
<u>Public Service Infrastructure</u>				
Transportation Alternatives	3	4	3	4
Utility Systems	4	4	3	4
Educational Services	4	4	2	4
Public Safety	2	4	4	4
Recreation Services	4	4	2	4
Health Services	4	3	4	4
Housing Assistance	3	4	4	4
Social Institutions	3	4	3	4
<u>Environmental Quality</u>				
Land Availability	3	4	4	4
Open Space	2	4	1	4
Air Quality	2	1	2	2
Water Quality	4	4	2	3
Natural Ecology	1	3	1	2
Balanced Population	3	4	NA	3
Opportunities for Privacy	3	3	3	3
Soil Capability	4	2	3	3
Historic/Cultural Conditions	2	2	3	3
Energy Conservation Characteristics	4	4	3	4

KEY: Initial Condition

- 1 Very low achievement of condition.
- 2 Some achievement; perception low.
- 3 Substantial achievement; perception low and some problems involved.
- 4 High level of achievement/availability.

Potential for More Effective Achievement

- 1 Minimum opportunity.
- 2 Some opportunity, but greatly limited.
- 3 Substantial opportunity, with some limits.
- 4 Near ideal potential.

work related to federal requirements. Dearborn Park is being developed by a private development corporation made up of representatives of several of the leading banks and corporations in the city. These institutions have resources well beyond those available to the developer of Cedar-Riverside.

IMPLEMENTATION PROBLEMS AND REQUIREMENTS

The Minneapolis and Chicago case studies reveal many critical implementation difficulties associated with the new-town in-town concept.

The Cedar-Riverside project, halted in 1976 as a result of an environmental impact suit (discussed later), involves an innovative, multiple-use city redevelopment plan for a 340-acre site near the Minneapolis CBD and adjacent to the University of Minnesota. Included within the project boundaries are the University of Minnesota expansion, two smaller colleges, two hospitals, public housing for the elderly, and portions of the city park system. One hundred acres were assembled privately for redevelopment, to include 12,500 new housing units, integrated with 1.5 million square feet of retail, office, and services facilities.

A balanced mixture of housing would be provided, with rehabilitation of some existing commercial and residential structures. Some rehabilitation, as well as the construction of 1,300 new housing units, had been completed at the time the project was stopped. Both existing and new properties are currently being held in an essentially "as is" state, while legal positions are being resolved. No new development is moving forward.

Cedar-Riverside is a case study both of how to successfully package a new-town in-town, and of ways in which the public/private relationship must be improved to facilitate the implementation of such large-scale redevelopment efforts.

The Dearborn Park project, now in the early but active stages of development, involves 335 acres of largely abandoned rail yards located just south of the Chicago Loop. About 162 acres are proposed to be developed, with 13,000 housing units for some 32,000 people, and with about one million square feet of space for commercial and community facilities. An initial stage of development is underway involving the construction of about 1,200 units of mixed apartment, condominium, and townhouse homes, and involving the rehabilitation of an old railroad station for community center use.

Table 3 summarizes a number of key implementation problems and/or requirements which have emerged in either, or both, the Cedar-Riverside and Dearborn Park projects. Ratings are given which indicate the general severity of each problem, and an attempt is made to generalize the significance of these problems to the new-town in-town concept in general. These major problem areas are discussed, in turn, below--with reference to the two case studies, as appropriate. In particular, the feasibility of new-towns in-town appears to be tied to: (a) the presence of more than one major favorable factor (for example, land availability, local political concern, strong middle-income housing market, etc.) in some combination; and (b) the sustained support of strong public-institutional initiative, both

Table 3

IMPLEMENTATION PROBLEMS AND REQUIREMENTS FOR NEW-TOWNS IN-TOWN

Problem or Requirement	General Significance for New-Town Implementation			
	In-Town Sites	Other Sites	Cedar-Riverside	Dearborn Park
<u>Market "Creation"</u>				
Housing Price Ranges	**	*	**	**
Housing Types	**	*	**	**
Commercial Land-uses	*	**	*	**
Industrial Land-uses	-	*	-	-
<u>Long-Term Public Support</u>				
Commitment of Funds	**	*	**	**
Review Approvals	**	**	**	*
Coordinated Public Service Improvements	**	**	*	*
<u>Financing</u>				
Maintaining Project Schedules	**	*	**	*
Applying Value Capture Techniques	**	*	**	*
<u>Administration and Management</u>				
Clarifying Private Management Responsibilities	**	*	**	*
Clarifying Public Management Responsibilities	**	*	**	*
<u>Interagency Relationships</u>				
Federal Funding and Reviews	*	*	**	-
City Funding and Reviews	**	-	**	*
Federal-Developer-City Coordination	**	*	**	*

KEY: - Minimal or nonexistent.
 * Significant.
 ** Very significant.

financial and otherwise, to uphold the "public" portion of the essential public-private cooperative formula required for success.

Major implementation problems for new-towns in-town include:

- Market "Creation." Perhaps the most critical implementation problems are related to the availability of market--in relatively large quantities--both residential and commercial. Most new-town in-town sites are located in relatively unattractive settings, at least from the average tenant-buyer standpoint. In order for a new-town in-town to become viable, a certain number of units or a certain amount of investment, in either case fairly large, must be made to create a "critical mass." Moreover, development should proceed fairly quickly to offset front-end and holding costs.

Without a strong existing market, or unless an attempt is made to prime the market with some form of governmental subsidy, it is very difficult to develop this mass fast enough to create the private sector investment environment required. If an attempt is made to build this mass via subsidized low-income housing, there is a good chance of destroying the demand for adjacent market-rate housing. Thus, aggregating a sufficient market is a critical problem. In Minneapolis, for example, it was assumed that five to eight percent of the annual housing construction of the region would need to be attracted to Cedar-Riverside to create a suitable environment and meet financing schedules.

In some areas, it may be possible to "prime the pump" with institutional housing. This is what was essentially done in Cedar-Riverside, with the construction of large amounts of middle-income housing suited to university and hospital personnel, as well as downtown workers. Such housing does not have the negative impacts that are associated with other types of subsidized housing. In the case of Dearborn Park, it is hoped that the huge employment base of the Chicago Loop, along with the tightness in housing supply, and favorable financing on the part of the city and leading banks, will generate the interest required. Much will depend on the faith which people have in the continuation of the project to a point where it will be attractive in its own right.

Attracting new markets, particularly middle- and higher-income families, to inner city locations can also be stimulated by land-use change in adjacent areas. For example, if a major new employment generator is being developed or expanded, perhaps a broad range of housing market demand could be stimulated. This would be especially true in the case of a large corporation or institution which might "direct" some of its employees to nearby new housing. In other instances, the success of major rehabilitation efforts in some inner city neighborhoods (for example, Lincoln Park in Chicago or Back Bay in Boston) in attracting upper-income residents may be sufficient to create "spill-over" markets for adjacent areas offering new-town in-town redevelopment potential. The extent to which a return to the inner city can be made "fashionable" is a key ingredient here. In general, broad housing markets covering the full range of income groups are potentially available to in-town locations, but problems must be overcome in attracting the upper-income levels of that range.

- Long-Term Public Support. Another major problem which must be resolved involves long-term public commitment. Almost any inner city reinvestment project of value will require substantial public investment to help with land assembly, the provision of improved public facilities, etc. However, the prevailing mood, both nationally and locally, is against the concentration of major public resources in only one or a few areas. Moreover, it is difficult to obtain long-term public financial commitments. As a result, projects which require large public expenditures, or which must be extended over time (five to 20 years), may be difficult to finance. Even where necessary public support may not be in the form of major investments, but instead may involve necessary zoning, environmental, and other reviews and approvals, this may be difficult to obtain in the face of the shifts which often take place in public opinion and policy over a period of time.

This difficulty in obtaining large-scale or long-term public commitments of either financing or other support (other than a loan guarantee) was found to be particularly critical in the Cedar-Riverside project. The new-town concept, in general, requires a long-range type of thinking not normally associated with the rapid return on investment typically pursued by both private and public interests. This need for extended public support also applies to such areas as the assurance of adequate quality in the provision of certain public services (particularly education and public safety), even when the mechanisms for providing these services are already available. Such support can also be critical in generating confidence on the part of investors and homeowners to stimulate construction or rehabilitation activities on lands not under the control of the new-town developer, and, in general, to exercise overall control over all parcels within the new-town in-town development area.

- Financing. Long-term project financing can and usually does present major headaches for both the private and public elements of a new-town in-town project. Cash flow problems on the private sector side were, in fact, a major source of financial distress, due in part to environmental impact suit proceedings, for the Cedar-Riverside developer.

On the public sector side, one of the major potentials for improved financing involves the "value capture" concept. In general, the idea is to capture for reinvestment many or most of the secondary benefits, in terms of increased land values and property tax revenue potentials, offered by the public investment components of the new-town development effort. At the time that Cedar-Riverside was stopped, a significant stream of "value capture" was beginning to be available through the device of "tax increment financing," which earmarks increments in taxes from development to helping to pay costs associated with its creation. These increments could have been used to help write down land costs and to provide facilities and amenities which were necessary to enhance the project.

- Administration and Management. Selecting the management vehicle by which a new-town in-town project is implemented is a key decision. Such a vehicle should be able to deal with as many of the

problems and opportunities discussed in this paper as possible. In general, effectively dealing with these problems and opportunities will call for some means of "internalizing" the costs and benefits of such a large-scale effort, permitting more needs to be met internally and more of the values generated to be captured for support of the development and rehabilitation activity. This is accomplished in Dearborn Park to some extent by its size and its isolation, and by unified land ownership. To a lesser extent, Cedar-Riverside also internalized many costs and benefits in the same ways.

Traditional, unilateral private or public organizational models apparently will not do. Rather, combinations of public and private capability must be created involving, for example, the creation of semi-public corporations. In other instances, private groups may be clothed with some of the powers of public authority through a licensing or charter arrangement. In Missouri, for example, private corporations can be given powers to assemble and redevelop land and to build all needed facilities in accordance with a predetermined plan, along with a tax abatement on new investment which increases the feasibility of private investment. Needed conditions might also be achieved more broadly through public-private cooperation, arranged through carefully-drawn contractual agreements.

Management responsibilities for public agency participants in a new-town in-town must be carefully and clearly delineated. Increases in costs and delays for the Cedar-Riverside project were experienced, because the City of Minneapolis was slow to establish unified management for public support of the project and actively participate in its implementation. Most important, the city redevelopment plan contained no provisions or commitment to funding for the various public improvement elements. In addition, a loss in city staff involvement and commitment was experienced in the latter stages of the project, due to personnel and leadership turnover, and changes in public policy. The sense of responsibility to meet past commitments on the part of the city was lost, and the city became an adversary instead of an ally.

- Interagency Relationships. The Cedar-Riverside project provides painful lessons in the dangers of delay and poor management associated with the involvement of both federal and local agencies, as well as the developer, in project implementation. Involvement of the U.S. Department of Housing and Urban Development, through its New Communities Assistance Program, proved a mixed blessing. Extensive delays in reviewing project applications and preparing the ill-fated environmental impact statement were experienced. Well over two years were consumed in the preparation, rejection, and reparation of the environmental impact statement (EIS), which was ultimately still found inadequate in its analysis of alternatives, leading to the court-ordered termination of the project as originally constituted. (Basic planning for the project had occurred before the EIS requirement was imposed.)

In general, the HUD New Communities Program does not provide mechanisms for obtaining the necessary commitments, financial and otherwise, from local governments or federal agencies necessary to support a new-town in-town development. Furthermore, several

forms of promised financial and other assistance from HUD never materialized through lack of congressional funding support and through a presidentially-imposed moratorium.

Another source of interagency frustration for the Cedar-Riverside project involves the slowness of the City of Minneapolis, and its various agencies, to assume meaningful responsibility for the public improvements integral to the project. Although a tax increment financing district was created, the city did not make commitments or firm plans to build essential parking, open space, recreation, and pedestrian facilities, or to cover land-cost write-down for lower and moderate-income housing. A major part of the frustration here was the fact that no agency of the city was a party to the agreement between the developer and HUD to build a new community. The city and many elements of the community consequently viewed the implementation problems of the project as primarily a matter of concern to HUD and the developer --even though the implementation of the city's own redevelopment plan for the area was at stake.

Interagency relationships in Dearborn Park have been much simpler. There is little or no federal involvement. The corporation which is pursuing the development is cloaked with the community interest and represents most of the city's major financial interests. There are virtually no property owners or tenants in a position to be directly affected or involved. While some questions have been raised about the allocation of public and private money to Dearborn Park, as opposed to occupied residential neighborhoods, no sustained opposition has developed. If marketing in Dearborn Park is successful, there is a good chance that the project will continue.

CONCLUSION

The existence of these problems does not necessarily mean that there can be no new-towns in-town. However, it does mean that such new-towns can be built only in situations where there is an unusually effective level of planning and management, combined with a relatively unique set of market, political, and other conditions. For example, the availability of lands in the South Loop area, combined with the relatively high sense of alarm and willingness to invest to "save" the city on the part of big business, plus the continued unity of control by the Chicago political machine, may permit the Dearborn Park new-town to succeed. Another factor is the widespread disappearance in Chicago of rental housing through conversion to condominiums, which is creating a market for middle-income rental housing on a large scale. Add to this a "return to the city" movement, and Chicago may have the ingredients for success.

If, as a matter of policy, governments wish to encourage the development of new-towns in-town, then some rather strong steps need to be taken to overcome some of the constraints which have been discussed above. These actions would in some way have to be tied to the so-called "urban initiatives" program of the federal government, which would make available and focus public resources in some very special ways. In addition to major commitments of funding, there would need to be a level of political commitment which, although not unprecedented, is rare in today's political environment.

Some of the most promising options for developing new-towns in-town are probably related to relatively small, self-contained areas, which may already include a major institution or major housing subject to maintenance and upgrading. In a situation such as this, the amount of new development and investment may be minimized, and the timetable for development may be kept within reasonable limits. For example, it is less likely that "outside" interests will be stimulated to oppose the project and, thus, slow it down.

Some of the best possibilities include "sun belt" communities in which there is a rapid rate of growth and which, because of their original development at low densities, may now be fairly easy to re-develop. Both Phoenix and Miami, for example, have the potential for development of new-towns in-town. With the construction of 20,000 to 40,000 dwellings in the region annually, Phoenix could have a fair chance of capturing several hundred units in a new-town in-town each year.

Despite an obvious need and a less obvious, but equally strong, potential, it is unlikely that there will be widespread use of the new-town in-town concept in the United States in the next few years. The recent failure of the Federal New Communities Program will prevent the undertaking of another such effort in the near future; new-towns have a bad name, particularly in the development industry. However, a small but growing number of new-town in-town type projects will be pursued. Through the combination of tax increment and private institutional financing, they may be undertaken in a few high-growth situations and in areas where the new-town scale is small compared to the total market (e.g., Chicago and Dearborn Park). The most severe constraints are likely to be in the political and management areas. The complexities of new-town development, in combination with the time over which policies and efforts must be sustained, are greater than most governmental units or public-private partnerships can effectively handle. If some way could be found to deal with these essentially institutional problems, many more new-towns in-town would emerge.

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