

The Entrepreneurial State: New York's Urban Development Corporation, an Experiment to Take Charge of Affordable Housing Production, 1968-1975

by

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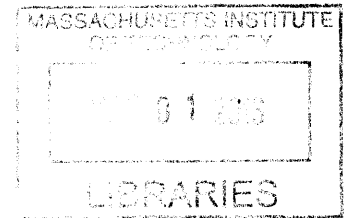
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Abstract

A federal-local partnership supports the creation of most new affordable housing in the United States. Washington's subsidies, which fund housing construction, vouchers, and tax credits, are paired with local development groups, which select sites, design projects, and manage operations. Yet for decades, despite their elevated status in the American federal system, state governments have all but abdicated responsibility for the direct production of affordable housing. Partly as a consequence, cities remain without adequate resources to address the dwelling needs of their poorest residents, and many suburbs have chosen to isolate themselves from the problem entirely.

Between 1968 and 1975, however, New York State broke the mold by investing considerable resources in the Urban Development Corporation (UDC), a state-run builder that completed over 30,000 apartments for low- and moderate-income households. While contemporary government developers, following the "urban renewal" script, often built monofunctional, architecturally bland, public-finance-only apartment blocks confined to the limits of the inner city, the UDC operated at a statewide scale and constructed mixed-use and distinctively designed structures with the aid of private investment. As such, the agency provides historical evidence of a public sector entity responding to criticisms of previous government housing by innovating in terms of planning, design, and finance.

This thesis offers insight into the conditions that influenced the UDC's development approach. Its example constitutes a "usable past" that can inform contemporary struggles to create affordable housing by documenting a potential role for the state in the production process. The agency built more housing, with designs more sensitive to their surroundings, than urban municipal authorities. In the suburbs, the UDC's unique political powers allowed it to address housing needs at the metropolitan scale. In three new communities, the agency articulated a vision of all-purpose developments with populations integrated by class. In all environments, the UDC reformed the government's approach to affordable housing construction—and it did so thanks to the powers it had been granted as a state agency.

The agency's extraordinary productivity—combined with its unique approach—is indicative of the value of evaluating the UDC's methods if the goal is to expand the production of affordable housing. The political powers provided to the agency, particularly those that allowed it to override local governments, develop significant efficiencies of scale, and focus on the housing demands of the neediest portion of the population, offer a template for state governments today. Faced with continued challenges to access to quality, reasonably priced housing in many of the nation's metropolitan areas, the UDC demonstrates how a state housing development agency with adequate powers could operate and what benefits it would provide.

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The conclusion of work on my thesis coincides with the end of my time at MIT; it has been a fantastic experience, both socially and academically. My family away from home—Elena Alschuler, Daniel Broid, Danny Yadegar, Marcie Parkhurst, and Farzana Serang— guaranteed that I never had a dull moment. I cannot be more thankful for those who have made my life here brilliant, including among many others Elaine Braithwaite, Albert Ching, Laurel Donaldson, Elizabeth Hoffecker, Stephen Kennedy, Lili Knorr, Brendan McEwan, Lindsay Reul, Rosie Sherman, Jeremy Steinemann, and Merran Swartwood.

My parents have been a constant source of love, prodding me to do more and do better. Samara has forced me to take myself seriously. And Daniel, more than anyone, has supported me throughout— particularly with edits of my writing that somehow identify exactly what I'm trying, but not quite succeeding, to say.

Finally, New York City, not a person, but a personality, has inspired me since I began to get to know it back in 2004. Its skyscraper canyons, marvelous parks, and infinite curiosities have brightened my life tremendously, even when I am (usually) not around.

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Introduction: The Urban Development Corporation

In 1968, the New York State Legislature approved the creation of the Urban Development Corporation (UDC),¹ a public authority dedicated to spurring economic growth and eliminating urban blight through state-subsidized construction. The agency expanded state power significantly, moving New York into the business of directly managing the development of housing for low-, moderate- and middle-income households, and creating a mechanism for the state to invest in new factories, public facilities, and retail space. The UDC had the ability to override local governments and construct wherever it saw fit, and it would do so on an accelerated timeline. \$1 billion, and later \$2 billion, of moral-obligation bonds, combined with state tax breaks and federal housing subsidies, would fund all this new construction.

Over the course of the next six years, the UDC began construction on about 33,000 housing units, making it, for its time, the nation's largest apartment builder and the single-largest recipient of federal affordable housing subsidies. It built thousands of units in New York's biggest cities and suburbs and embarked on the construction of three new communities. It was the nation's only major state housing developer, moving beyond aiding mortgage finance, the limit of intervention for all other state governments at the time. By 1975, however, the agency defaulted on a short-term loan and it left the hous-

1 Because the Urban Development Corporation was and is typically referred to in speech as "the UDC," it is described as such in this thesis. Agency documents from the study period describe the agency as "UDC" (with no "the").

ing business, abandoning its huge ambitions to remake the state with tens of thousands of new units annually. The leadership that had promoted and managed it was gone; Governor Nelson Rockefeller, who had guided the agency's creation, had resigned, and UDC President Edward Logue, who had led its implementation, had been forced out. Now its projects sit inconspicuously across New York State, a vast housing program from the past hiding in plain view.²

This thesis tells the story of the UDC, describing the agency's creation within the context of national and state housing policies and offering perspective on much of the housing the agency completed. This historical account provides insight into a unique public agency whose management marshaled private investment to construct groundbreaking mixed-income, mixed-use developments around the state. It is a story of political initiative and ambition dedicated to physical determinism—the idea that new buildings could go far in improving the lives of the poor. It is the tale of an agency that tried, but ultimately mostly failed, to build in suburbs to combat the problems of metropolitan segregation.

Yet this thesis presents more than an historical narrative; it is also an effort to examine the role of the state at the crossroads of American housing policy. Faced with increasing public opposition, the federal urban renewal and public housing programs came to an end in the early 1970s, to be replaced mostly by community-centric, privately led initiatives. The failure of older policies to respond to the needs of cities and their citizens arguably led to the arrest of previous modes of public intervention in the built environment. Government power in land use issues also increasingly shifted from Washington to municipalities. But the UDC offered a compromise between these polarized modes of planning; empowered by the state government, the agency concentrated urbanism at the middle node of the American federal system. Led by managers who had learned from the criticism of urban renewal but did not want to banish government from redevelopment entirely, the UDC asserted a reformed approach.

The thesis also asks whether there are lessons to be learned from the UDC's history. More than

2 The UDC remains in operation under the public name Empire State Development Corporation (since 1995), though it has not been engaged in significant housing projects since the mid-1970s. Its primary activities now consist of offering subsidies to private commercial investors and running New York State's convention center, though through its subsidiaries it continues to manage several redevelopment projects, including Queens West in New York City and the Erie Canal Harbor in Buffalo. It no longer acts as the direct developer of housing on these properties, however, instead usually conducting RFPs for development sites and selecting from competing bids.

simply an experiment, the UDC's housing programs produced more affordable apartments than any similar state or local public agency during the period. That success resulted in part from the leadership provided by the governor and the agency's president, but it also is a consequence of the UDC's unique political form, which encouraged an entrepreneurial approach to new affordable housing construction. The state-as-housing-developer framework has not been repeated since the 1970s, yet the UDC shows that it has promise. Many of America's big metropolitan areas remain in need of more affordable housing. Understanding the approach of this unique New York agency may point towards one way to address that problem.

A CRISIS IN PLANNING

In the early 1960s, the planning profession was under assault. Entrusted by the federal government with enormous funds to bulldoze neighborhoods, build new highways, and erect housing complexes, planners from New York to Los Angeles were taking advantage of their tremendous powers to reshape the cities around them.³ They hoped to combat the blight they feared had fallen onto American urban centers. Yet their efforts were increasingly controversial, not in the least because the claims planners had made about the benefits of their interventions—that new public investments could attract business, improve competitiveness with the suburbs, and reduce the social pathologies resulting from urban poverty—could not be backed by reality on the ground. The wealth of the 1950s and 60s was being transferred into the pocketbooks of a large percentage of the population, but cities did not seem to be improving. Rather, they were falling into greater despair as many of their wealthier and usually whiter citizens moved out.

Critics from both left and right poured on the criticism of public programs. Sociologist Herbert Gans argued that the demolition of an Italian-American neighborhood in Boston for the purposes of “renewal” had resulted in the loss of a unique urban culture that would never be replicated now that

3 Funding largely came from two pieces of legislation: The Federal-Aid Interstate Highways Act of 1956, which provided for the construction of a 41,000-mile national freeway network; and the Housing Act of 1949 (and its ancestor, the Act of 1937, and its descendants, the Acts of 1954 and 1961), whose Title I provided matching funds for demolition and reconstruction and whose Title III rapidly expanded the public housing program.

residents had been displaced. Martin Anderson and James Q. Wilson emphasized that federal dollars had been poorly spent, resulting in massive bulldozing but frequently little rebuilding. When new housing was completed, it often catered to the wealthy rather than the lower-middle class that had once resided in the destroyed communities. These claims were hardly limited to academics; citizens had begun to make their opposition to neighborhood destruction evident. Jane Jacobs led a highly publicized fight against Robert Moses in New York City, ultimately preventing the construction of a highway through her native Greenwich Village. Citizen outcry in San Francisco compelled the city's supervisors to cancel ten planned highways that would have slashed through the urban core.⁴

Though much of the criticism was directed at the implementation of urban renewal programs, which were assailed as poorly managed and a waste of money, at the heart of the federal approach were certain assumptions about how cities should be rebuilt. Inspired by modernist architects and urban designers, city planners thought that the old, pedestrian-oriented hearts of cities should be replaced with new environments designed to make automobile circulation as easy as possible. The "street life" of the past was outmoded and public space should be concentrated in wide-open plazas or green spaces situated between tall buildings out of scale with the traditional city. Functional diversity in buildings was to be avoided. It was considered acceptable to build housing complexes designed for only one income group. For residents of older cities, built interventions that followed this aesthetic ideology would inevitably conflict with their existing spaces.

Indeed, this approach to urban redevelopment was not working. The planners who built new freeways and huge public housing complexes likely made the urban problems worse, and they probably exacerbated urban decentralization.⁵ Since the mid-1970s, the process that led to the monoliths of urban renewal has been systematically replaced by a more inclusive, less centrally directed one in American

4 Herbert J. Gans, *The Urban Villagers: Group and Class in the Life of Italian-Americans* (New York, NY: The Free Press, 1962); Martin Anderson, *The Federal Bulldozer* (Cambridge, MA: MIT Press, 1964); James Q. Wilson, ed., *Urban Renewal: The Record and the Controversy* (Cambridge, MA: MIT Press, 1966); Jane Jacobs, *The Death and Life of Great American Cities* (New York, NY: Vintage Books, 1961); Raymond A. Mohl, "Stop the Road: Freeway Revolts in American Cities," *Journal of Urban History* 30-5 (July 2004), 674-706.

5 Nathaniel Baum-Snow, "Did Highways Cause Suburbanization?," *Quarterly Journal of Economics* 122-2 (2007), 775-805.

cities. The idea of bulldozing a neighborhood because of the poverty of its residents is anathema to modern urban politics—except when the neighborhood being demolished is a public housing community. Nor is there any support for urban freeways or megablocks that suck the life off city streets—just the opposite, in fact.

Several scholars argue that the realization of the failures of modernist planning deeply challenged the liberal approach to urbanism that had been manifested in urban renewal programs. The suggestion is that faced with massive criticism, the liberal order was put on trial and found guilty.⁶ Christopher Klemek argues that “the American urban frontier [in government planning] was effectively abandoned by the 1970s,” leaving urban policy to “the volatile forces of private real estate investment and disinvestment.” By the end of the decade, “the country’s bipartisan consensus ended... in an anti-planning backlash.” Klemek presents the alternative to urban renewal as a community-centric new left urbanism, whose primary accomplishment were small-scale housing programs with limited ambition for large-scale investments. Government largely played the outsider’s role as active citizen groups vetoed its traditional forms of construction. Only by the late 1970s did public planners begin to reassert themselves with reformed plans, but by then the broader social public mission of their program—to massively expand access of reasonable housing stock to all segments of the population was just one—had been forgotten, lost to privatization and a contracted public vision.⁷

Brent Ryan offers a similar tale, highlighting Minneapolis’ Cedar-Riverside, a giant new-town-in-town that required extensive neighborhood demolition (its design “emphasized the project’s complete distinction from its host city”), as the apex, and end, of urban renewal. Rather than a smooth reshaping of the modernist approach to design, Ryan argues that the mid-1970s “brought urban renewal projects to a crashing halt” (including Cedar-Riverside) as if there was nothing connecting the before and after.

6 Here, “liberal” is used to define the American sort of liberalism, which incorporates certain social democratic policies with significant support for continued domination of the economy by market forces. It is worth noting that the arguably most liberal period in U.S. history in terms of domestic policies, from 1964 to 1968, coincided with significant revisions to the urban renewal program (through such efforts as Model Cities). Thus the claimed connection between urban renewal in the classical sense and liberalism is tenuous.

7 Christopher Klemek, *The Transatlantic Collapse of Urban Renewal: Postwar Urbanism from New York to Berlin* (Chicago, IL: University of Chicago Press, 2011), 3-14, 208-216.

He does note the completion of certain small-scale, architecturally unambitious complexes as the Yorktown project in Philadelphia, as a compromise between the imposing government plans of old and a new thinking about the role of the public sector in designing the shape of the city.⁸

While Alexander von Hoffman notes the increase of “more responsive subsidized housing forms” in the late 1960s, he credits designers and architects for the change. The story of Boston’s Villa Victoria, in which a Puerto Rican community fought plans for urban renewal and worked to build a mixed-use residential complex integrated into their neighborhood, also suggests that the changes in urban design for subsidized housing came from outside.⁹ This story provides little room for agency originating from public-sector bureaucrats themselves.

These narratives suggest a sudden and perhaps inescapable switch from the government-produced modernist urban renewal methods to community-oriented, urbanist planning; the two concepts are discussed as if diametrically opposed. While it is certainly true that much of the planning discourse did change remarkably at the national scale during the 1970s, the description fails to recognize the possibility of a renovation of the urban renewal order, rather than a complete replacement for it. In this reading, urban renewal is more than the failures that have been associated with it. Indeed, as Samuel Zipp and Michael Carriere have written, the history of renewal “resembles more the messy city it looked to displace, with the requisite dead-ends, one-way streets, blind corners, unpredictable turns, and paradoxical juxtapositions of public life,” informed by a modernist movement that was both flexible and a socially aware effort to improve our cities.¹⁰ Our understanding of urban renewal must be broadened to recognize where the movement succeeded, and, moreover, where approaches were reformed to address changing understandings of the appropriate modes of intervention.

In this thesis, I use the UDC as an example of such a reformation. While it maintained the power-

8 Brent D. Ryan, *Design After Decline: How America Rebuilds Shrinking Cities* (Philadelphia, PA: University of Pennsylvania Press, 2012), 6-9, 140-147.

9 Alexander Von Hoffman, “High Ambitions: The Past and Future of American Low-Income Housing Policy,” *Housing Policy Debate* 7-3 (1996), 436-438; Mario Luis Small, *Villa Victoria: The Transformation of Social Capital in a Boston Barrio* (Chicago, IL: University of Chicago Press, 2004).

10 Samuel Zipp and Michael Carriere, “Introduction: Thinking through Urban Renewal,” *Journal of Urban History* (January 6, 2013), 3. [Not yet assigned article or issue number.]

Criteria	Stereotype of urban renewal/public housing period	Stereotype of post-moratorium (1973) subsidized housing	UDC
Site acquisition	Eminent domain and bulldozed	Already vacant sites or community-acceptable sites	Already vacant, usually infill, sites
Developer	Public local housing authority	Community development corporation, non-profit, private developer	UDC
Site plan	Megablock towers in the park isolated from city grid	Infill integrated into grid	Infill and megablock developments, usually integrated into grid
Scale	Far larger than surrounding neighborhood	At scale with surroundings	Often at scale with surroundings, sometimes larger
Resident population	All low-income families	Mixed-income population	Low- and moderate-income families, sometimes with middle-class residents
Land use mix	Monofunctional, residential only	Mixed-use, with retail at ground floor	Often, though not always, mixed-use
Location	City	Neighborhood	Metropolitan or statewide

Table 1.1 : Comparing attributes of urban renewal, post-moratorium, and UDC housing.

ful hand of the public sector and continued to advance many of the ambitions of the urban renewal movement, it also accepted the criticisms of the modernist movement and incorporated them into its project design. Table 1.1 documents how the UDC reformed the typical approach of the urban renewal movement. In the process, it advanced many of the physical and sociological changes in development policy that defined post-1970s projects, but did so without losing the engagement of the public sector in the process.

On a monumental scale, the UDC pioneered this reformed approach to thinking about city design. In its short period of housing construction, the agency began to incorporate many of the concepts urban renewal's critics had promoted. Its housing complexes were almost entirely mixed-income, including poor, moderate, and sometimes middle class households, usually in apartments that were adjacent to one another. It would avoid neighborhood demolition at all cost, placing a priority on building on empty lots even in the densest cities (though admittedly certain of those lots were made vacant by previous urban renewal programs). Its buildings were sometimes completed as part of larger com-

plexes, but they were also often constructed as stand-alone infill projects at scale with the surrounding environments. Retail spaces were included at the ground floor of a large number of buildings, and commercial and industrial spaces were planned to be melded into residential areas in unified plans for new communities. Perhaps most importantly, the agency engaged in the construction of affordable housing projects outside city centers, rejecting the argument that the best way to cure the difficulties in core areas was to build there. Rather, UDC management suggested, a full-on metropolitan approach was necessary.

The UDC's projects challenge the notion that governments engaging in urban housing construction in the early 1970s were failing to address renewal's critics. Rather, the agency stepped into a transition period and offered an alternative both to previous public sector programs *and* the less ambitious, community-focused work that followed. While the UDC's program was ultimately only partially completed, it stands out as an American governmental project that responded to the need to rebuild the nation's cities without either playing by the old rules or abdicating all responsibility to local groups. This thesis describes how that reformed approach was implemented in city, suburban, and new community environments.

REFORMING FEDERALISM

The UDC's actions departed from the urban renewal norm in terms of city design, but its broader innovation resulted from its political status as a state government developer. The fact that the agency was (and remains) the only major state government housing developer in the nation makes it a fascinating case study to consider the roles different levels of the U.S. federal system can play in the urban planning process. This discussion must be undertaken from a historical perspective, as the environment that made the UDC possible was a product of contemporary rethinking of the federal government and its role in American society.

The difficulties of the aforementioned urban renewal, highway, and public housing programs suggested that urban policies directed from Washington were not up to the task of responding to city demands. Entering into government, Richard Nixon made promises of a "new federalism" that would

decentralize decision making to states and localities. His top urban policy advisors began setting the stage for a dramatic revision of funding that would transform most relevant federal expenditures into block grants to allow communities to do as they saw fit. This approach was founded in conservative rhetoric based on the principle of states' rights and individual initiative that nonetheless appealed to many urbanites as it promised a reduction in regulations and delays caused by federal bureaucracy.

Nelson Rockefeller's aggressive entrepreneurism seemed to mesh perfectly with the Nixon Administration's initiative; the governor liked to argue that everyone preferred government closer to the people. His promotion and implementation of the UDC suggested that he took seriously the idea that the federal government should play a lesser role in urban affairs and that states should fill the hole. He took this argument further than any other governor, overriding the power of local governments in the process. Indeed, the UDC was an isolated experiment, for the most part; while other states implemented housing finance agencies, most decision making on matters like subsidized housing was passed down to municipalities and private or non-profit actors.

Whatever advantages the UDC may have had as a state entity working in the affordable housing field, it was always handicapped by New York State's inability to approve direct subsidies for low- and moderate-income householders. While Governor Rockefeller had been quite competent in advancing construction programs, he was far less successful in convincing his state's citizenry or legislature to provide increasing state-funded social policies. The voters struck down two general-obligation bond releases that would have paid for public housing; the legislature made providing continuing appropriations for the UDC a major struggle; and the governor himself decided that it would be politically unwise to promote a huge community development bond late in his tenure. By 1973, when he resigned, Rockefeller argued that the nation's biggest issues would have to be approached from the federal level, where more money was available.

Paul Peterson argues that the American federal structure imposes severe limitations on the ability of state and local political actors to pursue redistributive policies that are *not* funded by the national government. The theory is that if governments raise taxes to pay for improved services designed spe-

cifically for the poor, wealthier people and corporations will depart for greener pastures, ultimately depriving the most generous governments of the resources they need to pay for those policies and creating a downward economic spiral. States should therefore concentrate on “developmental” policies rather than redistributive ones. Empirical analysis of tax differences between states, however, has not demonstrated such a relationship. This indicates that it is economically feasible (if not politically feasible) to improve social services for the least well off at the state and local levels without damaging the economy significantly.¹¹

Ultimately, the rise and fall of the UDC raises several important questions about the role of the state in providing for redistributive programs such as affordable housing. Would a state-financed housing developer like the UDC make an important contribution to present-day New York’s urban housing stock? Would its status as a state government entity make it possible for it to surmount the obstacles to new housing construction in the suburbs or affordable housing creation on greenfields to a degree that is not replicable by local agencies or private entities?

WHAT RELEVANCE FOR TODAY?

Why explore the half-completed program of the UDC? Almost forty years after the UDC ceased producing new affordable housing, urban Americans remain in need of more and improved affordable housing, particularly in those central cities that are growing, where vacancy rates are declining, and gentrification is transforming formerly lower- or lower-middle class neighborhoods into wealthier ones. The federal commitment to long-term affordable housing subsidies, whether in the form of public housing or Section 8 vouchers, has declined. Private and community-led initiatives to expand the availability of such housing has been inadequate to prevent rising housing costs; for non-owning households, rents increased from 17.9% of income in 1950 to 25.5% in 2000. In the nation’s 25 biggest metropolitan

11 See Paul E. Peterson, *City Limits* (Chicago, IL: University of Chicago Press, 1981); Paul E. Peterson, *The Price of Federalism* (Washington, DC: The Brookings Institution, 1995); Michael Mazerov, “Cutting State Corporate Income Taxes Is Unlikely to Create Many Jobs,” Center on Budget and Policy Priorities, September 14, 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3290>; Jeffrey P. Thompson, “Costly Migration and the Incidence of State and Local Taxes,” Working Paper Series 251, University of Massachusetts-Amherst, Political Economy Research Institute (February 2011); Richard Florida, “Do State Business Taxes Really Matter?,” *The Atlantic*, May 17, 2011, <http://www.theatlantic.com/business/archive/2011/05/do-state-business-taxes-really-matter/238941/>.

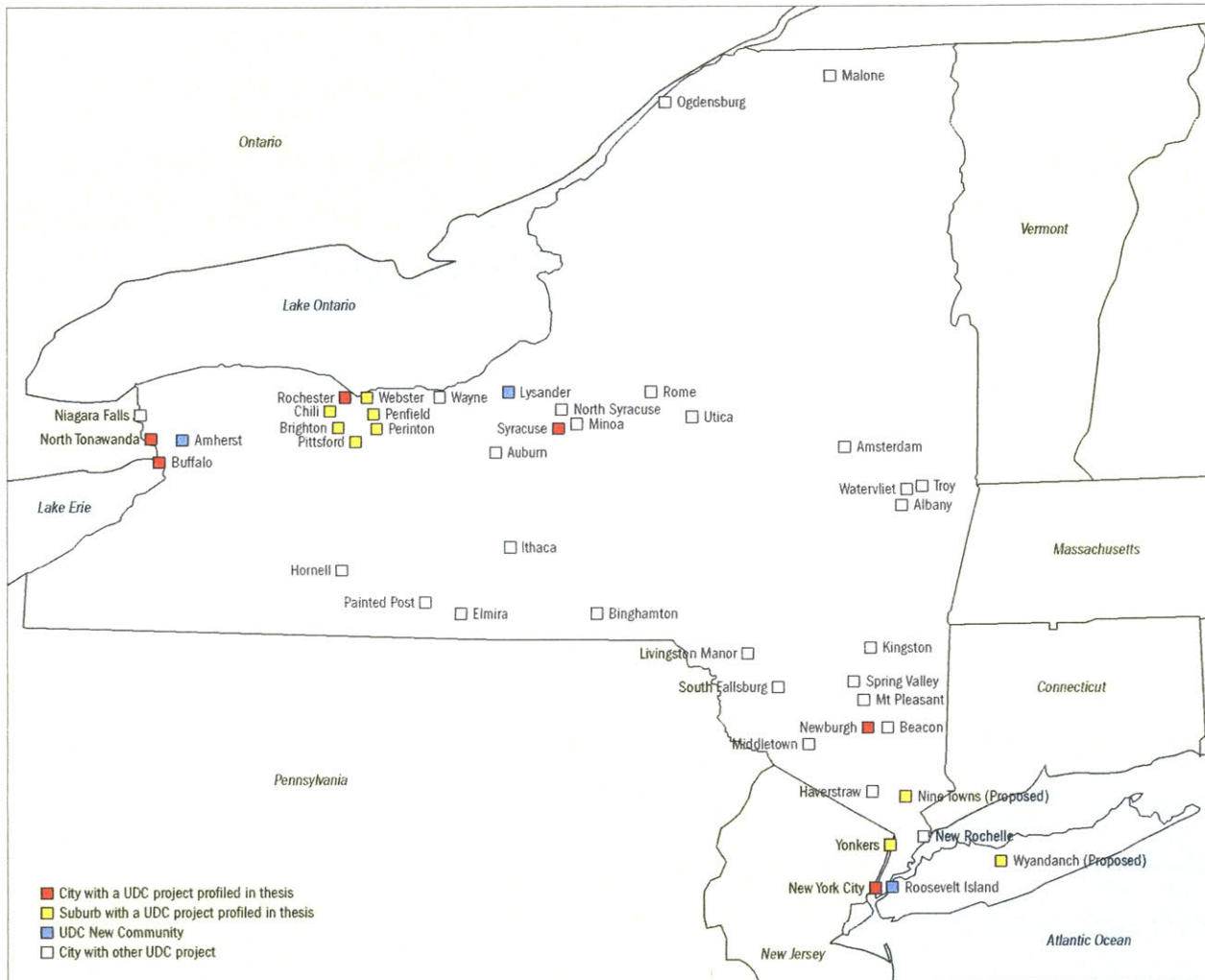


Figure 1.1 : A map of UDC housing projects. | Source: Map by the author; based on “Urban Development Housing Across New York State,” *Policy and Design for Housing: Lessons of the Urban Development Corporation, 2005*, www.udchousing.org/images/pdfs/about/NYS_UDC_Map.pdf.

areas, housing costs increased by more than 50% for median-income households between 2000 and 2010. At the same time, decades of conservative ideological dominance in Washington have resulted in a significant decline in the federal share of overall taxes paid, with state and local governments frequently taking up the slack.¹²

12 See Lawrence Vale and Jonah Freemark, “From Public Housing to Public-Private Housing: 75 Years of American Social Experimentation,” *Journal of the American Planning Association* 78-4 (December 2012); “Housing Costs of Renters: 2000,” U.S. Census Bureau, May 2003, <http://www.coeinc.org/AllPages/Materials/Downloads/Other/2000CensusRentCost.pdf>; Robert Hickey et al., “Losing Ground: The Struggle of Moderate-Income Households to Afford the Rising Costs of Housing and Transportation,” Center for Housing Policy and Center for Neighborhood Technology, October 2012, <http://www.nhc.org/media/Losing-Ground-2012-Release.html>; Binyamin Appelbaum and Robert Gebeloff, “Tax Burden for Most Americans is Lower Than in the 1980s,” *The New York Times*, November 29, 2012.

Though its mission was cut short by financial woes, the UDC offers a unique perspective on the role of state government in adding to the nation's affordable urban housing supply. By describing its history and highlighting its successes and challenges, we have an opportunity to consider whether a similar organization working today would produce similar results—and whether we would want it to. After all, there is little chance that the federal government will significantly expand its funding of new affordable housing in the coming years, and cities typically lack sufficient resources to do so—though certain of them, including New York City, are making an attempt. Though there are no easy answers to offer in questioning what type of housing program would provide the improved affordability and dwelling quality needed by Americans, the UDC at least raises the possibility of a little-mentioned alternative: A state-funded developer acting in the interests of households with low or moderate incomes.

RESEARCH METHODS

The production of this thesis chiefly relied on a review of archival matter, since the planning and development of the UDC housing projects was completed about forty years ago. Several archives provided essential information: the Edward Logue papers at Yale University, which offer insight into the UDC's history and Logue's personal involvement; the John Lindsay papers both at Yale University and in the City of New York archives, which help frame New York City's approach to the UDC; the Nelson Rockefeller papers at the Rockefeller Archive Center, which inform this thesis' description of the governor's interest in urban development; the few papers of the UDC found in the New York State Archives and State Library; the Audubon New Community papers at the University at Buffalo; the George Romney papers at the University of Michigan, which reveal the approach of the HUD Secretary during the Nixon Administration; and the HUD documents at the U.S. Archives II at College Park. Efforts were made to explore the archives of the Empire State Development Corporation (the successor organization to the UDC), but those attempts were repeatedly rebuffed by agency staff. Insights gained from these sources were supplemented by secondary material in books, academic papers, and newspaper clippings.

UDC housing projects in New York's cities, suburbs, and new communities (Chapters 4, 5, and 6, respectively) are profiled in short case studies to highlight the circumstances and conflicts that defined

the agency's work. Only a sample of the Corporation's projects are profiled; these were selected based on the availability of information about them in the archives consulted. A map of all the agency's projects, showing those which are referenced in later chapters, is shown in Figure 1.1. To some degree, this reflects a selection bias towards the agency's more controversial projects (more controversy begets more archival material), but the apartment complexes portrayed reflect a diversity of architectural size and physical location throughout the state and therefore are mostly representative of the UDC's overall work.

It should be noted that this thesis is primarily concerned with the UDC's work in housing. Along with thousands of units of housing, the agency built hundreds of millions of dollars worth of industrial and commercial facilities. When proposing the idea for the UDC, Governor Rockefeller arguably wanted it to prioritize these projects. Yet the availability of federal subsidies and an unfavorable ruling from the U.S. Treasury oriented the UDC far more towards housing than anything else, and ultimately industrial or commercial projects represented just 24% of overall agency spending between 1970 and 1974, the primary construction period. As a result, and in order to limit the overall focus of the document, housing is the primary issue discussed here.

Interviews were conducted with roughly twenty people who were engaged directly or peripherally with the UDC or national housing policy development during the period studied. Discussions, which are listed in the appendix, generally lasted about an hour each and provided background information for understanding the issues described in the thesis. But the primary source materials for the project were obtained from the aforementioned archives.

Because the thesis' emphasis is on the political and planning processes that led to the construction of the UDC's housing projects, rather than the experience of residents of those buildings, the research program did not incorporate any site-based sociological work other than short site visits to most of the projects discussed. It is of course an omission to discuss housing without interviewing residents about their experience of these places. Nonetheless, in order to maintain the integrity of this work, whose focus is on the leadership and political machinations that made major investments

in affordable housing possible, whatever insights residents might add to this discussion have not been included.

OUTLINE OF THE THESIS

This document is constrained to only certain aspects of the UDC. While it discusses the Corporation's housing activities, it shies away from its industrial and commercial developments. While it portrays a number of the projects its leadership undertook, it does not describe them in every respect. Nonetheless, I hope that the document offers an adequately comprehensive look at one of the nation's most unique public sector authorities at the height of its engagement in housing production. By doing so, I frame the UDC's work within a larger discussion of state and national politics and conclude by attempting to offer some insight into how the UDC's story relates to city development today.

Chapter 2 describes Washington's efforts to resolve the nation's housing problems, beginning in the 1960s and continuing until 1975. The discussion chronicles the Johnson Administration's push to significantly expand federal investments in affordable housing and the slow but steady effort to involve private investors in the development process. These policies provided the resources to make the UDC construction program possible. The heart of the chapter is Richard Nixon's Administration, which was roughly coterminous with the UDC's development period. Nixon's attempts to reinvent federalism meshed ideologically with New York's plan to shift more public resources into the hands of the state. Yet an investigation of the archives of Secretary of the Department of Housing and Urban Development reveals that any efforts to truly expand housing production in the U.S. were handicapped by conservative anti-spending rhetoric emanating from the White House, and especially the Office of Management and Budget. While the President promised to redirect funding from Washington to lower levels of government, his policies—particularly on housing—made states unable to pick up the slack. The Administration's emphasis on reducing the quantity of federally funded new construction proved particularly devastating for organizations like the UDC, which were not prepared to adapt to an era of housing vouchers.

Though the narrative arc provided by the federal government's fleeting interest in increasing fund-

ing for affordable housing offers an essential background to understanding the creation and eventual failure of the UDC, so does the history of the state government, under which the organization was chartered. Nelson Rockefeller's governorship, which lasted from early 1959 through late 1973, was perhaps the most entrepreneurial in state history—at least when it came to capital construction. Beginning early in his tenure, he vastly expanded Albany's influence in the construction of university, mental health, transportation, and housing infrastructure, all of it completed with the presumption that the state could work more effectively than had Washington or local governments. In Chapter 3, Rockefeller's rise to power and his effort to tackle issues of urban blight are discussed, concluding with his successful push to incorporate the UDC in April 1968.

Chapter 4 continues the UDC story, offering an overview of the Corporation's accomplishments in housing construction. This chapter shows how the UDC began work and describes its general "style" of housing development (both in terms of finance and architecture). Edward Logue's contributions as UDC President are emphasized here. This chapter focuses on the agency's work in the state's cities, which constituted about 85% of its overall development program, and which became the setting for a largely losing effort to retain wealthier whites in declining neighborhoods.

The UDC's work, however, was not confined to the state's cities. In Chapter 5, its building program in the suburbs is described. This chapter incorporates a discussion of contemporary state and national legislation to curb the effects of racial and economic segregation, and highlights how UDC housing attempted to alter the metropolitan dynamic that required poor minorities to live in cities even as their wealthier white peers moved outward. The UDC's projects in Westchester County, north of New York City, and in the suburbs of Rochester, are the highlight of this chapter.

Finally, the UDC worked extensively on the development of new communities in the state. Though new towns have for centuries offered planners the chance to throw away the old with the goal of forming a new and better society, they were especially prominent in discussions in American planning circles in the 1960s. The UDC took up the charge, commencing construction on the only three publicly designed and developed new towns since the New Deal—and beginning proposals for many more. Two

were planned in Upstate New York and the last in New York City as a “new-town-in-town.” Chapter 6 describes the Corporation’s interest in these urban forms and suggests the importance of the state government in making them possible.

The thesis concludes with a description of the circumstances that led to the agency’s withdrawal from housing development in 1975. It provides a comparison between the UDC and similar contemporary public sector housing developers, as well as a discussion of the appropriate role of the state government in the development of affordable housing. It emphasizes the agency’s unique position as a mediator between the federal and local governments, and as a transition between urban renewal and community-centric development. By analyzing the UDC’s efforts to meet the dwelling needs of residents in New York’s cities and suburbs, it asks whether the agency provides any lessons for today’s planners, or whether its state-centric approach is best viewed as an anachronism of the 1970s.

National Housing Policy Under the Nixon Administration

During the 1960s, the federal government undertook a major refashioning of the national subsidized housing program that transformed what it meant for the public sector to engage in apartment construction. The popular sense was that government-built housing had not done enough to respond to the continued need for improved dwelling conditions for the nation's low- and moderate-income families, and, in association with other federal programs, that it had not adequately addressed the difficulties facing inner-city "ghettos." Moreover, there were increasing objections to the policy of direct public construction and management of low-income housing and a private sector that was eager to get its hands on subsidies. These trends encouraged policymakers in Washington to move beyond the "conventional" public housing that had been the mainstay of federal investment since the 1930s.

In the 1968 Housing Act, the Johnson Administration laid the groundwork for a significant expansion of aid that nonetheless prioritized programs that incorporated private investors in the process through the allowance of construction, operation, and ownership by non-governmental entities, while reforming the development process to incorporate more citizen engagement and construct in a man-

ner less intrusive to neighborhoods.¹ During the first Nixon Administration, the federal government invested more than ever before in new subsidized homes. But conservatives in the White House and the Office of Management and Budget conducted an underground campaign to defund publicly aided housing construction programs, primarily on the basis of an ideologically conservative effort to reduce expenditures and eliminate government programs. Despite considerable opposition from Secretary of the Department of Housing and Urban Development George Romney, the president attempted to redirect federal funding away from new construction and towards block grants to municipalities and income-based housing vouchers, beginning with a moratorium on housing assistance in early 1973. This chapter describes the events that led to these changes in federal policy.

At the same time, it emphasizes that the Nixon Administration's first term provided a unique opening for the implementation of a state housing agency such as New York's Urban Development Corporation. Thanks to the government's active promotion of a "new federalism" that prioritized decentralization and state decision making, the UDC, as a state agency, was in the right place at the right time, becoming the beneficiary of more federal funding than any other non-federal agency. In addition, the UDC's innovative approach to new construction, which melded the public and private sectors and advanced new design concepts, fit in with the federal government's increasingly experimental approach to subsidized housing. The administration's turn to the political right, however, limited the ability of the agency to move forward as its leaders desired, particularly when the moratorium was announced.

PUBLIC HOUSING EVOLVES IN THE 1960S

The "conventional" model of public housing construction—federal funds distributed to local housing authorities for the purposes of building apartments to low-income families—was initiated in the 1930s and developed into a major program after the passage of the 1949 Housing Act during the Truman Ad-

1 It should be noted that the people served by public housing changed significantly during the course of the program; its origins in providing housing for a "worthy" working poor transformed into a role as a provider of welfare housing. The transition in residents from primarily families to an increasing percentage of seniors also marked the program. The issue of who public housing is designed for and who it actually serves is an essential question, but it is only peripherally described in this thesis. For an overview, see Vale and Freemark (2012).

ministration. Yet conservative opposition to the program was considerable from the start.² Even after funds began to flow, powerful real estate lobbies decried public housing as “communistic.” President Dwight Eisenhower’s Administration was decidedly skeptical of its value. In the mid-1950s, a presidential advisory committee recommended continuing the construction of new public housing, but argued for policies that would “steadily lessen the need for direct subsidies” and optimistically predicted selling off public dwellings “when no longer needed for low-income families.” Eisenhower remained committed to the funding of new government apartments, but he reduced spending compared to the 1949 Act’s initial provisions and warned against “great big public housing programs.” He vetoed legislation that would have expanded the availability of such units, fearing too much of a burden on the taxpayer.³ Rhetorically, the administration shied away from accusing the program of advancing “socialism,” as some of its conservative critics suggested, but emphasized the limited competency of the government to provide this consumer good efficiently at a reasonable price.

These economically conservative criticisms were matched by critiques of the government’s traditional approach to urban renewal. Opponents argued that public housing and highway construction were out of scale with their surroundings; their modernist architecture, sometimes inspired by Le Corbusier’s “tower-in-the-park” planning, was disabling traditional cities. Projects were built on “megablocks” that required building demolition and resident displacement. They were isolated from the street grid and monofunctional, rejecting the mixed-use urbanity of the communities they had replaced. Tenants who earned more than low-income salaries were forced out of their apartments, keeping project households almost entirely impoverished. Moreover, citizens were excluded from the planning process, their participation ignored in favor of expert opinion on questions of how to rehabilitate city centers.

- 2 See Don Parson, *Making a Better World: Public Housing, the Red Scare, and the Direction of Modern Los Angeles* (Minneapolis, MN: University of Minnesota Press, 2005).
- 3 Eugene J. Meehan, *The Quality of Federal Policymaking: Programmed Failure in Public Housing* (Columbia, MO: University of Missouri Press, 1979), 31; The President’s Advisory Committee on Government Housing Policies and Programs, *A Report to the President of the United States*, Chairman Albert M. Cole (Washington, DC: Government Printing Office, December 1953); Dwight D. Eisenhower, “The President’s News Conference” (May 13, 1959); Dwight D. Eisenhower, “Veto of the Second Housing and Urban Renewal Bill” (September 4, 1959).

Though public housing advocates resisted the elimination of the conventional public housing program during the 1950s, their opinions about how funds should be distributed changed over time. Leonard Freedman suggests that their conviction that the program fund only publicly owned and operated housing (to prevent abetting slumlords) moderated as they tired of defending the program and recognized that there were multiple ways to help the poor find housing. Simultaneously, private sector factions that had initially opposed the program began to recognize its potential financial benefits. They realized that the “projects” could produce considerable private profits from contracted construction.⁴

These countervailing forces put the meaning of public housing into question. Was the government’s role to fund, build, and manage housing for people who could not get reasonable housing elsewhere? Could some of those actions be performed by state or even non-public entities? Beginning in 1959, Congress offered the first evolution of subsidized housing policy along these lines, creating the Section 202 program to prioritize and subsidize loans for private developers constructing housing for elderly families. This was the first significant federal engagement in the construction of privately sponsored housing outside of the Mortgage Interest Tax Deduction, which was first applied in 1913.

The sixties produced more significant changes on two accounts, moving the federal government further into the business of subsidizing private business to build affordable housing and offering money from Washington to help pay for operations. With the Housing Act of 1961, aid to elderly households expanded to operating subsidies for public housing projects that provided residences to seniors. Reacting to the growing perception that housing was becoming unaffordable even to people without very low incomes, Congress also expanded the below-market interest rate program to moderate-income families of all ages through Section 221(d)(3), which offered subsidized, direct loans from the Federal National Mortgage Association. In such, the federal government was acting to also provide for households whose incomes fell above the range allowed to live in conventional public housing projects.

Changes in federal housing subsidies during the Eisenhower and Kennedy Administrations certainly increased the availability of subsidized apartments, but Lyndon Johnson’s ascension to the presi-

4 Leonard Freedman, *Public Housing: The Politics of Poverty*, Public Policy Studies in American Government, Edgar Litt, General Editor (New York, NY: Holt, Rinehart and Winston, Inc., 1969), 84.

dency in November 1963 dramatically broadened the possibilities of federal investment in affordable housing. Johnson saw improved housing as an essential element of the Great Society, and he called for the expansion of the public housing program just two months after entering office. The Administration fought for and won approval of the long sought-after Department of Housing and Urban Development in September 1965. It was the Democratic supermajority in the 1965-1966 Congress that most directly altered the face of public housing by introducing private interests into its funding mechanism. Emphasis was placed on the use of new financing techniques to replace the conventional approach to building public housing; “We are striving... to get private business to take on some of this development,” Johnson argued in 1966.⁵

In the 1965 Housing Act, the Rent Supplement program expanded on Section 221(d)(3) by providing low-income households rent aid to help them pay for moderate- or middle-income priced housing at a cost equivalent to one-quarter of their incomes. In addition, the bill created Section 23, which allowed local housing authorities to rent private dwellings to increase the public housing stock without engaging in new public construction. Republicans and business interests supported this provision in exchange for the more controversial Rent Supplement provisions. In 1967, under the guidance of HUD Secretary Robert C. Weaver, HUD developed an administrative procedure known as Turnkey, which allowed private developers to design and build projects and then sell them immediately to housing authorities, or do so in later years through acquisition.⁶

In terms of design, the government advocated that housing authorities build public housing on scattered sites, rather than in concentrated megablocks, and the government banned almost all high-rise construction. Retail was allowed in buildings beginning in 1961, and some families whose incomes increased above the low-income bar were allowed to stay in their apartments. Moreover, in certain cities, public housing was incorporated into neighborhood renewal plans that sought a mix of

5 Lyndon B. Johnson, “Special Message to the Congress on Housing and Community Development” (January 27, 1964); Lyndon B. Johnson, “The President’s New Conference” (May 21, 1966).

6 Meehan, 46; Charles J. Orlebeke, “The Evolution of Low-Income Housing Policy, 1949 to 1999,” *Housing Policy Debate* 11-2 (2000).

incomes as an important element of the design.⁷

At the same time, the Johnson Administration promoted new forms of community engagement. With the Model Cities program, introduced in November 1966, the government began funding run-down districts with grants that allowed for local—even neighborhood group—control over the planning process. Model Cities would take a universal approach to whole communities, putting aid for housing, commercial development, and social services into one package. While urban renewal had been able to replace “decrepit” areas with modern buildings, it had not been able to prevent the full-scale deterioration of inner cities. In addition, though urban renewal had focused on downtowns (and the revitalization of their retail and commercial interests) and public housing had at least in theory offered a replacement for degraded low-income housing, Model Cities encouraged investment in run-down neighborhoods through something of a combination of both.

Model Cities reflected a change in thinking about the role of the federal government in making choices about what projects would be funded, and how they would be implemented. While the urban renewal program required direct approval from Washington for each new investment, Model Cities was essentially a block grant provided to a specific group of troubled neighborhoods. More importantly, perhaps, it allowed community groups to play a formative, sometimes-decisive role in determining which projects would be built and who would benefit. While city halls had previously assumed that role, now the most vocal members of the once-disenfranchised members of often majority-minority communities were to make the decisions. Thus it was a radical decentralization of decision making, even though the initial source of funding remained in federally accumulated tax funds.

In sum, by 1968 urban renewal and, indeed, public housing, had been substantially redefined by the federal government to address their critics both from the right and left. Private investors were being offered the opportunity to stake their claims to many of the affordable housing subsidies. Communities, meanwhile, were being included in decision making about how urban reconstruction should

7 For example, in New York City, the John Lindsay Administration was pursuing a policy of scattered-site public housing and major renewal projects that included public housing, moderate-income Section 236 apartments, and middle-income state-subsidized units. Freedman, 122-123.

proceed. Collectively, these reforms to the government's renewal programs suggested that the government was committed to adapting its strategies to respond to the public need. The UDC's own innovations in urban design and finance descend from these federal reforms.

Yet the Johnson Administration was still not satisfied with the progress of the existing affordable housing programs or intertwined renewal and transportation projects. Problems in public housing among residents began to be reported by news media by the late 1950s. In Detroit, for example, just 758 public housing units had been built since 1956, yet in an even shorter time period, 8,000 low-income housing units had been demolished. Meanwhile, the construction quality of many of the projects was often low. Eugene Meehan has argued that this problem stemmed from "a mindless concentration on dollar costs that disregarded the long-run cost of poor quality," and indeed, the limited funds devoted to construction did make public housing less appealing. High rents on tenants with low incomes were similarly problematic, as they increased the deprivation of an already impoverished group.⁸

The civil disorders that began in 1965 in Los Angeles' Watts neighborhood and eventually extended to the central cities of many American metropolitan regions suggested that existing public policies were not responding adequately to the need. The Johnson Administration did not ignore the disorders, but there was confusion in the White House over why riots were overtaking so many cities just as Great Society initiatives were coming into effect. If the Administration's efforts were leading to a massive decline in the poverty rate (the level fell from 22.2% in 1963 to 12.6% in 1970—lower than in 2012), why were poor people in the streets? Did they not see the benefits these liberal programs were providing them? Lyndon Johnson responded to these crises by suggesting simply that "we are doing everything we can... to improve these terrible conditions that exist in the ghettos of our country." Vice President Hubert Humphrey went as far as to suggest that were he to live in a tenement, he too would revolt.⁹

8 Roger Biles, "Public Housing and the Postwar Urban Renaissance, 1949-1973," in *From Tenements to the Taylor Homes: In Search of an Urban Housing Policy in Twentieth-Century America*, John F. Bauman, Roger Biles, and Kristin M. Szylvian, eds. (University Park, PA: The Pennsylvania State University Press, 2000), 149; National Advisory Commission on Civil Disorders, *Report*, Chaired by Illinois Governor Otto Kerner (Washington, DC: U.S. Government Printing Office, March 1, 1968); Meehan, 72, 90.

9 Joseph A. Califano, Jr., "What Was Really Great about the Great Society," *The Washington Monthly*, October, 1999; Lyndon Johnson, quoted in *Nixonland: The Rise of a President and the Fracturing of America*, Rick Perlstein (New York, NY:

The soul-searching in the administration led the president to convene three separate commissions designed to offer advice on how to deal with the nation's urban problems. In 1967, President Johnson appointed the National Advisory Commission on Civil Disorders (also known as the Kerner Commission after its head, Illinois Governor Otto Kerner). The commission's report was devastating. "Our nation is moving toward two societies, one black, one white," it emphasized. Racial tension—made worse by the discriminatory action by white society—was causing the riots. The only possible action, the group suggested, was to pursue integration by improving run-down "ghetto" neighborhoods and "encourag[ing] Negro movement out of central city areas." In the process, federal housing policies should create decent homes for 6 million families within 5 years. Though the report emphasized the importance of building "substantially more" public housing, the group proposed altering the building program from one that emphasized high-rises and replacing it with one that encouraged "smaller units on scattered sites."¹⁰

President Johnson was unexcited by the Kerner Commission's willingness to blame white people for problems of the cities, but more welcomed was the report of the National Commission on Urban Problems (led by Paul Douglas, former U.S. Senator from Illinois), which indicated the importance, too, of dealing with the lack of affordable housing. Though it opposed the existing fashion of building public housing, the group recommended the construction of 500,000 units of low-income apartments annually. Moreover, the report suggested that if state and local authorities were incapable of building an acceptable amount of new housing, the federal government should take over.¹¹

Most influential in terms of housing, however, was the work of the President's Committee on Urban Housing, chaired by Edgar F. Kaiser, son of industrialist Henry Kaiser. Working closely with the White House and HUD, the committee analyzed existing housing conditions in the United States and concluded, like the other commissions, that there was a desperate demand for more and better housing for the nation's poor, moderate, and even middle-income families. Rather than allow the situation to

Scribner, 2008), 104; 111.

10 *Report of the National Advisory Commission on Civil Disorders.*

11 Perlstein, 240; Biles, 157-159.

degrade further, the committee recommended a massive increase in federal funding for housing of all sorts through loans, tax-credits, and direct grants. The end result would be 26 million new units by 1978, of which 6 million would be dedicated for the needs of low-income families (by 1968, there had only been about one million low-income units subsidized by federal aid *in total*). The focus of the effort was on new construction, though about 2 million units would be dedicated to rehabilitation and few provisions for making better use of existing housing.¹²

These federal commissions did not represent the entirety of thinking on how to resolve the nation's urban difficulties. As Dona Cooper Hamilton and Charles Hamilton have documented, activists in the minority community meshed the "dual agendas" of civil rights and social welfare during the 1960s. Virtually every major policy statement made by leaders of the anti-discrimination movement included references to the need to deal with nationwide socioeconomic problems, including for whites. In the "Freedom Budget" released by the A. Philip Randolph Institute in October 1966, a group of influential civil rights leaders proposed using a Keynesian economic stimulus (the "economic growth dividend," as the document entitled it) to improve the livelihoods of the nation's poorest and "liquidate" poverty. Perhaps influencing the Douglas Commission two years later, the document proposed 500,000 annual new low-income housing starts. The document also proposed replacing fully low-income housing with new mixed-income developments.¹³

President Johnson had already ingratiated himself to the movement to some extent thanks to his efforts to force through the Civil Rights and Voting Rights Acts in 1964 and 1965, respectively. His March 1965 pronouncement in front of Congress that "we shall overcome," referencing the movement slogan, suggested he heard the message and was ready to act. In 1968, he moved forward massively with a new housing act that incorporated the suggestions of the three presidential commissions and

12 The President's Committee on Urban Housing, *A Decent Home*, Chairman Edgar F. Kaiser (Washington, DC: U.S. Government Printing Office, December 11, 1968).

13 Dona Cooper Hamilton and Charles V. Hamilton, *The Dual Agenda: Race and Social Welfare Policies of Civil Rights Organizations* (New York, NY: Columbia University Press, 1997); A. Philip Randolph Institute, *"Freedom Budget" for All Americans: Budgeting Our Resources, 1966-1975 to Achieve "Freedom from Want"* (New York, NY: A. Philip Randolph Institute, 1966).

clearly was meant to address the concerns of the civil rights activists. Just as the Kaiser Committee proposed, it would provide the mechanism to fund 6 million new or renovated housing units for people of low incomes.

Though the 1968 Act provided for a huge increase in funding for the creation of new conventional public housing, it also encouraged the use of alternative financing strategies—notably through private development and financing. The Congress massively expanded Section 221(d)(3) by replacing it with Section 236, which offered significantly reduced interest rates for moderate-income rental housing, and Section 235, which added benefits for moderate-income homeownership. Both moved away from direct public construction of new affordable housing and towards subsidies for private corporations to do the same. Why not build moderate-income public housing? Secretary Weaver later suggested to Congress “the reason you did that [move towards privately backed Section 236] was Congress was not prepared to build more” public housing.”¹⁴

The Kaiser Committee had previewed these recommendations for increased private sector involvement in the production of subsidized housing in its report. It recommended “attracting the fullest private participation” because “private enterprise has demonstrated that it can build subsidized housing with speed, efficiency and economies.”¹⁵ The experience with programs like Sections 202 and 221(d)(3) indicated to the committee members that there were significant advantages in moving away from conventional public housing and towards subsidies for private developers, or at least developers that were not local housing authorities. The increased role of the private sector added to the reforms of Washington’s programs already begun in the 1960s. After a decade’s worth of change, federally subsidized housing was a new beast.

At the same time, states became increasingly involved in the housing development process, taking responsibility for policies that had previously been mostly a negotiation between federal and local

14 Robert C. Weaver, prepared Testimony and Questioning. Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 93rd Congress, First Session, October 9, 10, 11, 12, 16, and 17, 1973.

15 *A Decent Home*.

governments. Housing Finance Agencies (HFAs), beginning with New York State's in 1960, were for a time the fastest-growing subsidized-housing producers in the nation. Even before President Nixon assumed office, states were beginning to augment their investments in new housing, but the first HFAs, particularly New York's, concentrated on middle-income housing, not the low-income units traditional public housing authorities had produced. The fact was that states were not willing to invest much of their own funding in such apartments, and the federal government did not establish a mechanism for a large number of non-public housing low-income units to be financed by state authorities until the 1968 Housing Act, whose Section 236 and associated Rent Supplement programs allowed them to get involved.

THE NIXON ADMINISTRATION

Running for President in 1960, Richard Nixon declared himself in favor of “review[ing] and bring[ing] up to date the public housing program” by endorsing the purchase of public homes by low-income renters and introducing rent certificates. But he was not an enthusiastic supporter of public housing, and indeed John Kennedy accused him during the campaign of flip-flopping on the issue and voting against the program's expansion at every possible moment. Nevertheless, by the time Nixon ran again in 1968, scholar Rick Perlstein notes that it was assumed that the candidate would effectively continue President Johnson's Great Society efforts, especially since Nixon had promised ending the war in Vietnam—an opportunity for increased spending on the domestic front. Though he wanted a balanced budget, influential observers such as the head of the National Association of Real Estate Boards suggested that the housing programs would not be affected.¹⁶

Nixon's choice of George Romney as Secretary of the Department of Housing and Urban Development was indicative of the President's early sense of where domestic policy should stand. Romney, the Governor of Michigan and the former head of American Motors, ran against Nixon in the 1968

16 Richard Nixon, “Statement by Nixon on Housing Program,” *The New York Times*, September 29, 1960, 20; Clayton Knowles, “Kennedy Charges Urban ‘Neglect’ by Republicans,” *The New York Times*, October 11, 1960, 1; Perlstein (2008), 359, 393; Glenn Fowler, “No Further Cuts Seen for Housing,” *The New York Times*, November 11, 1968, 79.

Republican primary significantly to the future president's left.¹⁷ As Governor, Romney battled in favor of integrated housing and he believed strongly in the anti-poverty initiatives promoted under the previous administration from the standpoint of addressing the issue as a moral imperative. Throughout his time at HUD, Romney argued that investing in housing, especially for poor minorities in suburban areas near newly relocated jobs, would “not only do much to strengthen our image on the domestic front, but may help to lessen our tensions.”¹⁸ He entered office with the understanding that there were significant ways in which the federal government could improve peoples' lives through housing.

Romney was a strong advocate of a federal government that recognized that “the poverty and social isolation of minority groups in central cities is the single most serious problem of the American city today.” In order to address these concerns, he argued that the administration had no choice but to open up “the suburban and outlying portions of central cities to low and moderate income housing,” a mission described in Chapter 5.¹⁹ Simultaneously, he hoped to continue investing in center cities through HUD's program, particularly when that could be directed through state initiative. At the same time, he wanted to ensure that any investments benefited the private sector. The “nation's greatness,” he argued in 1970, is “largely the result of public policies that encouraged maximum private effort to meet basic human needs.”²⁰ This ideology formed a decisive vision for what role Washington could play in the cities during a Republican administration.

MODEL CITIES AND REVENUE SHARING

Of all of the Johnson Administration's programs, Nixon Administration officials, endorsing the conservative goal of decentralization of power, saw in Model Cities some ideological benefits. It reduced the

17 Throughout his tenure, Romney never questioned Nixon's authority, and he did not appear to see him as a competitor. Even at the end of his time at HUD, Romney praised Nixon, writing that he “admire[d] the 2nd term approach” of the President. George Romney, notes on “The President,” November 24, 1972, folder Group Interviews-HUD 12/22/72, box 7-P, Romney Archives.

18 George Romney, memo to Robert P. Mayo, November 12, 1969, folder Budget FY '71, box 1-P, Romney Archives.

19 George Romney, notes on “Urban Policy,” No date specified, folder The President-Ehrlichman 1970, box 13-P, Romney Archives.

20 George Romney, draft Outline, NAHB, Houston, January 19, 1970, folder Budget Misc., Jan 1970, box 2-P, Romney Archives.

influence of Washington in meddling with local decision-making (though it provided federal funds) and in doing so pioneered the concept revenue sharing, which would become an important part of Nixon's political program. Two weeks after Nixon's inauguration, a White House staff paper proposed that the Administration "adopt the Model Cities program as its central strategy for dealing with the problems of the cities," though it suggested that grants be even less specific than under the Johnson Administration and that they be spread across the inner city, rather than just a few particularly devastated neighborhoods. This type of generalized revenue sharing provided the seed for the later Community Development Block Grant (CDBG).

At the same time, memos circulating at HUD suggested that Model Cities had not yet proven itself. A memo from Floyd Hyde, Assistant Secretary for Community Development at HUD, to Romney on February 8, 1969 suggested that the program might show itself to be effective—or it might make sense to encourage more state involvement, or reverse the charge towards Washington.²¹ Even so, Model Cities, the secretary hoped, would concentrate and coordinate funds from all levels of government; encourage local initiative; decentralize decision-making; develop local and state governmental capacity; and "increase the involvement of the private sector." Unlike in the Johnson Administration, where it had been generally ignored, state action would be actively encouraged.²² These policy choices indicated that state agencies like the UDC would be just on target.

In early 1969, George Romney summoned a task force of conservative academics chaired by Edward Banfield and including James Q. Wilson and public-choice economist James M. Buchanan to reflect on the program's viability. They concluded in their December report that "most federal aid should go to the cities by way of revenue-sharing rather than by categorical grants-in-aid." In essence, this meant that though federal help and not yet "produced the results that were hoped for," general

21 Moynihan, Daniel Patrick Moynihan [Nixon's Counselor to the President for Urban Affairs and former head of the Harvard-MIT Joint Center for Urban Studies], memo to George Romney, box 9-P, Romney Archives; "Staff Paper: 'The Model Cities Program,'" February 5, 1969, folder Model Cities, box 9-P, Romney Archives; Floyd Hyde, memo to George Romney, "The Basic Mission, Goals and Objectives of the Model Cities Program and Its Future," February 8, 1969, folder Model Cities, box 9-P, Romney Archives.

22 Ehrlichman Briefing Draft #5, January 26, 1970, folder Budget Misc., Jan 1970, box 2-P, Romney Archives.

grants rather than specific grants—Model Cities instead of urban renewal or perhaps even subsidized housing—should be emphasized. The expectation was that the coming end of the Vietnam War would provide a sudden infusion of funds for local projects; the Nixon Administration would transfer those dollars through revenue sharing rather than federally determined expenditures.²³

The message was clear: The Nixon Administration would fight to encourage local responsibility when it came to urban development. Transferring money and power down the line from Washington to state and local governments meshed directly with Nixon's effort to develop a "new federalism," especially if, as Floyd Hyde hoped, power went to aid city hall, not (the sometimes controversial) citizen groups, by "building the capacity of state and local governments to set their own priorities and meet their own urban problems."²⁴ From that perspective, New York's UDC was ideologically just on target.

Officials in the White House were not nearly as positive about Model Cities' potential as staff at HUD. Said Floyd Hyde, "the program has never been viewed objectively by this Administration and has had to proceed without Administration support." This in spite of the fact that it appeared to fulfill Republican goals of encouraging local initiative.²⁵ More interesting to the administration was the idea of revenue sharing, which would direct federal revenues to states and cities without enforcing any oversight. The concept had been developed throughout the 1960s, and though Johnson had not openly opposed it, he had put it on hold because of the financial challenges caused by the war in Vietnam.

Nixon endorsed the idea during the 1968 campaign and developed revenue sharing plans on two tracks, designed to eventually provide states and localities \$16 billion in annual flexible funds (of which \$6 billion was originally designated as "new" money). First, general sharing would simply allocate a

23 Task Force on Model Cities, *Report*, Chairman, Edward C. Banfield (Washington, DC: U.S. Government Printing Office, December 16, 1969), ii, 1, 13.

24 One White House official said that direct citizen participation "boils down to middle-class blacks giving money and jobs to middle-class blacks." Richard Van Dusen said "it's damn foolishness to turn the entire planning and operating responsibility over to the disadvantage residents you're trying to help... citizen participation, yet—but not citizen control." Peter Braestrup, "Nixon Reappraises Lagging Model Cities Program," *The Washington Post*, January 12, 1970; "HUD Accomplishments," December 19, 1969, folder Cabinet Meetings 1969, box 2-P, Romney Archives; Richard C. Van Dusen, "The State of the Department," November/December 1972, folder HUD's Future, box 7-P, Romney Archives.

25 Floyd H. Hyde, draft Memo (Administratively Confidential), December 29, 1970, folder Office of Management and Budget, box 10-P, Romney Archives.

portion of federal income tax-derived revenues to states and localities according to a formula; those governments would then be able to use the money for whatever programs they desired. Second, “special” revenue sharing would use a formula to distribute funds, but it would require recipients to spend money in specific areas like education, manpower, transportation, and community development.²⁶ The Nixon goal was to reduce federal authority on spending that affected local government directly. Richard Nathan, former assistant director at OMB, noted that decentralized functions were those “where [local] government itself manages an activity... services for which conditions and needs vary among communities.”²⁷

Nixon’s efforts to encourage revenue sharing were controversial. Congressional Democrats reacted with hostility to the idea that the federal government would hand funds over to state and local governments without requiring anything of them, and they questioned whether states would use the funds effectively (their alternative to revenue sharing was having the federal government take over welfare provisions from the states). In other words, they contested the President’s vision of an American society in which Washington did not meddle with local affairs. Moreover, they were concerned that the change would result in less funding for cities. In response, HUD began devising the CDBG program to provide a single general replacement for Model Cities, urban renewal, and other categorical grants. These new allocations would be funded by formula. But virtually as soon as they were introduced, it became clear that they would, as critics feared, be funded at lower levels than their predecessors. A HUD analysis showed that only thirteen cities (of hundreds in the nation) would receive more funding under revenue sharing than under Model Cities.²⁸ This, like other budgetary moves by the administra-

- 26 Bruce A. Wallin, *From Revenue Sharing to Deficit Sharing: General Revenue Sharing and Cities* (Washington, DC: Georgetown University Press, 1998); Warren Weaver, Jr., “G.O.P. Asks Halt in Aid to States,” *The New York Times*, April 11, 1967, 22; “Nixon’s Response to Inquiries About his Economic Policies,” *The New York Times*, October 27, 1968, F14; Concept Paper on Special Revenue Sharing, 2nd Draft, February 1, 1971, folder President and Ehrlichman, 1971, box 13-P, Romney Archives; White House, “Highlights of Revenue Sharing,” February 10, 1970, folder Revenue Sharing, box 11-P, Romney Archives.
- 27 Richard P. Nathan, *The Plot that Failed: Nixon and the Administrative Presidency* (New York, NY: John Wiley & Sons, Inc, 1975), 19.
- 28 George Romney, memo to Richard Nixon, January 5, 1971, folder 1972 Budget Appears, box 2-P, Romney Archives; Richard P. Nathan, letter to George Romney, “HUD Restructured Programs Proposals,” January 6, 1971, folder 1972 Budget Appears, box 2-P, Romney Archives; Floyd H. Hyde, draft memo (Administratively Confidential), December 29, 1970, folder

tion, suggested that the future of HUD would be more limited funding.

This did not deter top administration officials. In a March 1971 meeting with the vice president and other top advisors, Nixon discussed the possibility of including public housing as one element of the revenue sharing program.²⁹ This implied that the White House was considering replacing all federal urban programs with state- and local-defined cash grants. Support for the revenue sharing concept was growing in the Congress, but progress was slow, in part because Democrats questioned whether to endorse a GOP initiative. But the nation's states and cities found themselves in the midst of a growing fiscal crisis. This was enough to convince legislators of the need to advance a small version of the bill. On October 20, 1972—more than three years after President Nixon had announced the idea—a general revenue sharing bill was signed into law. The federal government had endorsed the idea of devolution, and the case for direct Washington control of a program like public housing was increasingly in question. But a “special” revenue bill, which could replace funding from HUD programs, had yet to be endorsed by Congress.³⁰

HOUSING SUCCESSES AND CONFLICT OVER FUNDING PRIORITIES

The 1968 Housing Act provided HUD its most significant outlay ever to begin constructing or rehabilitating six million low- and moderate-income housing units over the next ten years. Nixon entered office with general support for the plan and indeed his administration's first years were marked by the most significant investments in subsidized housing in the history of the United States, as proposed by the Congress when the bill was passed.³¹ In 1969 and 1970, HUD subsidized a massive increase in public housing and other types of affordable housing, though these figures began to decline by 1971. The

Office of Management and Budget, box 10-P, Romney Archives.

29 Conversation between Richard Nixon, Vice President Agnew, George Romney, et al, Cabinet Room, March 23, 1971, 3:00 PM, Conversation No. 51-2, Nixon White House Tapes, Nixon Presidential Library, http://www.nixonlibrary.gov/forresearchers/find/tapes/finding_aids/tapesubjectlogs/710323ca051.pdf.

30 This bill did not include “special” revenue sharing (CDBG), which Nixon would continue to promote. Wallin, Bruce A. *From Revenue Sharing to Deficit Sharing: General Revenue Sharing and Cities*. Washington, DC: Georgetown University Press. 1998.

31 Orlebeke interview.

infusion of spending for affordable housing drained almost entirely after the early 1973 moratorium, as described below.

These substantial investments were made most dramatically in public housing, if we are to include in its definition the use of alternative financing mechanisms like turnkey, acquisition, and leasing (Section 23). The program had produced as few as 26,000 units annually as recently as 1965, but it increased the national low-income housing supply by more than 104,000 units in both 1969 and 1970. Turnkey projects, specifically, reached their height in 1970, at more than 50,000 units produced.³²

There were also large expansions in the use of subsidized housing for moderate-income people. The Section 235 program, designed to offer aid to moderate-income people intent on purchasing homes, provided for 144,600 units starts in 1971. Section 236, for rental developments, financed 77,000 units in the same year.³³ The latter was the primary finance mechanism used by the UDC to construct its housing. In all, outlays for HUD expanded from about \$1.5 billion in FY 1969 to \$3.3 billion in FY 1971.

In New York State, where government investment may have assumed more prominence than anywhere else, federal subsidies created enough housing to “meet the needs of new household formation and to replace housing that was removed from the market through demolition and abandonment” for the first time, according to Ed Logue. The government was now treading water, but at least it was not drowning. Of the new subsidized housing created, the UDC added more than 30,000 units, the State Division of Housing and Community Renewal provided 9,000, New York City offered 9,000, and private developers constructed 12,000 with the 236 program. In the state, more than one-third of new housing was government-assisted, as was 80% in New York City.³⁴

The theme that resonated throughout this period was the reallocation of power away from the

32 U.S. Department of Housing and Urban Development, *Housing in the Seventies* (Washington, DC: U.S. Government Printing Office, October 6, 1973).

33 HUD, Press Release: “HUD Fiscal Year 1971 Budget Shows Commitment to Housing,” February 2, 1970, folder Budget FY '71, box 1-P, Romney Archives.

34 Edward Logue, prepared testimony, hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 93rd Congress, First Session, October 9, 10, 11, 12, 16, and 17, 1973.

federal government—local housing authority nexus that had been the predominant paradigm for the construction of new affordable housing since the passage of the 1949 Housing Act. Between 1964 and 1972, the percentage of low-income housing funded by the federal government that was constructed using the conventional financing mechanism, in which housing authorities received funding for projects, built them, and then maintained them, decreased from over 87% to just 15%. Combined with the 236 program, which was used to benefit virtually no local authorities but many private developers (and the UDC), the message was clear: The future of affordable housing in the United States would not be one dominated by governmental actors, or at least not the traditional housing authorities of the past. This fell in line with the ideological perspective of George Romney, who loved not only the idea of helping poor people with the provision of affordable housing, but also thought that federal funds should be used to maximize private investment.

Despite these initial Nixon Administration efforts to induce the construction of new housing, the White House—and especially the Office of Management and Budget (OMB, first known as the Bureau of the Budget)—played a significant role in limiting spending on affordable housing. Two principal issues came to the fore. One, as it became clear that the Vietnam War was *not* about to come to an end, the expected “war surplus” never materialized. This condition, combined with the growth of inflation in the early 1970s, severely limited the amount that the deficit-minded conservatives in the White House were willing to spend on domestic affairs. Second, the administration became more and more convinced that the manner in which new affordable housing was being built was fiscally unsustainable, served an inadequate number of poor people, and reliant on dysfunctional governmental programs.

In the Nixon government, decision making on budgetary matters was concentrated in the OMB; executive departments such as HUD had little say in determining how much the government would request in funding from the Congress. Initially led by Robert P. Mayo, the group began lobbying for a reduction in HUD spending beginning in 1969, in effect, as soon as Nixon entered office. As early as March, the OMB informed HUD that it would only be able to spend \$100 million in FY 1969 on the Neighborhood Development Program, less than had initially been programmed for this competitive

grant. HUD's overall outlay ceiling was limited substantially, despite the agency's argument that its budget would require an increase of \$150 million at minimum to keep pace with the need to construct new affordable housing as proposed by the 1968 Act. The urban renewal program was sacrificed particularly stringently, with no increase in funding allowed unless the Department could offset it "by other means—such as selling assets," an untenable suggestion. Later in the year, in planning for the FY 1970 and 1971 budgets, Mayo argued that "the inflationary outlook" was so bad that it was "imperative that we adopt a very restrict fiscal policy."³⁵ The Nixon Administration wanted a balanced budget, and one of the ways it would produce it would be to sacrifice HUD.

Romney protested this treatment by OMB, both to agency officials and in communications with the president. In November, he repeated some of the claims about the country's dwelling stock made by the previous Administration: "The nation is experiencing a serious housing shortage," he argued. "At the same time we have the worst credit crunch since 1966." He instructed HUD to defend the urban renewal program, which had been reduced from the \$1.25 billion requested by the department to \$1 billion by OMB, noting that it was "the single most important tool for achieving the physical rehabilitation of our cities." Responding to a tightened budget for public housing in December 1972, Romney warned that "the need for such housing is a critical national issue." He clearly felt attached to the program and the need to construct new affordable housing. The secretary was even willing to endorse a tax increase to pay for his agency's budget, but that was virtually heresy in the Nixon Administration.³⁶

As if hoping to frame his appeal in the terms of President Nixon's constant political calculations, Romney said that funding Urban Renewal at a reasonable level "would avoid an intensification of the

35 Floyd Hyde, memo to George Romney, "Need for Additional NDP Funding," March 12, 1969, folder Budget Material, 1969, box 1-P, Romney Archives; Nathaniel Eiseman [Director, Office of Budget], memo, "Bureau Mark on HUD Budget Review," March 13, 1969, folder Budget Material, 1969, box 1-P, Romney Archives; Robert P. Mayo, memo to George Romney, July 28, 1969, folder Budget Material, 1969, box 1-P, Romney Archives; Robert P. Mayo, memo to George Romney, September 20, 1969, folder Budget Material, 1969, box 1-P, Romney Archives.

36 George Romney, memo to Conference on HUD Appropriations, "Conference on HUD Appropriations, FY 1970," November 13, 1969, folder Budget Appeal 1969, box 1-P, Romney Archives; "Urban Renewal Appeal—Affirmative Presentation," December 23, 1969, folder Budget Appeal 1969, box 1-P, Romney Archives; George Romney, draft memo to Caspar W. Weinberger [Deputy Director, OMB], December 12, 1970, folder Office of Management and Budget, box 10-P, Romney Archives; George Romney, memo to Richard Nixon, "The Domestic Crisis and the Budget," June 12, 1970, folder President and Ehrlichman 1970, box 13-P, Romney Archives.

criticism... that the Administration is insensitive to the needs of the cities.” He suggested that if OMB proposed a reasonable funding level for Urban Renewal, the Democratic Congress would be less likely to “appropriate a far larger sum,” implying that that would be bad, since it would break the bank.³⁷ Romney’s appeals, however, fell on deaf ears in the Nixon White House, especially when it came to the Model Cities program. By fall 1970, the OMB was suggesting a 40% cutback on the program. Charles Orlebeke, one of Romney’s assistants, argued that the White House had by that point determined that the “program is simply not working well enough to justify a continuing high level of budget support” even as HUD publicly supported it. According to Orlebeke, Romney’s opinion was that “Model Cities is essentially a sound program” and that it should continue to be funded. But the U.S. Conference of Mayors complained that there was a “shocking lack of commitment by the Administration to meet even the very minimum requirements of our vital urban areas.”³⁸ Romney was losing control over his agency’s programs.

Even so, there was considerable support within HUD’s executive levels to reduce the agency’s own funding, in line with the White House’s hope to restrain federal expenditures to prevent inflation, beginning with a halt on government construction in August 1969 (though this did not affect housing programs). Romney announced to the cabinet in early 1970 that he was willing to “cut flesh and bone” in his agency to “curb inflation and avoid excessive unemployment.” In other words, his acceptance of the reduction in expenditures had more to do with an ideologically conservative effort to decrease federal spending than any specific problems with the programs themselves. When the Senate passed a bill to expand urban renewal’s take by \$700 million above Nixon’s \$1 billion proposal, HUD Under Secretary Richard C. Van Dusen suggested that the President could allow the bill to become law but then “refuse to spend the excess funds.”³⁹ In other words, officials at HUD had begun thinking not only about how to

37 George Romney, memo to Conference on HUD Appropriations, “Conference on HUD Appropriations, FY 1970,” November 13, 1969, folder Budget Appeal 1969, box 1-P, Romney Archives; “Urban Renewal Appeal—Affirmative Presentation,” December 23, 1969, folder Budget Appeal 1969, box 1-P, Romney Archives.

38 Charles J. Orlebeke, memo to George Romney, October 14, 1970, folder Budget Misc., 1970, box 2-P, Romney Archives; U.S. Conference of Mayors, Committee on Community Development, draft statement, January 20, 1971, folder President and Ehrlichman, box 13-P, Romney Archives.

39 Richard C. Van Dusen, memo to George Romney, August 15, 1969, folder Memoranda, box 8-P, Romney Archives; George

limit their own agency's spending, but also about how to circumvent Congressional authority.

HUD was able to move toward large reductions in spending despite the fact that the 1968 Housing Act remained in effect for two reasons: One, the reductions concerned the amount of money HUD was *actually* spending, not how much it was *allowed* to spend (it did not include the essential "mandatory" language). Congress' appropriation of funding for the affordable housing program did not guarantee that HUD would actually spend on the affordable housing program. Two, by 1970, the Congress seemingly lacked the political will to ensure that the Nixon Administration followed its authority. Though it remained controlled by Democrats, President Johnson was no longer around to push through bills. Meanwhile, the confluence of other factors, like the high-profile failure of public housing in places like St. Louis (the Pruitt-Igoe project, most notably, suffered from vandalism and abandonment) and the decline in the occurrence of civil unrest since its peak in 1968, left less demand to fight for increased funding for affordable housing.

The White House's approach was becoming increasingly clear; in the face of an effort to limit funding due to a continued war and rising inflation, federal land development programs from Model Cities to urban renewal would be sacrificed. Support for these domestic policies declined each year as the mythical hope for revenue sharing came to define the administration's efforts. Housing programs, which were essential to the financing of the UDC, let alone all of the nation's local housing authorities, would soon be put into question. Decreases in proposed HUD expenditures were not primarily a comment on the effectiveness of the department's programs, including public housing. In fact, many of the agency's administrators continued to endorse them in internal communications. Instead, these reductions reflected the administration's desire to reduce domestic spending in order to curb inflation, and, on the other, an effort to promote revenue sharing, which resulted in the passage of major legislation in 1972.

THE CONSERVATIVE CASE FOR SHIFTING SPENDING FROM HOUSING PRODUCTION TO INCOME SUPPORT

The White House's criticisms of the use of federal funds for the implementation of affordable housing programs extended beyond their effect on Nixon's hopes for a balanced budget. Beginning in 1969, the OMB began to suggest that HUD's position on affordable housing production was untenable over the long term, beginning with a questioning of HUD staff on their sense of whether the agency's affordable housing programs were about "production" or "income maintenance."⁴⁰ At heart was the increasingly difficult predicament faced by local housing authorities: They were no longer self-supporting from an operational perspective.

By the late 1960s, the transition of public housing away from a program designed to provide a leg-up to lower-middle class Americans towards a social welfare provision for poor minorities was in full swing. The 1949 federal Housing Act had offered local housing authorities funds to sponsor the construction of new housing, but those authorities were then supposed to enforce rents on residents that were high enough to guarantee funds for maintenance. Yet as more and more developments were filled with people who used the units as housing of last resort, household rent obligations far exceeded what was considered reasonable.

In response, Republican Senator Edward Brooke of Massachusetts successfully introduced the Brooke Amendment in 1969, guaranteeing that public housing residents would only have to pay rent equivalent to 25% of rent (this figure was later raised to 30%). While this significantly reduced stress on tenants, it dramatically increased management difficulties at authorities, which were suddenly forced to make due with rental revenues far below what had previously been enforced. Poor maintenance and general degradation of projects ensued—even as construction on new apartments continued. An increasing number of the very poor began to apply for apartments, now that public housing had become truly affordable to them. HUD's response, made possible through a second Brooke Amendment, was to begin allowing authorities to use federal funds to subsidize operations to make up for these

40 U.S. Department of Housing and Urban Development, Bureau Hearings on FY 1971 Estimates, Housing Assistance Programs, October 7, 1969, [Notes on comments made during meeting], folder Budget FY '71, box 1-P, Romney Archives.

shortfalls, but this produced a situation in which HUD was forced to cover any operating deficits agencies announced, effectively benefiting agencies that were more profligate. But the Congress provided inadequate funding to ensure the policy's appropriate implementation, and the administration was resistant to the idea of subsidies at all.⁴¹

The use of federal funds to subsidize the operations costs of public housing complexes put in question how the government should be aiding the poor. With revenue sharing, the Nixon Administration had indicated its interest in shifting government spending away from the capital, towards states and cities. Now it was planning a shift from government altogether, moving funding out of programs and towards direct income supports. In December 1969, President Nixon argued:

Our basic policies for improvement of the living conditions of the poor are based on this proposition: that the best judge of each family's priorities is the family itself; that the best way to ameliorate the hardships of poverty is to provide the family with additional income—to be spent as that family sees fit... The task of Government is not to make decisions for you or for anyone. The task of Government is to enable you to make decisions for yourself.⁴²

In 1969, the administration proposed a new entitlement, the Family Assistance Plan (FAP), that would have replaced welfare (Aid to Families with Dependent Children) with a broader, sliding-scale income-support plan. The policy would provide supplemental income to working-class families and guaranteed minimum aid to families with children. The administration argued that policies directed towards the poor should be less paternalistic, in terms of personal spending, than Great Society programs. But FAP would have imposed a work requirement.⁴³

41 Judith Feins, et al., *Revised Methods of Providing Federal Funds for Public Housing Agencies: Final Report*, Office of Policy Development and Research, U.S. Department of Housing and Urban Development (Washington, DC: U.S. Government Printing Office, June 1994); Richard C. Van Dusen, "The State of the Department," November/December 1972, folder HUD's Future, box 7-P, Romney Archives.

42 In this context, Nixon was referring to replacing the Food Stamp program with FAP. Richard Nixon, "The President's Remarks at the Opening Session of the Conference," White House Conference on Food, Nutrition, and Health, December 2, 1969.

43 The policy, crafted by Daniel Patrick Moynihan, was premised on those families receiving aid also being required to find work or be trained in exchange for funds. It was never passed, but the Earned Income Tax Credit of 1975 and Welfare Reform of 1996 can be seen as its descendants. See Brian Steensland, *The Failed Welfare Revolution: America's Struggle over Guaranteed Income Policy* (Princeton, NJ: Princeton University Press, 2007); "41 Years Ago—RN Unveils Family Assistance Plan," *Nixon Foundation*, August 10, 2010, <http://blog.nixonfoundation.org/2010/08/41-years-ago-rn-unveils-family-assistance-plan>.

OMB officials began making the argument that subsidies for public housing residents, but not for all poor households, were irrational. Cities could give “the same housing allowance for public housing welfare cases as for private housing... public housing can no longer afford the luxury of acting like a welfare program.”⁴⁴ This argument offered a glimpse into the changes the OMB would eventually force through. Not only would the role of public housing become increasingly marginalized, but aid to families would be transformed into a benefit designed to offer help to people inhabiting all sorts of housing—public and private.

Despite—or perhaps because of—Romney’s irritation over OMB’s willingness to slash HUD’s budget, HUD began formulating an alternative to the department’s existing programs. HUD official Eugene Gullledge suggested in August 1970 that the existing program was “extravagant” and serving few needy households. He promoted an alternative that would provide families allowances to buy or rent new or existing housing. By September, Romney was on board with the general principle, drafting a proposal that would radically redefine HUD’s role in the subsidized housing market, referring to his effort as a “drastic reorganization” that would represent the “first step toward the development of programs which fit in with the revenue sharing approach.” In turn, Romney announced that he was concerned by “the profusion of different categorical programs” and their replacement with “the concept that most financial assistance to States and localities be accomplished through revenue sharing.”⁴⁵

In this memo, Romney even accepted the conservative argument for filtering, which assumes that as new housing is built for middle- and upper-class people, they abandon existing older (but still inhabitable) housing to people of low- and moderate-income. The focus of a newly reformed HUD, he seemed to suggest, would be investment in middle-income homes; “we would depend on that program to provide the housing which most people could afford—either immediately or through the natural process of making older housing available.” In the process, the moderate-income housing programs Sections 235

44 U.S. Department of Housing and Urban Development, Bureau Hearings on FY 1971 Estimates, Housing Assistance Programs, October 7, 1969, [Notes on comments made during meeting], folder Budget FY '71, box 1-P, Romney Archives.

45 Eugene A. Gullledge [Assistant Secretary-Commissioner], memo to George Romney, August 26, 1970, folder Domestic Council-8/27/70-San Clemente, box 6-P, Romney Archives; George Romney, draft memo to George P. Schultz [Director, Office of Management and Budget], September 22, 1970, folder Budget Misc., 1970, box 2-P, Romney Archives.

and 235 in addition to Rent Supplement would be eliminated. All in all, what Romney was promoting was a major drop in the emphasis on new construction for subsidized units. His lieutenant Van Dusen suggested that the “heavy social stigma” and poor economics of public housing, combined with a new emphasis on using the existing stock, would significantly affect the future of HUD.⁴⁶

The roots of opposition to investment in new construction of affordable housing had been developing in the conservative intellectual discourse for several decades, but their influence was limited in federal policymaking until the Nixon Administration. In 1970, the conservative journal the *Public Interest* published a series of articles on housing that attempted to rebut claims for the need to build more public housing by explaining that economics-derived filtering was more rational than the “conceptual simplicity and goodness of intention” of the liberal strategy. Wrote Irving Welfeld—an attorney at HUD who had been there for decades—“the question of housing production must be divorced from the question of housing assistance to low income families.” Instead, the government should subsidize homeownership for middle-income families and subsidize rental payments for low-income families.⁴⁷ These arguments were slowly being internalized at OMB.

The change in program emphasis away from new housing construction and towards the use of private housing stock to fulfill the dwelling needs of poor people corresponded with the department’s limited evaluations of housing allowances, which had been authorized in the 1970 Housing Act with the Federal Experimental Housing Allowance Program (EHAP). EHAP was designed to test the reaction to housing subsidies among 18,000 households at a cost of more than \$150 million. HUD expanded the program to about a dozen cities nationwide beginning in 1972 but the degree of experimentation that it pursued was ultimately limited. For example, HUD never examined the effect of these vouchers in cities with no other federal housing subsidy programs in effect, putting into question any conclusions that might be made from a study of their effectiveness in responding to the housing needs of poor

46 George Romney, draft memo to George P. Schultz; Richard C. Van Dusen, “The State of the Department,” November/December 1972, folder HUD’s Future, box 7-P, Romney Archives.

47 Irving H. Welfeld [Attorney in the HUD Office of General Counsel], “Toward a New Federal Housing Policy,” *The Public Interest* 19 (Spring 1970).

residents.⁴⁸ Moreover, the need for these allowances was never a primary focus of the Nixon Administration, because of the pervading sense that the FAP or some other sort of minimum-income system would effectively replace other social welfare mechanisms. During Romney's stint as secretary, thus, the use of vouchers as the primary vehicle for housing aid was not universally accepted.

The secretary did not accept the argument that public housing be entirely eliminated (conservatives noted that public housing's major failure was that it gave preference to just those who managed to get into a unit, not all who fit within the eligible income range). He suggested that there remained a class of individuals for whom quality filtered-down housing stock would be too expensive. He thus argued that HUD still had a responsibility to provide for at least some new public housing, though 60% of those new dwellings would be leased (through Section 23). This had several benefits—allowing more units to be available more quickly (by making “public” housing reliant on the private market) and “achiev[ing] dispersion of minority groups throughout majority areas.”⁴⁹ Missing from Romney's proposal was the provision of direct aid to families to help them pay rent.

TOWARDS A MORATORIUM

Romney's alternative vision for HUD was ignored by OMB, which put the agency's budget under considerable pressure. In 1971, the department was forced to freeze hiring and even cut personnel, lowering morale. The secretary appealed to the president to expand HUD's budgetary allocation. As proposed by OMB, the budget would result in “a dramatic slowdown in assisted housing production” and “a political debacle” if Model Cities were terminated and urban renewal were cut in half. The result would be “derailment of HUD's carefully considered strategy to move from the old grab bag of categorical programs” to revenue sharing. Though the White House continued to claim that it wanted to fund new

48 See Comptroller General of the United States, *Observations on Housing Allowances and the Experimental Housing Allowance Program*, Report to the Congress (Washington, DC: U.S. Government Printing Office, March 28, 1974); Eugene A. Gullledge, memo to George Romney, “Experiments in Housing Allowances,” August 17, 1971, folder Memoranda, box 8-P, Romney Archives.

49 George Romney, draft memo to George P. Schultz. Romney's initial recommendations, which were brought up to OMB in late 1970, were not immediately considered because of a lack of “enough information about the new approach to make decisions.” Lester P. Condon [Assistant Secretary for Administration], memo to George Romney, “Cabinet Meeting on the Budget,” November 4, 1970, folder Budget Misc., box 2-P, Romney Archives.

open-ended grants to the states, its budgetary policies were making such promises more and more unlikely, as HUD's programs formed the foundation of the CDBG proposals. The "new federalism" was falling apart.⁵⁰

Moreover, Romney claimed that the OMB's strategy amounted to eliminating proven models for housing policy before a better alternative was available. Referencing his stint as head of American Motors, Romney said "no manufacturer would be foolish enough to discontinue production of existing models until his new model had been thoroughly engineered, desired, road-tested, and put into production." The competition—the Democratic Party—would lash out and convince the public that their alternative was better. That year, Romney's pleas were heard: The agency's budget was mostly preserved. But the situation became more difficult with time.

By the end of 1971, Romney was fighting for the preservation of public housing operating subsidies for public housing, which the OMB had been criticizing since the beginning of the Nixon Administration. The secretary accused the budget office of sharply reducing spending on this item. "I cannot begin to recite my amazement at receiving an arbitrary figure which is guaranteed to plunge many housing authorities in this country into a state of insolvency."⁵¹ Indeed, the White House was pushing a change in funding that would radically decrease the amount of funding available and do serious damage to the maintenance of public housing facilities. Romney was right to be worried.

In 1972, HUD faced considerable and increasing criticism from OMB—criticism that ultimately led to the agency's massive defunding at the start of 1973. By September, Romney pleaded to OMB head Caspar Weinberger, suggesting that the President's effort to "apply creative solutions to national problems" could not be "achieved through program cancellations or curtailments." HUD, at least, remained committed to the public housing, 235, 236, and Rent Supplement programs for FY 1974 funding, though the amount to be spent was lower than in 1972.⁵²

50 George Romney, memo to Richard Nixon, December 30, 1970, folder Budget Misc., 1970, box 2-P, Romney Archives.

51 George Romney, memo to Caspar W. Weinberger [Deputy Director, OMB], December 17, 1971, folder Budget Material, Dec '71, box 2-P, Romney Archives.

52 George Romney, memo to Caspar W. Weinberger [Director, OMB], September 28, 1972, folder Budget Misc., Sept.-Dec., 1972, box 2-P, Romney Archives.

In private conversations, Nixon told his advisors that “Romney and his guys have run the federal participation in housing right into the ground.” “It’s just cheaper,” he argued, “to hand people the money” to rent vacant housing.⁵³ In October, as FAP was mired in a skeptical Congress, OMB questioned some of the premises of “special” revenue sharing, suggesting it was duplicative of the taxing capabilities of cities and states. Meanwhile, officials at the White House asked “about the effect on total housing production of elimination of the subsidized programs” and raised the possibility of axing revenue support altogether.⁵⁴ This was an effort to delete federal expenditures because of an overriding desire to simply reduce costs.

Despite his admiration for the president, Romney’s career at HUD was marked by a sense that he was cut off from important decisions being made by the White House, made worse by the centralization of policy making in the West Wing.⁵⁵ His frequent appeals of OMB’s budget “marks” for his department indicate the issue. In 1970, there were persistent rumors that White House officials wanted him out. But in August 1972, his frustrations came to a head. A series of planned meetings with the President to discuss OMB’s demands that it cut employees (which Romney saw as devastating) never occurred; Romney felt he was in the dark. On August 10th, he submitted a letter of resignation, which he hoped would be effective immediately. In his letter to the President, he wrote, “I have concluded more can be accomplished in the future if the Department is headed by someone whose counsel and advice you want.”⁵⁶

53 Conversation between Richard Nixon, John Ehrlichman, and H.R. Haldeman, Camp David, November 16, 1972, 2:23 PM, Conversation No. 225-39, Nixon White House Tapes, Nixon Presidential Library, http://www.nixonlibrary.gov/forresearchers/find/tapes/finding_aids/tapesubjectlogs/cdhw225.pdf.

54 Albert J. Kliman [Deputy Director, Office of Budget (HUD)], memo to George Romney, “Highlights of OMB Hearing on HPMC Programs,” October 13, 1972, folder Office of Management and Budget, box 10-P, Romney Archives; Albert J. Kliman, memo: “Highlights of OMB Hearing on HPMC Programs, October 12, 1972,” October 17, 2012, folder Office of Management and Budget, box 10-P, Romney Archives; Albert J. Kliman, memo: “Highlights of OMB Hearing on Housing Management Programs, October 16, 2012,” October 18, 2012, folder Office of Management and Budget, box 10-P, Romney Archives.

55 Nathan, vii, 6.

56 Record of HUD News Conference with Secretary George Romney, November 25, 1970, folder President 12/2/70, box 14-P, Romney Archives; George Romney, letter to Richard Nixon, August 10, 1972, folder Meeting with the President-8/12/72, box 13-P, Romney Archives.

White House audio tapes show that in a meeting with Nixon the next day, Ehrlichman said, “I think he’s [Romney] just playing a little game, serving us all up on the idea that we’re going to cave...” unless he received additional employees. Subsequently, Nixon met with Romney, who complained impassionedly, “I have no effective voice in the policy areas or the operational areas relating to my own department.” Nixon, sounding empathetic, convinced his Secretary to remain, delaying his resignation to the end of the term in an effort to avoid campaign distractions.⁵⁷ Romney agreed, assenting to staying on through the November campaign until the beginning of the next term.

Throughout the summer, the OMB continued its assault on the federal budget, in July reducing the budget for HUD and in October asking the agency to submit to additional reductions. Though there was plenty of evidence that the department was unappreciated by the White House, HUD staff continued to act as if the agency had a future.⁵⁸ In November, Nixon won a massive mandate, taking more than 60% of the vote and all states but Massachusetts. Just after, OMB announced that HUD would be asked to impose a moratorium on subsidized housing—including rent supplements, public housing, and Sections 235 and 236—beginning on January 1, 1973, and lasting for eighteen months. The Model Cities and urban renewal programs would be terminated in June. The OMB’s decision must be understood as at least partly a result of the electoral result. The OMB rehashed its criticism of the use of operating subsidies for public housing. Head Caspar Weinberger had previously stated that he was “quite disturbed at the prospect of building housing which we know from the start will require operating subsidies.”⁵⁹ The administration stated that its policy objective was to “discontinue Federal support

57 Conversation between Richard Nixon and John Ehrlichman, White House Oval Office, August 11, 1972, 11:09-11:11 AM, Conversation No. 767-18, Nixon White House Tapes, Nixon Presidential Library, <http://www.nixonlibrary.gov/forresearchers/find/tapes/tape767/767-018.mp3>; Conversation between Richard Nixon, George Romney, et al, White House Oval Office, August 11, 1972, 11:15 AM-12:22 PM, Conversation No. 767-20, Nixon White House Tapes, Nixon Presidential Library, <http://www.nixonlibrary.gov/forresearchers/find/tapes/tape767/767-020a.mp3>.

58 Caspar Weinberger, memo to George Romney, July 21, 1972, folder Office of Management and Budget, box 10-P, Romney Archives; Caspar Weinberger, memo to George Romney, October 6, 1972, folder Office of Management and Budget, box 10-P, Romney Archives.

59 Caspar Weinberger, memo to George Romney, May 15, 1972, folder Office of Management and Budget, box 10-P, Romney Archives.

for programs and activities which do not serve national (as opposed to local) interests.”⁶⁰ The White House said it would introduce a new version of its housing policies to correspond with the moratorium’s July 1, 1974 endpoint. In essence, the administration seemed to be attempting to blackmail Congress into passing the White House’s general revenue sharing legislation, which had been mostly dismissed by the Democratic Party-controlled legislature (it had only passed the special revenue sharing plan).

Romney, now a lame duck,⁶¹ reacted with great anger to the prospect of a moratorium. “My frustration is at the apparent message to me that all the good we have accomplished is to be undone,” he wrote in a letter to OMB head Weinberger. He questioned how the private industry was supposed to respond when its funds were cut off for eighteen months. And he contrasted the policy of providing assistance through “massive tax subsidies for the middle income and wealthy... while the poor are cut adrift.” Moreover, he complained that he had been left out of budgetary decision making for all four years in the Administration. Romney presented his thoughts at the White House on December 22, noting that the White House was “discrimin[at]ing against central cities” in a “hard headed, cold hearted indifference to the poor and racial prejudice.”⁶²

Three days before New Year’s, and about a week after HUD received its funding recommendations from OMB, Secretary Romney again wrote President Nixon in a final appeal. “Whether we like it or not,” he wrote, “a complex network of building and financial institutions has formed to take advantage of Federal subsidy programs... We have an obligation to state housing authorities which have taken the initiative in the housing field with our encouragement.” The secretary, as he had in the past, endorsed the president’s efforts to refine Washington’s role by reducing its financial role, and he reinforced his argument that the nation’s affordable housing programs needed reform. Romney’s response to the

60 Notes from Meeting with OMB Staff Regarding 1974 Budget Decisions, folder Office of Management and Budget, box 10-P, Romney Archives.

61 Romney’s official, and accepted resignation letter, came on November 9th, two days after the election. It would be effective when his replacement was found. Romney hoped to create a non-profit group that he could use to lobby for his preferred issued. George Romney, letter to Richard Nixon, November 9, 1972, folder Ehrlichman and President 1972, box 14-P, Romney Archives.

62 George Romney, letter to Caspar W. Weinberger, no date indicated, but late 1972, folder Office of Management and Budget, box 10-P, Romney Archives; George Romney, notes for Speech in Roosevelt Room, December 22, 1972, folder Office of Management and Budget, box 10-P, Romney Archives.

budget's total cuts in HUD funding for subsidized housing, however, seemed emotionally visceral:

Given the combination of a continuation of the war and a virtual elimination of HUD programs—regardless of whether or not it is given the term “moratorium”—the actions proposed will only be taken by the American people—and especially those in the central city—as further evidence of a hard-headed, cold-hearted indifference to the poor and racial minorities. This, in my opinion, could inflame the central cities and could contribute to eventually bringing Belfast to the streets of our cities—an increasing danger as we ignore the critical masses of people with problems building up in our central cities surrounded as they are by a suburban governmental wall of class and racial prejudice.

He suggested that the effect of the proposed changes in funding would be irrational, focusing on the moratorium's “abruptness, harshness and injustice.” Romney argued that HUD's reduction in funding for housing subsidies could be offset by eliminating the mortgage interest and property tax deductions provided for in the federal tax code. He concluded by suggesting that as a private citizen he would continue his efforts on behalf of the poor and the cities.⁶³

His pleas to the president, however, were ignored by OMB, which determined that it had the legal ability to introduce a moratorium because housing expenditures were marked by Congress as discretionary, not mandatory spending. In early January, just before he left office, George Romney was condemned to the unenviable task of announcing that the administration had decided to place a moratorium on all affordable housing subsidies.⁶⁴ The decision applied not only to new public housing projects, but also to moderate-income developments funded by rent supplements or Section 236. Conservatives in the administration had been able to convince Nixon that the change was a necessity, and Romney, leaving office, had lost.

A NEW APPROACH FOR THE SECOND TERM

Though there were rumors that the government was considering suspending housing aid in December 1972, the announcement of the moratorium came as a major surprise even to many at HUD. Opposition was instantaneous. Democratic congressmen, apparently unable to assemble the adequate

63 George Romney, memo to Richard Nixon, December 28, 1972, folder Budget Misc., Sept.-Dec., 1972, box 2-P, Romney Archives.

64 Romney avoided the term “moratorium” and instead referred to it as a “temporary hold.” Orlebeke, 501; Michael C. Jensen, “Romney Discloses Halt in Subsidies for New Housing,” *The New York Times*, January 9, 1973.

political support to complete legislation that could have funded the subsidized housing programs, nevertheless assailed the government. Even before the suspension of aid had been announced, a national coalition including the National Tenants' Organization and the League of Women Voters suggested that the "human and economic results of such an action can only be described as catastrophic." A lawyer representing several housing groups said that "the cities in the U.S. will resemble the cities in Vietnam: a very bombed-out look."⁶⁵

As localities and states fought the decision to revoke housing funds, the government was taking advantage of the break in new construction to formulate its strategy to move forward with new housing programs. HUD spent most of 1973 documenting the existing housing situation, which seemed to have changed significantly from just five years previously. Nixon stated in March that "fears of doom" about the conditions in the center city "are no longer justified." In some ways, he had a point: The riots that had devastated so many neighborhoods had come to an end. Though he could not yet provide a clear answer of how HUD housing policies would evolve, he denounced the previous "old and wasteful" programs, noting that "no single, rigid scheme, imposed by the Federal Government from Washington, is capable of meeting the changing and varied needs" of states and localities. What he did know was that he would be reintroducing housing legislation to the Congress that would offer \$2.3 billion in block grants to communities.⁶⁶

HUD, now under the leadership of James T. Lynn (who was far less bullish on housing production than Romney had been), defended the moratorium. Only about 13 to 14% of the total low-income housing stock (public and private) in the country had been produced under the public housing and Section 202 programs. An internal report labeled *Housing in the Seventies* was meant to propose a new strategy for the administration. At the heart of the document was the claim that the existing subsidized government housing programs were too expensive and served too few people. This despite the fact that the document noted that that while subsidized housing was costing Washington about \$5 billion a year,

65 Eugene L. Meyer, "Plan to Halt Housing Aid Draws Fire," *The New York Times*, December 31, 1972, A1.

66 Richard Nixon, "State of the Union Message to the Congress on Community Development," March 8, 1973.

twice as much was going to middle- and upper-income householders through homeowners' deductions and other taxes foregone on home ownership. The latter, however, were not identified for elimination.⁶⁷ HUD argued that a cash assistance program for poor households could serve more people at a lower cost than a construction-oriented program like public housing.

In September, Nixon announced his proposed new housing program. He condemned public housing complexes, arguing that “too many are monstrous, depressing places” and suggested that “the federal government has become the biggest slumlord in history.” The shock of the failure of St. Louis' Pruitt-Igoe complex, specifically, weighed heavily on his address. Fully endorsing the conservative approach, he suggested that the government's involvement in the construction of new housing was “attacking the symptom” rather than the “cause:” The lack of adequate family incomes. Thus, he said, the future of American subsidized housing would be in direct cash assistance, with a small exception for Section 23, which was granted relief from the moratorium. He began campaigning for Congress to pass a new housing act along these lines.⁶⁸

President Nixon's decision to promote direct housing aid to poor families, rather than new construction, did significant damage to his argument that he wanted to expand the role of the state governments. While older programs, from public housing to Section 236, could be implemented in a fashion that passed funds from Washington to the states, which would then make decisions, an entitlement-like housing voucher would bypass the states entirely by suggesting that any hopes they might have of using federal funds for construction were misplaced. The administration was thus proposing housing policy that would make state housing agencies like the UDC irrelevant.

Rather than focus on the lack of *decent housing*, as had George Romney and previous administrations, new HUD Secretary Lynn argued that the biggest difficulty for families was the lack of *adequate income to pay for housing*. The creation of public housing or even new, publicly subsidized, but private-

67 ICF, Incorporated, *Impact of Federal Housing Programs on Community Development*, prepared for the U.S. Department of Housing and Urban Development (Washington, DC, July 2, 1973), Chapter III; *Housing in the Seventies*.

68 Richard Nixon, “Special Message to the Congress Proposing Legislation and Outlying Administration Actions to Deal with Federal Housing Policy,” September 19, 1973.

ly built apartments had come at too high of a cost and covered too few people; moderate income programs Section 235 and 236 had produced high foreclosure rates. Nixon's FAP, combined with revenue sharing and new housing vouchers, would serve to fill the gap that was produced by the end of public housing production. Lynn argued that direct cash assistance for housing could serve more people at a higher cost (\$8-11 billion annually) than HUD was then spending (around \$2 billion), but at a far less than a construction-oriented program (\$30-50 billion).⁶⁹

Floyd Hyde, one of Romney's deputies, continued on at HUD as an Under Secretary under Lynn despite the resignations of colleagues Samuel Jackson in the New Communities division and Richard Van Dusen. Hyde's approach emphasized the Nixon Administration's goal of replacing categorical grant programs with formula-based funds designated for existing units, rather than new construction. In a speech to a group of Lieutenant Governors, he noted that while state housing agencies had produced a large quantity of housing (more than 90,000 apartments between 1969 and 1973, of which a third were completed by New York's UDC and more than 40% were in New York State; another 20% were produced in Massachusetts), it "had relied too heavily on direct and indirect Federal subsidization" and new, versus existing, structures. His argument that the state agencies were vastly increasing Washington's financial commitment compared to what dealing with the private market would have cost. States, Hyde suggested, should be limited to dealing with issues at the metropolitan scale. Lynn said he wanted to avoid having states repeat the "errors" already made by Washington, so federal subsidies should not be designed to help states produce more housing. Even these initiatives may not have been as far as the Nixon Administration wanted to go. There were suspicions in fall 1973 that the White House wanted simply to eliminate HUD all together.⁷⁰

Democrats had already shown they were willing to rethink the federal government's housing policy

69 James T. Lynn, prepared Testimony and Questioning Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 93rd Congress, First Session, October 9, 10, 11, 12, 16, and 17, 1973.

70 Floyd H. Hyde, speech before the National Conference of Lieutenant Governors, St. Croix, October 5, 1973; James T. Lynn, prepared Testimony and Questioning, Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 93rd Congress, First Session, October 9, 10, 11, 12, 16, and 17, 1973; "Suspensions that HUD may go," *Business Week*, September 29, 1973.

from the reforms they had implemented in the 1960s. Facing opposition from the White House (the high likelihood of a veto) they reiterated their potential to compromise now. Wisconsin Congressman Henry Reuss, who later chaired the Committee on Banking, Currency, and Housing, introduced as part of the 1972 Housing Act a measure that would have provided federal aid for state agencies by guaranteeing bond issues and providing interest subsidies. It would have increased funding for vouchers, though it would not have eliminated the production programs. But the measure never made it onto the floor. Pennsylvania Congressman William Barrett worked on the bill for two years before, according to him, “the herd moved in and mowed us down.”⁷¹

Nonetheless, many congresspeople declared themselves adamantly opposed to the administration’s proposed income-maintenance efforts. Former HUD Secretary Weaver, who had advanced President Johnson’s significant expansion in housing production, argued in Congressional testimony that he had “long advocated a mix of production and better use of existing housing,” but he emphasized that local vacancy rates should play an important role in determining whether new housing was necessary. He suggested that the administration’s willingness to abandon any sort of national goals and simply allow money to be spent however localities wanted was against the national interest. Moreover, he noted that providing people direct housing aid could further the deterioration of neighborhoods by making it easier to leave for people who might otherwise invest in them.⁷²

Edward Logue expressed similar frustrations about the administration’s proposals. Though he was in favor of allowing for housing allowances in cities with high vacancy rates (he defined those as areas where more than 5% of the housing stock was vacant), he agreed with Weaver that using them in low-vacancy, declining neighborhoods would drive up rents or increase deterioration. Logue was equally adamant about the role of the federal system in the bill, which he said was “hostile to the in-

71 Edward Logue, unprepared Testimony and Questioning, Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 93rd Congress, First Session, October 9, 10, 11, 12, 16, and 17, 1973.

72 Robert C. Weaver, prepared Testimony and Questioning, Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 93rd Congress, First Session, October 9, 10, 11, 12, 16, and 17, 1973.

terests of State government.” He cited Camden and Newark—two cities whose environment had been seriously degraded by that point—as evidence of the lack of local capacity to deal with problems and as a reason for the need to include the states in housing policy.⁷³ Logue, however, must have seen the writing on the wall: The UDC’s governance model, so new, was being put into question, and it was not necessarily going to last.

Logue’s negative opinion was matched by that of William J. White, Executive Director of the Massachusetts Housing Finance Agency, who argued in Congressional testimony that “the direction that HUD was taking was a solid one,” in terms of its commitments to the 1968 Act. He, too, liked the idea of moving housing production out of the hands of Washington bureaucrats and into those of state agencies. But, he said, “the [Nixon] Administration has discounted the effectiveness of the state housing finance agency vehicles and is writing them off... all we need is a federal commitment of resources and you will see the states’ capabilities develop overnight.” Like Logue, he argued that cash allowances would “bid up rents,” increase the difficulty of finding housing for middle-class families; the elderly, who were supposed to be the first to receive that help, were exactly the wrong clientele, since they had very specific housing needs that would only be met in new housing. And he vehemently opposed the argument that housing could simply be left to the private market, suggesting that the programs initially developed in the 1930s were created specifically because of the failure of private entities to solve the problem.⁷⁴

CONCLUSION

Any argument that there was a consensus for eliminating the nation’s public housing programs in 1974 can be refuted by examining the debate in the Congress over the passage of a new urban development bill. Increasingly empowered by the Watergate proceedings, the Senate ignored the President’s ap-

73 Edward Logue, unprepared Testimony and Questioning Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 93rd Congress, First Session, October 9, 10, 11, 12, 16, and 17, 1973.

74 William J. White, prepared Testimony and Questioning, Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 93rd Congress, First Session, October 9, 10, 11, 12, 16, and 17, 1973.

peals to completely revise the nation's housing subsidy system in legislation passed overwhelmingly in March. Though the bill offered a concession to Nixon—block grants to localities—it provided significant subsidy for new public housing units, in addition to maintaining funding for Sections 23 and 236. Influential Alabama Senator John Sparkman (D) argued that “only production of new housing... would help guarantee enough decent housing for all Americans,” according to *Congressional Quarterly*. The bill included a provision that would expand the powers of local housing authorities to build new units under Section 23, expanding the reach of public housing further.⁷⁵ Clearly the sense that public housing had “failed”—the argument advanced by the Nixon Administration—was not universally shared, and there were still powerful proponents of it in Washington.

The House, whose leaders wanted legislation that would steer clear of Nixon's veto pen, passed a bill that cancelled the Section 236 program in June 1974. Nonetheless, it included some aid for new public housing and an expanded and revised Section 23. In an attempt to “salvage his presidency,” according to R. Allen Hays, Nixon rescinded the moratorium and agreed to a House-Senate compromise on August 6, two days before the president's resignation. This new bill provided massive funds for 400,000 newly constructed housing units under Section 8 (which reformed Section 23), in addition to a rent supplement program for existing, private housing, the latter which became the mainstay of HUD aid in the 1980s. Instead of construction subsidies, Section 8 offered low-interest long-term mortgage repayment, as Section 236 had. This was signed by President Gerald Ford on August 23.⁷⁶

The new law provided only 30,000 new units of conventional public housing over the next six years, a major decline from past appropriations. But the Section 8 project-based assistance program provided for the construction of low-income housing complexes very similar to public housing projects of the past—just with a different financing approach. Therefore, while public housing construction

75 The vote was 76 to 11. “Senate Passes Housing Bill Without a Major Change,” *Congressional Quarterly Weekly Report*, March 16, 1974, 691-695; Paul Delaney, “Major Housing Bill to Aid Poor Approved by Senate Committee,” *The New York Times*, February 11, 1974, 38.

76 “House Passes Omnibus Housing Bill, 321-25,” *Congressional Quarterly Weekly Report*, June 29, 1974, 1702-1706; Hays, 146-149; Edward C. Burks, “Ford Signs Bill to Aid Housing,” *The New York Times*, August 23, 1974, 9; Paul Delaney, “Major Housing Bill to Aid Poor Approved by Senate Committee,” *The New York Times*, February 15, 1974, 38; Richard L. Madden, “Housing Measure is Voted by House,” *The New York Times*, June 21, 1974, 77.

slowed considerably in the 1970s, the federal government funded more than 800,000 new or substantially renovated low-income housing units through Section 8 between 1974 and 1983. Though the program offered aid to private and non-profit developers, many of these apartments were built by the same local housing authorities that had developed conventional public housing.⁷⁷

Eugene Meehan has written that “the principle thrust of the [housing] program was redirected to support the profitmaking element in the private sector,” “condemning” publicly owned housing.⁷⁸ Yet the 1974 Housing Act in fact extended many of the reforms begun during the Kennedy and Johnson years, continuing to involve the public sector, but with an increasingly private perspective. It did not eliminate the role of local housing authorities in the construction of homes for the least well off; it changed the financing device with which they did such work. While the Nixon Administration attempted to eliminate the future of the American low-income housing production program, legislators effectively sidestepped that effort by reframing the program, while keeping its spirit alive. In some ways, public housing had not died at all.⁷⁹

According to Logue, who claimed that Section 8 “was designed specifically through UDC lobbying,” the program could offer the most significant aid for the production of new subsidized housing in U.S. history because of its ability to adapt to a wide range of situations, from existing housing to new construction.⁸⁰ But the new bill funded far fewer units than its predecessor had—and the UDC never had the opportunity to test out its provisions.

Federal housing policy had thus taken a wild path between 1968 and 1974. It began by significantly expanding funding for new production programs, albeit in a radically different form than conventional public housing from previous decades. The Nixon Administration’s new federalist policies encouraged

77 If anything, the end to direct federal subsidies for new low-income housing construction came in 1983, when the Reagan Administration enforced a switch from the Section 8 New Construction program to the existing housing voucher program. Edward C. Burks, “3 Biggest Cities Would Gain Under New Housing Bill,” *The New York Times*, August 20, 1974, 20.

78 Meehan, 66.

79 See Vale and Freemark.

80 Edward Logue, “The Future for New Housing in New York City,” in *Housing Form and Public Policy in the United States*, Richard Plunz, ed. (New York, NY: Praeger, 1980), based on lectures held in Spring 1976 at Columbia University.

the development of state agencies like the UDC and innovative new housing finance and design. But significant opposition from inside the administration founded on conservative views about the need to reduce federal expenditures, put a devastating brake on spending. This delay in funding, as I describe in Chapter 7, put the UDC's credibility in question and was one of the factors that led to its default in 1975. Though the 1974 Housing Act opened new potential streams of federal aid for housing development, the UDC was by that point incapable of taking advantage of the funding. Federal subsidies, usually taken for granted, had lost their reliability, and the consequence was a failure at the state level.

Nelson Rockefeller's Socially Motivated, Business-Oriented State

Many of the changes the Nixon Administration undertook in Washington promoted—at least rhetorically—the view that state and local governments had an important role to play in making domestic policy. In New York State, Governor Nelson Rockefeller took up the charge with gusto. His plans did not meet universal admiration, but one could not accuse him of being modest, particularly when he found ways to orient public investments towards both improving social welfare and expanding private profit. In housing, he wanted to make a mark, and the UDC symbolized this determination. The governor's aggressive advocacy of the agency's creation in the face of significant resistance, as described in this chapter, suggests the importance of leadership in promoting an agency of the scale and ambition of the UDC.

Robert H. Connery and Gerald Benjamin's authoritative political biography of Nelson Rockefeller paints a portrait of a non-ideological politician “much more interested in defining problems and finding solutions around which he could unite support sufficient to ensure their enactment in legislation than in following either a strictly liberal or conservative course.” This, they argue, explains New York State's public policy shifts during Rockefeller's time as governor from 1959 to 1973; they use his attempts to combat drug addiction to illustrate this course. The governor's first efforts, which encouraged rehabilitation through a massive investment in treatment facilities, was perceived not to be working by the late

1960s as drug crimes and arrests continued unabated and few instances of successful interventions could be identified. Thus the governor instructed the state to turn the situation on its head by instituting severe laws against drug offenders, including life in prison without parole for people found with drugs. Though this progression might be construed as a shift from a liberal to a conservative ideology, Connery and Benjamin argue that it was simply pragmatic: “Inconsistency across policy lines may easily be explained as an effort to make the best decision in a particular case.”¹

Connery and Benjamin’s notion of ideology, which dismisses the possibility that an ideologue is likely also attempting to solve problems through his or her ideological program, fits Rockefeller’s own conception of his role in government. Truly convinced of his ability to understand the needs of New York’s citizenry through technical empirical analysis (“the belief that any problem, once identified, could be solved through the disinterested application of managerial expertise,” in the words of Rick Perlstein²), his approach staked out an active role for state government with him at the head. This was particularly true in the field of housing and urban development, in which Rockefeller was deeply involved throughout his fifteen-year career as governor. The Urban Development Corporation’s founding in 1968, promoted with data-packed materials that suggested the organization would be able to reverse the state’s housing difficulties through strong public sector powers, was the apex of this philosophy. This was the governor’s political pragmatism manifested to solve the problems of housing for the low- and moderate-income households of the state.

But an examination of the process that led to the formation of the UDC and a review of the governor’s approach to its management suggests that, at least in this case, Rockefeller was in fact motivated by a particular ideological stand. Perhaps the actions he pursued cannot be categorized as “liberal” or “conservative” in the traditional sense, but they cannot be simplified either into being purely motivated

1 Robert H. Connery and Gerald Benjamin, *Rockefeller of New York: Executive Power in the Statehouse* (Ithaca, NY: Cornell University Press, 1979), 12, 424. Also see Chapter 9, “Policies toward crime and the criminal justice system,” in *Rockefeller in Retrospect: The Governor’s New York Legacy*, ed. Norman T. Hurd and Gerald Benjamin (Albany: Rockefeller Institute of Government, 1984).

2 Rick Perlstein, *Before the Storm: Barry Goldwater and the Unmaking of the American Consensus* (New York, NY: Hill and Wang, 2002), 56.

by a desire to “get things done.” In action, the UDC was designed to answer the call for better housing opportunities in the state from a technical perspective, but its founding was premised on two ideological notions: One, that the state government was the heart of the U.S. federal system and that it had the right and ability to lead the process of urban redevelopment; and two, that private sector growth should be the primary goal of state action, and thus that public sector resources should be oriented to promote profit making in private industry. The success of the UDC in completing such a large number of housing units required Governor Rockefeller’s ideological backing and his sense that the state was responsible for meeting the need for affordable dwellings.

NEW YORK STATE GOVERNMENT DURING THE ROCKEFELLER ERA

Nelson Rockefeller is the focus of this chapter, not only because he was the governor of New York during the period when the state enacted the nation’s largest public sector development agency, but also because he played a unique and active role in the UDC’s creation. He was no hero, and indeed his motivations were less technocratic than others have written, but state government was largely a creature of his habits from 1959 to 1973. The governor’s personal ambition, which led him to run for the presidency unsuccessfully several times, likely played an outsize role in explaining why he was so influential, as did the prominent position he took on in other circumstances related to national affairs. But Rockefeller was also quite likely simply engaged in the state’s public policy issues and motivated to find ways to resolve them.

Partly because of the state legislature’s inability to develop its own estimates of the budgetary impact of particular bills, priorities during each session were developed by the governor’s office, which did have that capability. Rockefeller announced major pieces of legislation in his annual message at the start of the year, staff developed bills, and then legislatures were expected to accede to the governor’s wishes—and in most cases, they did. Rockefeller used his powers of patronage successfully to force through his most favored legislation, including that producing the UDC. Throughout his time in office, the legislature made only minimal cuts to the governor’s budget proposals and never overrode

his veto.³

Other actors, political and not, played an important part in the state's efforts to address affordable housing needs. The nationwide urban crisis that was increasingly evident by the mid 1960s was provoked by citizen action in the form of civil disorder, south-to-north migration, white flight, and de-industrialization, and collectively these changes produced an environment in which it was logical, if not necessary, to develop new approaches to urban housing. Nevertheless, public outrage and demographic change are not enough to alter policy—we only need to look as far as the 2011 Occupy movement to recognize this fact. Thus the value of prefacing this chapter by emphasizing the prominent role of the governor in New York State politics in the 1960s and early 1970s; in his context, Nelson Rockefeller was the engine that advanced changes in policy.

NEW YORK'S PUBLIC-SECTOR ENTREPRENEURSHIP

In part thanks to it being the nation's largest state⁴ containing the nation's largest city, New York played a particularly dominant role in the formation of American public policy during the first seven decades of the 20th century, especially on urban issues. Donald Roper has written that the entrepreneurial nature of the state's decision making grew because of the political appeal of a "positive liberalism" approach. This, he argued, was the popular "belief that the state should promote the welfare and protect the rights of as many of its people as possible." To Roper, a positive liberal could be tested by evaluating the "degree of social justice meted out to the politically powerless and the unpopular elements of the population." To win, he argued, a gubernatorial candidate was required to espouse this viewpoint.⁵ When he ran for office, Nelson Rockefeller certainly did.

There is no arguing with New York's historical role as a state government innovator in managing the economy, especially in and around New York City. The creation of the Port of New York Authority (now Port Authority of New York and New Jersey) in 1921 was a significant early step. Joining in a com-

3 Connery and Benjamin, 90, 101.

4 California was recognized as the largest state beginning with the 1970 U.S. Census.

5 Donald M. Roper, "The Governorship in History," *Proceedings of the Academy of Political Science* 31-3 (May 1974), 16, 29.

pact with its neighbor across the Hudson River, New York created the nation's first public authority (or "public benefit corporation"), which assumed government responsibilities and powers but operated outside of the political sphere. Members of its board were appointed by the governors of relevant states but generally left alone thereafter. By collecting user fees from companies and people using its ports, bridges, tunnels, and airports, the agency was able to establish a self-funded empire that has spent billions on infrastructure over the past 90 years.⁶ Its independent authority structure became the model for states around the nation that wanted to fund major projects by marshaling public powers and user funds but wanted to avoid political involvement in the process, such as in the potentially controversial setting of fees.

New York law made the creation of public authorities particularly appealing because their finances were legally separated from those of the state government as a whole. As such, if an authority wanted to invest in a major piece of infrastructure, it could do so without affecting the debt status of the state government. Before Rockefeller's governorship, authorities were self-financed and thus their independent bonding did not affect the state's own budget, but their spending was backed by the guarantee of the state. Their freedom from political constraints made them incredibly powerful, with politicians having little ability to influence their decisions.

Yet it was in the subsidization of affordable housing that New York State set itself apart as particularly unique in the federal system. Indeed, throughout much of the 20th century, Albany's legislators and their municipal counterparts in New York City developed financing mechanisms for new housing that influenced later federal policy or took greater advantage of Washington's cash than any other state. The UDC's creation was the most significant example of all, but it had plenty of precedents.

The state's first major effort to stimulate the construction of more housing came in 1920, when the legislature allowed New York City to offer tax exemptions for all new residential construction over the next two years. The result was a massive increase in inventory; between 1923 and 1928, the city saw 564,000 new housing units completed. New construction followed the path of the city's many new

6 See Jameson W. Doig, *Empire on the Hudson* (New York, NY: Columbia University Press, 2001).

subway lines, such as in the Upper West Side, the Bronx, and Queens, and between 1920 and 1930, the city as a whole grew by more than 1.3 million people, the largest decennial increase in population ever recorded—before or after—in any one American city.⁷ These apartments provided comfortable housing for the city's growing middle class, allowing families to move out of the crowded districts of Lower Manhattan. But the tax exemption did not specifically address affordable housing.

That arrived in 1926, when the state provided a tax exemption specifically to construct modest-cost apartments on vacant land, in New York City and beyond. It was the first such statute in the nation. The same year, the New York State Division of Housing (now the Division of Housing and Community Renewal or DHCR) was established, making New York the first state with such an agency. In 1938, the state constitution was amended to authorize the use of public funds for the provision of low-income multifamily units through municipally constructed public housing. At the same time, the federal government began its engagement in public housing funding, first in the late 1930s under President Roosevelt, and then beginning in 1949 once the national Housing Act (with its goal of a “decent home” for all) was passed.

Under New Deal Republican Mayor Fiorella LaGuardia, New York City had established its own public housing agency (NYCHA) a bit earlier, in 1934, when it became the first government housing constructor and owner in the U.S. NYCHA got off to a quick start, producing 23% of the city's overall new housing units by 1941. As with public housing programs in cities around the country, New York's apartments were originally designed for a lower-middle class clientele,⁸ and at first, the agency's apartments were segregated by race. In a twist of history, the second project the agency built, the Harlem River Houses, were completed on land owned by the Rockefeller family, which in the previous phase of the housing reform movement had built a philanthropic housing complex for middle-class blacks just a block south. The expansion of government-owned housing was fast-paced: Using federal and state

7 These Census figures refer to the City of New York alone, not that of the whole metropolitan area.

8 Lawrence Friedman describes public housing's units as “for poor but honest workers—the members of the submerged middle class, biding their time until the day when they regained their rightful income level. Lawrence M. Friedman, “Public Housing and the Poor: An Overview,” *California Law Review* 54-2 (May 1966), 648.

funds, by 1956, NYCHA had built more than eighty projects providing more than 88,000 units.⁹

While Washington was investing in apartments for lower-class families, the state government's primary involvement in housing remained the financing of moderate-to-middle-class developments. In 1955 under W. Averell Harriman (whose one term as governor was the only stay for a Democrat in the office between 1943 and 1975), the state passed the New York State Limited Profit Housing Companies Act, better known as Mitchell-Lama after its legislative sponsors. The legislation allowed the use of tax-exempt, long-term public financing up to fifty years, local real estate tax exemption, use of eminent domain, and limits on developer profits for rental or cooperative housing. Most importantly, it instituted a limit on the incomes of occupants, who were expected to be too poor to afford market-rate housing but too wealthy to qualify for public housing.

The law allowed both the state and municipalities to finance development, so New York City developed a particularly large self-funded program in 1957 sponsored by municipal bond issues, setting interest rates for developers at the level of borrowing costs for the city. The city's goal was to provide housing for middle-class, rather than moderate-income, families, though by 1971, about half of unit tenants were of high incomes, and only a minority were nuclear families with children. By 1968, the program had produced 26,000 state-funded units and 31,000 city-funded units in New York City alone; this represented the large majority of Mitchell-Lama units statewide.¹⁰ The apparent effectiveness of Mitchell-Lama in using public subsidies to encourage private development was largely the inspiration for the Section 221(d)(3) below-market interest rate program passed by Congress in 1961.¹¹

Despite New York's entrepreneurial approach to dealing with the state's housing deficiencies, much remained to be resolved as the 1960s arrived. The economic boom that followed the end of

9 Peter Marcuse, "The Beginnings of Public Housing in New York," *Journal of Urban History* 12-4 (1986), 353-390; Wallace S. Sayre and Herbert Kaufman, *Governing New York City: Politics in the Metropolis* (New York, NY: Russell Sage Foundation, 1960), 323.

10 For more on the Mitchell-Lama program, see Barbara M. Woodfill, "New York City's Mitchell-Lama Program: Middle-Income Housing?" (New York, NY: The New York City Rand Institute, June 1971); Joseph S. DeSalvo, "An Economic Analysis of New York City's Mitchell-Lama Housing Program" (New York, NY: The New York City Rand Institute, June 1971).

11 The source of much of the above on New York State's historic involvement in subsidized housing is Frank S. Kristof, "Housing," *Proceedings of the Academy of Political Science* 31-3 (May 1974), 190-197.

World War II and the accompanying subsidies provided by the federal government for returning soldiers had encouraged a massive expansion of the suburbs, as hundreds of thousands of middle-class residents moved away from apartments in center cities and into new single-family homes—Washington provided a seven-to-one funding ratio in favor of that housing type during the 1950s.¹² At the same time, the Second Great Migration brought millions of poor minorities—blacks from the South and Puerto Ricans—to Northern cities to seek new opportunities. The existing housing stock was being replaced and expanded upon by the programs the state and cities had established, but they were not strong enough. While private investors like the Metropolitan Life Insurance Company created thousands of units in complexes like Stuyvesant Town, these apartments largely served a white working-class population and actually were built on land that once held tenements that housed a poorer population now displaced.¹³ The housing problem was particularly acute in the large regions in and around New York City, Albany, Buffalo, Rochester, and Syracuse; national forces meant that the cities would need help to adapt.

NELSON ROCKEFELLER'S ENTRY INTO GOVERNMENT

It may seem odd to follow the long history of strong public-sector entrepreneurship in New York with the story of the scion of one of America's wealthiest families, but Nelson Rockefeller spent his life at the boundary between high society and democratic government. Rockefeller was a very privileged man, a millionaire many times over, owner of multiple estates, and financier of his own extraordinarily expensive campaigns. He provided the funds for the state's excellent modern art collection, the best pieces of which still fill the halls of the otherwise drab basement shopping concourse of Albany's Empire State Plaza, now named after him. Yet Rockefeller's life was also one of intense political engagement. That civic interest came from a lifelong sense that, even as business played a very important role in assur-

12 Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (Oxford, UK: Oxford University Press, 1985), 206.

13 See "Part II: Stuyvesant Town," in Samuel Zipp, *Manhattan Projects: The Rise and Fall of Urban Renewal in Cold War New York* (New York, NY: Oxford University Press, 2010).

ing the well being of the economy and its people,¹⁴ more had to be done to guarantee the livelihoods of the least well off.

Spending his early professional years working for a subsidiary of his family's Standard Oil corporation in Latin America, Rockefeller became knowledgeable on the issues confronting South American countries. In 1940, despite his Republican Party allegiances, he was appointed a member of President Franklin Roosevelt's staff and was until 1945 an advisor on Latin American issues.¹⁵ In the process, he became enamored of life in the public section, and he was to spend most of the rest of his life in it. The fact that his first job—albeit on foreign policy matters—was under the aegis of a New Deal government, not a conservative Republican one, is not to be overlooked.

Leaving his first public position, Rockefeller developed a socially oriented development entity called the International Basic Economy Corporation (IBEC), whose dual mission was to improve the living conditions of people in Latin American countries while producing profit for Rockefeller and other shareholders. He did not consider the promotion of a firm that was, in essence, both good for the people and good for his wallet, as contradictory. Assembling investors from his wealthy coterie of friends, Rockefeller brought American-style supermarkets to Venezuelan towns and villages, developed an improved system by which to transport goods from farm to market, and began work on a prefabricated housing standard with lifelong friend architect Wallace K. Harrison. Rockefeller's sense was that by encouraging private enterprise, he would be able to grow the economy as a whole. In the process, according to historian Kenneth Durr, "he burned through \$10 million in capital in a scant three years."¹⁶

Early in his career Rockefeller came to be identified as a big spender with less concern than others might see necessary with making budgets line up. IBEC's social mission had in fact prioritized charity

14 Indeed, as a senior at Dartmouth, Rockefeller wrote his thesis on the societal benefits of his grandfather's (monopolistic) Standard Oil regime. See Joseph Persico, *The Imperial Rockefeller: A Biography of Nelson A. Rockefeller* (New York, NY: Simon and Schuster, 1982), 26-28.

15 Connery and Benjamin, 26-28.

16 Wayne G. Broehl, Jr., *The International Basic Economy Corporation*, Thirteenth Case Study in a NPA Series on United States Business Performance Abroad (Washington, DC: National Planning Association, 1968); Kenneth D. Durr, *A Company with a Mission: Rodman Rockefeller and the International Basic Economy Corporation, 1947-1985* (Rockville, MD: Montrose Press, 2006), 23.

through subsidies for housing and food too large to be overcome by limited revenues. Only once Rockefeller returned to the public sector in 1951 did IBEC become profitable, now that it was out of his hands.

President Dwight Eisenhower named Rockefeller chairman of the Advisory Committee on Government Reorganization, meant to consider how to improve the workings of the federal government. Rockefeller immediately made his opinions on matters of U.S. social policy clear. He endorsed, and eventually saw implemented, the Department of Health, Education and Welfare (HEW), and was appointed as undersecretary in the new department in 1953. For a year and a half, he promoted significant increases in educational aid and the creation of government health insurance, both of which made him a pariah in conservative circles—a criticism that stuck around into the late 1950s, when he was referred to as a “New Deal Democrat in Republican clothing,” and into the 1960s, when his brand of Republicanism failed to convince an increasingly conservative party at the national level. Many of Eisenhower’s aides were more interested in reducing the scope of the New Deal than magnifying it. After spending a year working on foreign policy at the State Department, he left the administration in general frustration at the lack of progress in 1955.¹⁷

Despite his difficulties working in Washington, Rockefeller had become confident enough in his own political abilities that in 1958 he decided to run for governor of New York State, convinced that his role as an appointee had ultimately been frustrated by the fact that the elected officials made decisions, not their staff. I will not take the time here to detail the governor’s campaign or his policies outside of housing and urban development, but it is worth noting that Rockefeller’s entry into politics in 1958 required more than ponying up millions of dollars of personal funding for ads. Rockefeller had to stake out a position in the state Republican Party, especially among its base in the suburbs of New York City. He did that by attracting the support of Malcolm Wilson (who became his lieutenant governor and ultimate successor), who was a respected state assemblyman. In the process, he asserted leadership over the party, which was convenient—and necessary—considering that it also controlled the two legislative chambers in Albany.

17 Connery and Benjamin, 29, 37; Persico, 36-37.

In the general election, Rockefeller's bimodal strategy was to identify with the needs of Upstate residents, not those of his native New York City, in order to expand his support from conservatives. At the same time, he ran a politically liberal campaign against sitting Democratic Governor Harriman, whose own wealth made him unable to make Rockefeller's assets an issue. Though Rockefeller outspent Harriman by about 50%, advertisement expenditures in this campaign were far less lopsided than in any of the governor's latter campaigns in 1962, 1966, and 1970, when he spent five to ten times as much as his Democratic opponents. He won the campaign handedly in 1958, in part because his liberal appeals had attracted very close to half the vote in New York City even as he pulled in a large majority of Upstate constituents.¹⁸

Rockefeller's experience in Latin America and Washington had encouraged him to seek an activist role for the public sector on social welfare issues, and his campaign in 1958 emphasized the need to create middle-income housing, which was seen as a particular concern in New York City because of high housing costs. He lacked a similar drive to improve low-income housing, only offering, as Hilary Botein writes, "tepid support for public housing and rehabilitation of substandard housing, always presented in the context of attracting middle-income families to urban communities and keeping them there." Even so, he supported a referendum on an increase in borrowing authority for public housing and slum clearance in the 1958 election.¹⁹ In his inauguration address on New Year's Day, 1959, Rockefeller said "We must encourage urgently needed investment in private housing;" it was one of his top priorities to make this sort of public-private partnership work. Foreshadowing his future decisions with regards to housing finance, he argued for using government prodding to move private funds into housing construction. But in his first campaign, he never mentioned anything like the future UDC.²⁰

18 Connery and Benjamin, 43, 58.

19 Hilary Botein, "New York State Housing Policy in Postwar New York City: The Enduring Rockefeller Legacy," *Journal of Urban History* 35-6 (September 2009), 839.

20 Botein, 839; Nelson Rockefeller, Inaugural address, January 1, 1959, folder 358-Urban Development Corporation, box 9, series 15-Speeches, 26 NAR-VP, RAC; "Housing is Urged by Rockefeller," *The New York Times*, October 13, 1958, 22.

FIRST APPROACHES TO IMPROVING ACCESS TO AFFORDABLE HOUSING

Soon after he assumed office in 1959, Rockefeller chose Otto L. Nelson, Jr., a banker and vice president of the influential Regional Plan Association, to chair a committee charged with fulfilling the new governor's promise to increase the number of middle-income housing units being built in the state. In New York City, virtually no such apartments were being built any longer, and the result was that families had a strong incentive to leave the metropolis to find quality reasonable-cost housing in the suburbs. Nelson's group recommended expanding the use of the Mitchell-Lama program, whose usefulness to developers had declined as financing costs had swelled. The group would do so by creating the Limited Profit Housing Mortgage Company, which was supposed to provide for a major increase in moderately priced housing units, but which, it quickly became apparent, was not sufficient to attract either investors or developers.²¹

Rockefeller responded by proposing the state Housing Finance Agency (HFA) in 1960. The agency would be able to raise its own funds by issuing tax-free bonds to private investors; it would then offer loans to builders at reduced costs. Rockefeller was desperate to improve the condition of middle-income housing in the state, because he saw its fate as intertwined with that of the cities. As he wrote in a report:

*The lack of housing for middle-income families is a persistent municipal problem... for lack of housing, urban renewal projects are delayed, because families cannot be relocated; for lack of urban renewal, tax revenues are lost; for lack of tax revenues, municipal services suffer; for lack of adequate services, neighborhoods deteriorate, decent citizens flee, tax bases diminish, and slums grow.*²²

Developers using the HFA's tax-free bonds would be forced to limit their profits on such housing and keep prices within a range affordable to middle-class households. Attorney John Mitchell, a Rockefeller advisor who later became President Nixon's Attorney General, developed the concept of a "moral obligation" bond that was not legally backed by the state (as opposed to typical state or municipal "full-

21 Connery and Benjamin, 260.

22 Nelson Rockefeller, Quoted in Samuel E. Bleecker, *The Politics of Architecture: A Perspective on Nelson A. Rockefeller* (New York, NY: The Rutledge Press, 1981), 113.

faith-and-credit” bonds), but which would give investors confidence in their safety, thereby lowering interest rates. This would allow the state to increase its spending without asking the voters to authorize a bond limit increase, a constitutional obligation. But once these moral obligation bonds were implemented, the Internal Revenue Service officially declared them state-backed and therefore free from federal taxes. In a departure from the norm for public authorities, the HFA would issue bonds that secured that entire agency, not individual projects, making it impossible for investors to question the soundness of individual aspects of the agency’s funding portfolio.²³

Ironically, the state’s entrance into the middle-class housing market defied one of his most important campaign pledges, which was to eliminate debt from the state’s budget. In his 1960 budget address, Rockefeller stated that “It is fiscal folly to borrow during periods of rising income” and that capital projects should “come from current revenues.”²⁴ With the HFA’s moral obligations, however, Rockefeller was able to keep debt off the state’s official books. He was thus setting an important precedent: The state could increase its debt, but only through independent authorities.

Despite these fiscal tricks, the HFA’s funding structure “was not an issue” for politicians on either side of the aisle, according to historians Connery and Benjamin (Democrats feared only that it would not produce enough housing), and the agency’s creation was approved in the State Assembly by a vote of 49 to 5. The virtual unanimity in favor of the organization was partly a result of its self-financing nature; after all, though the state was effectively going into debt for it, at least in theory the borrowing would be fully paid off by developers making money on rents paid by households in the projects.²⁵

The HFA got to work quickly. By 1970, it had financed 43,450 dwelling units, the vast majority of which were located in New York City; the largest project funded by the agency was Co-op City in the Bronx, which included 15,372 units. The success of the HFA in financing middle-class housing induced many other states to follow in its footsteps; by the end of 1975, there were 41 similar HFAs in 37 other

23 Connery and Benjamin, 227-228.

24 James E. Underwood and William J. Daniels, *Governor Rockefeller in New York: The Apex of Pragmatic Liberalism in the United States* (Westport, CT: Greenwood Press, 1982), 154.

25 Connery and Benjamin, 228.

states (now every state has one). In addition, Rockefeller took advantage of the HFA to finance his other big projects—the state university expansion program, mental health facilities, nursing homes, hospitals, and community centers. Rockefeller’s New York State was building big everywhere and in many domains, mostly on the backs of moral-obligation loans.²⁶

Where the HFA could not be as productive was in the creation of housing units for low- and moderate-income families, since the reduced borrowing costs were not adequate to subsidize such apartments. The federal government had been investing in affordable apartments through the public housing program for several decades and it was making small inroads into the construction of moderate-income units with the Section 221(d)(3) program introduced in 1961. But Rockefeller clearly did not see those programs as sufficient, and indeed, there was evidence that even public housing construction in New York City was slowing down thanks in part to increasing construction costs; the federal government had upper limits on allowable costs per unit that simply did not meet New York standards. One related problem was that New York State was limited by Congress to just 15% of the nation’s public housing and urban renewal funds.²⁷

In response, Rockefeller convinced the legislature in both 1964 and 1965 to place full-faith-and-credit bond increases for rent reduction aid and the construction of new public housing on the state ballot—worth \$165 million and \$200 million, respectively. The ballot measures would have also allowed public housing to serve people with higher incomes than previously allowed, departing from the previous rules, in order to address “housing needs [that] cannot be met by the unaided operations of private enterprise”—in other words, people of moderate incomes. But both attempts failed by substantial margins, thanks to skeptical upstate citizens who apparently did not want poor people, particularly in New York City, being provided improved housing while the middle class received nothing directly. It was the first time since 1938 that the voters had rejected such housing-related bond increases and

26 Nathan S. Betnun, *Housing Finance Agencies: A Comparison Between States and HUD* (New York, NY: Praeger, 1976), 1, 10-11, 16-17.

27 As were all states. This limitation was designed to prevent the big states from hogging revenues, even though their needs for urban support were disproportionately higher than those of the small states. Connery and Benjamin, 214.

the consequence was a virtual shutdown in the state-sponsored public housing effort. Oddly, the vote coincided with significant state and national gains for Democrats, who largely supported the program. That party took control of the State Assembly for the first time in 30 years in 1964. Rockefeller, however, kept the issue on his mind, and for him, the need to resolve the question of affordable housing became increasingly pressing as he continued in office.²⁸

One motivation for the governor's interest in moving New York State towards the financing of its own low-income units was his contention that the states had an important role to play in the American federal structure—but that they were not yet doing so adequately, in part because of their own mistakes, in part because of the policies of the Democrats in the White House. In a 1962 lecture, Rockefeller argued that “The preservation of states’ *rights*—in short—depends upon the exercise of states’ *responsibilities*.”²⁹ In a speech, Rockefeller said “I am convinced that state government must take a stronger leadership role and is the logical leader of intergovernmental cooperation in the solution of urban and regional problems.”³⁰ Yet, he was “deeply concerned with the trend, manifested in many of the programs of the President and this Democratic-controlled Congress, toward by-passing state government.”³¹ The governor used these assessments to defend his interest in a rising state involvement in social policy, sometimes financed through taxes he promoted. At this stage, he was not willing to abdicate New York's power to Washington.

At the same time, Rockefeller *did* want the national government to give aid to states, and he expressed interest in finding ways to encourage more business involvement in urban development. In memos from staff written in early preparations for his planned 1964 presidential run, he was advised to support policies that were good for the cities. A 1961 letter from Mary K. Boland, a close advisor,

28 Underwood and Daniels, 124; Douglas Robinson, “Voters Turn Down 2 Proposals on Housing and Urban Renewal,” *The New York Times*, November 5, 1964, 33; Warren Weaver, “Water Bond Issue Endorsed Heavily,” *The New York Times*, November 3, 1965, 1.

29 Nelson Rockefeller, quoted in Connery and Benjamin, 195. Italics from source.

30 Nelson Rockefeller, quoted in Roswell B. Perkins, memo to Nelson Rockefeller, February 6, 1962, folder 120, box 21, series 17.1 Issue Books, 1964 Presidential Campaign, 15 NAR-Gubernatorial, RAC.

31 Roswell B. Perkins, draft: proposed statement by Governor Rockefeller on Department of Urban Affairs, February 10, 1962, folder 120, box 21, series 17.1 Issue Books, 1964 Presidential Campaign, 15 NAR-Gubernatorial, RAC.

suggests that Rockefeller “not accept the [Barry] Goldwater contention that the urban vote is in any case lost to the Republicans,” and, indeed, as head of New York State, it would be difficult to ignore the cities. Another letter from Roswell B. Perkins, a secretary, noted that Rockefeller should support President Kennedy’s 1961 housing bill, but that the president had not done anything to encourage federal-state relations or “eliminate racial discrimination in housing,” which were top Rockefeller goals. His program suggested that “the public low-rent housing program... be thoroughly reviewed, re-invigorated, and made more imaginative”—perhaps by state action.³²

An issue book released in May 1964, when he was still attempting to finagle his way into the Republican nomination for president, most clearly revealed his views on the role of the states in the urban process. “I advocate measures designed to bring more *private* investment capital into urban renewal and housing programs... Specifically, I favor federal encouragement of State middle-income housing programs that bring private capital to bear upon the problem, and liberalization of depreciation provisions in the federal tax laws where private construction meets the objectives of a community’s urban renewal program.”³³ The cities’ ability to exert control over their own destinies, it seemed, was off the agenda. So, unfortunately, was Nelson Rockefeller. The candidate had no chance in the 1964 race for the Republican nomination, and he had to step aside as arch-conservative Goldwater, who opposed most federal government social programs, led the ticket. Rockefeller refused to campaign for him.

JOHN LINDSAY

Even as Governor Rockefeller was developing policies to address the housing needs of his low- and moderate-income constituents, another Republican was making waves in New York City. John Lindsay joined the U.S. House of Representatives in 1959, representing New York City’s East Side “silk-stock-

32 Mary K. Boland, memo to Nelson Rockefeller, Subject: “Department of Urban Affairs,” April 18, 1961, folder 120, box 21, series 17.1 Issue Books, 1964 Presidential Campaign, 15 NAR-Gubernatorial, RAC; Roswell B. Perkins, memo to Nelson Rockefeller, Subject: “Housing Act of 1961,” October 16, 1961, folder 120, box 21, series 17.1 Issue Books, 1964 Presidential Campaign, 15 NAR-Gubernatorial, RAC; Current Positions Notebook: Housing and Urban Development, May 9, 1962, folder 120, box 21, series 17.1 Issue Books, 1964 Presidential Campaign, 15 NAR-Gubernatorial, RAC.

33 Nelson Rockefeller, “As a Republican, I believe,” May 11, 1964, folder 121, box 21, series 17.1 Issue Books, 1964 Presidential Campaign, 15 NAR-Gubernatorial, RAC.

ing” district as a Liberal Republican. He immediately began working on federal housing policy, specifically questioning the use of Title I, which was the primary funding instrument of federal urban renewal policy, as “private housing for private profit” and therefore not worthy of federal subsidy. Lindsay was shocked by the process that led to the construction of the Washington Square Village project, whose middle-income buildings (some questioned how “middle-income” these relatively high-rent apartments actually were) required the demolition of many low-rent housing units. To the congressman, “the most pressing and the most important need that faces Manhattan today is housing which the average person can afford.” In 1963, he promoted a \$100 million federal agency that would provide for the construction of 160,000 middle-income housing units.³⁴ Like Rockefeller, his primary focus before entering his executive office was the status of his middle-income constituents.

Lindsay decided to campaign for the New York City mayoralty in 1965, decrying what he saw as an “urban crisis” that required serious intervention, including a “massive attack on the slums” such as through the construction of low-rent housing on municipally owned land that would add to the housing stock rather than reduce it as the urban renewal bulldozer approach had. As during his congressional career, he suggested building 160,000 new housing units—this time including low-income apartments using aid from both federal and state governments, to fight New York’s very low 3% vacancy rate. Lindsay wanted a two-pronged approach to handling the needs of the very poor; “I believe that New York must substantially increase its public building program and must also provide a greater opportunity for private enterprise through the [federal] rent-subsidy program,” he wrote in the *Saturday Evening Post*. Like Rockefeller, he saw value in encouraging public-private partnerships. Meanwhile, he criticized the work of the HFA, indirectly challenging Rockefeller. “The large amounts of new private construction which has taken place over the last few years have been primarily of the luxury type,” Lindsay stated in reference to what could only be Title I and HFA-financed apartments. They “cannot be rented by

34 Vincent Cannato, *The Ungovernable City* (New York, NY: Basic Books, 2002), Chapter 1; “Lindsay Acts to Take ‘Secrecy Wrap’ Off Title I,” *The Village Voice*, April 1, 1959; “Lindsay hits Builders on Housing Here,” *World Telegraph & Sun*, October 3, 1962; John Lindsay, “Text of statement by Rep. Lindsay on Slums,” *The Chelsea Clinton News*, February 4, 1960; “Lindsay Calls for Mid-Income Housing,” *New York Daily News*, October 27, 1963.

middle-income families.”³⁵

The candidate was elected to office, swept in not only because of his policy positions, but also by the optimism he projected in a city that wanted relief from the popular sense that it was going downhill. A federal report indicated that the city had massive housing needs to address in its slum areas, whose population had reached 1.25 million. The city had to do more to guarantee apartments for its low-income citizens, not just its middle class, the people it had focused on before.³⁶ Lindsay appointed Edward Logue, then the head of the Boston Redevelopment Authority (BRA) and former chief redeveloper in New Haven, to chair an advisory group for the Institute of Public Administration with the goal of changing development practices in the city. Logue had become famous nationwide for his aggressive efforts to promote the reconstruction of post-industrial city centers through the demolition of older neighborhoods and the construction of publicly subsidized luxury housing. He was especially good at assembling federal grants.

In September 1966, the group presented its conclusions. Logue wrote that “the number one priority for both city planning and urban renewal must be the creation of standard housing that will meet the needs of the city’s low-income families,” and in such he proposed the construction of 45,000 units of new housing over the course of ten years, of which 15,000 a year would be in the form of public housing (“but with a drastically different approach”) that would be scattered among all development projects that received government aid of any sort. An associated report produced by William Rafsky, Executive Vice President of the Old Philadelphia Development Corporation, emphasized the importance of reforming the way affordable housing was being built. Instead of isolated towers arrayed across megablocks, the study said the city “should emphasize smaller vacant parcels to avoid an overconcentration of publicly assisted housing in any one area.” At the same time, integration by race and class should be advanced.³⁷ To manage all this new construction, the report proposed the creation

35 John Lindsay, “Can New York Be Saved?,” *Saturday Evening Post*, 1965; John Lindsay, “A ‘White Paper’ and Program for New York’s Housing Crisis,” folder 10, box 91, series VI, YA Lindsay.

36 Samuel Kaplan, “City Told to Shift its Aim in Housing Toward the Poor,” *The New York Times*, December 15, 1965, 1.

37 William L. Rafsky, “Publicly Assisted Housing,” The Study Group of New York Housing and Neighborhood Improvement, chaired by Edward Logue, an Advisory Group to the Institute of Public Administration and Mayor John Lindsay (September

of a new mega-organization, the Housing Planning Development Agency. The new organization, which looked a lot like Logue's BRA, would incorporate the Planning Commission, the Planning Department, the Housing Authority, the Department of Buildings, and many other then-separate agencies, creating a one-stop development group to rush through new construction.³⁸ It was an ambitious framework for housing policy in New York.

The next year, another Lindsay-appointed committee, this one tasked with analyzing the future of the city's built landscape, released its study. Written by a number of prominent architects, including Philip Johnson and I.M. Pei, the document concurred with Logue's report on the problems with existing affordable housing. "The largest single design sin of New York's subsidized and urban renewal housing," the authors wrote, "is that although immense in scale, covering block after block, it does not produce neighborhoods." They suggested a veritable melting pot to change the situation, mixing incomes, housing types, physical variety, and even land uses, bringing in previously banned uses like "store, health centers... not to mention dry cleaners and bars."³⁹ In New York City, there was a growing consensus that more affordable housing was necessary, but that it must be constructed in a different way, less like the repetitive, monotonous towers of the past, and more like the communities that they often replaced.

Following the completion of the Housing Planning Development Agency plan, Lindsay courted Logue, asking him to join his administration to advance the proposal. But Logue declined the offer, claiming that the mayor was unwilling to provide the agency sufficient power and financing—both of which Logue demanded in exchange for his move to New York. After all, he already had it in Boston. Meanwhile, Lindsay was faced with a more serious problem: With or without Logue, he would never be able to actually address the housing needs he saw were causing harm to the city without help from

1966), 8, 11.

38 Study Group of the Institute of Public Administration, City of New York, *"Let There be Commitment:" A Housing, Planning Development Program for New York City*, Report to Mayor John Lindsay, Chaired by Edward Logue (September 1966), V, 12, 38, 44.

39 City of New York, *The Threatened City: A Report on the Design of the City of New York by the Mayor's Task Force* (New York, NY: City of New York, February 7, 1967).

higher levels of government. New York City's tax base was not growing fast enough to keep pace with demand, let alone new problems; as Logue's report noted, "Obviously the Federal authorization for such housing will have to be greatly increased or special allowance made for New York." The city was facing "one of the gravest financial crises in its history" even as Lindsay entered office, with a \$500 million deficit, and the problems compounded.⁴⁰ More aid would be required from elsewhere.

ADDRESSING THE NEEDS OF A HOUSING-STARVED POPULATION

By the late 1960s, the federal housing and urban redevelopment programs had been insufficient to prevent the spread of the slum conditions that were ravaging the hearts of many cities. As Mayor Lindsay's commission had suggested, state programs were not adequate either, providing housing but not enough of it, and at too high of a cost. Moreover, even Lindsay had been incapable of reversing the decline; during his first administration, "public housing construction fell to an annual rate less than half of [previous Mayor Robert] Wagner's average." Wagner had averaged 11,000 new units of housing during his last term; Lindsay could only claim to produce 5,500.⁴¹ Meanwhile, the poorest neighborhoods seemed to be getting even poorer and in some cities rioting indicated that residents were fed up with the way society had dealt with their ills.

Why such a failure to produce new low- and middle-income housing? There were three basic problems. For one, it was very difficult to encourage private sector investors to spend in poor or even moderate-income neighborhoods—especially those occupied primarily by minority households. Part of the explanation was simply the legacy of decades of racial discrimination, but the other factor was that it was hard to justify a big investment in new or renovated housing for people who would only be able to pay minimal monthly rents. Two, and related to this problem, construction costs in New York, and particularly New York City, were rising at a rapid clip, far outpacing already significant inflation. Between 1964 and 1968, the "costs of constructing and financing state limited profit projects drove rents of

40 Connery and Benjamin, 263; "Let There be Commitment," 12; Clayton Knowles, "Lindsay Will Face Crisis on Budget," *The New York Times*, November 11, 1965, 49.

41 Charles Morris, *The Cost of Good Intentions: New York City and the Liberal Experiment, 1960-1975* (New York, NY: McGraw-Hill, 1980), 18, 119.

those developments from \$30 per room a month in 1964 to \$40 in 1966 and \$60 in 1968,” according to Frank Kristof. Combined with the limitations to construction cost imposed by federal authorities, there was little ability to build new publicly subsidized housing. The federal, state, and local approvals processes to which new construction projects were subjected had grown substantially, now taking up to six years to complete. Meanwhile, government officials were increasingly concerned by the fact that developers refused to commit to any spending until they had received final approvals, delaying completion even further.⁴²

In late 1966 and early 1967, gubernatorial staff began questioning how Rockefeller could address these issues. The governor had just won his hardest-fought election ever (a “sensational upset,” said *Time*, referring to the all-time low popularity levels Rockefeller had recorded six months before), against Democratic Party nominee Frank O’Connor and others.⁴³ Having advanced the causes of middle-income housing, the state university system, and mental health in previous elections, the governor’s advisors wanted to address the cities more concretely; the candidate’s tagline that year, after all, had been “He’s done a lot. He’ll do more.” The need for clear policy achievements was underscored by the fact that he shared his 1966 win with other rising Republican Party stars, likely competitors for the GOP presidential nomination for 1968, though Rockefeller continued to deny his interest in the race. On November 18, 1966, *Time*’s cover, emblazoned with the words “Republican Resurgence,” featured Rockefeller along with Michigan Governor George Romney, new California Governor Ronald Reagan, new Massachusetts Senator Edward Brooke, Oregon Senator Mark Hatfield, and Illinois Senator Charles Percy, whose collective wins made President Johnson appear “decidedly vulnerable.” *Time* emphasized that “the G.O.P. made deep inroads in the historically sacrosanct Democratic strongholds—the cities—with significant gains in New York” among metropolises (Rockefeller won three of the

42 Kristof (1974), 191-192.

43 It was the only one of Rockefeller’s four gubernatorial elections in which he failed to win a majority of the vote, winning only a plurality with 44.6%, in part because of the strong showing of independent candidates from the Conservative (Paul Adams) and Liberal (Franklin D. Roosevelt, Jr.) parties, but also because of fatigue resulting from Rockefeller’s already eight-year stay in Albany. Rockefeller won 55% of the vote in 1958, 53% in 1962, and 52% in 1970. The Liberal Party candidate in each of those elections was the same as the Democratic Party candidate.

city's five boroughs, though he lost the city overall by a small margin).⁴⁴ Though Rockefeller's motivations were varied, he wanted to find ways to stand out amongst a photogenic crowd of mostly moderate (with the notable exception of Reagan) Republicans. Strong action in this new urban domain fit the bill.

Certain ideas about how to make big changes in housing possible were already being discussed at the national scale. In late 1966 and early 1967, members of the Johnson White House began investigating whether a national nonprofit corporation called the Urban Development Corporation (I found no evidence of a relationship between this and the state UDC) might be able to significantly expand private involvement in affordable housing production through low-interest government-backed mortgages. Even so, the proposal was never adopted by Johnson and submitted to Congress, in part because of fear that it would be held captive by investments in worthless slum real estate.⁴⁵

Rockefeller's staff developed a draft housing program for 1967 that replicated some of the proposals in the Johnson plan. Noting that "public housing funds presently authorized by the State are totally exhausted" and that federal government funding for the purpose was extremely restricted, it recommended altering the state's approach. But the executive staff saw that the problems exceeded just the need to increase funding. Rather, they noted the failures of the existing housing regime from a social perspective and therefore began exploring the possibility of emphasizing mixed-income environments for subsidized housing. "The necessary restriction of projects to only the lowest income families... has resulted in stratification and segregation of low-income families from the remainder of the urban community," the report noted. "An unintended by-product of this sound and humanitarian Federal and State program has often been the aggravation of an undesirable social imbalance."⁴⁶ If the Rockefeller Administration was going to promote an urban development project, it would not be made

44 "Republican Party: Back from the Brink," *Time*, November 18, 1966.

45 "White House Shift on Slums Denied by Johnson Aide," *The New York Times*, January 6, 1967, 36.

46 Though public housing had provided apartments for households with low and moderate incomes, increasingly only the poorest were applying to live in these government homes. NYCHA resisted this movement by allowing people with increasing incomes to remain in their apartments, thereby often creating a mixed-income environment. See Nicholas Dagen Bloom, *Public Housing that Worked: New York in the Twentieth Century* (Philadelphia, PA: University of Pennsylvania Press, 2009); "Draft: 1967 Program Housing," folder 261, box 25, series 10.3 Counsel's Office, Robert R. Douglass, 15 NAR-Gubernatorial, RAC.

up of single-class housing blocks as in the past.

Lawyers Robert McMillan and Robert Douglass, two of the governor's closest advisors, exchanged letters about the state's future housing needs. McMillan argued for the importance of projecting "Republican alternatives" for the cities, which he saw as few and far between. Emphasizing the unquestionable need to improve the slums, he argued that it was necessary to explore "what obstacles are in the way of greater private participation," even noting that a limited-profit, "public utilities" approach might be valid. Douglass agreed, suggesting that the fact that "the voters have rejected virtually every proposal" to improve the slums meant that an option other than massive new public sector spending was necessary. James Gaynor, commissioner of the State Division of Housing and Community Renewal, was tasked with looking into alternatives with the governor's Urban Affairs Task Force.⁴⁷

In the group's July 1967 report, the state's urban difficulties were detailed. "The past twenty years of federal, state and local effort... have apparently not kept pace with the growth of new slum conditions," it described, and the result was that new construction in those areas was too risky for private industry. Meanwhile, "frictions between central cities and surrounding suburban regions have been allowed to generate to a point where massive stress threatens the continuation of responsible local government." What was needed was a "basic comprehensive community development program vehicle which will specifically enable large scale development."⁴⁸ These problems of metropolitan governance reinforced what had been noted in Robert C. Wood's 1961 report *1400 Governments*, which showed that the balkanization of power in the New York metropolitan area had limited decision-making authority and constrained the ability to address regional concerns.⁴⁹ For Nelson Rockefeller, these

47 Robert R. McMillan, letter to Robert Douglass, December 20, 1966, folder 246, box 19, series 35.1 Ann C. Whitman, People, 15 NAR-Gubernatorial, RAC; Robert R. Douglass, letter to Robert McMillan, January 4, 1967, folder 246, box 19, series 35.1 Ann C. Whitman, People, 15 NAR-Gubernatorial, RAC.

48 Members of the Task Force included Charles Lanigan, director of the State Office of Planning Coordination; James Gaynor, commissioner of the Division of Housing and Community Renewal; Ronald Peterson, commissioner of the Department of Commerce, and Stephen Lefkowitz, assistant counsel to the governor. "Creating a New Urban Environment: Recommendations for the Role of the State Governor, a Report to Governor Nelson A. Rockefeller," Urban Affairs Task Force Draft, July 21, 1967, folder 691, box 66, series 10.4 Counsel's Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

49 Between 1965 and 1969, Wood was undersecretary of HUD under Robert Weaver. Robert C. Wood, *1400 Governments: The Political Economy of the New York Metropolitan Region* (Cambridge, MA: Harvard University Press, 1961).

problems threatened to derail the progress he had made thus far on rebuilding the state. Solutions were necessary.

In early 1967, David Rockefeller, the governor's brother and head of Chase Manhattan Bank, testified before the U.S. Senate Committee on Executive Reorganization. In his speech, he proposed a deal: In exchange for \$1 of public sector aid, David Rockefeller and his fellow bankers would invest \$4 in new housing capital for low- and middle-income households. "Urban rehabilitation is primarily a task for private enterprise," he said. "Government can lend support and provide incentive... but, fundamentally, this is a job of massive financial and human investment that can best be accomplished by the private sector."⁵⁰ Effectively, he was asking for a public-private partnership to back a new generation of housing investments. David Rockefeller was no stranger to the goals of urban development. Chase Bank had a commanding presence in New York's historic business district, and he led the Downtown-Lower Manhattan Association, which promoted a series of major housing and commercial development plans designed to renovate the district by expanding it in a series of new "cities" jutting out from the waterfront—first Battery Park City on the Hudson River (first proposed in the early 1960s for the East River), then Manhattan Landing on the East River (revealed in 1972).⁵¹

Nelson Rockefeller was intrigued when he read about his brother's speech in the newspapers, and called him the next day to say, "David, I've got the twenty cents if you've got the eighty cents."⁵² For the governor, this project could provide exactly the kind of huge new investment in the state's cities—much like his spending programs in the state university and mental health systems—that the conditions in New York State suggested were necessary. He was not alone in his sense that a private sector approach was needed. Though throughout his administration Rockefeller had generally led the advance of state policy, the State Senate was not ignorant of the issues facing the state's cities, nor was it sitting

50 Press release, August 27, 1967, folder 691, box 66, series 10.4 Counsel's Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

51 Manhattan Landing was never built, but it would have provided a new home for the New York Stock Exchange and thousands of new upper-income housing units. See Michael K. Heiman, *The Quiet Evolution: Power Planning, and Profits in New York State* (New York, NY: Praeger, 1988).

52 Nelson Rockefeller, quoted in Connery and Benjamin, 262.

on its hands. In January 1967, Senate majority leader Earl W. Brydges and Joint Legislative Committee on Housing and Urban Development Chair Senator H. Douglas Barclay, both Republicans, assembled “a proposal to enlist private enterprise in a broadscale program to rebuild urban areas and extend them as need arises.” Barclay, using rhetoric that hewed to his party’s ideology, said the program would “bring together what is best in our democracy—the free enterprise system of the private sector and the governmental conscience of the public sector.” The “Corporation for Urban Development of New York State” (CUDNY) would integrate representatives of businesses and the public sector, using state housing funds to develop residential spaces, acquire slum properties, and build new cities “if needed,” though the agency would not be granted the powers of eminent domain.⁵³

Yet throughout 1967, despite clear interest in providing some aid to the cities, neither the State Senate nor the lower house was able to move forward on any similar legislation. For one, there was insufficient political backing for the project. More importantly, CUDNY and other similar proposals had a fatal flaw: They proposed no realistic way of actually raising more funds for affordable housing. The heralded integration of the public and private sectors may have sounded nice, but the proposal never made clear how such cooperation would work or who would benefit.

In the spring of 1967, the governor directed his own staff to develop a proposal for a new agency whose outlines were just slightly different from those of the legislative branch. Planning was directed by Deputy Commissioner of the State Division of Housing Charles Urstadt, whose first vision for the organization was for a New York State Housing Foundation. Its mission was to address the “hiatus in the field of housing and community development which has not been adequately filled by either private enterprise or governmental services” and whose basic form closely resembled what would later be the UDC. Though there was plenty of investment capital ready to be used, it was not being directed to solve the housing crisis. The state, Urstadt argued, would have to create an “urban renewal entrepreneur, a new vehicle [to] be created which would undertake to supply the equity capital and “know-how” necessary to carry through an urban renewal concept from its inception to a point where the project could be

53 Press release from Senate Majority Leader Earl W. Brydges and Senator H. Douglas Barclay, January 19, 1967, folder 261, box 25, series 10.3 Counsel's Office, Robert R. Douglass, 15 NAR-Gubernatorial, RAC.

sold to private enterprise for permanent investment and management.” Though the Foundation would be created by the state government, in this first iteration it was defined as “non-profit membership corporation” to “undertake billions of dollars worth of housing, industrial and other community improvements which neither private enterprise or government are willing or able to initiate.”

The Foundation’s first projects, the proposal continued, would be redevelopments of superblocks in Bedford-Stuyvesant, Harlem, and the South Bronx, New York City’s most deprived “ghetto” neighborhoods. This would require much of the same neighborhood bulldozing that was attracting so much opposition. It would also create a new “city” of an unspecified nature in an unannounced location. To fund the agency, 90% of project costs would be covered by debt financing offered by the state HFA while non-profit organizations, such as unions, foundations, or pension funds would provide the rest. Once the project was off the ground—either physically or just financially—the organization would be able to sell the housing to private developers. Its directors would endeavor to make the agency self-sustaining.⁵⁴

The outlines of New York State’s future in the housing domain were becoming clearer. Rockefeller’s administration would promote an organization explicitly designed to improve the performance of the private sector by providing public sector equity and knowledge upfront. The organization would move toward massive redevelopment of some of the state’s most troubled neighborhoods, even as it invested in new cities.

By summer, the plans for the agency were more fully developed—and its name had been altered to Urban Development Corporation, though the pseudo-acronym used by staff members was “SUDS” (the metaphor was that the agency would “clean up” the cities) rather than “UDC” used later. In August, the governor’s office publicly unveiled its proposal for the UDC. This initial plan was for a non-profit organization that would “mobilize private capital and expertise in rebuilding blighted core areas” by aiding developers. The governor made clear his sense that investments had to be made outside of the public sphere. “If physical and social urban decay is to be arrested and if genuine urban renewal is to be achieved,” Rockefeller said, “private enterprise and private capital must play a more important

54 Charles J. Urstadt, letter to Nelson Rockefeller, April 24, 1967, Draft of proposal for New York State Housing Foundation attached, folder 691, box 66, series 10.4 Counsel’s Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

role... the private sector of our economy contains people of immense energy, imagination and skills who, heretofore, have not been sufficiently involved by the public sector in rebuilding our cities. We must now involve these leaders of industry, finance and labor.” Though this rhetoric was similar to that of his brother’s private-sphere focus, Governor Rockefeller wanted the government to lead the process: “The program is designed to change the State’s role from that of a passive lender to an active partner with private enterprise.”⁵⁵

In the fall, the governor’s staff—confident of the bill’s passage (reasonably so, considering Rockefeller’s record)—refined the agency’s definition, and it became more and more clear that the UDC would be more than just a non-profit; it would be a full outgrowth of the state government. Advisor Stephen Lefkowitz wrote a proposal for the agency that indicated that the agency would not only take advantage of existing funding sources to pay for new housing and jobs “in slum areas,” but that it would also sell its own notes and bonds. Private ownership, of course, would be “facilitated.” The governor was excited by the idea, writing “excellent” on a memo in reference to the proposal.⁵⁶

The UDC, now a full-fledged government agency, would benefit from significant powers to affect community land use and redevelopment decisions. Beyond just providing funds to private developers (via financing mechanisms such as the HFA) or to municipal public housing entities (through state or federal grants), the UDC would be the first state entity in the U.S. that would “assume the role of a real estate owner and developer.” Its presence at the state level was one of its most important attributes, since it would coordinate planning across municipalities and attempt to overcome the barriers to affordable housing that were too often erected at the city line. More than just aiding the private sector in building in disinvested neighborhoods, it would actually do so itself—and then somehow find ways to incorporate the private sector into the program. The governor described the agency as ready to take on—or at least stimulate—a \$1 billion work program.⁵⁷

55 Press release, August 27, 1967, folder 691, box 66, series 10.4 Counsel’s Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

56 Robert R. Douglass, memo to Nelson Rockefeller, October 20, 1967, Outline of proposed UDC prepared by Stephen Lefkowitz attached, folder 691, box 66, series 10.4 Counsel’s Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

57 Charles J. Urstadt, “The New York State Urban Development Corporation, Sometimes Called “SUDS”—a new Detergent

At the same time as the UDC's exact form was being worked out, bureaucrats began examining sites for UDC interventions. Charles Lanigan, one of the governor's advisors in his Executive Chamber staff, was intent on ensuring that the projects the UDC built would "be closely related to [Rockefeller's] overall state development policy" by "remain[ing] under strong gubernatorial control." With no input from municipalities, thirty sites for new housing or commercial projects under public and private land ownership were selected for potential development, of which seventeen would be on urban infill land, indicating that from the beginning, the administration wanted the organization to invest both within the city center and on greenfields. New towns built by the agency would be coordinated with the governor's larger efforts to reign in the sprawling development that was perceived to be doing damage to the state's environment. Nelson Rockefeller, for his part, had in April and May discussed with developer Frederick Richmond the possibility of renovating New York City's Welfare Island into a "spectacular housing demonstration." Interested in the idea for this type of inner-city new town, Rockefeller discussed the issue with his brother but was forced to disappoint Richmond because he was not yet ready to unveil his development proposal (the UDC) to the public—he only mentioned the idea abstractly to Richmond.⁵⁸

Meanwhile, members of the administration promoted the agency as they prepared for the opening of the state legislature's session the next year. Charles Urstadt addressed bankers, asking whether "SUDS" could be "a new detergent on the housing scene." He argued that the organization would "go a long way toward solving some of the urban ills." For bankers, it would be particularly useful since it would encourage "many millions, if not billions, of dollars worth of construction and the employment that goes with it." Urstadt emphasized that, despite the UDC's major powers to engage in new

on the Housing Scene?," address before the 74th annual convention of the Savings Banks Association of New York State, November 10, 1967, folder 691, box 66, series 10.4 Counsel's Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC; Peter Kihss, "Governor Picks 12 Leaders to Seek Welfare Solutions," *The New York Times*, November 4, 1967, 1.

58 Charles T. Lanigan, memo to Nelson Rockefeller, November 16, 1967, folder 3680 Subject Files: Potential Project Sites for Proposed UDC, box 128, series 34.11 Diane Van Wie, Misc Files, 15 NAR-Gubernatorial, RAC; Frederick W. Richmond, letter to Nelson Rockefeller, April 20, 1967, folder 1860-Welfare Island Proposals, box 185, series L-Projects, 4 NAR, RAC; Nelson Rockefeller, letters to Frederick W. Richmond, May 4, 1967 and May 9, 1967, folder 1860-Welfare Island Proposals, box 185, series L-Projects, 4 NAR, RAC.

development projects, it would not interfere with the desires of business; it would “never find itself in competition.” Rather, because the private sector had been unable to find the means to invest in poor neighborhoods, a public entity that could “assume the risk of delay and... cope with the inevitable red tape” would simply be making the future easier for developers that did want to engage themselves later. Financiers seemed to agree that public sector involvement was obligatory. “One banker after another” told the *New York Times* that “in the absence of a full Government guarantee against loss... he was not prepared to make loans of any kind of ghetto properties,” even if there was a social need to do so.⁵⁹ In order to make private investment in poor neighborhoods possible, apparently, it was necessary to shift the burden of debt to the public sector.

Entering 1968, the governor’s staff finalized plans for the agency. The voters defeated a revision to the state constitution in November 1967 that would have included provisions for the UDC, with \$50 million in seed money and the allowance for direct state grants and loans to private industry—then banned. A report by the *Times* noted that “people had voted... in line with their income class,” with poor blacks and Puerto Ricans approving it and wealthier whites voting it down. This despite a call from Catholic Bishops urging its passage because it would have repealed the ban on state aid for private schools, which apparently was not convincing enough. Rockefeller was thus forced to move the proposal directly in front of the legislature, which was increasingly paralyzed by partisan disagreements, thanks to an Assembly controlled by Democrats and a Senate by the Republicans. And he had to do so quickly—the legislature was only part time and usually ended its work before summer began (it adjourned on April 2 in 1967). Addressing the opening session on January 3rd, 1968, he began by noting the needs of the cities, where “the disadvantaged struggle for opportunity” and where “local governments... feel overburdened.” The governor took responsibility, simultaneously arguing that the state would restrain its spending while demanding a \$500 million tax increase to provide direct aid to municipalities. But he also announced he would submit legislation to form the UDC, which he de-

59 Urstadt (1967); H. Erich Heinemann, “Ghetto Lending Urged on Bankers,” *The New York Times*, November 11, 1967, F45.

scribed as part of his program to “transform slums into decent communities.”⁶⁰

On January 16th, the governor revealed his proposed state budget that, like his opening address, was focused on urban deterioration. He framed his argument in terms of “eliminat[ing] the root causes of urban unrest and violence,” which he argued were in part “the physically deteriorated condition of most urban core areas.” Using charts to document the ills affecting urban areas, he argued for strong action through the formation of the UDC “to help attract much needed private capital” by “permit[ting] the development of ‘total projects,’ combining housing, light industry, schools and parks, in blighted core areas.” Most of these statements implied that the agency would engage in the sort of displacement programs conducted by previous urban renewers. The UDC, the governor stated, would be a re-developer, but “it would rely mainly on incentives to insure the participation of private developers.” He wanted to downplay the agency’s power as a public tool. This would be implemented along with major new state aid to the cities.⁶¹

The reality was that the UDC would extend New York State decisively into a whole new range of action. The agency would be a multi-purpose public-benefit authority that was both financier and developer, not only of affordable housing, but also of middle- and upper-income housing, commercial and industrial spaces, and, when necessary, whole new towns. It would develop a framework for statewide growth in order to combat the problems of sprawl and regional disorganization. Financing would be assured through means similar to that used by the HFA: Up to \$1 billion in “moral obligation” loans could be released as a revolving fund to the bond markets by the UDC to finance new construction at low cost, and the agency would pay them back through federal affordable housing subsidies, rental income, and sales of buildings to developers. Bonds would back the authority as a whole, not individual projects, meaning that the agency would be able to advance whatever projects it desired without bank interfer-

60 Peter Kihss, “Ethnic Factor Doubted in Charter Vote,” *The New York Times*, November 9, 1967; Sydney H. Schanberg, “Governor Opens Session, Says Vital Needs Demand a Tax Rise of \$500-Million,” *The New York Times*, January 4, 1968, 1; Sydney H. Schanberg, “Albany: A Long Pull Expected,” *The New York Times*, December 31, 1967, 95; “Excerpts from Rockefeller’s 10th State of the State Message to the Legislature,” *The New York Times*, January 4, 1968, 26.

61 Text of Governor Rockefeller’s 1968-1969 Budget Message Sent to the Legislature,” *The New York Times*, January 17, 1968, 32.

ence, as quickly as possible. Buildings would be exempt from real estate taxes, though the state would reimburse half of the losses to municipalities. Just as important as the financing powers, the UDC would possess a toolbox making it the unrivaled master of development in New York. The agency would be able to exercise eminent domain anywhere in the state and condemn land as it saw fit. It would be able to expedite its projects through public review.

Though the agency would share attributes common to most public authorities, such as the requirement to cover its own costs (though it would be provided start-up funding from the state), it would be unique in terms of its relationship to the market. The government was creating an organization “through which the vast resources and energies of the private sector of the economy can be brought into the effort to rescue city core areas”—but it would do so by ramping up public powers. In opposition to the confusion and multiplicity of regulatory barriers that delayed traditional projects, the UDC would provide a one-stop mechanism for development, since it would be able to plan, finance, and develop its own projects. Those efficiencies would eventually be passed on to the private sector.⁶²

The rhetoric the Rockefeller Administration used to promote the UDC rested on two essential claims: That the organization would assuage the ills afflicting the inner city and that it would promote economic activity. The mid-1960s riots had a profound influence on political priorities, and Rockefeller adjusted his thinking; in 1967, he argued that “the human problems centered on city life are the number one domestic problem of our time... [they] not only breed crime and depress the quality of human living but limit the very job producing economy so vital to raising the standard of human living.”⁶³ “Urban core areas,” an early UDC pamphlet suggested, “are seed-beds of unrest, of crime, of violent protest... too long untouched or dealt with inadequately by existing means of public and private effort.”

62 RAC “The New York State Urban Development Corporation: A Partnership to rebuild slums and help people through JOBS, HOUSING, RECREATION, and COMMUNITY LIFE,” 1968, folder 1551-UDC Ap 23, 1968, box 70, series 25.3 Press Office, Agency and Commission Reports, 15 NAR-Gubernatorial, RAC; Urban Development Corporation, *Annual Report* (1973), 9.

63 Intriguingly, the history of public housing in New York has repeated references to an attempt to prevent rioting. In March 1935, riots in Harlem were quickly followed by an assurance from Mayor Fiorello LaGuardia that the second Housing Authority project after the Williamsburg Houses would be built there. These Harlem River Houses were built on land owned by the Rockefeller family. Marcuse(1986), 369; Press Release, “Governor Rockefeller has transmitted the following message to the President of the New York State Constitutional Convention,” June 27, 1967, folder 691, box 66, series 10.4 Counsel’s Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

Thus the UDC's founding assumed physical determinism.

The economic development mission of the organization would also be profoundly embedded in its structure. Rockefeller noted that “thus far, we have not fully applied to [urban challenges] the single force most responsible for the material well-being generally prevalent in the Nation—the private enterprise sector of the economy.”⁶⁴ At the UDC, this would happen through interactions with the market occurring on three levels: One, in order to raise the funds to build new housing or commercial space, the UDC would sell bonds in the government bond market. With its bonds backed by the “moral obligation” of the state government, the UDC would have an elevated credit rating and be able to raise funds at low interest rates. Investors would be able to make money by cashing in on the eventual profits of the organization. Two, the UDC's immense construction programs would provide an extraordinary stimulus to contractors in the architectural, planning, and construction trades, each of which would benefit directly as construction projects moved forward.

Three, the UDC would be able to sell off assets to private businesses once those projects were operationally profitable. Effectively, this meant that the UDC was supposed to bring a project as far along as possible until it was making (or expected to make) operating profits; it would then sell off the project, at this point under construction, just completed, or several years in existence, to a willing investor. These new funds would sustain the organization into the future, being recycled to sponsor new construction. The UDC would in essence absorb the risks usually undertaken by private developers by engaging in planning and construction before passing on a successful project to the market. Socializing the risk and privatizing the profit did not seem to be a concern to Rockefeller. Therefore, though the UDC was a comprehensive state-driven development organization, its mission to create more housing for lower-income families concealed a broader drive to induce economic development and bolster the financial and real estate industries. This illustrated in concrete form Nelson Rockefeller's ambition to merge private profits with public mission.

The UDC would also stand out because of its focus on providing low-income housing with these

64 Executive Office, Press Release, February 27, 1968, folder 27, box 2, series 27.1 Public Relations, Books and Articles, 15 NAR-Gubernatorial, RAC.

market-derived funds. For the first time, an effort was made to directly engage private motivations in the process of providing affordable shelter by a public agency. Using federal interest subsidy programs, as well as remaining public housing dollars, the UDC would be able to use truly affordable housing as a profit mechanism for private enterprise. Moreover, the UDC would specifically invest in mixed-income housing that offered an alternative to the single-class public housing towers previously built by public agencies. By offering housing for people in higher income ranges, the potential profits on housing would not be limited by federal subsidy rules.

The UDC would funnel profits into the accounts of the private investors who had engaged the agency. As we shall see, this did not pan out until the corporation failed, and the projects did not represent a bonanza for investors. But the broader ideological goal behind the effort was to expand private industry through public investment. The rhetoric of the agency's creators suggested that business simply needed a bit of an additional push from the government to get started. Private developers had been incapable of addressing the housing needs of lower-income individuals in the major cities not because they were not disposed to do so but rather because the government had not done enough to aid them. Rockefeller believed that if the government agreed to take the first risks through the UDC, private investors would be willing to get their own feet wet.

While the state's involvement in housing administration had previously been mostly limited to providing reduced-cost financing to private groups, the new agency would have an enormous range of potential action, ranging from financing to construction and management. It was a game changer.⁶⁵ Yet state officials talked about the UDC in terms that downplayed the significant expansion in state powers it constituted. State Commissioner of Commerce Ronald Peterson wrote that the UDC meant that "for the first time a method will be provided to enable the private sector to own and/or operate low and middle income property in difficult areas of our cities." By "filling a vacuum," the organization was

65 The UDC bill included provisions for two associated full private bodies to be funded by private gifts, the Corporation for Urban Development and Research (CUDR) and the Urban Development Guarantee Fund, both of which would share their boards with the UDC. These agencies were designed to make loans to small homeowners and businesses, specifically within slum areas, but neither appears to have raised much funding or played a significant role in the UDC's operation. One objective of CUDR, to research new building materials, became an important part of the UDC's efforts to offer innovations in the construction industry.

simply making commerce easier for private industry, not replacing it.⁶⁶

Eager to ensure that the agency was being designed appropriately, Rockefeller asked Edward Logue, the nation's foremost expert in urban renewal, to review a draft of the legislation. This was, of course, the same Logue who had turned down Mayor Lindsay's job offer. Logue came out heavily in support of the governor's project, writing that "the corporation would have the opportunity to spend at its own pace and at its own discretion; and be able to go out to the marketplace only when everything was ready. This eliminates an incredible amount of red tape and unnecessary participation by others." The power of the UDC would rival that of any development group in the nation, but Logue emphasized that this would only be possible if it could override local rules, like Lindsay's. Rockefeller dutifully complied, guaranteeing that the UDC legislation would allow the state to supersede the building codes and zoning of all municipalities; the state was expanding its powers dramatically. You could practically imagine Logue licking his lips in anticipation, though Rockefeller did not announce him as the agency's leader until April.⁶⁷

Though it had been clear for months that the UDC would be a public sector group, there remained controversy in the state legislature, especially among its conservative Republican members, who were worried about concentrating too much power in the public sector. Senator Barclay wanted to reserve any new powers for a private or non-profit corporation because of the sense that a new public sector entity would be unpopular among his upstate constituents. In addition, he hoped to expand state powers in ways that were not currently possible due to the constitution, such as direct loans to owners of single-family homes. These policy measures did not fit the preferences of the governor's staff, who wanted something more concrete and thought-through. Stephen Lefkowitz complained about the state legislature in a letter to Robert Douglass:

66 Ronald B. Peterson, letter to Alton G. Marshall, "Governor's Urban Development Corporation," January 22, 1968, folder 692, box 66, series 10.4 Counsel's Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

67 Edward Logue, "Memorandum of Comments on the Proposed New York State Urban Development Corporation," February 21, 1968, quoted in Louis K. Loewenstein, *The New York State Urban Development Corporation: Private Benefits and Public Costs: An Evaluation of a Noble Experiment* (Washington, DC: Council of State Planning Agencies, Working Papers, 1980), 11.

They want all the powers and privileges of a public authority which a private corporation cannot have for either constitutional or policy reasons... Frankly, I do not think they know what they want, or what, legally and constitutionally, they can have. They are really quite muddled. Moreover, they seek legislation to authorize them to do what they already can do as a private corporation, e.g., make loans, or receive loans from HFA to build Mitchell-Lama housing... I remain gloomy but obedient.⁶⁸

Lefkowitz did not have to be so worried about the prospects for success of the executive staff's proposals. Behind the scenes, Barclay was being courted by the governor; in February, Rockefeller was ready to announce his fully developed policy—and he was ready for the members of the state legislature to move ahead on the idea, whatever their personal preferences. On February 27, the governor announced his project in the state capitol's Red Room with Barclay and Logue on stage. Rockefeller, in part because he suffered from dyslexia, preferred being able to document his arguments graphically, and he did so here, presenting a series of slides illustrating the conditions in New York's cities. "The need to transform our urban core areas into decent places to live in and work in is the priority domestic challenge confronting the Nation," he said. He pointed to a number of frightening facts: 14% of the state's housing was dilapidated; it took 13 years on average to complete an urban renewal project in New York City; and developments often had to pass through a 14-step process to be approved.

Rockefeller argued that he and the legislature had the responsibility to deal with the problem: "The real nut of this question," he noted, "is whether the development of housing and urban renewal should or should not be a State purpose... if you believe in the Federal system and you don't want to see all of the responsibilities concentrated in a central government in Washington, then we have to have the courage and the determination to take the steps necessary to make it possible to do the job at the State level." When asked, Logue defended the agency's powers, saying that "if we are to stay with home rule, if we are to respect local zoning and all the other local regulations, we can guarantee that this job cannot be done... I think what is being presented here is, so far as I know, the first time in the nation [that there is] the assumption of a responsibility and an initiative by the one level of govern-

68 Stephen Lefkowitz, letter to Robert R. Douglass, subject: New York State Urban Development Corp, January 29, 1968, folder 692, box 66, series 10.4 Counsel's Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

ment which has avoided the urban problems like a plague.”⁶⁹

The *Times* emphasized the tool the UDC would possess that would come to define its action: “In the event no private sponsor could be found... the giant public agency would have the tools to do the job itself.” Rockefeller claimed that the UDC would be able to attract \$5 in private money for every \$1 the agency put in, following his brother’s similar claims about public private partnerships a year before. The governor, who said he had originally thought of the UDC as a U.S.-wide program, said he “would recommend it as a model for every state in the nation.”⁷⁰ George Romney, who had received Rockefeller’s support in the presidential race, had just announced he would not run. Was there now a hole in the ticket for the New York governor to enter?

On March 6th, the governor finally revealed the actual legislation, stating, “as brought home so forcefully by the recent report of the President’s Commission on Civil Disorder—the time for action is growing short.” In a speech, he suggested that the problems in the slums “are conditions of concern to every citizen—not only to the victims of these conditions.” Rockefeller emphasized the possibility that without actions, more riots would follow; this was more than a simple housing program. Barclay agreed to speed hearings on the proposal for the next week.

But opposition sprang just after—particularly because of the massive increase in the state’s power the agency represented. Jane Benedict, chairman of the Metropolitan Council on Housing, which argued in favor of tenants’ rights, ridiculed the proposal. The *Times* editorialized that the program would “bulldoze home rule” by “shoulder[ing] the cities out of any role in their own reconstruction” and warned that a revolt against “runaway actions by state authority” was possible. Charlotte Natale, the president of the Greenwich Village Association, adopted the position that the UDC would reinforce existing problems, writing “slums are converted into superslums by the thoughtless stamping out of so-called “blight” without regard to community needs.” The UDC, she argued, would not be able to get

69 Executive Office, Press Release, February 27, 1968, Nelson Rockefeller News Conference, February 27, 1968, 12:30 PM, folder 27, box 2, series 27.1 Public Relations, Books and Articles, 15 NAR-Gubernatorial, RAC.

70 Sydney H. Schanberg, “Governor Offers a \$6-Billion Plan to Rebuild Slums,” *The New York Times*, February 28, 1968, 1.

rid of slums through “expediency” or “drastic measures in contempt of the public interest”.⁷¹ In an age of increasing concern about advancing small-scale democratic involvement, her comments were particularly relevant considering the power of the UDC.

But the strongest opposition came from New York City Mayor Lindsay, who announced that he would resist the program as it threatened the city’s home rule. He was specifically concerned about the agency’s ability to override local zoning rules and claimed that the state lacked the capacity to fully understand the needs of the city, especially in the context of New York’s then-in-development citywide plan. On the same day as Rockefeller’s program was unveiled, Lindsay offered an alternative to the governor’s “supergovernment:” Another “sweeping attack on urban problems” that was supposedly based on a year’s worth of studies, in the form of 62-page “Urban Bill of Rights,” the name of which was clearly designed to induce sympathy about Albany’s overreach. The mayor suggested allowing private groups or municipal governments to use public funds and loan guarantees for projects in an uncoordinated manner, which according to some was not allowed because of the defeat of the proposals set before voters by the 1967 Constitutional Convention, but which Lindsay claimed had “judicial authority” to be sustained under the law.⁷² Lindsay’s policy was to increase local control over decision making, exactly the opposite of what Rockefeller was attempting to achieve. Lindsay would allow the state to undertake a project “only where local government has failed to develop its own program to accomplish the purposes of the proposed state programs.” Unlike the governor, though, he did not pro-

71 Nelson Rockefeller, quoted in John Kifner, “Rockefeller Files 3 Antislum Bills,” *The New York Times*, March 7, 1968, 1; Nelson Rockefeller, Statement, March 6, 1968, folder 27, box 2, series 27.1 Public Relations, Books and Articles, 15 NAR-Gubernatorial, RAC; Nelson Rockefeller, “Notes on a speech,” Unknown date, but filed with aforementioned statement, folder 27, box 2, series 27.1 Public Relations, Books and Articles, 15 NAR-Gubernatorial, RAC; Charlotte Natale, “Letter to the Editor: Governor’s Urban Plans,” *The New York Times*, March 4, 1968, 36; “Editorial: Bulldozing Home Rule,” *The New York Times*, March 2, 1968, 28; “Editorial: ‘Suds’ for the Cities,” *The New York Times*, March 20, 1968, 46.

72 In some ways, Lindsay’s proposal was actually more ambitious than Rockefeller’s, as it effectively would have given a carte blanche, and free money, to developers or municipalities that wanted to promote projects. Indeed, despite his criticisms of the governor for his expansion of state powers, Lindsay was certainly not opposed to new developments in his city. He had been an active promoter of new construction of all sorts in New York and had altered development policy considerably through the use of urban design standards and the like. In February 1968, he announced the formation of the Welfare Island Development Committee; he, like the governor, saw this strip of land in the East River as “a jewel of development potential... [that] has not been realized.” See Office of the Mayor, “Press release: Announcement of the formation of the Welfare Island Development Committee,” February 13, 1968, folder 251, Welfare Island (FDR Island) (1), 1968-1971, box 21, Lindsay Records. NYMA.

pose a realistic funding method, suggesting that money could be derived “from a special bond issue or other available state revenue;” the first approach had been twice denied by the state’s voters and the latter was made nearly impossible by the state’s difficult revenue situation.⁷³

Agreeing with the mayor’s objections, city councilman Edward Koch said the UDC proposal represented a “usurpation of the city’s powers.” Stephen Lefkowitz bemoaned the city’s claims that it had been left out of the discussion when it came to the bill—but did not deny that the city had not been consulted. Others, such as Manhattan Borough President Percy Sutton, suggested that the agency’s large powers would undemocratically leave out slum dwellers in making choices.⁷⁴

Nonetheless, some politicians and many developers argued that there was promise in the proposed agency. Testifying in front of the legislative Committee on Housing and Urban Development, Bronx President Herman Badillo laughed off Lindsay’s arguments, claiming that the mayor had ignored borough officials in making decisions on renewal plans while the state had listened carefully in the past. Other officials argued that since housing was a regional issue, home rule was irrelevant. Black leaders such as Harlem’s Basil Paterson and Brooklyn’s William Thompson were generally supportive of the scheme, though they said it would have to employ large numbers of their constituents to retain their support.⁷⁵

The governor also dismissed Lindsay’s arguments, noting that the state controlled the cities under the rules of the American federal system. He noted that New York City had failed to deliver the increase in affordable housing the metropolis needed. Though the city administration argued that it was in the process of building 7,000 middle-income units and 7,374 public housing units, in addition to about 18,700 low-income apartments practically ready for construction, almost all of those had been planned under former Mayor Robert Wagner. Frank O’Connor, the City Council President and

73 Richard Reeves, “Mayor Questions Slum Plan,” *The New York Times*, March 1, 1968; Charles G. Bennett, “Mayor Has a Plan, Rivaling State’s, to Improve Cities,” *The New York Times*, March 7, 1968, 1; “Text of Statement by Mayor Lindsay on His Proposal for an Urban Bill of Rights,” *The New York Times*, March 7, 1968, 37.

74 Richard E. Mooney, “Slum Plan Gets Mixed Reviews,” *The New York Times*, February 29, 1968.

75 Basil Paterson was father of future governor David Paterson; William Thompson was father of Bill Thompson, who narrowly lost the 2009 New York City mayoral election against Michael Bloomberg. David Bird, “Governor’s Plan on Slums Backed,” *The New York Times*, March 15, 1968.

loser of the 1966 governor's race, claimed skeptically that the mayor and governor were simply playing out their political ambitions by each announcing "catchy" plans. Even so, the governor's staff was sweating: Charles Urstadt announced that the UDC could be modified if the legislature thought the governor had gone too far in his proposal. And on March 21st, the governor revealed that he was preparing amendments to increase the power of local governments over redevelopment plans. Changes to the UDC bill would allow municipalities the right to study project plans and make recommendations for alternatives. But they maintained the state's overwhelming powers and were thus still short of the changes Lindsay demanded.⁷⁶

When the program was first announced, the Democratic Speaker of the Assembly, Anthony Travia, claimed that there were unlikely to be problems with the passage of the bill creating the UDC.⁷⁷ By late March, however, the likelihood that the project would be approved seemed to diminish by the day. Lindsay's arguments about home rule were convincing to many who feared the power the third-term governor might yield. Moreover, though he continued to deny it (and recused himself from primaries), the potential for a convention showdown meant that Rockefeller continued to be seen as a viable candidate for the Republican presidential nomination, which could reduce his ability to push through legislation. Nonetheless, the *Times* noted that the UDC was "an important part of the Governor's apparent drive to forge a reputation as the country's top urban problem-solver." Louis Loewenstein has written that "Rockefeller realized that he needed to receive national attention and that nothing would bring this about more quickly than a massive program of capital construction. Such a building program could also serve as tangible evidence of his ability to get things done and as his permanent imprint on the state." If he wanted to stand out among the wide pool of candidates in this field, passing the bill was obligatory.⁷⁸

76 Steven V. Roberts, "Governor Insists City Must Yield," *The New York Times*, March 8, 1968, 28; Morris, 119; Steven V. Roberts, "Compromise Seen in Housing Plan," *The New York Times*, March 9, 1968, 20; Sydney H. Schanberg, "Governor Widens Role of the Cities in His Urban Plan," *The New York Times*, March 21, 1968, 1.

77 Sydney H. Schanberg, "Governor Offers a \$6-Billion Plan to Rebuild Slums," *The New York Times*, February 28, 1968, 1.

78 James F. Clarity, "Republican State Chiefs Believe Rockefeller Still Has a 'Chance,'" *The New York Times*, March 22, 1968, 34; Loewenstein, 3.

His sense of the importance of the UDC likely led both to changes in the agency's structure and his eventual dramatic drive to convince legislators to vote for its passage. On April 2nd, he compromised with opponents, indicating that by statute the organization would more closely cooperate with local governments by filing plans with municipalities and allowing them to comment on projects, including the right to express disapproval. That said, the state agency would retain final say even over locally opposed projects—as long as the board of directors of the UDC approved it by a two-thirds vote, more than the majority needed in the previous proposal. At the same time, new provisions would attempt to guarantee employment (through affirmative action) and housing for poor residents of affected areas—a change specifically designed to attract the support of black legislators.⁷⁹ But support from the black senators and assemblymen might not have been enough for Democrats still worried about the state's intrusion into home rule and Republicans skeptical of the need for a major expansion of the public sector.

The assassination of Martin Luther King, Jr. on April 4th changed the situation entirely. That night, riots in New York City were averted even as other cities like Washington, D.C. erupted into flames; Mayor Lindsay walked through Harlem with black leaders to reassure residents that they were not being ignored, and their fears were apparently subdued. Even so, the death of America's most prominent civil rights leader was a wake-up call even more powerful in New York than had been riots of previous years. Perhaps more than at any time since the passage of the Civil Rights Act in 1964, the country's attention was directed toward the needs of its poor minorities. Governor Rockefeller saw the death as the political opportunity he had been waiting for—and he immediately began building upon the connections he had made with black legislators.

Rockefeller announced that a state office building he was proposing for Harlem should be named after the slain leader (it was eventually named after Adam Clayton Powell, a U.S. Representative who died in 1972). The building's \$10 million cost, in addition to \$75 million more in other anti-blight programs, had been cut from the budget by legislators who wanted to reduce expenditures. Rockefeller

79 John Kiener, "Rockefeller Alters the Slum-Clearance Plan Without Surrendering Its 'Drastic' Powers Over Cities," *The New York Times*, April 3, 1968, 23.

also adamantly encouraged the passage of the UDC act, an urban job-incentive board that would provide tax credits for slum business, and model cities grants. Rockefeller used emotional language to make his appeal:

I am submitting this message today with a sense of urgency unrivaled by any moment when I have addressed you... A great and good and courageous American, Dr. Martin Luther King, Jr., is dead. We cannot honor him merely by our tears. We must honor him—and the principles for which he died—by our actions.... This program is a call for positive action; action to educate and train those trapped in the ghetto; action to transform slums into decent communities; action to generate job opportunities; action to attract the powerful force of private enterprise to the task of urban rebirth; action to draw desirable industry and to build decent homes in our decaying core cities. I urge you to enact these programs as testimony that this martyred American's belief in his Nation has not been in vain... History will not judge kindly an affluent people indifferently tolerating the poverty and injustice that can tear their society asunder. Your passage of these measures will give witness that we in this State have not failed Martin Luther King's faith in America. I repeat: the American dream is not divisible. It is one dream—for all men. And it is we who must make it real.

The governor's statement channeled President Johnson's "we shall overcome" reference to civil rights groups a few years before. Rockefeller was immediately criticized by Assembly Speaker Travia, who dismissed the connection between state programs and King. On the other hand, Lindsay, following the party line, offered support for the new expenditures, though he continued to be skeptical of the UDC's usurpation of home rule. Rockefeller's use of King's passing for the advancement of his legislative program has been described as a nakedly political act, but in the previous ten years the governor had shown himself to be a strong supporter of equal rights for visible minorities, acting in favor of open housing provisions. He would later demonstrate through his strong support of UDC projects designed for the poor in overwhelmingly white suburbs that he was willing to deploy political capital in favor of those who King had defended. Most importantly, the UDC's projects provided substantially improved housing for tens of thousands of low- and moderate-income minorities. The governor took advantage of a depressing event to make the passage of an important bill possible. But it was not yet clear on April 8th whether the governor had done enough to ensure the bill's passage.⁸⁰

On April 9th, Rockefeller was in Atlanta mourning King with a group of New York's black legislators

80 Ralph Blumenthal, "Rockefeller Asks Funds to Erect Harlem Offices," *The New York Times*, April 8, 1968, 1; Nelson Rockefeller, Special Message to the Legislature, April 8, 1968, folder 358-Urban Development Corporation, box 9, series 15-Speeches, 26 NAR, RAC.

whom he had flown down in his private jet. The State Senate, controlled by the safe and loyal Republican majority, had passed the UDC legislation. But the Assembly offered a different prognosis. Speaker Travia, finally convinced by weeks of Rockefeller lobbying, was now on board with the agency's passage. But the Assembly rejected the program by a devastating 48-to-85 vote, revised up from a 63-to-69 defeat earlier in the evening (certain legislators wanted to switch their votes after it was clear the vote would fail). The governor was furious. Travia recessed the house for three hours as the governor revved up his political engine. Rockefeller, Travia, and Republican minority leader Perry Duryea, as well as their aides, telephoned "no" voters anxiously. Legislators debated the governor's approach, some arguing that he had taken advantage of King's death and others arguing that there was little need to push the bill forward as quickly as possible. But Rockefeller took out his big guns, threatening leaders and members of the Assembly that he would veto pet pieces of legislation and earmarks. He later said that if the bill was not passed "I would be unable to continue to do personal favors... I don't like to take this position, but I think one has to use whatever authority one has when something of major importance to the people comes before you... Those guys have never seen this side of me before."⁸¹

That was enough. At 11:30 PM, the Assembly voted again, and the UDC was passed by a large margin, 86 to 45. Rockefeller was able to achieve that vote without the 18 black legislators who were still in Atlanta with him and therefore unable to make the vote. The deal was struck, and the UDC would be set into motion.

CONCLUSION

I argued at the beginning of this chapter that Governor Rockefeller, rather than being non-ideological, in fact followed a particular mode of political thought about the goals and responsibilities of governance that make it difficult to define him either as liberal or conservative. In his housing policies, specifically in the creation of the UDC, Rockefeller's preferred mode of action is apparent: Strong public sector intervention at the state level with a primary goal of encouraging private sector economic growth. The merger of those two goals was a unique way of addressing a policy concern. But how do we know that

81 John Sibley, "Rockefeller Plan for Slums Voted," *The New York Times*, April 10, 1968, 1; Loewenstein, 13.

this was not simply the “best” or “most rational” option, given the circumstances? Perhaps by comparing what he did with a mode of equally feasible alternatives, we can get a better perspective on the ideologies that this governor followed beyond his supposed pragmatism.

In the years leading up to the formation of the UDC, Rockefeller often spoke about the importance of state responsibility. In certain ways, this mantra simply came to mean that first, he believed that the public sector had to do more to aid the state’s residents (notably through mental health, university, and housing facilities), and second, he was in charge of the state and therefore that level of government assumed priority. Though of course Rockefeller was right in stating that the state is the heart of the American federal system, it is not clear that he would have agreed with that assessment had he been in Mayor Lindsay’s or President Johnson’s shoes in 1968. Nevertheless, Rockefeller’s actions in creating the UDC—in addition to the tax increases and other funding priorities he set out—demonstrated a strong will to make the state the center of the action in U.S. government.

Rockefeller’s approach was indeed different from that of other governors. If his admonitions to legislators to understand the importance of New York State assuming self-responsibility were replicated by other governors in their own states, his was the government to most significantly expand its powers. The HFA was the first state authority to use low-interest state (moral) guarantees to fund housing, and the UDC was the only state agency to initiate major housing development projects on its own—and, as we shall see, it did so at an extraordinary rate. Whereas other states sat out of the urban game, leaving housing matters mostly to compromise between the federal government (funder) and local governments (implementer), New York State interjected itself into both roles by asserting state power over local land use decisions and by arguing that the state had the right to take its own share of federal subsidies. In this way, Rockefeller significantly expanded the role of the state government and developed a framework for establishing new political powers for the UDC.

At the same time, the UDC was designed to emphasize private sector concerns; this reflected Rockefeller’s sense that the most appropriate way to address the needs of the people was through business innovation. The particular way in which the UDC was developed, however, did more than

simply siphon money off toward profiteers—it indicated that new development, public or private, would be directed by the state government. Rockefeller could have approached this quite differently; Mayor Lindsay’s proposal for a UDC alternative would have allowed private companies to receive state grants and loans without much interference by public bodies. That is essentially what the Federal 221(d) (3) program provided for, beginning in 1961. On the other hand, we can imagine a different scenario in which the agency created was a statewide public housing agency that would finance, build, and operate projects with no intention of ever passing them off to private interests. These latter options were equally feasible, but Governor Rockefeller was a man with private interests and state authority in mind—and he was concentrated on improving the urban environment for more than just public housing residents. Thus the UDC.

Rockefeller’s unique mode of intervention, which combined social needs with private interests, represented a unique approach to handling the public’s dwelling needs. It suggested that state governments had the capacity and obligation to address a social policy issue that had been largely ignored by this level of government in the past. It also indicated that, in order to attract political support, a significant increase in state powers had to be oriented towards private gain. But the path to implementation required considerably leadership from the governor; the UDC could not have been implemented without Rockefeller’s determined prodding.

The UDC's Work in New York's Cities

Set in the context of Nelson Rockefeller's other big initiatives—a massive expansion of the State University; a radical improvement in services and facilities for mental health; and an integrated and expanded New York City transit network—the Urban Development Corporation tells a familiar story. Not satisfied with the efforts of municipal governments to address these civic priorities, the Rockefeller Administration moved the state to take up the slack. The governor's initiative to expand the role of the state was not unique; peer governments also expanded their programs during the 1960s and early 1970s, in part thanks to federal government programs that encouraged states to develop their own housing financing programs. But New York's investments were bigger and more entrepreneurial than those of any other state.

Nowhere was this clearer than in the field of urban housing, particularly through the actions of the UDC. In his address on the proposed agency in the State Capitol's Red Room in February 1968, Rockefeller made his opinion clear:

Now the real nut of this question here is whether the development of housing and urban renewal should or should not be a State purpose, a State objective. Our feeling is that we have reached a point in our society where people are saying that State and local government have failed; that we can no longer meet these problems, and therefore the Federal government has to come in. This offers the means of meeting this problem as a State function. If this is not done, then the only resort will be to have the Federal government come in. If you believe in the Federal system and you don't want to see all of the responsibilities concentrated in a

*central government in Washington, then we have to have the courage to take the steps necessary to make it possible to do the job at the State level... The extreme measure is simply the State taking back a function and responsibility which inherently is the State's anyhow.*¹

Rockefeller's conviction was that the state had to fill a gap that had never been adequately addressed by local governments. A Republican ideologically opposed to increasing direct federal government intervention, his instinct was to divert federal funds downwards. Was Rockefeller "taking back" power, as he suggested? Probably not—the federal government had never exerted the control over local government land use planning that the UDC was about to undertake. But he did not mind using this rhetorical device to increase his own powers.

Unlike municipal housing agencies, the UDC was not restricted to any city boundaries. Its charter allowed it to work around the state on any projects that it considered worthwhile. This allowed it to address integration in the suburbs (Chapter 5) and the development of new communities (Chapter 6). But, to an overwhelming degree, its primary engagement was in the state's inner cities, where for a short period it took over as New York State's primary agent for urban renewal. Unlike peer agencies, the UDC built more than just low-income housing; it invested in moderate-income and sometimes middle- and upper-income units, and it also spent hundreds of millions on industrial and commercial facilities.

In the process, the UDC demonstrated the benefits its status as a state direct-developer conferred. Its large scale and considerable resources allowed it to work more efficiently and more quickly than municipal agencies and the private sector. Its statewide presence allowed it to focus investments even in areas that were ignored by conventional developers, and spread agency talent to places that typically would not have the ability to attract such expertise to affordable housing development. These advantages were a result of the UDC's political status and a steadfast commitment from leadership to invest in new construction.

With some notable exceptions (especially in some suburban areas), the UDC made these investments with the support of local governments. Though many of the state's cities gained access to more

1 Nelson A. Rockefeller, News Conference in Red Room, State Capitol, Albany, February 27, 1968, folder 27, box 2, series 27.1 Public Relations, Books and Articles, 15 NAR-Gubernatorial, RAC.

federal and private funds for affordable housing than before, and indeed, constructed large number of units in the late 1960s, this aid was insufficient to meet the problem thanks to increasing construction costs and the overwhelming problem of housing abandonment, which plagued neighborhoods of the state's industrial cities. Land cleared using urban renewal funds, originally designated for new housing or commercial activities, was not being filled by willing investors; in many cases, there were none, even with help from Washington and the state's middle-income Mitchell-Lama program.² The UDC's creation, whose home rule override had generated fears of a state takeover from local politicians, slowly began to appear more appealing as it became apparent that municipalities were not successfully addressing their housing problems.

In the cities, the UDC was the counterpart of the state Housing Finance Agency (HFA), which had since 1960 constructed tens of thousands of units of high-density middle-income housing, almost all in New York City. Like the HFA, the UDC represented "a powerful partnership among state government, the private sector, and quasi-public authorities," in Hilary Botein's words.³ The UDC's works were geared towards raising private funds, encouraging private investment, selling buildings to private developers, and eventually rewarding private financiers with profits. If one of Rockefeller's primary objectives was to expand the role of the state government in the direction of urban affairs in New York, he wanted to do so while ensuring economic growth.

Unlike the HFA, however, the UDC was directly engaged in the construction process, a task that the HFA, concentrated only on financing, reserved for private developers. As such, the UDC resembled the local public housing authorities it often supplemented when working within cities. The question worth asking, then, is what benefits its role as a state developer provided in the urban context. In this chapter, I will show that its ability to marshal easy-to-access state funds provided it financing unavailable to local groups and the ability to experiment in architecture, urban forms, and the mixing of uses more

2 Statement, Mayor's spokesman, September 18, 1969, folder 103-Housing Press Releases, box 136, series VII, MS 592, YA Lindsay; David K. Shipler, "Costs Here Halt U.S. Aid to Housing," *The New York Times*, December 3, 1969; Nat Leventhal, memo to John Lindsay, June 28, 1971, folder 77 Housing and Development Administration, 3 May 1971-6 June 1973, box 5, Accession N.98-M-094, MS 592, YA Lindsay.

3 Botein, 833.

successfully than many peer agencies. Its role as a public sector developer encouraged its directors to prioritize low- and moderate-income housing when possible, not true of private developers, even those subsidized by the HFA. Moreover, its ability to operate outside of the local political sector allowed it to emphasize integration, both economically and racially, not necessarily possible for a local housing authority.

In this chapter, I review the UDC's history as an urban housing developer, tracking its ups and downs from early 1968 to 1975. I describe the agency's priorities under its president Edward Logue, and the influence of Governor Rockefeller, among others. Major projects completed in New York's biggest cities are described to provide context for the agency's work. The projects selected for discussion represent only a small percentage of the agency's overall universe of built and planned housing; even so, projects were selected based on their presence in the archives that I consulted. As a result, there is a bias towards the agency's larger and more controversial projects, especially those in New York City. Nonetheless, this chapter provides a selection of case studies that offers broad insight into the UDC's overall work, including projects in cities Upstate. Projects located in the suburbs are described in Chapter 5 and the agency's three new communities are discussed in Chapter 6.

Though this chapter is focused on the UDC's building program, it makes reference to the fact that the UDC ceased development of new housing projects in 1974 and defaulted in early 1975. President Logue was dismissed from his duties early that year. The agency suffered from a crisis of confidence by its bond investors due to declining federal revenues, optimistic thinking on the part of UDC leadership on interest rates, and a fast pace of development that denied rental income to support the agency's continued mission. The specific circumstances that led to the agency's collapse are discussed in Chapter 7.

GETTING STARTED

After Edward Logue rejected New York City Mayor John Lindsay's offer for him to join the administration to create a new urban development department, Nelson Rockefeller had begun to court him with the promise of the new UDC superagency. The organization Logue wanted in the City—which would integrate housing, development, and planning—would be implemented in the statewide context, and Logue had aided in the development of the agency's program so that it would be able to override local zoning. These exciting powers, however, may not have been enough for a man who wanted to stay in Boston. Rockefeller not only offered him a high (state-paid) salary, but also \$31,389 in "gifts" and \$145,000 in loans, much of which he never bothered repaying.⁴

These inducements convinced Logue to take the job as UDC director, and the governor officially appointed him on April 27. Rockefeller sent a letter to each of the state's mayors and city managers, asking them to inform the UDC if they had any projects they wanted help constructing. Previously, if local governments were not able to complete the kinds of urban renewal or housing projects they wanted, they could give up or ask the federal government for help. Now the UDC was playing a third role, willing to build almost anything for anyone. It was an open-ended approach that reflected the governor's sense about the broad role of the state.⁵

While this mission might have raised questions from leadership more skeptical of the value of new construction, neither Logue nor Rockefeller strayed from the conviction that new buildings would play an essential role in solving the problems that afflicted cities. Logue's philosophy, manifested in his previous jobs in Boston and New Haven, had emphasized the importance of "getting things done" as quickly as possible. It was not a coincidence that New Haven received more urban renewal funds per capita than any city in the country or that Boston established the nation's most comprehensive

4 These gifts, as well as others provided to other Rockefeller collaborators (such as MTA head William Ronan and Henry Kissinger), became the subject of Congressional inquiry during Rockefeller's confirmation hearings to become vice president after Nixon resigned and Ford became president. "Text of Rockefeller Letter and a List of Recipients of Gifts and Loans by Him," *The New York Times*, October 12, 1974, 15.

5 Robert R. Douglass, letter to Nelson A. Rockefeller, September 18, 1975, folder 358-Urban Development Corporation, box 9, series 15-Speeches, 26 NAR-VP, RAC; Sydney H. Schanberg, "State's Urban Agency to be Led by Logue, Who Spurned City Job," *The New York Times*, April 27, 1968, 1.

redevelopment agency. This approach was both Logue's greatest asset and most critical flaw during his tenure at UDC, as it allowed him to expand the organization extraordinarily quickly but also induced him to overinvest. The latter was made possible only by Rockefeller's similarly construction-minded attitude. As Richard Schickel wrote in 1970, "the over-all impression [of Logue] is of an extremely intelligent, very tough man who is too confident by half about the correctness of his course."⁶

Logue was certainly qualified to work as an urban developer in New York's cities, perhaps more than any other potential candidate for the job as UDC President. His redevelopment projects in New Haven and Boston had transformed two cities and encompassed a wide variety of housing, commercial, and industrial projects. Though he had been denounced for the mass clearing of neighborhoods in New Haven, actions that critics claimed were motivated by an anti-black sentiment, these nonetheless were the product of Logue's unusual ability to coordinate local funding with federal subsidies and private sector actors. Building in New York City or Buffalo was little different from what Logue had already spent twenty years perfecting. Whether Logue could bring that mastery to state government had not been tested before, but the UDC would give him that chance.

Coming into New York, Logue was ready for action, but he wanted more than just to continue promoting the same policies he had produced in the past. He was a strong proponent of broad action to combat urban decay; in a statement before the National Commission on Urban Problems in 1967, he said "I want to suggest that without a program, a city doesn't really have a chance." But he was deeply skeptical of the existing federal programs, particularly public housing, which he argued "is probably our most significant domestic failure." He was specifically concerned about the design and social aspects of the projects: "By and large we build vast institutional blocks... they do not create communities; they create institutions. They create an undesirable, inhuman environment which people move into only because the choice of staying out is so much worse." Instead, he argued, what was needed was a new approach that would allow mixed uses ("a school, a green grocer, a library") and better architectural designs. Moreover, he suggested that the government approach public housing in a less patronizing

6 Richard Schickel, "New York's Mr. Urban Renewal," *The New York Times*, March 1, 1970, 222.

way, noting that public authorities would refuse, for example, to allow a pub on the premises of a project, “but what we are saying... [is that public housing residents] either don’t drink or shouldn’t. That is the kind of public arrogance which is really unforgivable.”⁷ A new way to think about the problem was necessary, and Logue would articulate such a reformed vision of public investment in the UDC’s urban housing. What he did not propose, importantly, was an elimination of the role of the government in the process; thus he was promoting a new way of thinking about renewal, without arguing for turning it over to the private sector or local non-profits.

Yet there would be challenges to realizing this new vision. Logue’s rejection of Lindsay’s offer put in question the degree to which he would be accepted into the nation’s largest city. If it built there without the mayor’s support, the UDC would be vindicating the fears that had been expressed during the debate over its creation—that it was encroaching on home rule. Yet the UDC had a number of financing tools at its disposition that the city did not, and if the municipality wanted to encourage the construction of new renewal projects, it would likely have no choice but to rely on the state agency. Logue was not perturbed by the possibility of conflict with the city government; he decided to headquarter his agency in Manhattan, not in Albany. Its primary mission would be in the state’s big city slums, particularly those in New York City. By July 1, 1968, the UDC had established its operations staff and a head office at 22 West 55th Street.⁸

AGENCY PRIORITIES

During 1967 and 1968, when the UDC was being planned by Governor Rockefeller’s staff, the agency’s priorities were never made entirely clear. Would it be a housing agency, or would it focus on industrial and commercial development? Was it supposed to improve the “slums” through new apartments, or with new factories? The UDC would likely do some of both, but its capital was limited to the \$1 billion

7 Edward Logue, statement at Boston hearing of National Commission on Urban Problems, May 26, 1967, in National Commission on Urban Problems, *Hearings, Volume I, May-June 1967* (Washington, DC: U.S. Government Printing Office, January 1968).

8 Edward Logue, letter to Nelson Rockefeller, Date Unknown, folder 278 Housing, box 27, series 10.3 Counsel’s Office, Robert R. Douglass, 15 NAR-Gubernatorial, RAC.

in bonds provided for by its charter legislation. If Rockefeller's primary interest was in the improvement of the state's economic conditions, an emphasis on private business would probably be most effective, since it was hard to envision how the construction of new affordable housing—in places where developers had been reluctant to engage—would grow the state's economy.

For years, Rockefeller had pushed for changes in the state's constitution that would allow the government to provide direct grants or loans to private businesses, which was banned under the law. The governor hoped that this would incentivize economic growth and the construction of new commercial facilities in a state that was rapidly losing its economic base to the South. But the voters and legislature had not complied with his request and argued for the continued separation of business and state. In a way, the UDC was a way out: Its special bonding capacities allowed it to build for private companies and then sell those buildings to them—nothing about that arrangement, paradoxically enough, was against the law.

Logue's background indicated that he would do whatever was feasible given the funding available. The federal government offered funds through both the housing subsidy and urban renewal programs, but the latter was increasingly controversial because of the destruction of neighborhoods such as the West End in Boston (initiated before Logue worked there) and thus was receiving diminishing support from the Congress. This suggested that money from Washington might be easier to obtain if it was directed towards apartments.

The UDC was planning to use bonds sold on the municipal market to finance its construction. Like the HFA and other public authorities (such as the Port of New York Authority and the Triborough Bridge and Tunnel Authority, two of the nation's largest such entities⁹), the UDC was supposed to sell bonds tax-free at a considerable benefit to investors. These "revenue bonds" were to be paid back over time with income generated by the authority in apartment rents or building sales. Yet in May 1968, just as Logue was presiding over the development of the agency, Congress passed legislation placing restric-

9 The Port Authority changed its name to the Port Authority of New York and New Jersey in 1972; the Triborough Bridge and Tunnel Authority was merged into the Metropolitan Transportation Authority (MTA) in 1968. Most of the New York region's major transportation infrastructure is managed by these agencies.

tions on the use of tax-free bonds for industrial facilities because states and cities were selling so many of them that their market appeal was declining, resulting in higher interest costs. This, in turn, made financing public essentials like schools or fire stations more expensive.¹⁰

This law made UDC investment in industrial and commercial facilities almost impossible in its early years, putting a major dent in the organization's initial management plans. Logue had wanted to sell "general" bonds for the UDC that could be used for any agency project, from an apartment building to a new factory, as had the HFA. Unlike more typically used project bonds, which funded one structure at a time, general bonds allowed more leeway for the organization to sponsor whatever it wanted within the constraints of the money it was able to generate. But the U.S. Treasury refused to allow Logue to sell tax-free UDC bonds to pay for industrial or commercial projects. As a result, it became clear soon after the agency's formation that its focus would have to be on projects that *could* legally be funded tax-free, which generally meant affordable housing, though schools, parks, and other public facilities also fit within these guidelines. The early consequence of this ruling was a considerable reorientation of the UDC's strategy that concentrated its resources in housing. It is likely that an industrially minded UDC would have built fewer housing units.¹¹

Nevertheless, Logue continued to push for the right to build new commercial and industrial projects, in part because the new communities that he wanted to construct would by their nature have to include a true mix of building functions. In January 1970, Nelson Rockefeller wrote to Treasury Secretary David Kennedy, noting that changes to the regulations on industrial development bonds would be necessary to allow UDC to market the bonds successfully. But the government—by then under the heavy influence of the inflation-obsessed Nixon Administration Office of Management and Budget, was reluctant to make any move that would allow the UDC to invest in such projects and delayed an announcement. In December, though, the Treasury announced that it would allow exceptions for in-

10 Richard L. Madden, "State's Slum-Rebuilding Bonds Face Loss of Tax Exemption," *The New York Times*, May 20, 1968, 27.

11 I was not able to determine Logue's sense about the pros or cons of a housing-focused strategy at the UDC based on the extensive archival research I undertook. The UDC planned for far more development—housing, industrial, and commercial facilities—than it ever pursued. The agency's modus operandi appears to have been to plan as much as possible and then develop whatever was feasible given the circumstances.

dustrial uses if they represented a maximum of 10% of the UDC's bond releases. The UDC was the only agency to receive such an exemption.¹² This ruling did not change matters much for the UDC, though, as by late 1970 it was already heavily focused on residential development.

The UDC did, however, spend hundreds of millions of dollars on non-residential projects around the state. It built a convention hall in Niagara Falls and office buildings in downtown Albany and Syracuse. It completed factories for a brewing company and an engine maker. It created the nation's first "industrial apartments" for small-scale firms operating in Manhattan. It also was chosen by the Rockefeller Administration to lead disaster recovery in Upstate New York after the devastating effects of Tropical Storm Agnes.¹³ Because this thesis' focus is housing policy, however, discussion of non-residential development is limited here to the retail spaces designated at the ground floor of certain apartment buildings.

Whatever the mission of the UDC, its physical sphere of intervention in the cities would be largely already-cleared urban renewal areas. Thanks to millions of dollars distributed by the federal government, inner cities all over New York (and the whole country) had demolished acres of neighborhoods considered unappealing for modern use. The problem was that money available for demolition was more forthcoming than funds for reconstruction, in part because the private interests that were supposed to be building new office, retail, or residential structures on site often were more focused on redistributing their money to the suburbs. It was in these vacant areas that the UDC had a real opportunity to make a difference, as it had the ability to invest where private groups had been unresponsive and municipal organizations had been ineffective.

Governor Rockefeller's letters to the leaders of the state's cities yielded an immediate response. With the exception of New York City, towns and big cities alike wanted the UDC to heal their urban renewal woes. In the summer and fall, Logue visited 25 cities large and small, meeting with mayors, local

12 Nelson Rockefeller, letter to Secretary of the Treasury David M. Kennedy, January 21, 1970, folder Alton G. Marshall (1968-1970 Feb), box 271, Accession 1983-M-005, MS 959, YA Logue; David K. Shipler, "New Towns' Plan Faces Tax Hurdle," *The New York Times*, February 8, 1970, 42; Steven R. Weisman, "Urban Bonds Get a Tax Exemption," *The New York Times*, December 12, 1970, 34; Eleanor L. Brilliant, *UDC and the Conversion Process: Planning in the American Context*, Dissertation at the School of Social Work, Columbia University (1974), 217.

13 Lawrence Van Gelder, "72-Million Plan is Proposed to Redevelop Elmira," *The New York Times*, October 15, 1972, 59.

housing and urban renewal officials, and civic leaders. Many cities hoped the UDC would be able to take over where their own urban renewal plans had fallen apart; in such, the organization was being asked to act as the unified developer of the entire state.¹⁴ The agency would have its pick of the places where it would intervene. It would be easy to overbuild and even easier to overpromise.

It would have Governor Rockefeller's help throughout the process. By the end of 1968, he was already talking about his agenda for his prospective fourth term, which would not begin until early 1971 if his 1970 campaign were successful (as it was). For the Governor, the UDC's purpose was to use the state as a mechanism to:

Help cities meet problems ranging beyond their own boundaries... we're on the verge of real breakthroughs in the state's ability to help cities meet the problem of physically building core areas... for the first time I've got the power, the tools and the money to do this job. It's a unique possibility. All a community has to say now is what it wants to do and there's somebody there to do it for them—the state. Without any red tape. It's never happened in history before. We're saying to the cities, "We'll build you factories, we'll build you housing—whatever you want, whenever you want it."¹⁵

Rockefeller had big ambitions for the UDC, and so did Logue. Now it just had to begin selecting projects to construct.

BUILDING THE FIRST PROJECTS

52 miles due north of Penn Station, on the west bank of the Hudson River, Newburgh was once a prominent site for the intercity cargo trade. But by the 1960s, it was relegated to practical irrelevance thanks to the decline in shipping activity. The 1963 completion of the Newburgh-Beacon Bridge, providing a crossing for Interstate 84 just north of the city's downtown, made conditions worse as it allowed cars and trucks to make a direct journey that had once required a transfer onto ferries at Newburgh. The city had been trying for years to rebuild the downtown and construct new affordable housing, but little progress had been made thanks to internal political controversy and a lack of funding.¹⁶

14 Stephen Lefkowitz, letter to Robert R. Douglass, with draft annual message for UDC by Nelson Rockefeller, December 18, 1968, folder 253 Correspondence, box 25, series 10.4 Counsel's Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC.

15 Nelson Rockefeller, quoted in Sydney H. Schanberg, "Rockefeller Plans 4th Term to Push Urban Program," *The New York Times*, December 10, 1968, 1.

16 Douglas V. Clarke, "State Urban Aid Agency Maps Newburgh Debut," *The New York Times*, January 26, 1969, R1.

Interested in the possibility of UDC involvement in the city's regeneration, a planning advocacy group, the Mid-Hudson Pattern for Progress (affiliated with New York's Regional Plan Association) invited Logue to the city in July 1968 to investigate conditions. A public housing project originally designated for the waterfront area had been transferred to a site close to an existing public housing development, but this decision aroused objections from the local NAACP, which argued that the plans were segregationist. The black community proposed a site in an integrated neighborhood near a lake. To the UDC's leadership, these circumstances—a declining city with a history of inaction, racial conflict, and the need for redevelopment—presented a unique opportunity, and Newburgh was chosen as the site for the agency's first housing. If the agency could make a housing project feasible here, it could do it anywhere in the state.

The UDC made its opinion of the project clear from the start, selecting the lake-adjacent site for the new project and choosing to expand upon the number of units initially proposed, from 75 to 375. This progress encouraged local black officials, who saw the UDC as a potential partner; in the words of UDC staff member Robert Litke, there was a “general attitude that UDC involvement in the city will bring about some changes.”¹⁷ Rather than wait for the town to resolve its internal difficulties, the UDC determined how it would proceed, demonstrating one of the potential advantages of extending the power of project development to the state government.

Working with local organizations, the group developed a plan for 375 rental units made up of townhouses and a 66-unit tower ringing Lake Muchattoes.¹⁸ Though its architecture was unremarkable and its site planning rather suburban,¹⁹ the project incorporated a couple of the elements that came

17 Newburgh had been the site of considerable racial animosity throughout the 1960s. City Manager Michael Harrington enforced draconian regulations on recipients of welfare (those regulations, which included work requirements and time limits on eligibility for funds, may not seem so draconian today). Sam Roberts, “Metro Matters: Spirit of Newburgh Past Haunts Political Present,” *The New York Times*, March 9, 1992; Robert M. Litke [UDC staff], letter to Nelson Rockefeller, October 1, 1968, folder Correspondence: Nelson A. Rockefeller (1968-1969 May), box 271, Accession 1983-M-005, MS 959, YA Logue.

18 George J. Moskowitz [UDC Director of Auditing], letter to UDC Distribution List, July 9, 1973, folder Twin Parks, 1973, box 291, Accession 1983-M-005, MS 959, YA Logue.

19 The UDC built several such “suburban-style” projects (low rise, designed around car traffic, and featuring no mixing of land uses) in the state's cities, but this chapter does not describe any such project other than Newburgh's. Similar design principals were pursued in the suburbs (Chapter 5).

to be common on other UDC urban projects: A scenic, waterfront location and a mixed-income group of residents. While 30% of the units would be reserved for low-income, public housing income-level households, the other 70% would be dedicated to moderate-income families that could not afford new housing elsewhere. Like many public housing agencies in the same period, the UDC chose to abandon the tower-in-the-park form of apartments that had dominated the previous phase of construction. But it did not shift entirely to low-rise building (as certain authorities did), choosing to include the tower as if to emphasize that no single form of architecture would singlehandedly address the need for new housing.

Rockefeller attended the groundbreaking in October, several weeks after local groups had announced that they had raised their share of planning funds for the project, a condition imposed by the UDC to demonstrate local financial commitment to the housing program. Holding a gold-painted shovel, the Governor was brimming in enthusiasm. “I can’t begin to tell you how pleased I am that the UDC, in its very first effort in the State, has become a rallying point for new hopes and aspirations,” Rockefeller said. “The spirit that is in the air in this city is the same kind of spirit that soon will pervade all the cities throughout the State.” The project was ready for occupancy in November 1971.²⁰

As if to underscore the UDC’s commitment to housing as its primary mode of engagement in the state’s cities, Logue dismissed efforts by William Zeckendorf, a major real estate developer, to build a container port in Newburgh even as the agency was beginning construction on the apartment units. The corporation was asked to commit planning funds (which would have required no use of the tax-free bonds). Yet Logue informed Rockefeller that he did not see much value in the idea and proceeded to ignore it.²¹ Perhaps sensing that the federal dollars were in housing, not industrial development, Logue oriented his agency in that direction.

20 Edward Logue, letter to Nelson Rockefeller, September 24, 1969, folder Correspondence: Nelson A. Rockefeller (1969 June-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; Arnold H. Lubasch, “Newburgh Begins Building Project,” *The New York Times*, October 30, 1969, 50; Nelson Rockefeller, remarks prepared for delivery at a Unity Day celebration in Newburgh, New York, October 3, 1968, folder 246, box 19, series 35.1 Ann C. Whitman, People, 15 NAR-Gubernatorial, RAC.

21 Edward Logue, letter to Nelson Rockefeller, November 19, 1968, folder Zeckendorf, William, 1968-1969, box 321, Accession 1983-M-005, MS 959, YA Logue.

Newburgh was not the only city where Logue and his team began work quickly. Officials in Buffalo, Ithaca, Utica, Binghamton, Yonkers, and Ogdensburg, among about 30 cities and towns, all saw the utility of engaging the UDC in their redevelopment projects. By early 1969, those cities were in active negotiations with the agency over how it could aid them in completing housing projects that had often been in planning for years. In Utica, for instance, a project in the central business district had been stalled for 10 years because a private developer ran out of money and left behind an incomplete garage in the middle of the site.²² The UDC was supposed to take over the development of the project, even though a private organization had determined it economically infeasible. As they pursued negotiations with local groups, the organization's leaders found that at the center of its mission would be making impossible projects happen. And the UDC would have to build them faster than ever before.

Questions over the proper role of the UDC became apparent in its negotiations with officials of the state's third-largest city, Rochester. While agency staff had identified four potential sites for major new projects in the city, the municipality's Director of Development asked Logue to pull back and allow the locality to do some of the work, in part because of a fear that the UDC did not know what it was doing. Mayor Frank Lamb was concerned in particular about the agency's interest in building public housing on a site on the Genesee River previously cleared with urban renewal funds, which Lamb argued should be reserved for upper-income units. He accused the organization of usurping the local power to receive and spend public housing funds. Lamb argued that the "UDC can best serve this City and its people... in the [suburban] Towns of Monroe County... that would be your greatest service to this community."²³

Logue's organization ultimately invested in suburban projects all around Rochester (discussed in Chapter 5), but the UDC was not satisfied with the city's contention that it should pull back from its urban ambitions. In a response to Lamb, Logue argued that his agency "must have a significant program which begins to respond the size of the local problem... we cannot accept the proposition that UDC must prove itself on a token or pilot basis before a major effort is undertaken." As such, Logue

22 David K. Shieler, "Across the State, Renewal Hopes Rise," *The New York Times*, April 18, 1969, 45.

23 Frank T. Lamb [Mayor of Rochester], letter to Edward Logue, May 9, 1969, folder Correspondence: Nelson A. Rockefeller (1968-1969 May), box 271, Accession 1983-M-005, MS 959, YA Logue.

argued for a mixed-income development of 1,000 units on the Genessee in addition to 1,750 apartments already agreed to downtown in the “Southeast Loop” urban renewal area. The UDC would only be involved, however, if “a portion of the units was reserved for the use of low-income families.”²⁴

Rochester’s objections were outweighed by the potential benefits of the UDC’s engagement, and the city eventually agreed to a memorandum of understanding (MOU) in early 1970 when a Republican administration took over city hall.²⁵ The Flour City was not alone; its criticisms of the state’s involvement in its local planning affairs were not strong enough to deny that what Rockefeller had managed to put into place was one of the only *bona fide* ways to accomplish the urban renewal they had planned. Cities all across New York chose to sacrifice their home rule powers they had claimed to so cherish before the UDC’s creation in exchange for the organization’s extensive capabilities to get projects done. Or at least the agency’s *claim* that it would be able to get something done.

By the end of 1969, the UDC had its hands in pots all over the state. It had committed to the construction of 25,000 units of low- and moderate-income housing, most of them in the state’s central cities and about half in urban renewal areas, many of which had signed MOUs to detail what projects they wanted completed under the plan. Of those apartments, the Corporation had been asked to assist in the construction of 5,000 public housing units, for which local authorities had federal funding but insufficient wherewithal to complete. Logue asked Rockefeller to ask HUD to provide his agency a special revolving fund of Section 236 and Rent Supplement commitments.²⁶ The UDC was hardly a year old, but it already had a huge portfolio on its hands. Simultaneously, it was developing a systematic way to think about housing development.

24 Edward Logue, letter to Frank T. Lamb, May 6, 1969, folder Correspondence: Nelson A. Rockefeller (1968-1969 May), box 271, Accession 1983-M-005, MS 959, YA Logue.

25 Edward Logue, letter to Nelson Rockefeller, March 25, 1970, folder Correspondence: Nelson A. Rockefeller (1970 Jan-May), box 271, Accession 1983-M-005, MS 959, YA Logue.

26 Edward Logue, letter to Nelson Rockefeller, October 23, 1969, folder Correspondence: Nelson A. Rockefeller (1969 June-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, November 21, 1969, folder Correspondence: Nelson A. Rockefeller (1969 June-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; Betnun, 28.

THE UDC APPROACH TO FINANCING

As originally chartered, the UDC was given the right to market \$1 billion worth of moral obligation bonds on the municipal markets. Rather than use direct state or federal dollars as the source for the capital funding for any specific project, this mechanism brought private investors into the agency's financing. In theory, revenues raised by rents charged and federal subsidies for low- and moderate-income families over thirty or forty years would be enough to pay back the initial cost of the bonds for construction.²⁷ With the exception of a state charter fund of around \$50 million, the UDC would be able to operate as such with no additional state aid. It was designed to be a self-supporting organization in the long run.

The agency was supposed to work closely with other sorts of private businesses. Unlike the HFA, the UDC would lead the selection of development sites, pick the architect, and set the project timeline, but the housing it built was intended to be purchased by private owners eventually. Proceeds from sales, as well as fees charged on contractors and developers, were earmarked for the UDC's long-term revenue stream to plan for future projects.²⁸ UDC can thus be understood as a public-private partnership in which the public sector set the goals and conceptualized the projects and where the private sector financed the operation and entered into the development process once the profitability of projects had been assured. As the agency's annual report put it in 1973, "UDC projects are designed by private architects and consultants, and built by private firms and individuals. UDC's chief function is to be the catalyst that puts private enterprise to work in meeting the State's housing and urban development needs."²⁹ It was a setup clearly geared toward siphoning government funding into corporate interests, as Rockefeller desired. But this orientation was not purely profit-promoting; it was the only way New York's leadership could agree to address the problems of inadequate housing in the state.

Despite its clear orientation towards the private sector, the arrangement nonetheless put the gov-

27 In general, the UDC managed the mortgages for the projects it undertook and usually contracted out management to private groups. These businesses would receive a portion of rent as a management fee, but the UDC would receive the rents, which would then be used, together with the Section 236 subsidies and Rent Supplements (or public housing aid), to pay back the agency's bonds.

28 Peter R. Morris, *State Housing Finance Agencies: An Entrepreneurial Approach to Subsidized Housing* (New York, NY: D.C. Heath and Company/Lexington Books, 1974), 19.

29 Urban Development Corporation, *Annual Report* (1973).

ernment firmly in charge. The reduced interest rates available through UDC's tax-free bonds (and the sheer magnitude of projects the agency was proposing) may have encouraged investors who would normally allocate their funds to private development to fund the UDC instead. But the organization's initial efforts did not attract much opposition among private groups, in part because very few non-governmentally subsidized apartments were being built. In 1969 and 1970, fewer than 3,000 units in New York City were completed without public aid, the lowest totals since 1946. This can be compared to about 9,000 and 24,000, respectively, in publicly aided units, for those two years. Developer Samuel J. LeFrak, whose organization had invested in tens of thousands of dwellings over the decades, argued that "the builder has to run for daylight... the buyer is the government." LeFrak built several of the UDC's projects on commission.³⁰ Governor Rockefeller's decision to expand the state's involvement in urban development was designed to accommodate private interests in the development process and was appealing to many of them.

This did not mean, however, that the UDC always designed developments and then sat back as they were built and managed by private groups. In a residential tower project in Buffalo's Ellicott neighborhood, UDC plans had been handed off to private contractors, but they proceeded to go bankrupt. The UDC's response was to become its own general contractor. In cases where the private sector was unable to follow through, the UDC was happy to step in. Nor did all of the projects built by the corporation hew to the UDC's policy "not in fact to remain as the long term owner of any of the facilities which it is authorized to construct." While many of the projects completed over the years were successfully handed off to private groups, a large percentage of them remained in UDC hands, in part because the projects were not particularly profitable—an unsurprising fact considering that the agency's aim was to invest in places and on projects that had been overlooked by private developers.³¹

30 Alan S. Oser, "Private Sector is Paralyzed in Housing Slump Here," *The New York Times*, February 15, 1970, 302; Alan S. Oser, "Public Sector Failing to Close Housing Gap," *The New York Times*, March 14, 1971, R1; Alan S. Oser, "Lefrak Wants to Go On Building in City," *The New York Times*, January 25, 1970, 266.

31 As of 2010, the UDC (by this point known as the Empire State Development Corporation) maintained control over dozens of subsidiaries, many of which continued to control housing units across the state. The corporation had a housing portfolio of mortgages on 20,200 housing units valued at \$650 million despite not constructing new housing since the 1970s. "History of Empire State Development," Empire State Development Corporation, 2010, <http://esd.ny.gov/AboutUs/>

Table 4.1 documents the differences between the UDC, typical public housing agencies, and state housing finance agencies (HFAs) in terms of their respective approaches to developing and managing subsidized housing. The table shows that the UDC projects incorporated more private investment and decision-making than conventional public housing had. At the same time, compared to “reformed” public housing, such as that available through Section 23, Rent Supplement, or state HFAs, the UDC concentrated more power in the public sector. Thus it represented a novel publicly managed way to construct affordable housing.

No UDC housing would be built without federal aid. The agency’s charter specified that the organization would invest in “slum” communities and attempt to improve conditions in inner cities; this could only be done through affordable housing, since upper-income units would be unattractive in marginal neighborhoods. Just as important, the state constitution mandated that the state or local bodies could only invest public funds for urban redevelopment in “low-rent housing” or the clearance of “substandard and unsanitary areas.” What “low-income” meant was not clearly defined and the state courts eventually ruled that the term meant places where “housing needs cannot be met by the unaided operations of private enterprise”—a low bar in New York State in the late 1960s, where little housing was being built by anyone despite the palpable need.³² But the agency’s focus, particularly compared to other state housing finance agencies was never middle- or upper-income housing.

Because the Rockefeller Administration designed the UDC to be compromise-free, offering state citizens new housing under the promise of self financing, the corporation was not able to rely on any sort of state subsidies other than the tax-free bonds made possible thanks to the state’s “moral obligation” and Mitchell-Lama tax reductions, which were also available to private developers. As such, the agency was reliant on federal aid to assure the long-term financing of most of its projects. Section 236,

History.html; “ESDC Subsidiaries,” Office of the New York State Comptroller, http://www.osc.state.ny.us/pubauth/data/authorities/UDC_files/UDCSubsidiaries033107.pdf; Edward Logue, letter to Nelson Rockefeller, June 7, 1972, folder Correspondence: Nelson A. Rockefeller (1972 Jan-Aug), box 321, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Alton G. Marshall, September 16, 1969, folder Alton G. Marshall (1968-1980 Feb), box 371, Accession 1983-M-005, MS 959, YA Logue.

32 Peter Morris, 35.

Criteria	Conventional public housing	Reformed public housing (Section 23 or Rent Supplement)	UDC complexes	"Typical" HFA
Construction financing	Federal subsidies	Private capital	UDC bonds sold on private market	HFA bonds sold on private market
Low-income rent financing	Federal subsidies	Federal subsidies	Federal and state subsidies	Federal and state subsidies
Land acquisition	Local housing authority	Private developer through Turnkey	UDC	Private developer, with supervision from HFA
Design	Local housing authority	Private developer through Turnkey	Architects with UDC supervision	Private developer, with supervision from HFA
Development and Construction	Private contractors or infrequently local housing authority	Private contractors	Private contractors or infrequently UDC	Private contractor
Ownership	Local housing authority	Private developer through Section 23 or Rent Supplement	UDC subsidiary or private developer	Private developer
Management	Local housing authority	Private developer through Section 23 or Rent Supplement	Private developer or infrequently UDC subsidiary	Private developer
Residents	All low income	All low income	30% low income; 70% moderate income	15% low income; 85% moderate income

Table 4.1 : The intersecting roles of the public and private sectors in subsidized housing project development.

passed as part of the 1968 Housing Act, proved to be the agency's mainstay, as it reduced mortgage interest rates to just 1% and thus made it possible to rent apartments to people of moderate incomes (incomes up to 135% of maximum income limits for public housing in the area). These subsidies could be combined with rent supplements provided by HUD that allowed people of public-housing-level incomes (these were defined separately in each locality; in certain cases, rent supplements provided housing for a lower-income group than public housing) to live in constructed units. To a lesser extent, the UDC occasionally acted as a turnkey developer for certain of the state's local housing authorities; it also invested in a small number of middle-income projects with no federal subsidies attached.³³ The

33 Income limits for public housing varied significantly from one locality to another. New York City had a policy of allowing middle-income residents to remain in New York public housing complexes. Nationally, though, tenant incomes in public housing declined from 47.1% to 36.9% of U.S. median income between 1961 to 1970, indicating the low incomes of public housing residents. The Brooke Amendment in 1969 also capped public housing entry limits at 80% of area median

Program	Example of Income Range	Maximum Income Level	Cost to Occupant	Nature of subsidy
Section 236	\$8,000-\$8,900	Income (95% of gross earnings of family members) must be under 135% of public housing admission limits, or 90% of Section 221(d)3 limits	25% of income but up to 20% of units in a project may be leased under rent supplement or Section 23	FHA payment to mortgagee of FHA mortgage insurance premium and interest on mortgage over 1 percent, and FHA guarantee of 100 percent mortgage of up to 40 years
Rent Supplement	\$3,956-\$5,920	Income must be under 100% of public housing eligibility; assets under \$2,000 (or \$5,000 for persons over age 62)	25% of income	Payment to owner of difference between unsubsidized rent and 25 percent of tenant's income, but not over 70 percent of unsubsidized rent; guarantee of 100 percent mortgage of up to 40 years
Public Housing	\$3,320-\$5,920	Private developer through Turnkey	20% of income must be less than 80% of rentals of available private housing, continued occupancy limit 125% of entrance	Payment of principal and interest on 40-year tax-exempt bonds issued by local housing authority for acquisition of land construction. Guarantee of bonds. Payment of \$120 per year for each elderly, displaced, large, or unusually low income family.

Table 4.2 : Federally aided subsidized housing programs in 1969. Source: Peter Marcuse, "Comparative Analysis of Federally-Aided Low- and Moderate-Income Housing Programs," *Journal of Housing* 26-10 (November 1969), 536-539.

differences between the Section 236, Rent Supplement, and public housing programs in terms of subsidy provided by the federal government and income levels of occupants, are shown in Table 4.2.

The UDC developed a formula for household income integration that applied to most of its projects. 70% of units would be devoted to moderate-income families, making between roughly \$5,000 and \$14,000 a year, depending on family size. 20% of units would go to low-income families making less than \$5,000 a year and the remaining 10% would be directed toward low-income elderly units.³⁴ Among the family units, an emphasis was placed on apartments for large families. This formula reflected the agency's sense that there was a value in projects with a mix of income groups, weighted toward

income. See UDC Housing Development Staff, under direction of Frank S. Kristof, "Financing UDC Housing," 1970; Bloom (2009); J.A. Stoloff, "A Brief History of Public Housing," Office of Policy Development and Research, U.S. Department of Housing and Urban Development, http://reengageinc.org/research/brief_history_public_housing.pdf, 10.

34 It should be emphasized that the UDC performed no experimentation to determine whether this income mix was "best;" it did not even have a set of criteria that might be used to determine this. In 1969, median household income in New York State was \$9,268. "Table S1. Median Household Income by State," U.S. Census Bureau, <https://www.census.gov/hhes/www/income/data/historical/state/state1.html>.

people of moderate incomes in order to avoid the ghetto of impoverished households that was perceived to be detrimental to the success of public housing projects across the country. The proportion of low-to-moderate income families was also a reflection of the UDC's ability to obtain rent supplements from HUD, which were in high demand but limited supply. Both rent supplements and Section 236 subsidies were long-term contracts that guaranteed affordability for housing; both programs required housing developers such as the UDC to apply for funds for individual projects.³⁵ While the UDC received the funding on all of the projects it pursued up to 1973, it was never guaranteed it in advance.

These housing subsidies, however, did not provide up-front funds for housing construction, for which the UDC's bonding capacity was essential (though public housing projects received up-front capital grants). The UDC hoped to use a portion of the HFA's generous bonding capacity to pay for its projects initially in order to demonstrate its competencies before releasing its own offerings to the market, but this effort was denied by Charles Urstadt, State Commissioner of the Division of Housing and Community Renewal (DHCR). Urstadt, who had the right to review the UDC's projects and financing structure, argued that the UDC's use of HFA funding would reduce the quality of the latter's bond releases. He may have had a point, since while the UDC was undertaking risky projects in marginal neighborhoods, the HFA stuck to buildings that could be easily financed for middle-income people.³⁶

But once the UDC announced its initial offering in late 1970, the municipal bond credit analysts Moody's and Standard & Poor's rated it at the same high quality as HFA. UDC President Logue argued the agency was ready to demand \$250 million in bonds, a huge release for an agency that had little actual experience; Eleanor Brilliant argues that the Corporation may have moved into bond releases more quickly than it would have otherwise desired. This demand was met by skepticism from State Controller Arthur Levitt, who had to be persuaded by UDC Chairman of the Board George Woods, to accept. Governor Rockefeller said that the issue "is the least UDC should offer its first time out;" his ar-

35 The Section 236 contract essentially meant that HUD paid the mortgage holder—the UDC—the difference between the standard interest rate on such loans and interest at 1%, every year for the 40-year length of the mortgages.

36 Charles Urstadt, letter to Nelson Rockefeller, March 7, 1969, folder Correspondence: Nelson A. Rockefeller (1968-1969 May), box 271, Accession 1983-M-005, MS 959, YA Logue.

gument seemed to be that the agency had to go big at first to emphasize the importance of its mission. Levitt was unconvinced by the moral-obligation bonding model and suggested that the UDC's long-term finances were insecure.³⁷

But the agency did fine in its first release. Its bonds were sold under noncompetitive negotiation with a group of major banks including First National City, Morgan Guaranty, Chase Manhattan, First Boston, and others. The success of the bond release was not just a reflection of Logue's promise as a housing builder. Governor Rockefeller's brother David was the head of Chase Manhattan, and the UDC had been his idea. UDC Chair Woods was the former chairman of First Boston (and previous head of the World Bank) and had accepted the UDC job in exchange for a promise that his former company could act as senior managing underwriter. Logue hoped to release similar bonds every year.³⁸

UDC PROJECT MANAGEMENT

At the heart of UDC's development operation was an overwhelming sense of urgency. The failure of 1950s and 1960s urban renewal plans to rebuild central cities and the overwhelming demand for decent housing motivated Logue to change the development paradigm in a risky, untested way. While urban renewal projects in New York State had averaged seven years to clear land and, in New York City, thirteen years to complete the project, UDC hoped to complete projects in three years after commencement. This arrangement was not principally based on a speeding up of construction but rather a significant push on project development, aided by the fact that most city sites had already been prepared by municipal urban renewal agencies. By 1972, the UDC was performing site selection, project programming, community negotiations, architectural design, contractor selection, foundation completion, pricing, and subsidy allocations in six to twelve months, compared to two years at minimum for

37 Brilliant, 229; Edward Logue, letter to Nelson Rockefeller, December 8, 1970, folder Correspondence: Nelson A. Rockefeller (1970 Jun-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; Nelson Rockefeller, letter to Arthur Levitt [New York State Comptroller], December 10, 1970, folder Correspondence: Nelson A. Rockefeller (1970 Jun-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, May 6, 1971, folder Correspondence: Nelson A. Rockefeller (1971 Jan-June), box 271, Accession 1983-M-005, MS 959, YA Logue.

38 John H. Allan, "Urban Body Plans Public Bond Issue," *The New York Times*, December 22, 1970, 49; Linda Greenhouse, "Fiscal Collapse of U.D.C. Was Result of 3 Wrong Moves, Panel Concludes," *The New York Times*, May 27, 1976, 39.

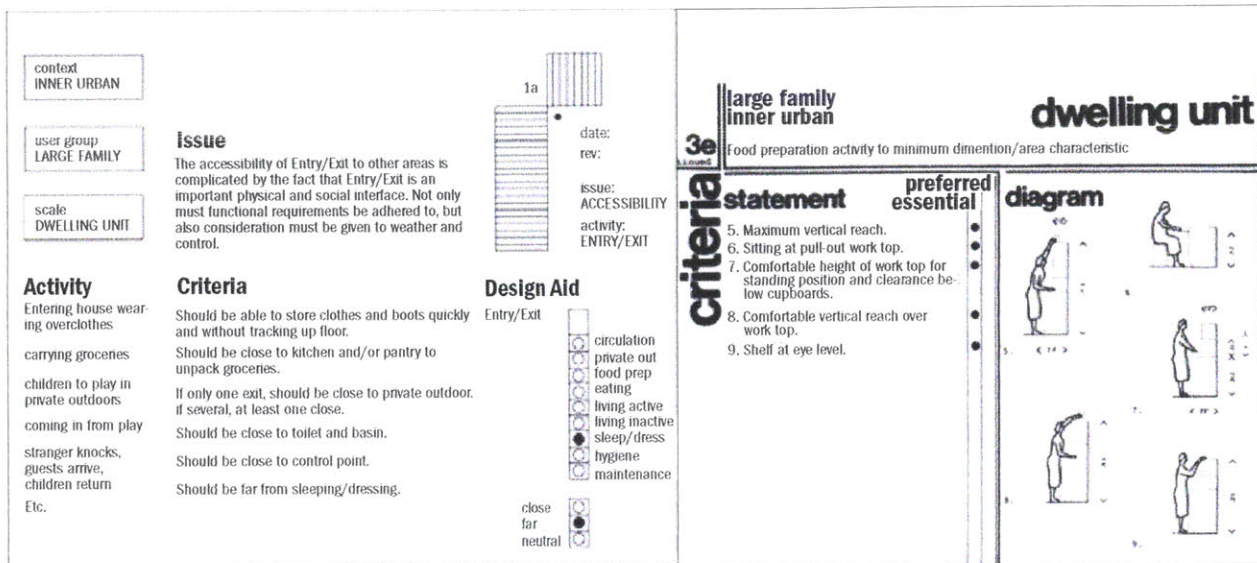


Figure 4.1 : The UDC developed a series of criteria to aid in the appropriate design of housing complexes. | Source: *Policy and Design for Housing: Lessons of the Urban Development Corporation 1968-1975, Part 2: Two Developments, Then and Now.*

peer agencies or private groups.³⁹

The great advantage of the UDC as a developer was that its unified operation, supported by knowledgeable staff and extensive connections to contractors and architects, allowed it to advance at this speed. Its ability to surmount local regulatory barriers, as well as the limited requirements for it to demand community input, did not hurt. This approach also had the benefit of receiving more favorable bids from independent constructors, who were pleased with its ability to avoid the logjams that ensnared most public authorities.⁴⁰

Yet the agency's great success in pushing projects forward had the downside of encouraging the Corporation's leadership, particularly Logue, to assume that those organizations funding his would simply catch up, not ask him to slow down. Rather than wait for HUD to approve Section 236 contracts for any specific project, the UDC had a tendency to simply begin construction as soon as it was done

39 Press Release: "The New York State Urban Development Corporation: A Partnership to rebuild slums and help people through JOBS, HOUSING, RECREATION AND COMMUNITY LIFE, April 1968, folder 1551-UDC Ap 23, 1968, box 70, series 25.3 Press Office, Agency and Commission Reports, 15 NAR-Gubernatorial, RAC; Edward Logue, letter to Nelson Rockefeller, November 13, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Aug-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue; Peter Morris, 90.

40 Kristof (1974), 197.



Figure 4.2 : Twin Parks East Project, designed by James Stewart Polshek. Logue accused the design of looking like the Bronx House of Detention. | Source: Stern, Robert A.M. at al., *New York 1960: Architecture and Urbanism between the Second World War and the Bicentennial* (New York, NY: The Monacelli Press, 1997), 959.

with architectural designs. In one situation, a project that began construction in 1970 and was occupied in July 1972 did not receive a contract from HUD until December 1971 or January 1972. The possibility that HUD might deny a project subsidy aid did not enter Logue's mind.⁴¹ This was a particularly self-absorbed approach that ignored the fact that other organizations in the U.S. were seeking similar

41 UDC conducted its business with local HUD representatives, who were assigned to distribute housing subsidies based on a population formula. I have found no evidence that UDC management was aware of the federal moratorium before it occurred. F. David Harris [UDC Representative in Washington], letter to Congressman Thomas Ashley, March 13, 1972, folder Ashley, Ludlow (1971-1975), box 321, Accession 1983-M-005, MS 959, YA Logue.

aid and is one explanation for why UDC accounted for such a significant proportion of Section 236 contracts (about 10% of the national total). UDC's speed effectively reduced available funding for other housing developers, but Logue would likely have argued that these results were simply a product of his agency's success rather than its adventurous relationship with typical funding timelines.

The agency attempted to improve its management by signing "Annual Arrangements Agreements" with local HUD offices in order to inform the agency what projects would need Section 236 funding. But these approvals were informal and put the corporation at risk if HUD ever changed its guidelines about what would be funded. It did that in January 1973, putting twelve UDC projects already under construction at risk.⁴²

UDC's convictions about its housing-development skills extended into the architecture of agency projects. Logue argued that his work in New Haven and Boston made his "personal and professional concern for the quality of architectural design and site planning... clear on the record." The agency had a group of architects and urban planners working on all of its projects, led by Theodore Liebman. The agency went out of its way to hire some of the nation's most promising emerging architects, but it did not allow them to work on their projects independently. Nathan Betnun interviewed UDC-contracted architects and found that "at times they were unsure whether they or UDC were designing the development."⁴³ The UDC developed very specific guidelines for apartments, as seen in Figure 4.1.

This arguably meddlesome approach played out in the development of several UDC projects. For a project in the Twin Parks section of the Bronx, James Stewart Polshek designed a structure with alternating black and white stripes on its façade, as shown in Figure 4.2. Logue wrote Polshek, complaining

42 Though there was a high risk involved in the UDC's development process that moved forward with projects before contracts had been completed, it rarely was not able to follow through on a project because of acting in advance. One rare exception was in Niagara Falls, where the organization spent \$11.5 on new apartments on land formerly owned by the Penn Central railroad. The UDC's "ownership" of the land, however, was not fully established, and the corporation was sued, preventing the apartments from being rented. See Kenneth R. Harney, "Will New York Blunt Its "Extraordinary Tool" for Housing Development?," *AIA Journal* 63 (February 1975), 28-32; Edward Logue, letter to Nelson Rockefeller, February 16, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Jan-Feb), box 321, Accession 1983-M-005, MS 959, YA Logue.

43 Edward Logue, letter to Jason R. Nathan [Administrator, New York City Housing and Development Administration], September 18, 1968, folder Fulton Park, 1968-1972, box 290, Accession 1983-M-005, MS 959, YA Logue; Betnun, 125.

that the feature was giving the building “the design distinction of the Bronx House of Detention” and sadly noted “once again the failure of a designer to deliver what was promised and accepted.” Polshek responded that Logue was suffering from “client-cold feet” but the truth was that Logue and his team simply had very specific ideas about how UDC buildings should look and they would not be satisfied with anything resembling the public housing of the past.⁴⁴

At Schermerhorn Street in Brooklyn, Liebman commented to Logue that builder plans for several apartment towers required modulation with “ins and outs to break down and give scale.” Those features had been part of the original plans. Logue followed up with the builder, writing that he was “very concerned about the simplification of building shapes you have proposed as a cost-saving feature.” Logue had a strong justification for the changes he proposed: He felt that they were necessary to “soften the impact of this dense, urban housing development.”⁴⁵

The intensity with which the UDC management approached interactions with architects over the design of residential structures did not mean that the agency was satisfied with builder construction. In fact, when faced with a conflict between builder and architect, the agency almost always sided with the latter when feasible. Architect Joseph Wasserman wrote Logue to assert his “despair” over modifications made by builders on one of his buildings on Coney Island that he feared could “turn the place into a slum.” The architectural integrity of the project was in question. Logue responded angrily: “I want to be damn sure that the contractors, whose interest in design is uniform abysmal [sic], do not screw it up in little ways.”⁴⁶

This was an agency that was serious about making sure its designs worked, and despite—or perhaps because of—the UDC staff’s intense involvement in the planning and design of individual projects,

44 James Stewart Polshek, memo to Edward Logue, November 11, 1971, folder Twin Parks, 1971, box 291, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, memo to James Stewart Polshek, November 12, 1971, folder Twin Parks, 1971, box 291, Accession 1983-M-005, MS 959, YA Logue.

45 Theodore Liebman, letter to Edward Logue, July 25, 1973, folder Schermerhorn Street, 1971-1974, box 290, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Jack Parker [Jack Parker Construction Company], August 17, 1973, folder Schermerhorn Street, 1971-1974, box 290, Accession 1983-M-005, MS 959, YA Logue.

46 Joseph Wasserman [Principal at Hoberman and Wasserman], letter to Edward Logue, July 19, 1974, folder Coney Island, 1971-1973, box 290, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Herbert A. Tessler, July 22, 1974, folder Coney Island, 1971-1973, box 290, Accession 1983-M-005, MS 959, YA Logue.

the agency's residential buildings, especially those in the cities, exhibited a rare degree of design innovation. Though the 1968 Housing Act prohibited high-rise public housing projects for families with children, the UDC built many tall buildings, which it was able to do since its buildings were not traditional public housing funded by the public housing program. These were not typical high-rises. Many of the projects featured single-loaded corridors designed to reduce the crowdedness of hallways; some offered duplex apartments fit together like a puzzle in the upper floors of towers. Concrete, rather than brick, was used for many buildings in order to convey the impression of modernity and distinctiveness from the old public housing complexes.⁴⁷ In Brooklyn, the group began experimenting with a "low-rise, high-density" project that was meant to bring some of the advantages of suburban living into the urban environment, but at the very urban concentration of 50 housing units per acre. The UDC won fourteen architectural awards for its projects, including an American Institute of Architects Citation of an Organization.

Perhaps more important than the architecture itself, however, were the features that were built into the residential buildings. When possible, structures included community rooms, medical services, schools, and other community facilities. On the street, a large number of UDC projects included retail stores, a rarity for public housing at the time. And day care centers became a hallmark of the group's projects; in New York City, eight of the agency's structures included such facilities, which were large enough to handle the population of young children in each complex.⁴⁸

In the construction process, the agency attempted to move beyond the union contract rules that were typically required for any governmental project. Logue was adamant that non-union outfits be used Upstate, where most construction was already completed by workers being paid lower rates. The way it did this was to establish a number of subsidiary corporations to complete the work. This became standard practice at UDC; with each development project, the organization would first establish a fully-

47 Biles (2000), 157; Lawrence Goldman [Special Assistant to the UDC President], "Federal Policy and the UDC," *The Planner* 61-5 (1975), 176-179, 197.

48 Peter Morris, 90; "Proposed Day Care Centers within UDC Projects New York City," folder Coney Island, 1971-1973, box 290, Accession 1983-M-005, MS 959, YA Logue.

owned corporation. This body then could let contracts by verbal agreements and without competition, neither of which could be done by the regular UDC. These local subsidiaries, as Vincent Moore, a planning director for the UDC, noted, were “a partial answer to the problem of reshaping home rule on a more coherent basis,” designed to redistribute local planning power away from local political officials and towards state-controlled entities that incorporated private investment.⁴⁹

Logue’s decision to avoid the traditional public contracting system was partly a response to the discrimination against black and Puerto Rican workers that was systemic on construction work sites across the state. Rockefeller’s stance on affirmative action had been firm and he directed all state agencies, including the UDC, to agree to hire a significant minority presence on staff. Logue took this to heart. Of the agency’s eventual 500 employees, 23% were minority, and they were not simply secretaries; of 330 professional and technical staffers, 15% were minority; for comparison, in 1970, New York City was 21.1% black, according to the U.S. Census.⁵⁰

When awarding contracts, the UDC emphasized minority contractor teams as well. As early as summer 1969, Logue explained to the governor’s secretary that he wanted to “put a black-white architectural team to designing” the agency’s projects, and there were several examples of the UDC pulling together such teams with the explicit purpose of offering jobs to minority professionals and encouraging cross-racial education. By 1970, 9 of the UDC’s 54 projects were designed by minority architects even though just 1% of the state’s architects were black or Puerto Rican. By 1973, 16% of the corporation’s construction contracts had gone to minority builders, representing total commissions of \$55.5 million.⁵¹ This was a breakthrough for nonwhite architects and builders, who had often been shut out

49 Edward Logue, letter to Nelson Rockefeller, October 9, 1970, folder Correspondence: Nelson A. Rockefeller (1970 Jun-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; David K. Shipler, “Levitt Criticizes Bidding Policy of Unit for Urban Development,” *The New York Times*, April 3, 1972, 33; Vincent Moore, quoted in Heiman, 146.

50 Nelson Rockefeller, letter to Edward Logue, January 15, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Jan-Feb), box 321, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, September 22, 1971, folder Correspondence: Hugh L. Carey (1974-75), box 321, Accession 1983-M-005, MS 959, YA Logue.

51 Rudy Johnson, “Less Profit Seen in Ghetto Housing,” *The New York Times*, March 31, 1973, 45; Edward Logue, letter to Alton G. Marshall [Executive Secretary to the Governor], July 10, 1969, folder Alton G. Marshall (1968-1970 Feb), box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, February 23, 1972, folder Robert R. Douglass (1968-1972), box 271, Accession 1983-M-005, MS 959, YA Logue.

of a white-dominated process. Here, the value of the state acting as the developer shone through since the agency was able to cross through racial barriers that had existed in many of the state's cities and were perpetuated by local politics.

Despite—or perhaps because of—Logue's reputation for ignoring the input of community members and bulldozing their neighborhoods, his UDC made a concerted effort to engage citizens in the design and development process. Each project was associated with a local Community Advisory Committee and local sponsor. Certain projects in Harlem, for example, were partially funded by fraternal organizations or neighborhood activists. Every construction project completed in cities was approved by city councils (even when the UDC used its zoning powers to override local rules, which it often did with the implicit agreement of local authorities). Architects on certain projects, such as Fulton Park in Brooklyn, were selected by local groups and then retained by the UDC. In inner-city environments with the possibility of significant public outcry in the construction of a new housing project, Logue emphasized that he valued the input of steering groups that represented “elected and appointed community officials and community leaders representing a wide variety of the group.”⁵² This approach was surely more engaged than that of most contemporary public housing developers, but the process placed an emphasis on official leadership rather than popular sentiment. As a result, while it consulted minority neighborhoods before intervening in their built environment, it did not use tools such as community organizing to improve relationships.

UDC staff also made an effort to learn from the communities they were serving, showing a certain respect for residents that Logue had complained in 1967 as being missing from the public housing process. Logue began a program in 1972 that moved UDC officials into completed projects for one to two weeks. This “live-in program has led to major and minor policy and design changes that might otherwise have gone unnoticed,” he told the Governor. Employees—most of whom were paid far more

52 James E. Robinson, memo to Edward Logue, September 5, 1972, folder Fulton Park, 1968-1972, box 290, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, October 9, 1970, folder Correspondence: Nelson A. Rockefeller (1970 Jun-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Alton G. Marshall, September 16, 1969, folder Correspondence: Nelson A. Rockefeller (1970 Jun-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, February 5, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Jan-Feb), box 321, Accession 1983-M-005, MS 959, YA Logue.

than allowed to be permanently eligible for the agency's apartment units—brought their whole families to live in apartments, use laundry and community facilities, and attend meetings. Logue himself lived in one of the apartments designed by Richard Meier in the Bronx. Based on reports written up after every stay, the organization learned to include more public telephones, build more screens between the buildings and the street, and improve the noise insulation between apartments. An example of a summary of live-in reports is included in the Appendix.⁵³

CONSTRAINED TO WORKING IN THE "GHETTO"

The UDC made clear in 1968 that it would “undertake such projects as will require only minimum relocation.” Though Rockefeller's rhetoric before the agency's creation made no such promises, Logue oriented the Corporation away from this standard technique of urban renewers. It would not use eminent domain to tear down expansive sections of the cities in which it worked, and it would increase the quantity of affordable housing available to residents, rather than diminish it, as so many previous urban renewal programs had done. The agency also had limited write-down funding, meaning it could not easily purchase expensive urban land and use it for the construction of new housing.⁵⁴ The agency was thus more appealing from the perspective of adversely affecting neighborhoods; for the most part, it was simply filling in already-cleared sites.

It was also concentrating housing in the parts of the cities that were most desperately in need of decent apartments. In 1970, the agency undertook eight major projects and began serious discussion on seven more, accounting for a total of 4,817 housing units, in (poor) black and Puerto Rican neighborhoods. This program managed to bring new development to places that had not seen any new housing for decades. The UDC's Ellicott project in Buffalo was built on cleared land that had been vacant

53 Edward Logue, letter to Nelson Rockefeller, September 22, 1971, folder Correspondence: Hugh L. Carey (1974-75), box 321, Accession 1983-M-005, MS 959, YA Logue; Betnun, 127; Richard Meier, letter to Edward Logue, June 29, 1973, folder Twin Parks, 1973, box 291, Accession 1983-M-005, MS 959, YA Logue.

54 Though the UDC intervened on sites that had been cleared for years and thus were likely to fuel community resentment, I could find no evidence of significant neighborhood protest relating to the agency's completed work, other than over issues relating to income mix, i.e., too many or too few units for poor people. Bob Litke, memo to A. Landino, S. Lefkowitz, and J. Stainton, November 14, 1968, folder 162-Projects 1968, box 244, Series VII, MS 959, YA Logue.

longer than any urban renewal site in New York.⁵⁵

The UDC did not solely invest in urban renewal zones, but its significant investment in them contrasted with changes that were affecting cities nationwide in terms of housing siting policy. Beginning in the 1960s, in New York and elsewhere, public housing authorities transitioned away from building high-rise low-income housing complexes in the most impoverished parts of the inner city and towards the completion of low-rise public housing in middle-class neighborhoods. This change reflected the growing sense that the nation's metropolitan areas were too segregated and the understanding that too much concentrated poverty was a problem. But these investments produced citizen protest on a significant scale that made the development of projects increasingly difficult.⁵⁶ The UDC encountered some similar problems in its suburban work, but the concentration of its urban housing in high-poverty areas likely allowed it to work faster and with less protest than peer agencies.

PROJECTS IN NEW YORK CITY AND UPSTATE CITIES

The competition between UDC President Logue and New York City Mayor John Lindsay paralyzed the agency's ability to work in the state's greatest city, where it was headquartered. Though the UDC had the technical right to build wherever it wanted, it chose to negotiate instead, hoping that the existing conditions demanded that the state get involved. An analysis of the city's housing situation in summer 1969 made the problem clear: Private developers were only building housing units for the wealthiest seven percent of the population; public housing complexes had a waiting list of 130,000 people; and abandonment of buildings and neighborhoods was increasing at a rapid pace. In order to keep up, the city would need something in the range of 780,000 new subsidized apartments. The city's administration, though well intentioned, was not able to build anything close to that quantity of new structures. This provided Logue a real bargaining chip.⁵⁷

55 Edward Logue, letter to Nelson Rockefeller, October 9, 1970, folder Correspondence: Nelson A. Rockefeller (1970 Jun-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, June 7, 1972, folder Correspondence: Nelson A. Rockefeller (1972 Jan-Aug), box 321, Accession 1983-M-005, MS 959, YA Logue.

56 John M. Clapp, "The Formation of Housing Policy in New York City, 1960-1970," *Policy Sciences* 7-1 (March 1976), 77-91. 79.

57 David K. Shipler, "The Changing City: Housing Paralysis," *The New York Times*, June 5, 1969, 1.

UDC staff, including Logue, met with New York City administrators in July 1968, hoping to lay out priorities for investment in the metropolis. Logue emphasized that the “UDC would like to help City by doing projects the City wanted and needed,” according to the minutes. This was a noncontroversial approach clearly meant to assuage concerns that the city’s home rule powers were being stripped away. By September, Logue thought he had an agreement for 10,000 units to be built across the city at a cost of \$500 million. Projects would be concentrated in Coney Island, East New York, and Williamsburg in Brooklyn; the Twin Parks area and along the Harlem River in the Bronx; Arverne in Queens; and in Harlem. This deal also established an agreement for the development of Roosevelt Island (discussed in Chapter 6).⁵⁸

Actual agreement took until May 1969, however, thanks to continued skepticism about the agency’s motivations. According to a report by Richard Madden in *The New York Times*, “the Mayor has grumbled that the [UDC] was more interested in erecting ‘show pieces’ of renewal in the city without tackling the more difficult and costly redevelopment projects.” Finally, a contract was signed that gave the UDC power to develop a number of the city’s most prominent sites. Certain of the projects, including Coney Island and Twin Parks, had been under consideration for redevelopment for several years; the sites were mostly not selected by the UDC.⁵⁹

Several of these projects are discussed in the passages to follow, but it is important to note that Logue was never satisfied with his agency’s scale of intervention in New York City. Chief UDC economist Frank S. Kristof sounded the alarm, arguing that the city was, for the first time in its history, actually losing housing units—21,000 between 1965 and 1968—so there was a lot of work to be done, considering that the vacancy rate remained very low. By the end of 1970, less than two years after the initial agreement, the UDC’s city program was upped to 17,000 units, with 17,000 more proposed at Sunnyside

58 Minutes from Meeting between UDC New York City group and City government representatives at 2 Lafayette Street, New York City, July 10, 1968, folder 162-Projects 1968, box 244, series VII, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, September 25, 1968, folder Correspondence: Nelson A. Rockefeller (1968-1969 May), box 271, Accession 1983-M-005, MS 959, YA Logue.

59 Editorial: “Friction Between State and City,” *The New York Times*, February 19, 1969, 46; Richard L. Madden, “City-State Fiscal Woes Adding Strain to Rockefeller-Lindsay Relationship,” *The New York Times*, April 28, 1969, 46; “Urban Agreement Reached: State Urban Agency is Invited to Join in Eight City Projects,” *The New York Times*, May 22, 1969, 1.

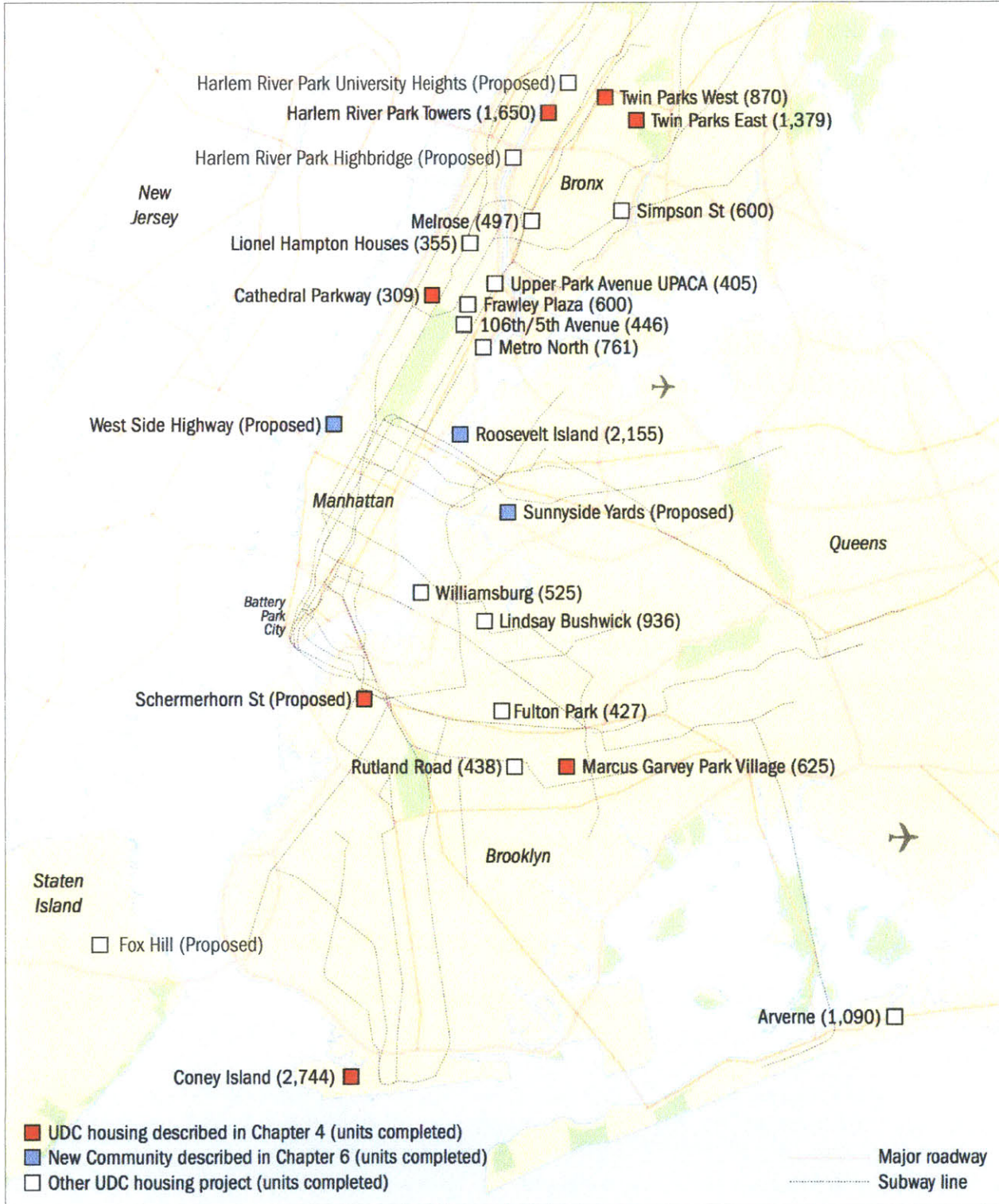


Figure 4.3 : UDC's New York City Projects. | Source: Map by the author.

Yards (another new-town-in-town described in Chapter 6). The agency was making plans for redevelopment in every part of the city, from Staten Island to Utica Avenue in Brooklyn. Logue wanted even more; “we have never been entirely satisfied with the kind of business which we have in New York City or its volume... we have initiated discussions... for a quantum jump in the size of our programs.”⁶⁰

As a result of the organization’s eventual financial difficulties, these expansions in activity never occurred, but the UDC did complete projects in four of the five boroughs that speak to the role a state housing agency can play in urban redevelopment. Several such projects in New York City, as well as a few urban projects also built by the UDC Upstate, are profiled below. These are far from the only buildings funded and constructed by the organization. Thousands of units were added to the waterfront in Yonkers under the design of Paul Rudolph; a major complex of apartments was completed in Rochester’s Southeast Loop urban renewal district; and a number of infill projects were added to Harlem blocks, for example.⁶¹

CONEY ISLAND

Conditions in this struggling section of Brooklyn convinced city officials that full-scale urban renewal had to be performed. Crime was out of control and a larger percentage of the available housing was dilapidated. The city pursued a “vest-pocket” strategy for the neighborhood that was “intended to make improvements with as little disruption of family life as possible” while significantly expanding the number of available dwelling units. The city’s project, however, was far more than “vest-pocket” as it demolished 15 sites in a relatively small area, leaving a vast and empty zone for new project construction.⁶²

60 “Logue Says City Requires Aid of Billion a Year for Housing,” *The New York Times*, November 7, 1969, 17; Edward Logue, letter to Nelson Rockefeller, December 23, 1970, folder Correspondence: Nelson A. Rockefeller (1970 Jun-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; “General correspondence and memoranda, 1969-1970, Brooklyn Office,” folder Utica Avenue: 1970-1971, box 290, Accession 1983-M-005, MS 959, YA Logue.

61 One of the odder projects the UDC invested in were trailer parks in Brownsville, Brooklyn, designed to provide quick housing solutions for a part of the city with a desperate need for more units. Peter Kihss, “City Getting Trailer Park Despite Ban,” *The New York Times*, July 12, 1971, 31; Edward Ranzal, “Officials Score Trailer Housing,” *The New York Times*, July 13, 1971, 38.

62 “Coney Island I: Community Development Plan,” The City of New York Housing and Development Administration, July 9, 1968, folder Coney Island, 1968-1969, box 290, Accession 1983-M-005, MS 959, YA Logue.

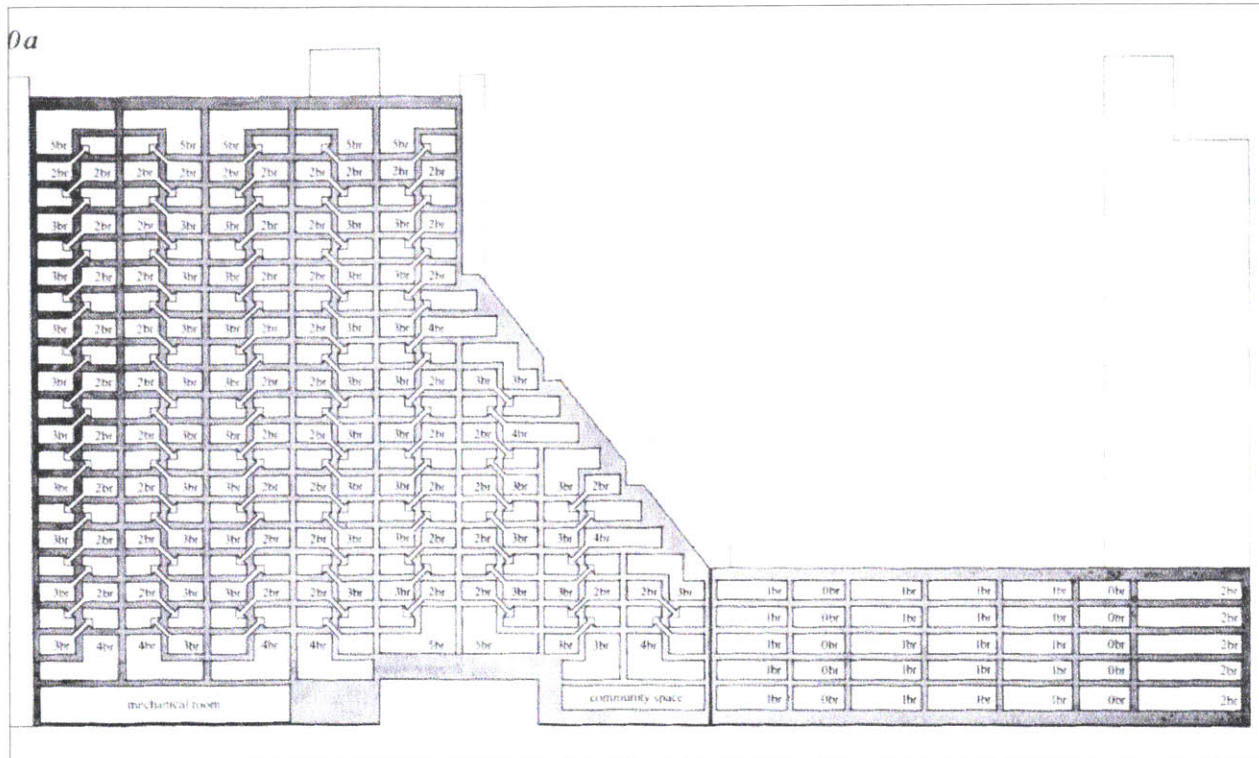


Figure 4.4 : Coney Island West, designed by Hoberman & Wasserman. Section showing multifloor apartments throughout complex. | Source: *Another Chance for Cities, Companion book for UDC exhibition at the Whitney Museum of American Art (New York, NY, 1970), 48.*

Of the existing structures that remained in the area, many were older public housing complexes.

The UDC's work in Coney Island—which comprised ten of those sites and more than 2,000 units—was not particularly appealing from the perspective of creating a habitable urban space. Towers were distributed much as traditional public housing had been—with little regard to the street edge and with no attention made to helping move pedestrians into and out of buildings. Hoping to save money, the agency replicated a design by architects Hoberman & Wasserman three times around the neighborhood. Though retail stores were incorporated in several of the complexes, including a supermarket facility in two of the sites, these storefronts often went vacant.⁶³

If the buildings in general were more appealing to look at than traditional public housing, the over-

63 Gerald Rosanbalm, memo to James Robinson, March 20, 1974, folder Coney Island, 1971-1973, box 290, Accession 1983-M-005, MS 959, YA Logue; William H. Hayden, memo to Edward Logue, September 8, 1972, folder Coney Island, 1971-1973, box 290, Accession 1983-M-005, MS 959, YA Logue.

	Status	Units	% White	% White Children
Site 1A	Construction	224	-	-
Site 4A	Construction	672	-	-
Site 4C	Construction	200	-	-
Site 5/6	Occupied	332	36	26
Site 7	Renting	362 (200 rented)	48	12
Site 9 (elderly)	Occupied	197	95	n/a
Site 10	Occupied	122	16	7
Site 17	Renting	360 (95 rented)	62	-
Site 18	Construction	170	-	-
Site 24	Construction	172	-	-
Overall	-	2,811	51 (of relevant units)	18 (of relevant units)

Table 4.3 : Status of UDC Projects on Coney Island. | Source: Lawrence P. Goldman, memo to Edward Logue et al., June 12, 1974, folder Coney Island, 1971-1973, box 290, Accession 1983-M-005, MS 959, YA Logue.

all effect on the urban environment was hard to differentiate from apartment towers built by local agencies in the 1950s and 60s. Nor were the new buildings, despite their inclusion of moderate-income residences, able to arrest the changes in the neighborhood's racial stability, as shown in Table 4.3. Whites had been moving out of the community for years, and UDC planners, convinced of the importance of mixing racial groups, had hoped to attract a large number of white families to the new towers. Yet by 1974, when several of the projects were being leased or fully occupied, only 51% of families and 18% of children were white. Of 2,037 applicants for the remaining units, only 107 were white.⁶⁴ Just building a nice new building would not prevent the stream of white people out of central cities.

TWIN PARKS

The City of New York had also already begun significant planning at Twin Parks, in the central Bronx. The city's plan for the district, which proposed the construction of 3,500 new and rehabilitated housing units in two strips in the neighborhood, was designed for a mix of low- and moderate-income households from the start, to "help prevent one income group from overwhelming another," a mission fit for an organization like the UDC.⁶⁵ Unlike at Coney Island, the plots available for construction in this neigh-

64 Allan R. Talbot [Executive Director, Citizens Housing and Planning Council], "Point of View: Rules on Subsidies Spur Housing Segregation in the City," *The New York Times*, August 4, 1974, 274.

65 "Twin Parks: Vest Pocket Housing," New York City Housing and Development Administration, December 7, 1967, folder Twin

borhood were tightly interspersed with a largely intact neighborhood grid. The four architecte firms chosen for new buildings (Richard Meier; James Stewart Polshek; Prentice and Chan, Olhausen; and Giovanni Pasanella) made a considerable effort to address their buildings' scale and shape to their surroundings rather than extrude abstract forms from an empty canvas, as had been done at Coney Island.

Critic Paul Goldberger hailed the Twin Parks project as architecturally novel, particularly noting that Pasanella's design featured apartment layouts that were "close to a split-level suburban house in feeling—a not-unwelcome image, one suspects, as far as the residents are concerned." Prentice and Chan, Olhausen's two buildings straddled high rock escarpments, creating a unique natural setting around which the structures were formed. Several of the projects included plazas that extended under buildings and provided improved pedestrian connections between previously separated streets. These were excellent urban buildings that attempted to add to the surrounding urban environments, not separate from them.⁶⁶

The architectural achievement here, however, did nothing to resolve racial disputes that were scarring the Bronx environment in the early 1970s. The Twin Parks area was at the boundary of neighborhoods inhabited by Italian and blacks, and open spaces the UDC hoped would be sites for community interaction instead offered a battleground for gang conflict. The agency, increasingly recognizing that its attractive architecture was not resolving social disagreements, had no choice but to respond with new gates, landscaping, and a refocus on recreation and youth programs.⁶⁷

Attempts to attract whites into the buildings were even less successful than those on Coney Island. The UDC had established an ethnic goal of a third white, black, and Puerto Rican in each project in order to "stabilize the area." Marion Scott, a UDC employee, warned Logue in May 1972 that "a very

Parks: brochures, 1969-1975, box 291, Accession 1983-M-005, MS 959, YA Logue.

66 Paul Goldberger, "Twin Parks, an Effort to Alter the Pattern of Public Housing," *The New York Times*, December 27, 1973, 39.

67 Babette Jones [Apartment Development and Management, Inc.], memo to Jerome Belson, July 18, 1972, folder Twin Parks, 1972, box 291, Accession 1983-M-005, MS 959, YA Logue; Herbert A. Tessler [UDC Director of Design and Construction], memo to Edward Logue, June 5, 1972, folder Twin Parks, 1972, box 291, Accession 1983-M-005, MS 959, YA Logue.

large question which looms on the horizon is whether we can realistically expect non-minority families to move into a predominantly Black and Spanish [area], particularly when other, more attractive sites are opening up.” The UDC was reserving 69 apartments on two of the sites for “non-minorities,” but they were not necessarily going to come, even with advertising targeting them specifically. This encouraged the organization to orient whites to one part of the project and minorities to another, in effect separating the groups from one another to maintain an overall ethnic proportions goal. But this strategy was not working, either. Whites, UDC officials admitted, were moving out of the developments “which had been integrated after/during initial lease periods.” By mid-1973, Logue effectively gave up, deciding to simply encourage the rapid lease-up of the projects, and agreeing with what “seems to be the hopelessness of trying to integrate Twin Parks.”⁶⁸

HARLEM RIVER PARK

Earlier than most other urban redevelopment agencies, the UDC recognized the value of investments along the city’s waterfront. New York’s riverways were severely underused, with housing occupying just 15% of the 200-mile waterfront. The Lindsay Administration recognized that industrial uses that once occupied the majority of space were no longer particularly relevant to a post-industrial metropolis; the city’s 1969 plan called for housing development in many derelict zones formerly devoted to work. Yet the major waterfront projects completed or under planning by the city, including Battery Park City, Manhattan Landing, and Waterside (on the East River, around 23rd Street) were all being built on land-fill, an expensive approach that required 75% of housing to be devoted to middle- and upper-income families.⁶⁹

UDC planners wanted to build on the water as well, but they were more financially realistic about what sites could accommodate affordable housing. In December 1967, the state government an-

68 Marion Scott, memo to Edward Logue, May 16, 1972, folder Twin Parks, 1972, box 291, Accession 1983-M-005, MS 959, YA Logue; Ronald Clare [UDC Supervising Field Manager], memo to file, March 22, 1973, folder Twin Parks, 1972, box 291, Accession 1983-M-005, MS 959, YA Logue; Ronald Clare, letter to Reverend Paul Matson [President of the Twin Parks Association], April 24, 1973, folder Twin Parks, 1972, box 291, Accession 1983-M-005, MS 959, YA Logue; Ronald Clare, memo to file, June 20, 1973, folder Twin Parks, 1973, box 291, Accession 1983-M-005, MS 959, YA Logue.

69 Penelope McMillan, “A Special Report on New York’s Waterfronts,” *New York Sunday News*, November 26, 1972.

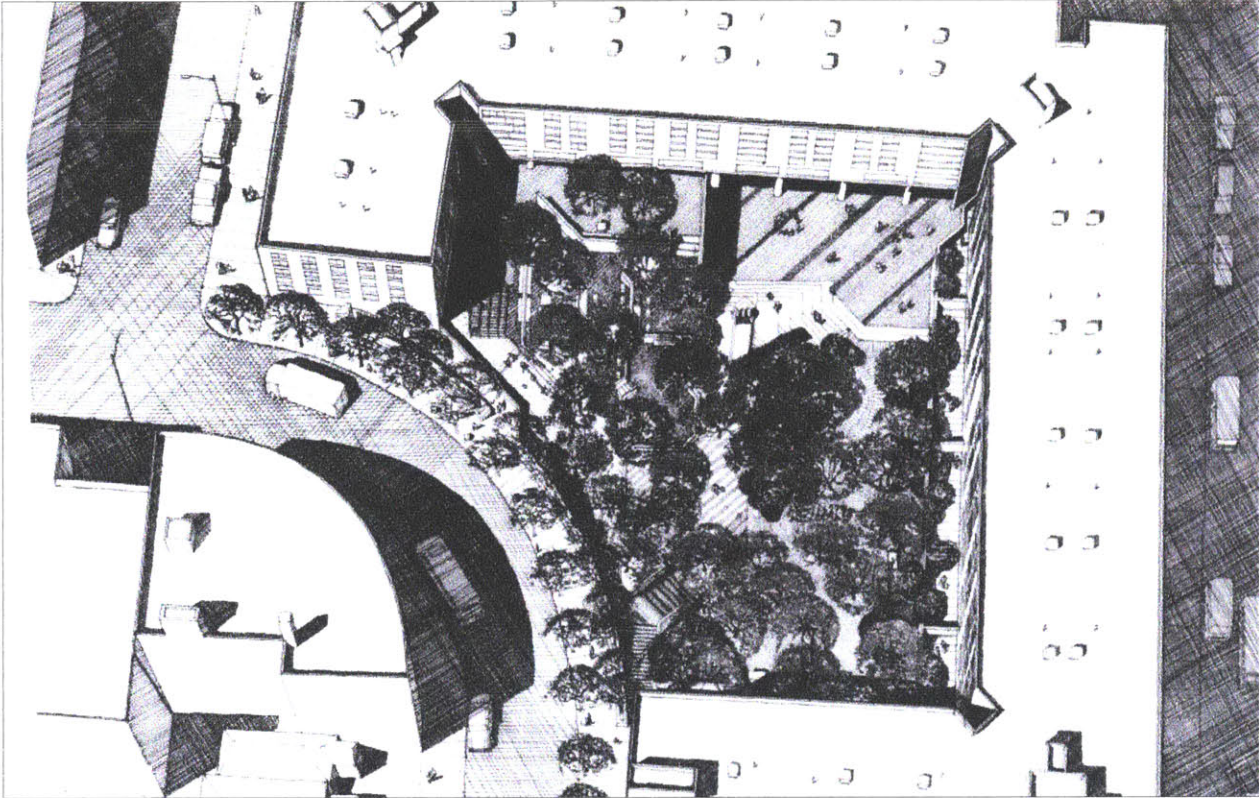


Figure 4.5 : Twin Parks West, Site 5, designed by Prentice & Chan, Ohlhausen. The project was built on an embankment with public space connecting the top of the hill and the street below flowing under the apartment building. | Source: *Another Chance for Cities*, 37.

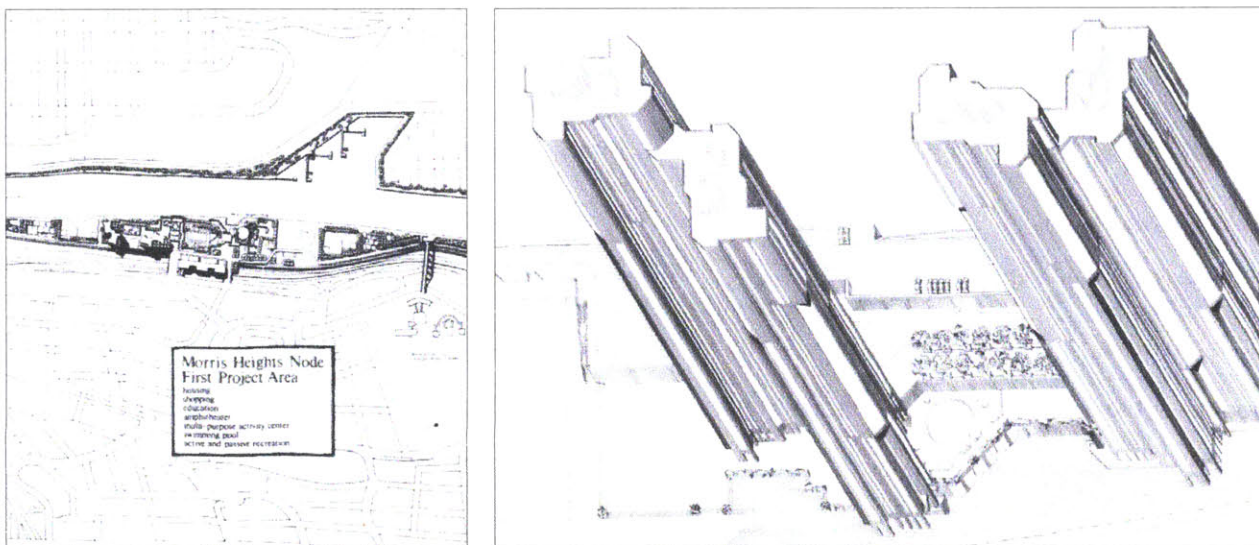


Figure 4.6 : Harlem River Park Towers, designed by Davis, Brody and Associates. (L) Plan of housing node along river -- only one of three planned nodes was actually completed; (R) Twin tower complex with park space and public amenities at base. | Source: *Another Chance for Cities*, 16, 17.

nounced that it was planning to complete the state government's first urban park—yet another expansion of state authority—along the Harlem River in the Bronx. In September 1968, Logue informed Rockefeller that he had asked architects to examine the abandoned site for potential housing. In December 1969, Rockefeller revealed the 65-acre proposal to convert junkyards and coal piles into a linear park with four housing-filled activity nodes. The complex would include a wide variety of amusements, including a movie theater, an amphitheater, swimming pools, and shopping. The first node would consist of 1,654 units completed in two 44-story towers designed by Davis Brody & Associates.⁷⁰

Herman Badillo, the Bronx Borough President, told an audience that “this is not so much for the Harlem River... but for the Concourse area [just to the east in the Bronx], to bring in young families.” The subtext was clear: Something more needed to be done to keep white families with children in the neighborhood. By virtue of its site, it was separated from the neighborhood, connected only via a pedestrian bridge over a highway and railroad tracks. The way to “save” a neighborhood (for middle class white people) was to build adjacent to, but not in, it.

This was a questionable strategy, however, for reasons that extended beyond urban design. The River Park Towers, as they were eventually named, revealed a more profound problem with the UDC's strategy when it came to urban development in the state's cities. Logue insisted that the towers include a substantial proportion of 3- to 5-bedroom units specifically designed for families with children, and in some cases, many of them. UDC economist Kristof had previously worked for the city government and told Logue that he had “learned that ‘social conscience’ does not rent middle income apartments; families do—those with sufficient incomes.” The economist argued that whites with children would have little reason to rent there because the relatively high prices for large apartments, even with moderate-income subsidies, made them unappealing to households that could choose to live in Manhattan or whiter outer-borough neighborhoods. The comparison with Sedgewick House, a recently opened moderate-income building just east of River Park, was telling: just 20% of people looking at apartments

70 Edward Logue, letter to Nelson Rockefeller, September 25, 1968, folder Alton G. Marshall (1970 Mar-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue; David K. Shipler, “State Plans Housing and a Park in Bronx,” *The New York Times*, December 9, 1969, 1.

were white and they represented none of the takers. Kristof claimed that, if the UDC wanted an integrated development, a better strategy would be to build smaller apartments with the goal of attracting younger households without children or older families whose children had already left home.⁷¹

Logue disagreed adamantly, writing back that he was unwilling to “swallow the conventional New York City wisdom which is helping to destroy this city. Our role in New York City is to make it a more livable place for families with children.” The UDC president claimed that the UDC’s design excellence would prevent it from failing to attract whites with children and that the experience at Sedgewick House (“it’s awful”) was an inaccurate representation of what would occur with the River Park Towers (“we will not do that kind of junk”).⁷² The plans for a large number of units with a significant number of bedrooms were maintained.

Yet Kristof was at least partially right; Logue’s lofty expectations about environmental determinism were too idealistic. Though Kristof was incorrect that there would not be enough black families to rent the housing, once the project was open for occupancy, few whites were interested in moving in. An “affirmative marketing program” developed by the housing manager to attract “nonminorities” to the units processed the applications of “majority” families and held up those from minorities. But the writing was on the wall. By August 1974, of the 604 first applications for apartments, 7% were from “Spanish” families, 88% from black households, and just 5% from whites.⁷³

BUFFALO WATERFRONT

The UDC concentrated most of its development resources in New York City, but Buffalo, a rapidly declining industrial city, also attracted the organization’s attention for major new developments. The most promising site was along Lake Erie just west of downtown. The site’s formerly industrial uses had

71 Frank S. Kristof, letter to Robert M. Litke, April 9, 1969, folder Harlem River Park, 1968-1969, box 291, Accession 1983-M-005, MS 959, YA Logue; Frank S. Kristof, letter to Robert M. Litke, April 14, 1969, folder Harlem River Park, 1968-1969, box 291, Accession 1983-M-005, MS 959, YA Logue; Frank S. Kristof, memo to Edward Logue, April 17, 1969, folder Harlem River Park, 1968-1969, box 291, Accession 1983-M-005, MS 959, YA Logue.

72 Edward Logue, letter to Frank S. Kristof, April 29, 1969, folder Harlem River Park, 1968-1969, box 291, Accession 1983-M-005, MS 959, YA Logue.

73 Jerome Belson [U/A Management Corporation], letter to Edward Logue, August 15, 1974, folder Harlem River Park, 1974-1975, box 291, Accession 1983-M-005, MS 959, YA Logue.

been cleared and now could be used for a major redevelopment. With the city, the UDC agreed to build a mixed-income project that included luxury housing and a marina. Architect Paul Rudolph, with whom Logue had worked on design concepts for the proposed Fort Lincoln New Town in Washington, D.C. in 1967, was hired to develop design concepts for the whole neighborhood. Groundbreaking occurred in October 1969 on the first 200 units, a series of townhouses and apartment buildings which were located about 2,000 feet inland from the lake. The whole development was supposed to include 2,700 units.⁷⁴

The construction of new housing in Buffalo raised numerous questions about the need for new housing in general. There were good reasons to be building in New York City: That city's extremely low vacancy rates made it difficult to argue with the need to increase the supply of housing there. Yet Buffalo lost almost 120,000 people, or 20% of its population, between 1950 and 1970. Did it really need 2,700 new housing units—enough to provide residences for about 10,000 people? UDC's Kristof, who recognized that his reputation within the agency was increasingly that of a naysayer, noted in October 1970 that "UDC does not have the luxury of financing construction programs upon the sandy base of planner rhetoric and romantic notions that ignore negative trends and observable market facts." The number of housing units proposed by the agency exceeded the city's total absorption of new housing for the previous decade. There was no clear "need" for new housing in the city—especially on the waterfront, where "one can be blown in the Lake six months out of the year if he is not holding fast to a rope of flagpole." Moreover, like at River Park Towers, the apartment distribution was oriented towards "low-rent and predominantly black families."⁷⁵

Kristof's voice of reason was not loud enough to delay the implementation of the project completely, although the agency did not immediately begin construction on all 2,700 units; it did not, after all, have an unlimited source of funds. Following up with the initial development, UDC continued to

74 James F. Clarity, "Governor Plans Talk with Nixon on Aid to States," *The New York Times*, February 8, 1969, 1; Edward Logue, letter to Nelson Rockefeller, September 24, 1969, folder Correspondence: Nelson A. Rockefeller (1969 June-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue.

75 Frank S. Kristof, memo to John Stainton, Edward Logue, et al, October 14, 1970, folder Buffalo Waterfront Urban Renewal Project, 1969-1970, box 300, Accession 1983-M-005, MS 959, YA Logue.

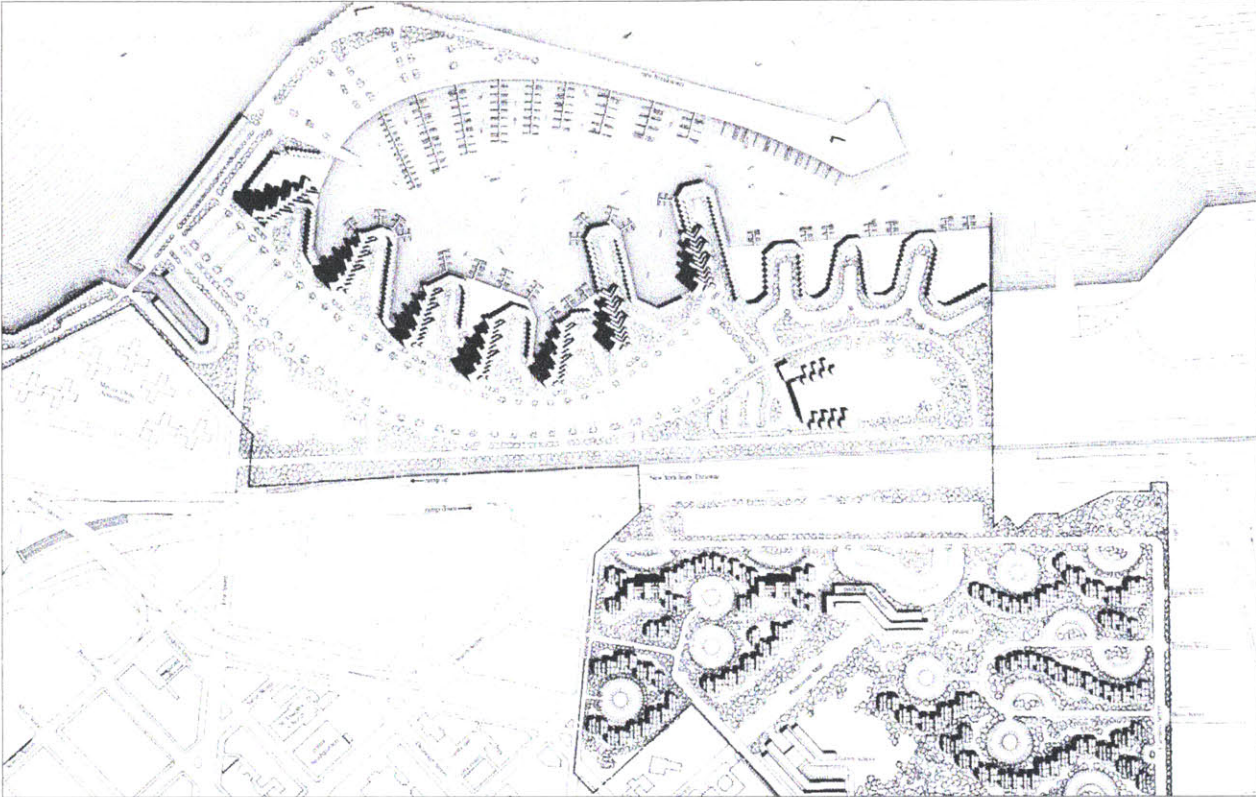


Figure 4.7 : Site plan of Buffalo Waterfront project, designed by Paul Rudolph. The bottom (eastern) section of the development was built first; the waterfront sections followed with no federal aid, resulting in them being inhabited principally by wealthy households. | *Source: Another Chance for Cities, 14.*



Figure 4.8 : (L) Elmwood Square tower in Buffalo, one example of UDC's replicable building system also used in North Tonawanda and Rome. Note retail at street level. (R) Buffalo Waterfront development, showing inner cove. | *Source: Photographs by the author, 2012.*

develop its plan for the waterfront district, but it concentrated on the sections of the district removed from the waterfront. 1,200 units would be built just adjacent to downtown, with future units proposed to ring the marina.

Once the first units opened, however, the difficulties inherent with working in a city with high vacancy rates became apparent immediately. The apartments were difficult to rent. The management company hired by the UDC complained that the agency's effort to "limit minority occupancy to 30 per cent would be a violation of the law" and suggested that the lack of open space, commercial availability and a new school (then under construction) was making it onerous to attract people with other options. The UDC's prioritization of low- and moderate-income housing also came under attack because it threatened the market appeal of the project. "Unlike any other development that I am aware of," wrote Garry Munson, executive vice president of the housing corporation running the project, "all the low and moderate income housing is being constructed prior to even an announcement of the accompanying market or higher income housing."⁷⁶

Even so, the first phase of housing on the site, which constituted 142 units, was rented relatively close to the UDC's preferred racial guidelines thanks to an expensive "affirmative marketing program." The manager of the group responsible for renting the project argued that the UDC should avoid building any other projects in Buffalo that might compete with the waterfront program, a recommendation Logue ignored. Instead, the agency hired market analysts to plan new housing along the waterfront itself. The corporation was informed that it should limit its ambitions to 300 units of new housing, in addition to hotels and office space.⁷⁷

76 George D. Randels, memo to UDC Distribution List, March 21, 1972, folder Buffalo Waterfront Urban Renewal Project, 1971-1972, box 300, Accession 1983-M-005, MS 959, YA Logue; Garry Munson [Executive Vice President of Niagara Frontier Housing Development Corporation], letter to Marion Scott [UDC Director of Housing Management and Regulation], April 21, 1972, folder Buffalo Waterfront Urban Renewal Project, 1971-1972, box 300, Accession 1983-M-005, MS 959, YA Logue; Garry Munson, letter to Allan R. Lipman [Caldwell Development Corporation], April 25, 1972, folder Buffalo Waterfront Urban Renewal Project, 1971-1972, box 300, Accession 1983-M-005, MS 959, YA Logue; Stephen Lefkowitz, memo to UDC Distribution List, December 10, 1974, folder Buffalo Waterfront Urban Renewal Project, 1974, box 300, Accession 1983-M-005, MS 959, YA Logue.

77 William F. Caldwell, memo to Edward Logue, August 17, 1972, folder Buffalo Elmwood Square, 1972-1973, box 300, Accession 1983-M-005, MS 959, YA Logue; Robert D. Sipprell [UDC Local Executive Officer], memo to Edward Logue, April 29, 1974, folder Buffalo Elmwood Square, 1972-1973, box 300, Accession 1983-M-005, MS 959, YA Logue; "Buffalo

The report noted that “parking will be required immediately adjacent to all uses,” and as eventually built, housing along the waterfront (not subsidized through federal aid) acquired the pseudo-urban form of relatively high-density housing with easily accessible parking. Townhouse units and apartments are tightly packed along the marina, but their backsides feature views of parking and cul-de-sacs, just a few blocks from downtown Buffalo. Here and in several other cities in which the UDC intervened, the need to provide housing that was appealing to middle-income residents made the creation of urban, pedestrian-friendly environments difficult, since it was assumed that people with means would want to be driving around by car, even in the center of a city as big as Buffalo. UDC’s interventions here, then, fail to contribute to the urban core of Buffalo coherently and instead appear to belong in the suburbs. This despite a large and expert architectural team under Liebman’s direction supervising every building constructed by the agency. While Rudolph’s housing is appealing and unique (the cul-de-sacs are particularly large!), it is hard to see how intriguing architecture here aided in Buffalo’s renewal, which was, after all, the UDC’s supposed contribution to the state’s cities.

BUILDING FORM REPETITION

While the UDC took pride in the organization’s commitment to unique architectural forms, its management was also committed to reducing construction costs. As such, the possibility of using a building form more than once was particularly appealing, since it would reduce architectural fees and allow the organization to learn from past mistakes. The technique was used in Coney Island on the huge towers designed by Hoberman & Wasserman, but it was more successful in smaller projects.

In North Tonawanda, Buffalo, and Rome, the UDC hired architects Prentice & Chan, Olhausen to build a “prototype” senior housing building that used a standard “kit of parts” to create buildings with studio or one-bedroom units. The elements, which varied from three to eleven stories, included bay windows and balconies for every unit in a handsome, if austere, form that encircled a courtyard providing residents private open space. Each of the three buildings constructed followed similar rules

but a unique, individualized design to match the local environment. All the buildings are oriented to fit the street grid and include community space along the street, but none of the three dominates its surroundings or looks particularly out of place, despite the standardized form. The building in Buffalo, called Elmwood Square, is the most accomplished as it sits along a busy street and provides neighborhood retail space at the ground floor.⁷⁸

In Syracuse the successful completion of Townsend Tower in 1972 led UDC leadership to decide to replicate that building exactly. Liebman expected that the “results will yield a cost of approximately half the fee cost of the initial building.” At the same time, a selection of residents was surveyed to analyze their feelings about living in the building. Apartment dwellers, who were mostly moderate-income whites, complained about their feelings of insecurity caused by a location just next to a public housing project. The design of the building made it easy for non-residents to walk through the outdoor space surrounding it and no fences or barriers were put up to give people an increasing peace of mind. Oddly, however, UDC management did not learn much from its initial project, simply choosing to repeat a tower half a block away with no modifications made to adjust to resident concerns.⁷⁹ Why this approach? At least here, it appears the organization’s focus was on construction alone and the creation of more affordable housing, whatever the opinions of those who were inhabiting it, despite the fact that it had the means to produce an improved design and the capability to select a different site. UDC was not acting much different from the local housing authorities it had replaced.

MARCUS GARVEY VILLAGE

Though the UDC’s most prominent architectural form in New York City was the high-rise tower, by 1973 Logue had jumped on the bandwagon of those who argued that tall buildings might not be the most ap-

78 “Part 1: Introduction and Case Studies,” Policy and Design for Housing: Lessons of the Urban Development Corporation 1968-1975, 5.

79 Theodore Liebman, memo to Robert G. Hazen, April 4, 1972, folder Syracuse: Townsend Tower, Parcels 4A and 4B, 1969-1973, box 302, Accession 1983-M-005, MS 959, YA Logue; Frank Becker, memo to UDC Program Development Division, September 8, 1973, folder Syracuse: Townsend Tower, Parcels 4A and 4B, 1969-1973, box 302, Accession 1983-M-005, MS 959, YA Logue.

propriate place to raise children. Staging an exhibit at the Museum of Modern Art, the UDC asked architects Peter Eisenman and Anthony Pangaro, working with Kenneth Frampton, to design an alternative still suitable for the urban environment. This was a low-rise, high-density structure that was envisioned for two sites, one in Brownsville, Brooklyn and the other in Fox Hills on Staten Island (unbuilt).⁸⁰

The simple objective of the agency, former UDC Special Assistant Lawrence Goldman wrote, was “to avoid the stereotyped ‘projects’ typically associated with publicly assisted housing and to create, through good design and site planning, houses which complement and even enhance the surrounding environment.” At Marcus Garvey Village in Brooklyn, this urban environment provided 626 dwellings spread across 12.5 acres. Duplex apartment units were distributed throughout a series of public “mews” that intersected with private outdoor spaces reserved for each family. Playgrounds and shopping rounded out the experience.⁸¹

This effort to move away from the urban affordable housing norm would require a departure in thinking about what kinds of environments low-income households could inhabit. While the UDC designed the space with respect for the inhabitants in mind, providing each private open space grass and replacing typical asphalt surfaces with brick, upon implementation, the contractor claimed the brick was too expensive and that “it was felt that the tenants would not adequately maintain grass.” This penny-pinching, patronizing approach infuriated Logue. “What the hell is going on on this job?” he asked another UDC employee. “Who is the builder? I want it fixed. I do not want any God damn black top anywhere on the site. I want to go back to plans that I originally approved.”⁸² He did not get his way and the project remains asphalt-heavy. But the agency’s opinion about the importance of offering respect through housing to people of lower classes had been confirmed.

80 Edward Logue, “Another Chance for Housing: Low-Rise Alternatives,” Museum of Modern Art Exhibit Catalogue (1973).

81 Lawrence Goldman [Special Assistant to the UDC President], “Federal Policy and the UDC,” *The Planner* 61-5 (1975), 176-179, 197; Wolf Von Eckardt, “Toward New Horizons,” *The Washington Post*, June 23, 1973, C1; Ada Louise Huxtable, “Another Chance for Housing,” *The New York Times*, June 24, 1973, 125.

82 Lewis Fechter, memo to James E. Robinson, October 22, 1974, folder Marcus Garvey Park Village, 1969-1974, box 290, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, memo to Herbert A. Tessler, November 7, 1974, folder Marcus Garvey Park Village, 1969-1974, box 290, Accession 1983-M-005, MS 959, YA Logue.

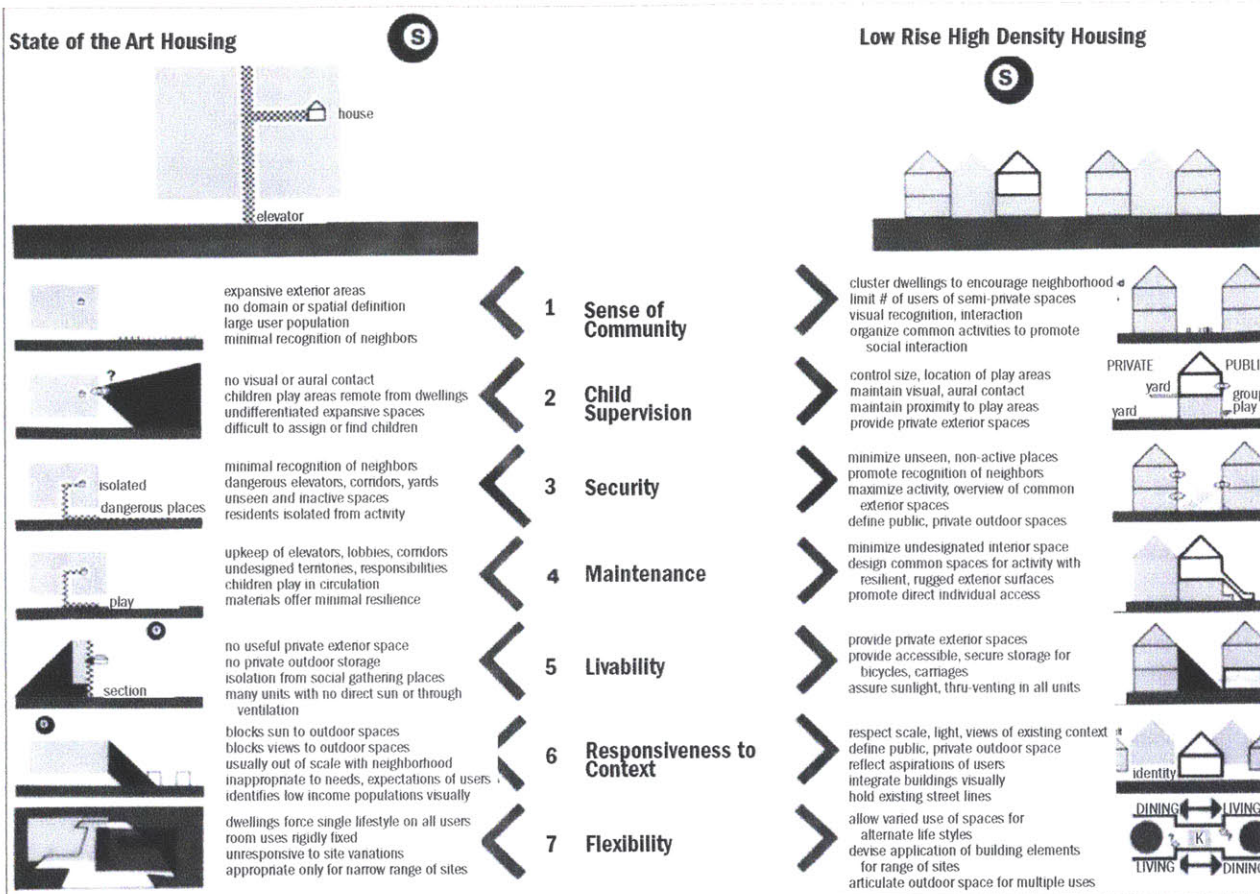


Figure 4.9 : In its design for Marcus Garvey Village, the UDC hoped to redefine public housing by bringing many of the features common in the suburbs into the city. This diagram compares typical public housing towers (left), with low-rise, high-density housing (right) | Source: Policy and Design for Housing.

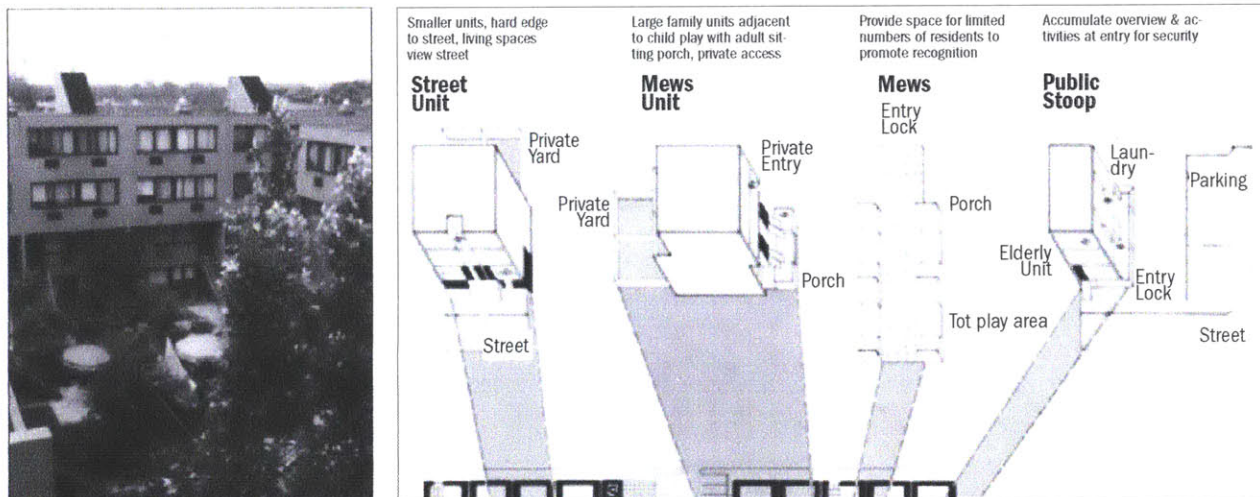


Figure 4.10 : (L) The Marcus Garvey Project's interior mews. (R) A multitude of housing types were included as part of the complex. | Source: Policy and Design for Housing.

COMPARISONS WITH TRADITIONAL PUBLIC HOUSING AUTHORITIES

The UDC's strategy to invest in a range of housing for a variety of income classes, usually distributed among apartments throughout the buildings it built, makes it difficult to compare with traditional public housing authorities. The agency was sometimes criticized for not concentrating its investments in projects for low-income families. The 1972 dedication of the Cathedral Parkway Houses, a UDC tower in Manhattan, was marred by a picket line of neighborhood residents who claimed that not enough of the units were being designated for the poor people who had been removed from urban renewal areas.⁸³ From the perspective of not serving a purely poor clientele, the agency's approach was quite different.

That said, there are several instances in which non-UDC projects in New York City were implemented to prioritize a mixing of classes inhabiting apartments, so the agency was not alone. The Twin Parks project, as previously discussed, had been designated by the City government to balance low- and moderate-income residents to preserve the social stability of the neighborhood. The Lindsay Administration developed a "piggyback" strategy that combined Mitchell-Lama, Section 236, and Rent Supplement or Public Housing units to integrate developments. In the 2,098-unit Manhattan West Side Urban Renewal site, which was planned to result in the redevelopment of much of Central Park West from 87th to 97th Streets, 45% of units were to be low-income, 53% moderate-income, and 2% middle-income. This was "a prime example of a constructive use of urban renewal to achieve an exciting, varied and ethnically and economically integrated community," according to city housing administrator Albert Walsh.⁸⁴ But all of these examples combined a public authority investing in the low-income housing (in these examples, the New York City Housing Authority) and private investors building the moderate- and middle-class housing. What differentiated the UDC was that it invested directly in all three types of housing.

83 Edith Evans Asbury, "Pickets Mar Housing Dedication Here," *The New York Times*, July 26, 1972, 18.

84 John Lindsay, testimony before the U.S. House Banking and Currency Committee, February 2, 1970, folder 76: Housing and Development Administration, 29 Jan 1970-28 Apr 1971, box 5, Accession N.98-M-094, MS 592, YA Lindsay; Press Release, New York City Housing and Development Administration, May 3, 1971, folder 77: Housing and Development Administration, 3 May 1971-6 June 1973, box 5, Accession N.98-M-094, MS 592, YA Lindsay.

Moreover, its leadership was convinced of the importance of approaching the problems of public housing development from a different perspective than peer agencies, as shown in Figure 4.9. Logue's assessment of Sedgewick House in the Bronx was a typical reaction on his part; he felt that traditional public housing was not being constructed appropriately. As Eugene Meehan writes, "the second generation of conventional [public housing] developments... were victims of a mindless concentration on dollar costs that disregarded the long-run cost of poor quality."⁸⁵ Public housing had to be cheap to build; its clientele was mistreated in the process. Moreover, even by the early 1970s, this government-aided housing continued to be constructed using the same, oft-criticized urban designs that had marked the whole urban renewal movement: Monofunctional uses; buildings scaled out of proportion with the surrounding buildings and superblocks out of scale with the surrounding neighborhood; an orientation of buildings away from the street and the street grid; and an enclosing of green space, making it feel dangerous. Though the UDC did not explicitly reject these approaches in any single document, project designs, heavily influenced directly by UDC staff, did so implicitly. Along with a refashioning of the role of the state in housing production, the UDC was a refashioning of the architecture of the housing project.

In order to identify differences between the UDC approach and that undertaken by peer public housing agencies during the same period, I conducted an analysis of all the housing complexes completed by eight agencies between 1970 and 1975. A total of 166 projects were examined in Atlanta, Baltimore, Boston, Chicago, Cleveland, New York City, Philadelphia, and San Francisco, with the intention of comparing the urbanistic qualities of the projects.⁸⁶ If the UDC represented a departure from the urban renewal norm, such a comparative analysis might reveal aspects by which the New York State agency differed from its contemporaries. Figure 4.11 documents a comparison between UDC New York

85 Meehan, 204.

86 These cities were selected as they had the largest public housing populations in the country in 1970, with the exception of New Orleans, for which data was unavailable. The analysis consisted first of the identification of all projects that were completed during the study period (selected to mirror the UDC's general dates of intervention). Once all projects were identified, their characteristics were examined using a qualitative review of satellite and Google Streetview images; for projects that have been demolished (including most of those in Atlanta), other sources, such as YouTube clips made by amateur videographers, were examined. This approach has the downside of providing information about the projects' current (i.e., 2012) condition, not their (potentially different) aesthetics when they were completed in the 1970s.

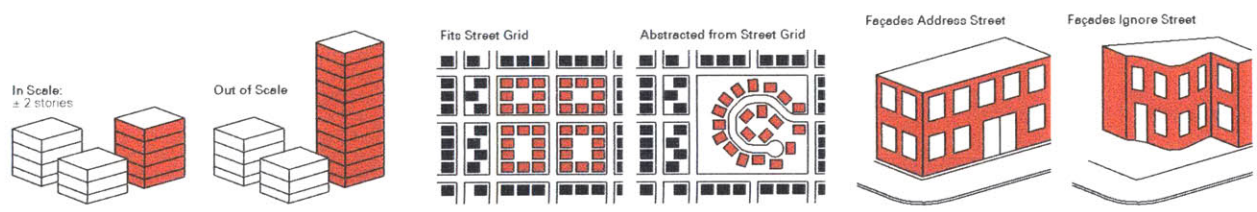
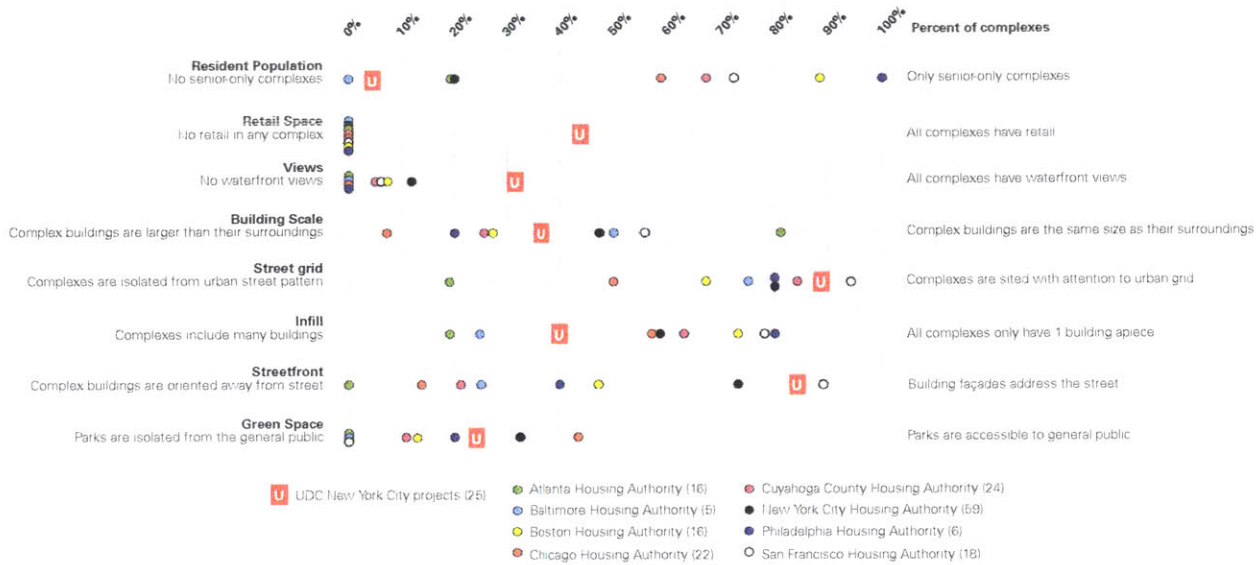


Figure 4.11 : (Top) Comparing UDC housing complexes in New York City with public housing built by other major cities between 1970 and 1975. (Middle) Comparing UDC projects in New York City with UDC urban projects outside of Gotham. (Bottom) Key for several of the attributes. | Source: Charts by the author.

City projects and those of peer agencies, and a comparison between the UDC's urban projects in and outside of New York City.

UDC projects in New York City are unique compared to public housing projects completed by the eight other authorities from two perspectives. First, almost 45% of them incorporated a retail component, mixing uses beyond just residences. *None* of the projects completed by other agencies during this period had any stores included at the base of buildings. In part, this may have been a reflection on the UDC's ability to use its funds to pay for more than just housing (because of its bonding capacity), but it was also an indication of the agency's sense of the importance of moving beyond the monofunctional model that had prevailed in previous developments. Second, more than 30% of UDC projects in New York City included at least some waterfront views (river, lake, or ocean), compared to 12% or fewer of projects for all other agencies. True, the city offered more waterfront than many others (such as landlocked Atlanta), but UDC projects were almost three times as likely to offer residents views of such a natural element as New York City Housing Authority projects. The UDC was motivated to provide residents sites that were both functional *and* aesthetically pleasing.

In terms of designing buildings that addressed the streetfront and responded to the urban grid, UDC projects in New York City performed better than those of any city other than San Francisco. Though not all of the agency's projects added to the urban environment successfully (see Coney Island or many suburban projects in Chapter 5), most of the projects built in New York City were designed with the surrounding neighborhood in mind. Other cities, like Atlanta and Chicago, were far more likely to build complexes that isolated themselves from surrounding areas and to construct buildings like islands in the middle of the block.

The UDC was less successful in erecting buildings at the scale of their surroundings and building complexes that did not overwhelm the neighborhood with too many buildings. Also, though more of the green spaces associated with UDC projects were open to the general public than six of the eight housing authorities, 75% of the agency's developments included enclosed, potentially unsafe green spaces.

When comparing the projects completed by the UDC in New York City with those constructed by

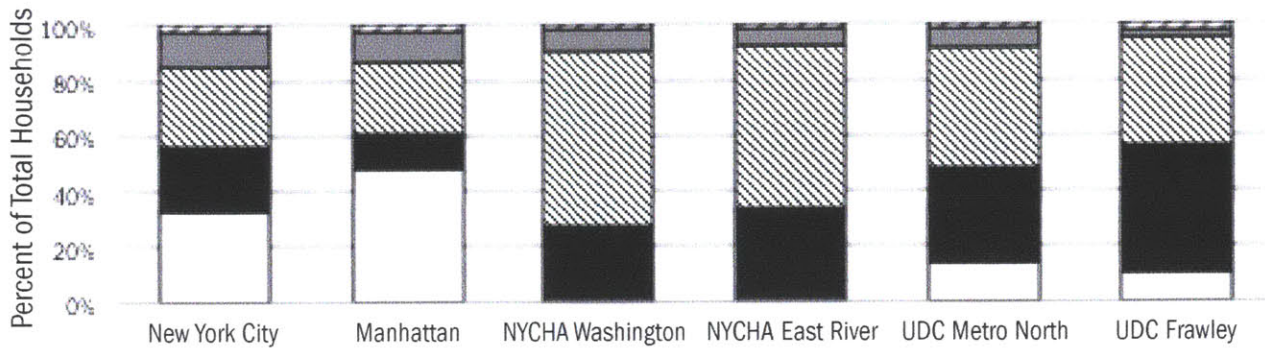
the agency outside of New York but within other cities (such as Buffalo or Syracuse), the story of UDC creativity in urban design is less clear. Outside of Gotham, UDC projects were less likely to have retail; less likely to conform to the street grid or address the street; and more likely to feature buildings out of scale with their environment. Nevertheless, these projects were slightly more likely to offer waterfront views, act as infill projects (rather than megablocks), and open green space to the public.

CONCLUSION

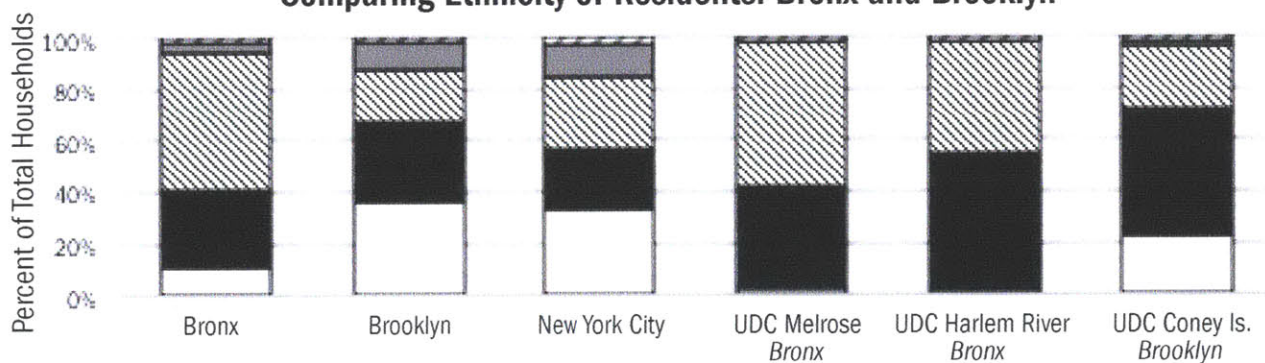
Did the UDC's priorities, different from those of other public housers, make its existence as a state developer necessary in New York's cities? There is no question that by 1968 the state's cities were suffering from declining investments from private developers and from federally sponsored local housing authorities. The creation of the UDC provided a significant stimulus for the building programs of cities from New York to Buffalo, adding thousands of units that otherwise would likely have never been built. Yet, provided similar powers to override zoning rules and direct bonded funds to affordable housing, can we be sure that private investors or municipal agencies would have acted any differently? Was the UDC's approach a reflection of the agency's status as a state developer—or the reflection of the particular logic of Edward Logue?

The evidence does not adequately answer these questions. In certain cities, beginning with Newburgh, the UDC broke an urban planning stalemate and brought talent to a city that lacked expertise to complete a well-designed affordable housing project. The state's isolation from local affairs provided it a unique opportunity to break through delays produced by local politics. The non-democratic nature of the UDC—unlike local housing authorities, it was less dependent on a local political base—gave it a powerful measure of intervention in urban development. If the New York City Housing Authority had attempted to construct significant new housing projects with a large percentage of moderate-income (rather than low-income) apartments, it may have accomplished very little thanks to incredible resistance from locals who could affect the mayoral and city council races. Class integration in housing projects was being pursued by New York City housing officials in the year before the UDC was founded, so the idea cannot be ascribed to the state agency alone, though it may have been more effective in

Comparing Ethnicity of Residents: Manhattan



Comparing Ethnicity of Residents: Bronx and Brooklyn



Comparing Ethnicity of Residents: Buffalo Waterfront

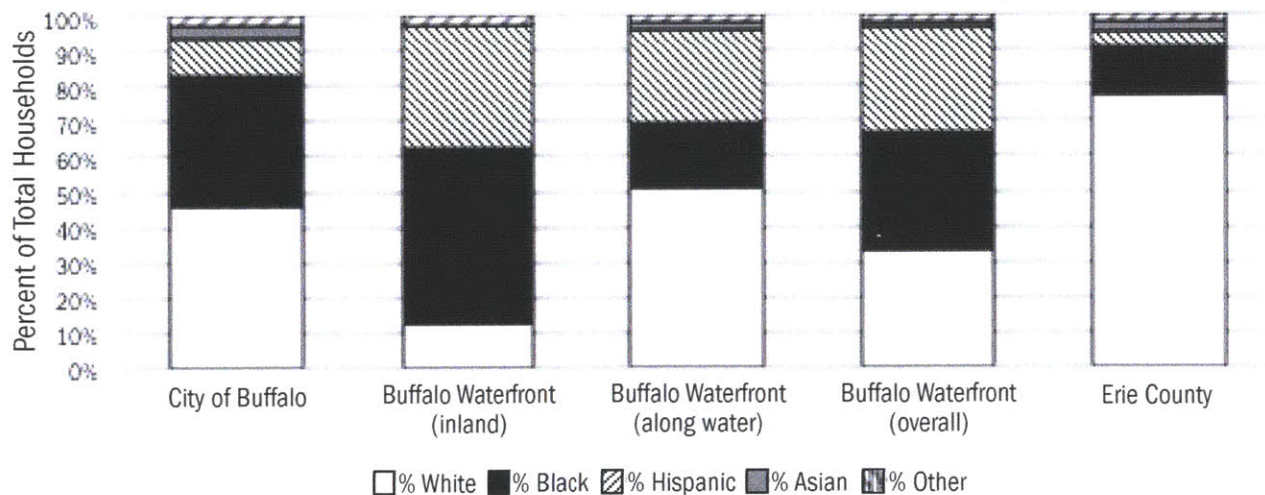


Figure 4.12 : (Top) Compared to nearby NYCHA projects, UDC housing in Manhattan was slightly whiter in 2010. (Middle) Residents of projects in Brooklyn and the Bronx were far more likely to be minorities than residents of those respective boroughs as a whole. (Bottom) The water-facing (non-subsidized) section of the Buffalo Waterfront project was far whiter (and wealthier) than its inland, subsidized peer. | Source: U.S. Census 2010.

terms of development.

Figure 4.12 documents the degree to which several UDC projects achieved the ethnic diversity planners hoped they would manifest. UDC projects in Manhattan were more ethnically diverse in 2010 than nearby NYCHA projects, though they were less diverse than New York City or Manhattan as a whole. Similarly, projects in the Bronx (Melrose and Harlem River Park) and Brooklyn (Coney Island) were less diverse than their respective boroughs. On the other hand, as a whole, the Buffalo Waterfront project demonstrated that the agency's funding package and attempt to attract a diversity of residents did produce a project that was overall more diverse than the city as a whole. Thus, despite the challenges, the UDC's development model does appear to have been more effective in terms of integration than conventional public housing.

Other benefits of the UDC, such as the mixed-use nature of many of the agency's projects, are a reflection of the agency's values and legal status, made possible by its position as a state developer. It is true that if city housing authorities been integrated into broader development agencies (such as Logue's own Boston Redevelopment Agency), they may have decided to see housing as part of the broader approach to rebuild the city. Had other agencies had Logue as leader, they might have initiated live-in programs and a broader focus on architecture. Yet the political powers granted the agency, which included the ability to invest in a broad range of activities, were integral to the results achieved, particularly in terms of the effectiveness of the agency in building quickly. By being able to override local regulations and replicate building designs in a variety of environments, the UDC was a model of efficient construction of affordable housing, pointing to the benefits of using a state developer in the urban context.

Infiltrating the Suburbs

It was in the suburbs of New York State that the UDC's mission to expand the role of the state was manifested most dramatically. Though the large majority of the Corporation's housing was built within cities, these projects were usually functionally—if not aesthetically or financially—similar to those built by city housing authorities, which had been constructing affordable housing since the 1930s and 40s. The same cannot be said of the UDC's suburban housing. In these locales, the agency crossed into sections of the metropolitan area that had never before used public authorities to construct housing, and which were characterized by an almost complete absence of housing affordable to households with incomes below area medians. The UDC was the nation's only major public developer of affordable housing in the suburbs between 1969 and 1973.¹

By “forcing” affordable housing on suburbs, the UDC was attempting to fight two intransigent, but interrelated problems: Racial and economic segregation, and a growing disconnect between jobs and

1 In this chapter, “suburb” is defined as an area outside of the central city, but still part of a metropolitan region. Differentiating suburb from center city is not as simple as it may seem; White Plains in Westchester County, for example, is a suburb of New York City, but it is large enough to have its own suburbs, too. Nor can suburbs be identified by building or land use type, as several of the agency's city projects were, as with the suburbs, in relatively low-density areas and of low-rise form. Here, I have stuck to the way UDC defines suburbs, which includes towns where there are fewer than roughly 5,000 inhabitants, no significant business districts, and a lack of urban renewal land; these places generally had been developed in the post-World War II period. These projects all necessitated the purchase of vacant (never developed) land, encountered significant opposition, and most required the use of the organization's override powers.

housing. The UDC's efforts in the suburbs absolutely required the engagement of the state government; the federal government, legislating from above, lacked the on-the-ground powers and motivation to enact true change. Moreover, local government action was confined to city limits. The latter governments were particularly challenged by the need to provide social services without overtaxing their wealthier populations. The state government, however, operated in the ideal middle ground.

The UDC's state government powers and its role as a direct developer allowed it to produce affordable housing in communities that for decades had resisted new apartments for low- and moderate-income families. By using the agency's zoning override powers, eminent domain, and ability to secure bond funding associated with federal rental subsidies, the UDC had the unique ability to intervene on local land use issues. The organization acted like a municipal housing developer wherever it wanted in the state and in the process attempted to reverse problems that appeared to be reaching a crisis point.

Though the corporation's completed suburban housing stock ultimately amounted to relatively few units—just about 3,800—a review of its accomplishments raises the important issue of what powers state governments should exert in attempting to counter a social problem. The creators of the UDC argued that the state would be the most appropriate and most efficient entity to bring class and racial integration to the suburbs. In some ways, they were successful: Several of the agency's projects have proven to be far more diverse than their immediate surroundings. Yet the significant opposition that mounted against the agency, opposition that eventually resulted in the elimination of a portion of its power, puts in question whether a government group attempting to address housing integration will ever be able to acquire adequate political support to do so.

The causes and consequences of—and potential solutions to—suburban integration have been discussed avidly in the urban planning literature. Writing in 1973, Anthony Downs argues that the exclusion of poor minorities from the suburbs “helps perpetuate a host of problems by concentrating the burdens of coping with poverty inside central cities... magnify[ing] the burdens that poverty would generate if poor people were spread out in more neighborhoods.” He articulates three potential remedies, including locating more jobs within short distance of central-city communities, providing better trans-

portation to the suburbs, or expanding the amount of suburban housing available for poor families; these prescriptions seem just as relevant today as they did in the 1970s. The latter approach is the only realistic one to Downs, who suggests that central cities have little interest in increasing the number of impoverished people within their city limits. Yet integration poses a number of likely sources of opposition based on changes resulting from the diversifying of the suburbs, which Downs identifies as increasing property taxes, falling property values, rising crime, a decline in school quality, a “desire to maintain ‘social distance,’” and central city concerns about a loss of leadership. Yet Downs is adamant that without desegregation of the suburbs, there will be little opportunity for reducing the problems of the cities’ poorest neighborhoods, which are overwhelmed by the presence of poor people.²

Downs’ perspective, which emphasizes the apparently destructive nature of communities with too many poor people, broadly represented the thinking of elite liberals in the 1960s and early 1970s. Though some accepted the potential for self-improvement among poor and minority neighborhoods (e.g., the Model Cities program), among planners the larger bias of government action was towards integration, which was intended to reduce pathologies related to concentration of poverty. In theory, the problems would be at least partially resolved through less concentration. Because the suburbs had essentially isolated themselves by erecting barriers to entry by the non-white, non middle-class, they had a moral obligation to assume some of the responsibility for the nation’s most troubled populations, especially because many metropolitan area jobs were moving there.

The suburban resistance that Downs describes explains much of the failure of local governments to adequately respond to the need to integrate. But Christopher Bonastia offers insight into the lack of significant federal action on the matter, unlike in similar civil rights issues such as employment and schools. He shows that despite the passage of fair housing legislation by the Congress in 1968 and the appointment of a pro-integration Secretary, HUD’s ability to respond was limited by a bureaucratic structure that disincentivized action. Though the agency had civil rights staffers with the mandate to enforce anti-discrimination rules, they were separated from “production” staffers—those that signed

2 Anthony Downs, *Opening Up the Suburbs: An Urban Strategy for America* (New Haven, CT: Yale University Press, 1973), vii, 11, 26.

contracts with cities implementing the construction of new affordable housing. This allowed “political actors opposed to fair housing efforts [to] seize upon political vulnerabilities.” Moreover, HUD was unable to enforce fair housing programs in-house, relying instead on the Justice Department, which had its own priorities, thus reducing its powers to intervene when difficulties emerged. Bonastia’s point is that the design of executive branch agencies plays an important role in determining the effectiveness of policies.³

This leaves the state government as an actor of interest. Why did it not act effectively to counter the pernicious effects of suburban segregation? In New York, John Nolon argues that the strength of municipal home rule powers prevented the state from acting strongly against local abuses of zoning, despite the fact that in most parts of the country, the rights of localities are considered within the power of the state government to control. The adoption of a new Article IX to the constitution in 1964 “was regarded as a legislative endorsement of local self government.” Though Nolon argues that this was a largely an inappropriate reading of the law, it informed the legislature’s unwillingness to promote a statewide Land Use and Development Law in 1970, which would have required county and regionwide plans to comply with a state plan. This also resulted in the disbanding of the state Office of Planning Coordination, a Rockefeller-era agency designed to manage state land use and building projects. The result of the promotion of home rule is that “questions of broader public interest have commonly been ignored.”⁴

Julie Stein, however, notes that New York’s endorsement of home rule as the basic principle underlying state-local interactions was as much a legal framework as “a philosophy of governance.” Local entities have gradually adopted the system as a guarantee of their powers, whatever the state’s interests might be. The localities thus emphasize a “fierce protection of this right to self-determination,” and the state assembly has largely complied, deemphasizing its own powers in the face of local actors.⁵

3 Christopher Bonastia, *Knocking on the Door: The Federal Government’s Attempt to Desegregate the Suburbs* (Princeton, NJ: Princeton University Press, 2008), 8-12.

4 John R. Nolon, “The Erosion of Home Rule Through the Emergence of State-Interests in Land Use Control,” *Pace Environmental Law Review* 10-2 (1993).

5 Julie Iris Stein, *Alternatively Financing Fair Housing: Overcoming Barriers to Implementation of the Westchester County, NY*

Certain other states, however, have shown themselves capable of advancing alternative power structures that limit the ability of local governments to institute discriminatory land use laws. Sam Stonefield describes the anti-discrimination provisions in Connecticut, Massachusetts, New Jersey, and Rhode Island, the only states where there are currently provisions that allow local zoning to be overridden for the construction of affordable housing. Stonefield notes that these are:

Extraordinary doctrinally in their rejection of the Euclidean paradigm that dominates American land use law. Replacing the traditional deference to local interests with two well-established legal techniques—balancing and burden-shifting—to eliminate “unreasonable” local barriers, the statutes require that local interests be balanced against state-defined regional need and place the burden of persuasion on the locality to justify a decision that excludes affordable housing.

Though the laws have produced some suburban affordable housing, they have not been universally successful. Stonefield notes that by giving non-profit or private developers authority over which projects to advance in communities where there is an inadequate supply of cheap housing, “the fundamental flaw is that the statutes established only a private right, not a public obligation” and as a result have “ignored the important public interests at stake.” The statutes have failed to take race into account. Finally, they address zoning but do nothing to increase the availability of funds for more affordable housing and are unable to directly penalize towns with an inadequate supply of units. Nevertheless, Massachusetts’ 40B (“anti-snob”) law does encourage localities to undertake their own planning for new low-income units, allowing them to make their own determinations about the appropriate place for such apartments before developers can intervene. This is an indirect incentive for suburban communities to plan for affordable housing as a preventative tool.⁶

SUBURBAN INTEGRATION IN THE LATE 1960S

The downward spiral that afflicted America’s inner cities in the 1960s was in some ways the result of dramatic changes in the composition of the suburbs. As millions of impoverished minorities moved into

False Claims Case Settlement (Master’s thesis at the Massachusetts Institute of Technology, June 2010), 20.

6 Sam Stonefield, “Affordable Housing in Suburbia: The Importance but Limited Power and Effectiveness of the State Override Tool,” *Western New England Law Review* 22 (2000), 323.

the densest sections of northern metropolitan areas, millions of wealthier whites moved out into the hinterland, aided by the construction of new highways and billions of dollars in government subsidies for home purchasing. Though suburbs have always been part of the American urban experience, the post-World War II period represented a dramatic shift of middle- and lower-middle-income households out of the cities. By 1970, the movement had reached a milestone: More of the country lived in the suburbs (37.6%) than in central cities (31.4%) or in rural areas (31%).⁷

The population movement into the suburbs diminished the traditional relationship between home and work. Whereas downtowns once accounted for the large majority of jobs and a preponderance of retail activity in most metropolitan areas, changes in population spurred a movement of employment locations. Wealthier executives, many of whom had moved out of the urban core before their staff, had an incentive to relocate office and factory facilities to the periphery nearer to their homes. In the New York region, this meant the decampment of major companies from Manhattan towers or Brooklyn workshops to suburban campuses. Between 1952 and 1966, of 888,000 new jobs in the region, 80% were created in the suburbs. The jobs growth reinforced the demand to live in the suburbs, which encouraged more job growth there in turn.⁸

The U.S. was becoming a suburban nation, but urban policies, both at the national and local levels, failed to respond to the new challenges posed by this environment. These difficulties were most troublesome for low-income and minority families. The preponderance of suburban homes had been constructed with middle-income households in mind, meaning that affordable units were few and far between. Discrimination by real estate agents and municipalities made it difficult for even wealthy non-white families to buy homes. Meanwhile, jobs were much further away from center city districts where cheaper housing was available and difficult to access via public transportation. In New York, where car ownership was significantly lower than in other parts of the country, these problems were magnified.

Westchester County, directly north of New York City, was the heart of this challenge. Though the

7 Downs, 17.

8 David K. Shipler, "Lawsuit to Challenge Suburban Zoning as Discriminatory Against the Poor," *The New York Times*, June 29, 1969, 39; Stein, 33.

county was not fully “suburban”—there are several medium-sized cities, including White Plains, Yonkers, and New Rochelle, located within it—the majority of its land was under the jurisdiction of smaller towns that lacked the racial and economic diversity of those cities. In 1969, 68% of the county’s land was zoned for minimum one-acre lots, making multi-family or even moderate-density single-family construction impossible. 80% of the county’s blacks were concentrated on 9% of the land. These zoning rules had not been around forever; in fact, they had been specifically altered to prevent what some feared would be the “Bronxification” of the county, referring to the troubled New York City borough that bordered the county to the south. Westchester’s theoretical population capacity, if all vacant land were used at its maximum-allowed use, had been reduced from 3.2 million in 1952 to 2.3 million in 1957 to just 1.8 million in 1971. Its actual population in 1970 was 894,000, rising to 949,000 in 2010.⁹

These zoning changes were incredibly effective in producing the kind of economically and racially homogeneous populations that much of the county’s citizenry apparently desired, at least based on the regulatory actions of their elected representatives. Despite the fact that the suburban population of the New York region doubled between 1950 and 1975, African-Americans continued to represent less than 5% of the residents in Westchester, with most continuing to inhabitant the central city. Substandard housing units—those affordable to people of lower incomes—were concentrated in the cities and accounted for just 20,000 units, and new construction was rarely being sold for less than \$70 per room, too high for even moderate-income families. The situation was so difficult that administrators at the State University at Purchase, in the eastern section of the county, “indicated their difficulty in recruiting faculty members,” according to Edward Logue, “because of the housing problem;” there simply was not enough affordable supply for the people who needed it.¹⁰

The sense among state and national leaders was that the suburban resistance to providing affordable housing for a large portion of the population was doing damage to the nation’s civic relations. Re-

9 Richard Reeves, “Land is Prize in Battle for Control of Suburbs,” *The New York Times*, August 17, 1971, 1; U.S. Census, 2010.

10 Lawrence Goldman [Special Assistant to the President of the Urban Development Corporation], “Federal Policy and the UDC,” *The Planner* 61-5 (1975), 176-179; Edward Logue, letter to Nelson A. Rockefeller, November 25, 1969, folder “Correspondence: Nelson A. Rockefeller. (1969 June-December),” box 271, Accession 1983-M-005, MS 959, YA Logue.

gional Plan Association President John P. Keith described the circumstances as a “growing apartheid” between whites in the suburbs and blacks and Puerto Ricans in the city. It was, he argued, “a threat to social stability throughout the region.”¹¹ But the companies continued to remove their headquarters to the suburbs, and the people who could afford it continued to follow. The efforts to respond to the need to integrate likely would not be originating from the private sector.

Moreover, the halting efforts to do something about the problems on the local level had faced significant opposition that made actual progress on housing integration difficult. Chicago’s experience suggested that there was little reason to be optimistic about the reaction of city dwellers to bringing people of different races together. Elizabeth Wood, executive secretary of the Chicago Housing Authority (CHA), attempted to move several black families into a public housing complex in the white-dominated Southwest Side of the city in 1946. That effort, however, induced significant riots, eventually forcing those minority residents out. Wood then attempted to build new public housing on vacant land in other white neighborhoods, but the fearful city council overrode her actions, resulting in the CHA’s decision to construct new housing in black neighborhoods—one consequence of which was the extreme concentration of poverty in mega-projects on the South Side.¹² This was in a city that was more progressive than most when it came to integration.

In the suburbs, too, dramatic barriers stood in the way of moving forward on economic or racial housing integration. As Herbert Gans argued in 1969, “The suburbs have nothing to gain by helping the cities... it’s easier to turn their backs as long as they can get to their jobs. The only things they’ll do don’t mean anything—take a few black kids for the summer or come into the city and paint a few slum houses.”¹³ Indeed, with white middle-class majorities in most suburban towns, it was difficult to envision a situation in which suburban communities would freely act to alter conditions there. Increasing their share of lower-income populations would reduce their tax bases and require increased expendi-

11 Peter Kihss, “Housing Here Called Inadequate,” *The New York Times*, July 22, 1969, 35.

12 See D. Bradford Hunt, *Blueprint for Disaster: The Unraveling of Chicago Public Housing* (Chicago, IL: University of Chicago Press, 2009); Bonastia, 71.

13 Herbert Gans, quoted in Richard Reeves, “The Changing City: Power is Limited,” *The New York Times*, June 8, 1969, 1.

ture on social services. At the same time, the arrival of a larger minority population would foment many of the fears that had produced white flight from the central cities in the first place. If something were to be done, change would have to come from outside of the suburbs.

NATIONAL AND STATE EFFORTS TO ADDRESS SUBURBAN INTEGRATION

The failure of local efforts to encourage economic and racial integration was in part revealing of the hostility of certain populations to the idea of mixed neighborhoods. Ethnic whites in northern cities reacted by rioting when confronted with the possibility of having blacks joining them in their communities because of racist sentiments merged with a sense of the importance of guarding their community identities. Suburban residents created zoning codes that banned home construction for those of lower incomes because many of them had moved out of the cities specifically to escape the poverty and discomfort of the urban environment. Nonetheless, many of these problems could have been addressed through stronger national and state legislation. Yet by 1960, little had been accomplished on those fronts, despite the demonstrated need to respond to the conditions of a suburbanizing metropolitan landscape.

In 1948, the Supreme Court ruled in *Shelley v. Kraemer* that the courts and the government could not enforce racial covenants on real estate. In theory, this meant that members of minority groups who had previously been denied access to homes in certain neighborhoods would be able to purchase them if given the opportunity. The problem was that the Court's ruling did not provide any sort of enforcement mechanism for the government, making discrimination against minorities a continued problem. In some cities, real estate agents reacted by encouraging the swift racial transformation of neighborhoods (called "block busting") or by massively overcharging blacks for properties in certain areas.¹⁴

In 1960, John F. Kennedy ran on a pro-integration platform, arguing that he would pass legislation banning discrimination in housing. Nelson Rockefeller, already New York governor, ran for the Repub-

14 For the informative case of Chicago, see Beryl Satter, *Family Properties: Race, Real Estate, and the Exploitation of Black Urban America* (New York, NY: Metropolitan Books, 2009).

lican presidential nomination with a similarly strong civil rights message, arguing that the government should ban discrimination in all federally subsidized housing immediately and spread the principle gradually to all federally insured housing. He articulated this opinion in opposition to eventual nominee Richard Nixon's view that Washington should simply not get involved.¹⁵

Rockefeller's failure to secure the nomination did not diminish his interest in promoting equal housing opportunities. In 1961, he encouraged the New York State legislature to pass a bill that banned discrimination in private dwellings. Civil rights groups criticized the proposal, claiming that the law only addressed about 20 percent of housing units and thus was inadequate to address the problem. It only affected multi-family dwellings and private units in new developments with 10 or more units, while banning discrimination by real estate brokers. The governor largely addressed these concerns two years later, however, successfully pushing for the passage of a bill that banned discrimination in *all* housing sales and rentals with the exception of one- and two-family dwellings occupied by owners.¹⁶ These laws made New York the national model in legislating to ban discrimination, and allowed Rockefeller to argue that in contrast to his own work, "Despite Kennedy's campaign promises, nothing has been done about discrimination in housing" at the national level. In 1961, Rockefeller hoped that this liberal position would make him a stronger opponent of Kennedy's in the 1964 presidential race.¹⁷

Rockefeller's successes in his state encouraged him to advocate for open housing laws across the country. In July 1963, he asked the National Governors Conference to adopt a national civil rights program to end discrimination in housing, along with other public facilities, going further than the proposals that President Kennedy was endorsing at the same time. By 1964, Rockefeller was joined by Michigan Governor George Romney, who that year endorsed a state constitutional change establishing a civil rights commission to monitor abuses, but not necessarily guaranteeing any additional rights. The commission was not provided the ability to freeze property or award damages. At the national level,

15 Warren Weaver, Jr., "Rockefeller Urges U.S. Expand Drive on Racial Discrimination," *The New York Times*, June 18, 1960.

16 Laymond Robinson, "Housing-Bias Bill Called Too Weak," *The New York Times*, February 19, 1961; Douglas Dales, "Governor Signs Bill Extending Ban on Housing Discrimination," *The New York Times*, April 23, 1963.

17 Roswell B. Perkins, memorandum to Nelson A. Rockefeller, October 16, 1961, folder 119, box 21, series 17.1 Issue Books, 1964 Presidential Campaign, 15 NAR-Gubernatorial, RAC.

Romney argued in favor of a significant expansion, suggesting that “If the Republican party tries to buy the White House with the rights of others, it will become the greatest white elephant in the history of party politics.”¹⁸ The two governors’ hopes for a strong civil rights platform, however, were dashed by the party’s selection of Barry Goldwater as presidential nominee. Goldwater’s position on race was quite clear: He would ensure that Washington did not meddle in local affairs.

Nonetheless, Goldwater’s loss kept Lyndon Johnson in the White House. The liberal president had already dramatically expanded civil rights by forcing through the passage of the 1964 Civil Rights Act, which increased minority protections by outlawing segregation in schools, the workplace, and public facilities, capping a decade of legal transformation that had begun with the Supreme Court’s 1954 *Brown v. Board of Education* case. What this legislation failed to address, however, was housing integration, which Johnson had hoped to include but which remained on the back burner in the Congress.

Johnson’s appointees described the necessity of addressing this huge civil rights problem. Robert Weaver, who became Secretary of the new Department of Housing and Urban Development in early 1966 after running the predecessor agency under Kennedy and Johnson, argued in a series of lectures at Harvard in 1965 that “there are few among those seriously concerned with equal opportunity who would not insist that all ethnic groups in American society should have free access to housing throughout the communities in which they live. Ability to pay should be the only criterion for entrance.” To Weaver, the priority was allowing black people of means to live where they could afford, but not forcing economic integration. To the efforts of civil rights organizations to build public housing in white neighborhoods such as in Chicago, Weaver was more skeptical. This, in turn, informed the Johnson Administration’s policies on integration. The 1966 Fair Housing Act introduced by the White House would enforce federal actions against real estate groups that discriminated, but it would not require new affordable housing in places that did not desire it. The act, known as the “first Northern civil rights bill” because of its national scope, failed to acquire sufficient support to pass. Not only did it put Northern

18 Peter Kihss, “Rockefeller Prods States on Rights,” *The New York Times*, July 8, 1963; “Michigan Starts Civil Rights Push,” *The New York Times*, January 5, 1964; Wallace Turner, “Romney Supports Civil Rights Bill,” *The New York Times*, January 18, 1964.

legislators in electoral danger now that their constituents would also be affected by integration mandates, but it was seen as “rewarding rioters” and instituting more government bureaucracy.¹⁹

This left states on the front lines of the integration battle; Governor Rockefeller’s efforts made New York a particularly influential model—especially since the hard right of the Republican Party had suffered such a humiliating defeat in the November 1964 elections. In October 1967, Romney proposed for his state a law similar to New York’s despite the fact that previous fair housing laws had failed in Michigan and that he had claimed that the state constitution banned discrimination (though it continued to occur). Romney expressed hope for the state’s role in backing equality: “Government can and must do its full part in securing the protection of fundamental rights,” he argued. That fall, Romney worked with Democrats in a special session to advance the bill. Romney’s action, according to *New York Times* reporter Anthony Ripley, was a reaction to “heavy pressure” by Detroit business groups after the previous summer’s riots. Republicans in the legislature, afraid for their political futures, protested and shut down the session, claiming the governor had promised not to discuss open housing, and the bill did not pass.²⁰

In Washington, the riots that scarred the cities in the summers of 1965 through 1967 convinced lawmakers and prominent critics that the country was not doing enough to expand civil rights for the country’s minority groups. President Johnson’s hope had been to build momentum for the passage of an open housing bill, and in spring 1968, he found his opportunity. The March 1 release of the Kerner Commission’s report on civil disorders was particularly consequential. The study’s primary conclusion—that the “nation is moving toward two societies, one black, one white,” suggested that more needed to be done. Part of the answer, at least, was improving center city neighborhoods while moving African-Americans to the suburbs. “We believe that the only possible choice for America is... a policy which combines ghetto enrichment with programs designed to encourage integration of substantial

19 See Wendell E. Pritchett, *Robert Clifton Weaver and the American City: The Life and Times of an Urban Reformer* (Chicago, IL: University of Chicago Press, 2008); Robert C. Weaver, *Dilemmas of Urban America: The Godkin Lectures at Harvard University, 1965* (Cambridge, MA: Harvard University Press, 1965), 79, 87; Bonastia, 82.

20 “Romney Requests Open Housing Law,” *The New York Times*, October 14, 1967; Anthony Ripley, “Romney is Blamed in Housing Setback,” *The New York Times*, November 18, 1967.

numbers of Negroes into the society outside the ghetto,” the report noted. This could only be done through “a comprehensive and enforceable Federal open-housing law” that would cover all types of housing; meanwhile federal housing programs should “place more low- and moderate-income housing outside of the ghetto areas.”²¹

These were highly controversial ideas, especially in the context of massive resistance to school integration both in the South and the North. But the report was persuasive, and Congress took up the 1968 Civil Rights Act, which included a Title VII or Fair Housing Act including the open housing provisions the Kerner Commission had suggested were necessary. The bill passed the Senate but then faced criticism in the House, where real estate lobbyists pushed to shut the bill down as had happened in 1966. The assassination of Martin Luther King, Jr. on April 9th changed the tenor of the situation entirely, however, just as it had in New York for the benefit of the UDC. The result was a groundswell in favor of the bill’s passage, and indeed it made it through the Congress as a national memorial to King’s death.²² The problem was that despite the Act’s calls for more serious enforcement of bans on discrimination, it provided few enforcement mechanisms for HUD, which was supposed to oversee the act. Moreover, despite the fact that its passage came just months before massive new construction was authorized under the 1968 Housing Act, the bill mandated no specific actions that tied this housing production to integration goals, either economic or racial. Without them, the government had no real powers to implement them.

Richard Nixon’s election in November suggested that the American electorate was tiring of the entrepreneurial government of the liberal Great Society. Even so, Nixon’s stance against integration in 1960 had been moderated significantly by the end of the decade; in speeches, he practically adopted Rockefeller’s rhetoric. The selection of Romney as head of HUD and Nixon’s claim that he did not want “yes men” on his cabinet implied that he was ready to fight for implementation of the Fair Housing Act. Moreover, his top advisor on urban policy, Daniel Patrick Moynihan, promoted suburbanization, argu-

21 National Advisory Commission on Civil Disorders, 10-13.

22 Drew Pearson and Jack Anderson, “The Washington Merry-Go-Round,” *Bell-McClure Syndicate*, March 25, 1968.

ing that “efforts to improve the condition of life in the present caste-created slums must never take precedence over efforts to enable the slum population to disperse throughout the metropolitan areas.” In Moynihan’s proposal for a National Urban Policy, he wrote that “the federal government must assert a specific interest... in the movement from densely populated central cities to suburban areas.”²³ The best way to deal with the intense concentrations of the poor was to distribute them elsewhere.

Secretly, though, Nixon had made a promise to Southern delegates at Miami’s Republican convention in August that if elected, “federal pressure on desegregation would be eased.” In the White House, staff members began discussing legislation that would move integration implementation to regional offices; they assumed that the Supreme Court would inevitably require integration in housing just as it had with schools. With local authority, the pressures on the federal government, and thus President Nixon, would be minimized. If someone complained about minorities and the poor being forced on suburban white households, it would be the fault of a regional administrator, not Washington.²⁴

Nevertheless, HUD got to work pursuing integration measures under Romney, who was aware of the problems housing segregation had produced. Romney was openly concerned that no action on the matter would lead to more social strife, but whether that concern was motivated by a fear of unrest or a sympathy for those suffering from injustice is unknown. “The most explosive threat to our nation,” Romney said, “is the confrontation between the poor and minority groups who are concentrated in the central cities, and the middle income and affluent who live in the surrounding and separate communities.” The Secretary also took a pragmatic approach, noting that “it is absurd for people who live in the suburbs to spend literally hours each day trying to get to jobs in the central city, while people in the central city spend just as long trying to get to jobs in the suburbs.”²⁵

The Secretary was hopeful that the implementation of the 1968 Housing Act would provide the

23 Daniel P. Moynihan, “Toward a National Urban Policy,” July, 1969, folder “Moynihan, Daniel P. 1968-1970,” box 321, Accession 1983-M-005, MS 959, YA Logue; Daniel Moynihan, quoted in Richard Reeves, “The Changing City: Power is Limited,” *The New York Times*, June 8, 1969, 1.

24 Bonastia, 45, 130.

25 George Romney, quoted in Bonastia, 3, 100; George Romney, quoted in “From Inner City to Suburbia: Negroes Join in Exodus,” *U.S. News and World Report*, December 29, 1969.

opportunity to address these problems; he argued that “this housing shortage provides an opportunity to begin to penetrate these barriers and open up these metropolitan districts.” In other words, the federal government could condition its use of funding for new affordable housing on the desegregation of suburban communities.²⁶ The degree to which it would be able to use these programs to influence national policies, though, was questioned early in the Administration when the Budget Office announced it would slash government construction contracts by 75 percent in order to reduce inflationary trends. Though this decree did not affect housing, it nevertheless sent the signal that this government was not planning to be an active proponent of major federal expenditures.

For Washington insiders, Romney’s stance was what was needed to change the environment in the nation’s metropolitan areas. Anthony Downs testified to Congress that the government should locate “many low-and-moderate income housing units in suburban areas both in relatively small clusters and in individual scatteration in middle-income neighborhoods through rent subsidies and public housing rent allowances extended to individual households.”²⁷ While this would certainly produce outrage within certain suburban areas, it was not an idea outside of the mainstream. Nixon’s HUD was thus acting as the broader discourse indicated it should—which may be an explanation for why the White House did not move more quickly to quiet Romney.

The Secretary, however, was clearly concerned about the White House’s reaction to any dramatic moves. Beginning in early 1969, he began investigating how the federal government could dismantle the discriminatory zoning codes enforced by many of the nation’s suburbs. He developed a task force called Open Communities that was designed to determine the causes and potential remedies to such segregation, and he eventually proposed action on the matter in May 1970 as an addendum to the Administration’s proposals for the 1970 Housing Act. Up to that point, Romney had been working “with virtually no White House knowledge or involvement.” He knew he was treading into dangerous territory.²⁸

26 George Romney, quoted in Bonastia, 3, 100.

27 Downs had been a Johnson aide on urban issues before evolving into a public critic. Bonastia, 101.

28 Charles M. Lamb, *Housing Segregation in Suburban America Since 1960: Presidential and Judicial Politics* (New York, NY:

The Open Communities strategy identified specific jurisdictions that had engaged in particularly egregious examples of discrimination. Using water, sewer, Model Cities, and urban renewal grants, HUD began informing communities that they would have to provide affordable housing—or suffer from a fiscal perspective. The agency cut off funding for cities like Stoughton, Massachusetts, until the town approved a controversial affordable housing project. In Toledo, Ohio, the city’s decision to cancel three public housing complexes planned for areas outside of the “ghetto” resulted in HUD’s decision to deny the municipality \$15 million in grants already heading its way.²⁹ Romney had clarified the federal government’s message: If cities wanted to prevent the integration of their housing stock, they would experience a reduction in aid from Washington. The significance of this policy should not be understated: Romney was using the federal carrot of increasing funds to incentivize integration in parts of metropolitan areas that were virtually all white and mostly middle income.

The manner in which HUD would “force” affordable housing into communities during this period is worth putting into question. The head of HUD’s Operation Breakthrough program, which was supposed to develop advanced technologies to reduce the cost of housing construction, stated that he wanted incentives to relax zoning laws in suburban communities to allow multi-family housing to be built. On a memo on the future of the Model Cities program, Romney underlined and highlighted a passage indicating that “any ‘solution’ to the fundamental problems of the large cities will have to be found largely in the suburban fringes.” Like Moynihan, the Secretary wanted to “hasten the movement of the poor and the black out of the inner-city slums.”³⁰ This did not mean, however, that the government would be requiring the construction of new housing in any particular place.

Romney was frustrated by the president’s lack of firm decisions on how the government would

Cambridge University Press, 2005), 69, 83.

29 Bonastia, 105.

30 Operation Breakthrough was a federal program to fund innovative new housing construction technologies in order to speed up dwelling construction at a lower cost. Though initially a major component of HUD’s strategy under Romney, the program was underfunded and never produced definitive results. Harold Finger, the head of the agency, said in reference to the UDC that he would “like to see that kind of organization in more places.” David K. Shipler, “Zoning Laws Face Growing Attack in Suburbs that Curb the Poor,” *The New York Times*, December 14, 1969, 68; George Romney, notes on Task Force on Model Cities (Banfield) Report, folder “Cabinet Meeting—March 5, 1970: Camp David-Model Cities,” box 9-P, Romney Archives.

pursue a national urban policy. Though Moynihan had laid out strategic goals in 1969, by mid-1970, the Secretary complained in a letter to Nixon chief advisor John Ehrlichman that “the Administration’s position is ambiguous” and that there was a “perceived acceptance [by the White House] of de facto racial segregation.” The general public was not convinced that Nixon was planning to actually push for any strong integration measures. Romney argued that the previous Democratic Administrations had “focused almost entirely on improving central cities... as though they were hermetically sealed off from the suburbs,” but that the Republicans now in office had an opportunity to take a different stance. “Is the Administration prepared,” he asked, “...to commit itself to opening up the suburbs and outlying portions of central cities to new low and moderate income housing?”³¹

In a meeting with Nixon in May, the answer to that question may or may not have been provided. The Secretary’s notes show that the “dual housing system” (segregation) was “more explosive than school desegregation [and might unite] youth and black and revolutionaries.”³² It is unclear what exactly Romney meant by this. Was Nixon arguing that interfering with integration would produce more riots of the nature that had followed school integration? Or was Romney indicating that doing nothing about the “dual housing system” would produce the riots? Perhaps both points were made. Either way, by the fall, Romney was continuing to push for using HUD’s authority to advance integrated suburbs, suggesting that if Nixon had given him a warning, it had not been strong enough.

Indeed, in October, in a speech to Nixon and his Domestic Affairs Council (run by Ehrlichman), the HUD Secretary made the recommendation that the government provide choices for all “to live within a reasonable distance of their jobs” and require “a collective responsibility on an areawide basis for housing,” in addition to “strong Administrative support for immediate legislation to control discriminatory zoning.” Romney said:

31 George Romney, memorandum to John Ehrlichman, May 12, 1970, folder “President 12/2/70,” box 14-P, Romney Archives.

32 George Romney, notes on Meeting with President, May 14, 1970, folder “The President—Ehrlichman 1970,” box 13-P, Romney Archives.

*We feel that a central part of any balanced National Growth Policy must be the achievement of open communities. Generally speaking, the poor and the minority groups can't live near suburban jobs because they can't find suburban housing. Middle and upper income whites are increasingly unwilling to live in the central city because of its physical and social deterioration.*³³

After the mid-term elections in 1970, however, top Nixon strategists in the White House were plotting to find a way to remove Romney from office—specifically because of his stance on racial integration. This coincided with the President offering Romney the ambassadorship to India. Romney, however, remained in place. But the federal government's efforts to handle suburban integration were slowing down. Romney now stated in a news conference that “as far as I'm concerned a policy that involved forced integration of the suburban or racial balance would fail.”³⁴ If the Open Communities program had had big ambitions when it was developed, by the end of 1970 Romney was being instructed to calm it down.

THE UDC'S EFFORTS TO ADDRESS SUBURBAN CONCERNS

Even as policymakers in Washington appeared to be working steadily for the expansion of housing rights, Nelson Rockefeller was busy making New York's legislation ever stricter. Soon after the creation of the UDC in April 1968, Rockefeller announced that he would push the legislature to significantly expand the state's civil rights laws in order to ensure that they were more effective. The fair housing laws he had already signed would be extended to rooming houses (then exempt) and would ban block busting.³⁵

As originally devised, the UDC legislation did not refer specifically to the need to integrate the suburbs. The bill focused on the needs of the cities; as Rockefeller stated in his address advocating the organization's formation, “this program is a call for positive action; action to educate and train those trapped in the ghetto; action to transform slums into decent communities...” Even though he recognized that “minority group[s] find it increasingly difficult to live within a reasonable distance of

33 George Romney, draft speech to the President and Domestic Affairs Council, October 26, 1970, box 6-P, Romney Archives.

34 Transcript of HUD/George Romney news conference, November 25, 1970, folder “President 12/2/70,” box 14-P, Romney Archives.

35 Thomas P. Ronan, “Rockefeller Acts to Expand Rights,” *The New York Times*, May 8, 1968.

jobs” and that the government needed to “work to lift the curtain of prejudice, we are also working to program more jobs into these inner areas.” In other words, direct action for the cities but indirect appeals to civil rights for the suburbs. The organization’s primary purpose at first appeared to be as a state urban renewal agency, working in the cities exclusively (after all, it was the *Urban Development Corporation*). Moreover, even several months after the UDC’s creation, Logue had made clear to Rockefeller’s aide Robert Litke that it was his “policy to obtain local participation... to ensure complete and meaningful community involvement in the [development] process.” The implication was that the UDC would not be barging into suburbs, forcing them to accept new apartment buildings for New York City’s poor and minority populations.³⁶

The difficulty was that all of Rockefeller’s legislative actions to reduce discrimination in housing had been mostly unsuccessful in actually reducing the segregation that was apparent in the suburbs of New York City, but also present outside the smaller, yet still large, upstate cities. The problem with the state policy was that it was largely reactive, not proactive: If a black person who could afford a home in Westchester County was discriminated against, he or she could sue and win the right to buy under state law. But there were no active efforts to force the creation of housing in the suburbs for moderate- or low-income families that did not have the time or money to protest in the courts. So poor minorities remained concentrated in the central cities.

This situation clearly began to weigh on the Rockefeller Administration and the officials working within the UDC. The governor had left an opening for agency work outside of the cities by describing its purpose as creating “housing for low and moderate income families that otherwise would not, or could not, be constructed by private enterprise alone.” That definition fit suburban communities, where private groups were not interested in building affordable housing because of the limited profits to be

36 Nelson A. Rockefeller, special message to the legislature, April 8, 1968, folder “358-Urban Development Corporation,” box 9, series 15-Speeches, 26 NAR-VP, RAC; Robert M. Litke, letter to Nelson A. Rockefeller, October 1, 1968, folder “Correspondence: Nelson A. Rockefeller (1968-1969 May),” box 271, Accession 1983-M-005, MS 959, YA Logue; Nelson A. Rockefeller, article for *American Banker*, attached to a letter from Rockefeller to John Snee, May 26, 1969, folder 36, box 2, series 27.1 Public relations, books and articles, 15 NAR-Gubernatorial, RAC.

derived from them and the restrictive zoning rules.³⁷

In 1969, UDC President Logue began emphasizing the need for the agency to work in the suburbs. Biting his tongue, he lauded existing planning there, describe it as an attempt “to retain the present character” of those towns while keeping “low-income folk at a proper and less troublesome distance.” Yet this approach, he contended, would “doom” the cities “to continuing decay.” The fates of the cities and suburbs were intertwined, and what was necessary was a metropolitan approach to housing integration. This was enough to convince Logue that he should modify his initially stated premise that he would work to obtain local involvement in all of the projects the agency constructed. While he promised that he would not interfere with local government authority in any of the state’s cities, he also clarified his thinking on how he would interact with the suburbs: “I don’t think anybody ought to be able to fence us out of vacant suburban land,” he argued.³⁸

Logue’s record of engaging wherever he could in any way financially feasible informed this approach from the start. If the UDC had been granted the power to build anywhere it wished, why not build outside of cities—especially if there was such a compelling case that private developers and local governments had been so miserable at addressing segregation there? Urban or not, the UDC would be building all over New York State.

SEEDING THE SUBURBS

In an internal memorandum, Logue emphasized that “one of UDC’s most important capacities is the ability legally to overcome suburban objections to the construction of low and moderate income housing.” The agency head’s position was that suburbanites could be sympathized with as people who “have fought hard to get where they are,” in other words, to get away from the slums. But Logue was adamant that their efforts were also motivated by morally unjustified “white racism.” In order to recon-

37 Nelson A. Rockefeller, excerpts and remarks prepared for delivery at a Unity Day celebration, launching first UDC project in Newburgh, New York, October 3, 1968, folder 246, box 19, series 35.1 Ann C. Whitman, People, 15 NAR-Gubernatorial, RAC.

38 “New Approaches for Cities Urged,” *The New York Times*, February 2, 1969, 61; David K. Shieler, “Across the State, Renewal Hopes Rise,” *The New York Times*, April 18, 1969, 45.

cile these facts, Logue wanted to play it safe. Instead of planning the construction of massive urban renewal projects in the suburbs consisting of hundreds of units, the UDC called “for the seeding of existing suburban communities with colonies of 40–50 housing units which would take advantage of existing communities’ facilities and services.”³⁹

Buildings would not be constructed by the agency itself, but rather contracted out to the local home building industry, which was more familiar with building low-scale homes in the suburbs in the first place. The slow decline in the home construction industry that began to be apparent by late 1970 aided matters too, because it made such contractors more willing to agree to build turnkey projects for the UDC. Finally, the agency decided that, rather than take advantage of a (expensive) unionized workforce as it had in the cities, these contractors would provide for cheaper wage rates and laxer work rules, all of which made it possible to envision building new units with few subsidies.⁴⁰

This was a radical approach. In the suburbs, the UDC would build houses that “fit right in” to the environment. It was not looking to add towers to the low-rise landscape. It was pledging to limit the size of its projects so as to “not imbalance any local elementary school or cause undue burdens on local services or tax base.” Despite having virtually unlimited powers to build whatever and wherever it liked, the UDC claimed it wanted to integrate its projects into the surroundings, including at a very small scale. Why do this? Two explanations are readily apparent. First, as revealed by the UDC’s projects in the cities, the organization’s planners were ready to move beyond the tower-in-a-park design motif that had characterized work by traditional public housing authorities. The suburbs, where there were few large buildings, provided the right canvas for developing more such low-scale complexes. Second, while the UDC had plenty of theoretical power, it had little interest in upsetting residents of the suburbs too much with big projects because those suburbs had legislators sitting in Albany, ready to reduce the

39 Edward Logue, memo on potential for Roving UDC Ambassador, February 14, 1969, folder “Correspondence: Nelson A. Rockefeller (1968-1969 May), box 271, Accession 1983-M-005, MS 959, YA Logue.

40 The UDC initially hoped to build new moderate-income units in the suburbs with no Section 236 funds to save them for more expensive urban projects, though this hope was eventually determined to be financially impossible. Edward Logue, letter to Nelson A. Rockefeller, May 6, 1971, folder “Correspondence: Nelson A. Rockefeller (1971 January-June), box 271, Accession 1983-M-005, MS 959, YA Logue.

UDC's powers if necessary.

Yet it was also clear that UDC's engagement would be primarily symbolic. "Colonies" of 50 housing units per suburban municipality might rile up the citizenry of a town that wanted to block the entrance of any minority or poor residents, but it would not do much to change the overall dynamic of suburban segregation. The UDC's major projects—those with 1,000 or more housing units—would be in the cities or new communities, not on suburban land, where they could truly alter the demographics of particular places, and Logue surely recognized this fact, though he likely expected that a successful small project would provide the political capital for the construction of more housing units in the future. It may have been contradictory to spell out just how essential it was for the agency to "do something" about suburban integration but then propose only minor interventions, but the small number of UDC projects there was nonetheless unprecedented for a government housing constructor. After all, 50 units of low- or moderate-income housing in a suburban town built by the UDC were 50 units that were *not* being built by suburban towns, or city public housing authorities, or private developers.

Political leaders from the state's cities reacted positively to the UDC's suburban ambitions. Rochester's mayor concluded that the corporation's main area of influence in his region should be the suburbs around the city, since the municipality already had an urban renewal organization ready to plan and fund projects. Percy Sutton, Manhattan Borough President, argued that "a good way to ease congestion in the worsening slum area of the city would be to break down restrictive zoning in the suburbs." He hoped to push a portion of the most socially troubled members of his electorate out into the suburbs to share the "burden."⁴¹ While it may seem surprising that city officials would react positively to agency plans in the suburbs, in 1969 and 1970, the UDC's ability to invest seemed practically unlimited, so spending in one area did not imply a reduction in expenditures for the cities.

More importantly, the UDC was able to identify specific failures of suburban leadership to address the problem of housing integration. In a letter to Governor Rockefeller in November 1969, Logue noted that urban renewal plans in Westchester County were "generally poor" and failed to add to the county's

41 Glenn Fowler, "Land Costs Deter Shifts from Slum to Suburb," *The New York Times*, August 17, 1969, R1.

housing stock, while zoning prevented building on vacant land. Logue hoped that his agency would be able to make a move towards correcting this problem, though he admitted that the need was at least 10 times larger than any realistic UDC proposal.⁴²

The organization's decision to move out of the center cities became an essential element of the UDC's statewide strategy, but it was not fully supported by all in the governor's coterie. Stephen Lefkowitz, assistant counsel for the governor and then general counsel at the UDC beginning in 1971, argued that "there is more than enough to do in the cities where we are wanted." Why, then, get involved with controversial suburban projects? Lefkowitz admitted that "there are others who are most eager for the suburbs" because of the agency's unique ability to build affordable housing there. No other public or private organization could.⁴³

The Corporation was not the only force actively engaging the issue of suburban integration in New York State. In 1969, the newly formed Suburban Action Institute, led by advocacy planners Paul Davidoff and Neil Newton Gold, sued several municipalities challenging the constitutionality of zoning laws that made new construction for families of low and moderate incomes there impossible. Davidoff claimed that "the wealthy are using government to reserve a domain for themselves." Others suggested that the state should review, and if necessary, eliminate, all suburban zoning in cases of bias. The UDC faced increasing criticism that presented the need to integrate the suburbs as a moral imperative.⁴⁴ The Corporation would come to be even more strongly critiqued by residents of affected suburbs.

42 Edward Logue, letter to Nelson A. Rockefeller, November 25, 1969, folder "Correspondence: Nelson A. Rockefeller. (1969 June-December)," box 271, Accession 1983-M-005, MS 959, YA Logue.

43 Stephen Lefkowitz, letter to Edward Logue, December 15, 1971, folder "Correspondence: Nelson A. Rockefeller. (1971 July-December)," box 271, Accession 1983-M-005, MS 959, YA Logue.

44 Davidoff's organization aided the N.A.A.C.P. in a successful lawsuit over the discriminatory zoning in Mt. Laurel, New Jersey, discussed at the conclusion of this chapter. David K. Shipler, "Lawsuit to Challenge Suburban Zoning as Discriminatory Against the Poor," *The New York Times*, June 29, 1969, 39; David K. Shipler, "Zoning Laws Face Growing Attack in Suburbs that Curb the Poor," *The New York Times*, December 14, 1969, 68; Steven R. Weisman, "Planning Council Proposes State Agency to Review Local Zoning," *The New York Times*, February 8, 1971, 21.

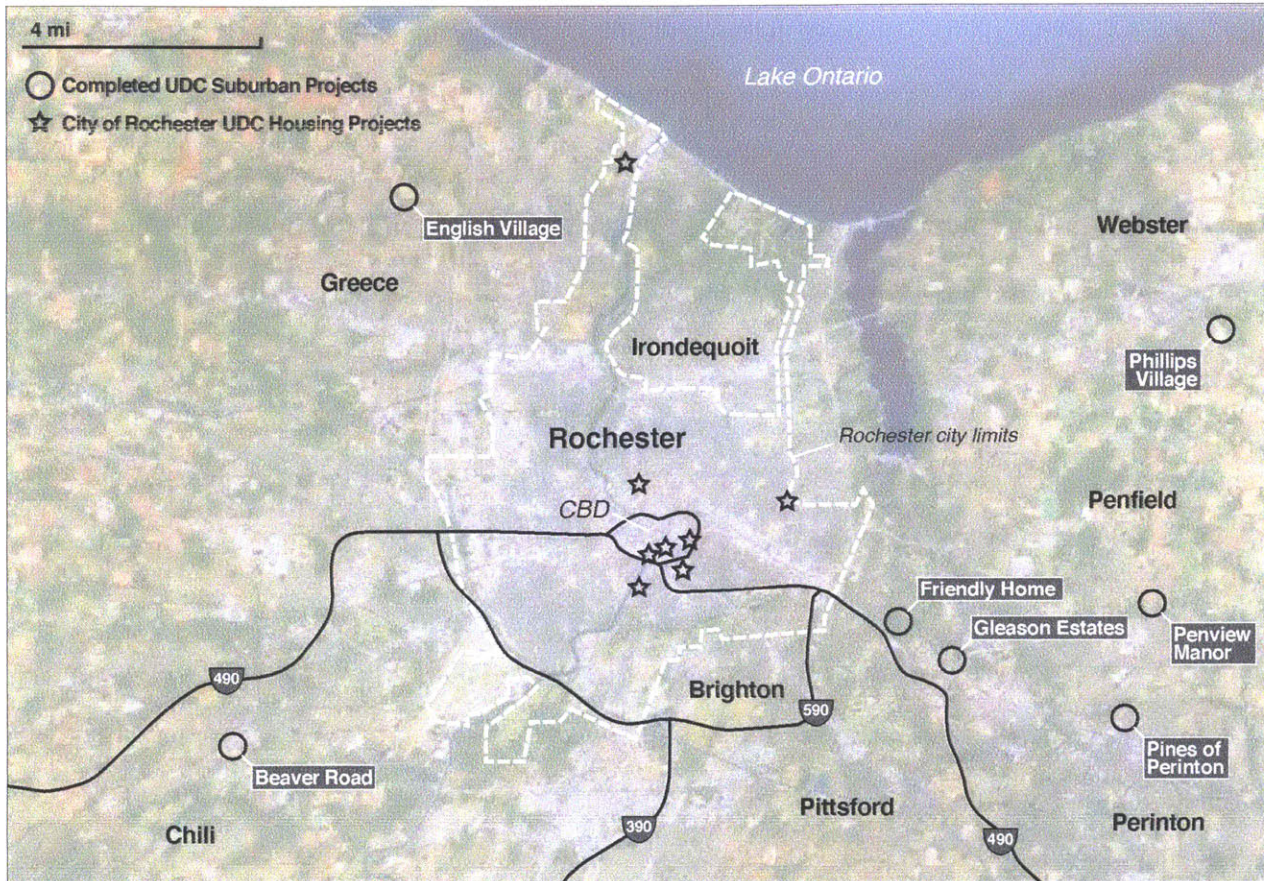


Figure 5.1 : Map of Rochester and its suburbs, indicating sites of completed UDC suburban projects. | Source: Map by the author, with Google Maps satellite imagery as base.

PLANS FOR SUBURBAN CONSTRUCTION

Beginning in 1969, the UDC announced major plans for suburban construction in towns across the state. Notable projects were revealed for areas outside of Rochester, in Westchester County north of New York City, and on Long Island. All were designed with the goal of increasing the availability of affordable housing in neighborhoods that were relatively exclusive, but they were biased toward moderate-income and eventually middle-income households, rather than low-income families.

UPSTATE: ROCHESTER AND ITS SUBURBS

While the New York City suburbs had received most of the attention in the discussion over the lack of economic and racial integration, other parts of the state were equally segregated. Rochester, the state's third-largest city and its gateway to Lake Ontario, was a case in point. In 1970, Rochester's

population was 16.7% black; its average family income was \$10,762. In the rest of Monroe County, however, the resident population was just 0.6% black and average family incomes were more than 50% higher, at \$16,084. Meanwhile, while the city had lost more than 22,000 inhabitants, or 7% of its population, over the previous ten years, the surrounding areas had increased in size by 147,908 people, or 55%.⁴⁵ The trend was clear: even as growth spread out, the poor and minority population of the region continued to be focused within the center city.

The UDC's approach in the Rochester metropolitan area was the construction of a series of suburban colonies. As initially planned by Logue, projects would be distributed in small numbers to guarantee a fair share of affordable housing to municipalities throughout the area, not just within the Rochester city limits. In December 1969, the agency announced a partnership with a group of Rochester business interests, including the chairman of the Xerox Corporation, a major local employer, to begin the construction of 300 units in Pittsford, southeast of the city center. The move was the UDC's first use of its override powers. The suburban municipality had made its objections to the placement of \$6.5 million in affordable housing within its limits, but Logue directed his agency to move forward nonetheless. By October 1970, the land was purchased and the project was under construction.⁴⁶

There had been some vocal opposition, but Logue ignored it, arguing that "the local government probably would not have changed the local zoning ordinance," even if there had been some sort of negotiation. A local judge who was asked to review the project in Pittsford ruled in favor of the organization, as he should have, since the agency was acting within its legislative powers. In this first project, the UDC benefitted from strong support from local business groups, which considered the mounting differences between city and suburb to be damaging for the region's future; moreover, Pittsford councilors did not protest *too* much—nor did they incite their citizenry to riot against the state's influence.

45 U.S. Census, 1960 and 1970. By "rest of Monroe County" and "surrounding areas," I mean Monroe County, excluding the City of Rochester.

46 Edward Logue, letter to Nelson A. Rockefeller, December 8, 1969, folder "Correspondence: Nelson A. Rockefeller. (1969 June-December)," box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson A. Rockefeller, October 22, 1970, folder "Correspondence: Nelson A. Rockefeller. (1970 June-December)," box 271, Accession 1983-M-005, MS 959, YA Logue; Urban Development Corporation, *Annual Report* (New York, NY, 1972), 10.

This was apparently adequate to convince the corporation that it had enough political support to be unafraid of the consequences of further forays into the suburbs.⁴⁷

The agency had big plans for the Rochester region as a whole. In addition to beginning its development in Pittsford, the agency signed an agreement with the same business interests that had supported that initial project for the planning and construction of 15,000 units within five years under the aegis of a subsidiary. The units, which would follow the UDC's typical formula of 70% moderate income units (using Section 236), 20% low-income family units, and 10% low-income elderly units (the latter two using Section 236 and rent supplements), would be distributed evenly between the city and suburbs. The agency began construction in 1971 on 500 additional units in Webster northeast of the city, and soon after on projects in Brighton, Chili, Greece, Penfield, and Perinton.⁴⁸ Each was built on vacant land, generally at the edge of existing urban development. The projects were significantly larger than the "colonies" Logue had initially proposed for the suburbs; this was likely a reflection of the willingness of local officials to endorse the agency's plans and the economies of scale resulting from constructing more in one place.

Though the UDC's planners insisted on departing from the norms of public housing agencies when it came to designing for the cities by incorporating mixes of uses and a walkable environment, in the suburbs the designs they accepted for production frequently failed to meet those standards. As an examination of the site plans for six of the projects demonstrates in Figure 5.4, the urbanism of the new neighborhoods was in contrast to the existing communities surrounding them—rather than an extension of them. Not only were many of the sites in undesirable locations (near a highway or railroad, for instance), but whereas most of the suburban Rochester landscape was made up of single-family homes lining a grid of streets, UDC's projects were isolated attached units whose geometry was clearly more

47 The project in Brighton, "Friendly Home," was a senior citizen's complex and is not discussed further here. Steven R. Weisman, "State Unit Issues a Housing Report," *The New York Times*, February 7, 1971, 35; John Stainton, interview with the author, September 24, 2012.

48 The exact distribution of affordable housing depended on the project. Pines of Perinton, for example, was 50% reserved for low- and moderate-income households through the Section 236 program and 50% for the middle-income state Mitchell-Lama program. Urban Development Corporation, *Annual Report* (New York, NY, 1971), 8, 45-50.

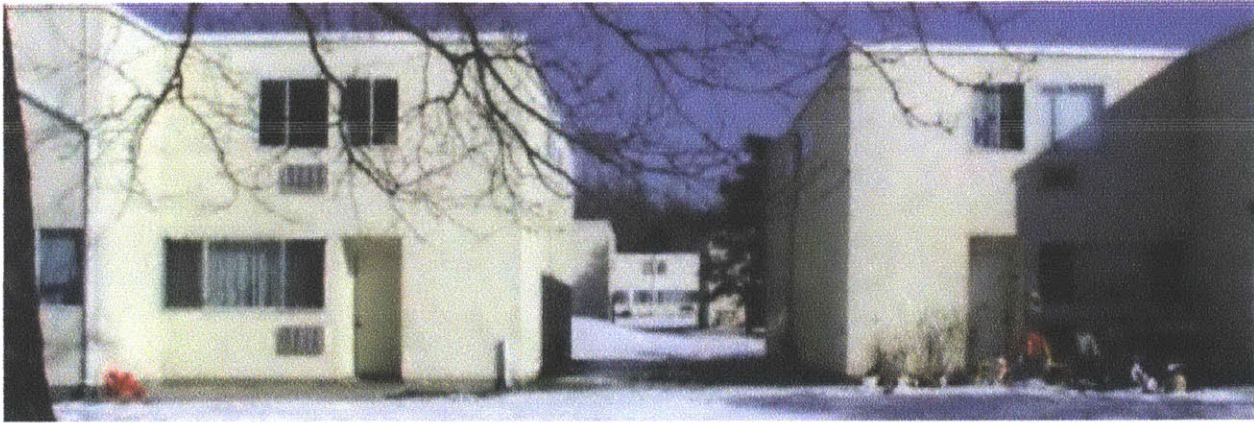


Figure 5.2 : Two views of Pines of Perinton development, designed by Gwathmey Siegel. 2004 | Source: *Policy and Design for Housing: Lessons of the Urban Development Corporation 1968-1975. Part 1.*

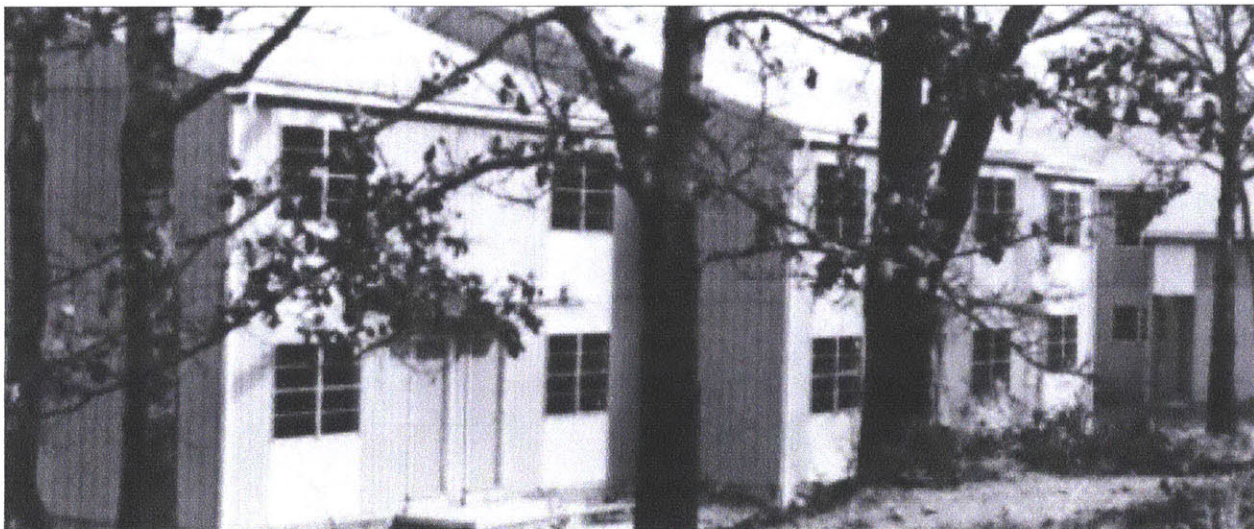
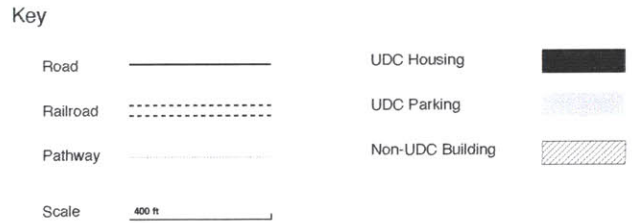
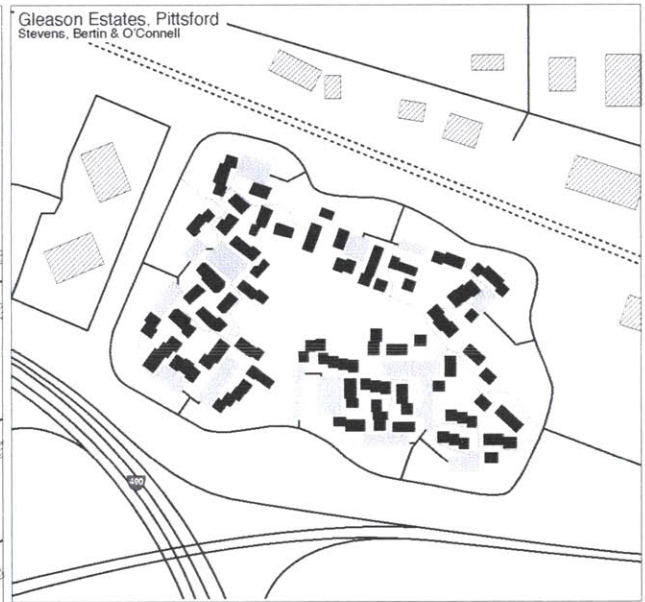
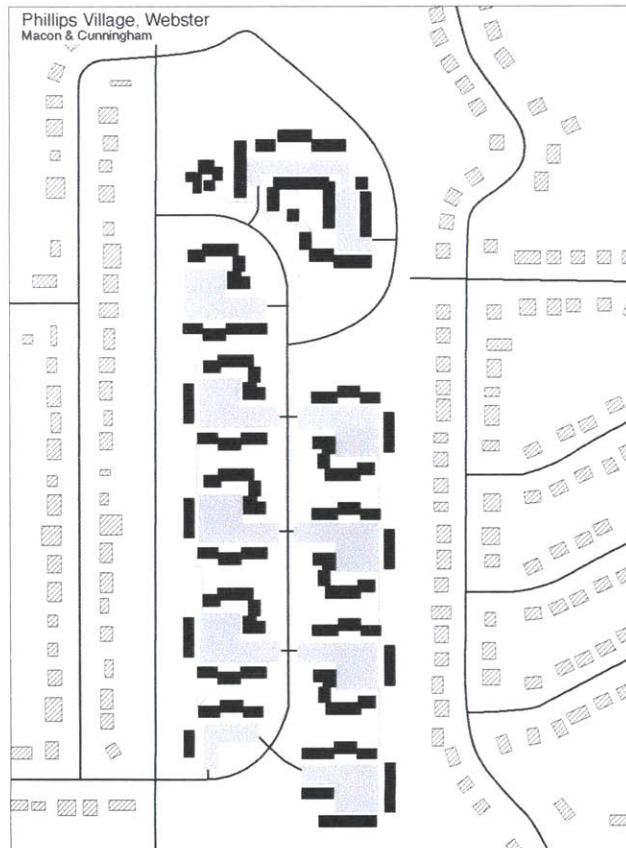
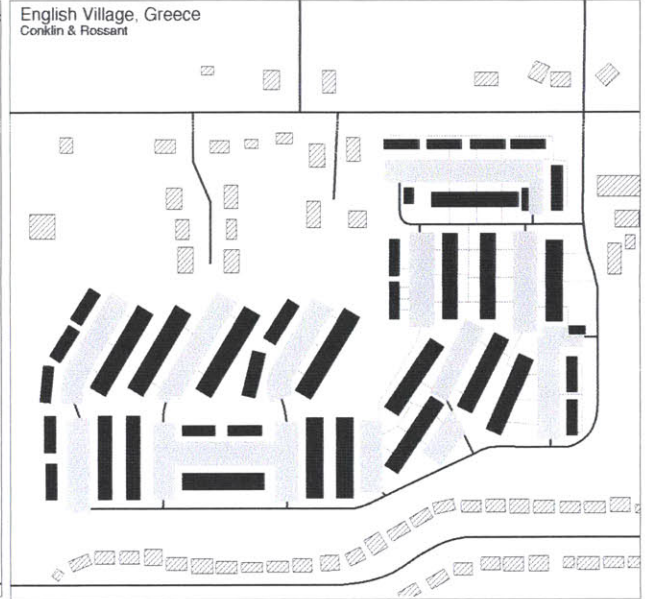
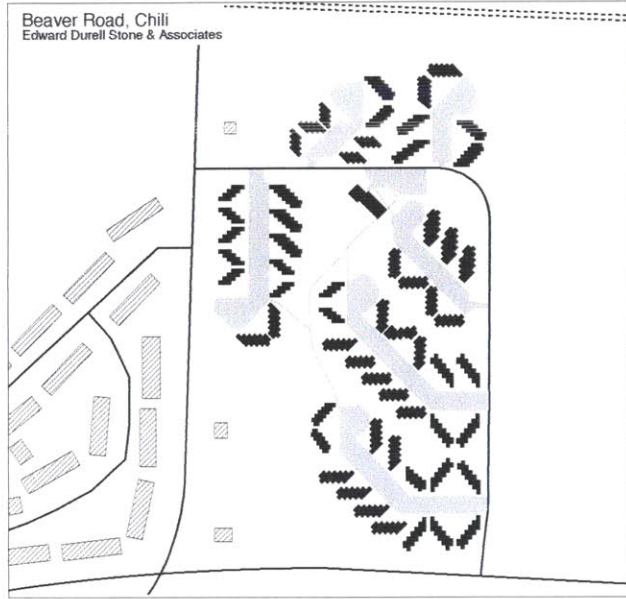


Figure 5.3 : Gleason Estates, outside of Rochester. Pictured in 1971. | Source: *Urban Development Corporation, Annual Report (1971), 46.*



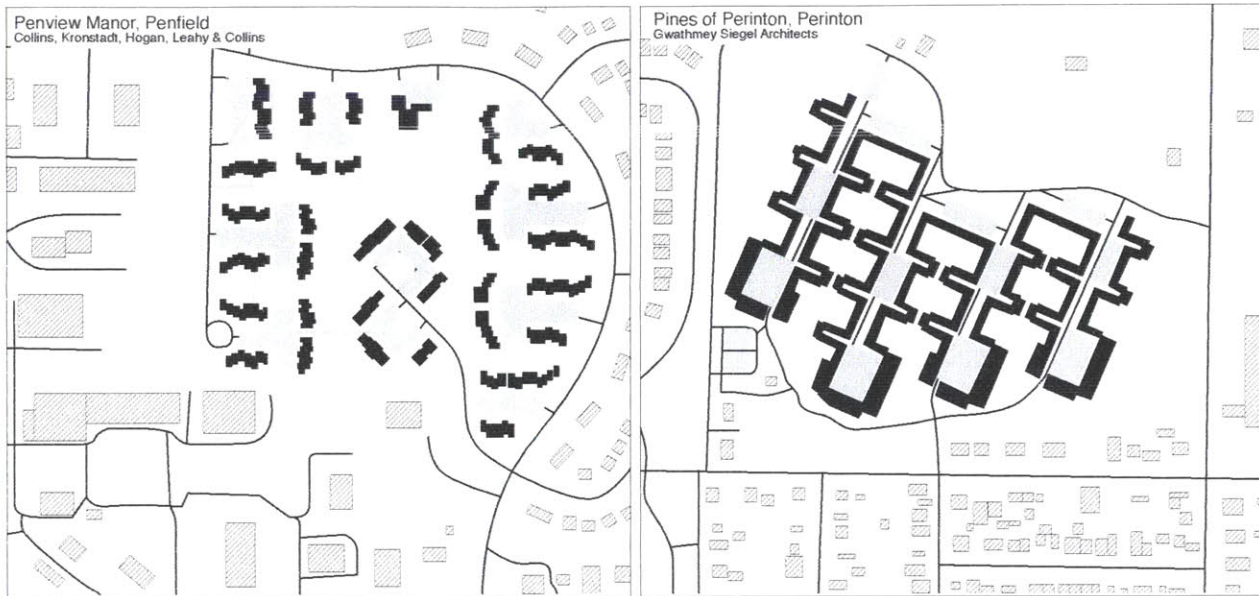


Figure 5.4 : (Above and on facing page) Site plans of six suburban Rochester projects completed by the UDC. Several features stand out. All of the projects feature nodes of buildings oriented around parking lots, usually with park space on the opposite side. All of the projects are abstracted from the surrounding suburban grid, with few connections to the surrounding roadways. Buildings are in general larger than those of nearby communities.

Project unit counts: Chili: 320; Greece: 550; Penfield: 350; Perinton: 508; Pittsford: 300; Webster: 500. Brighton, not pictured here, included 149 units exclusively for the elderly. All other projects included a mix of low- and moderate-income family units, with some featuring middle-income units as well.

| Source: *Plans by the author.*

informed by abstracted Cartesian principles than the surroundings. For better or worse, their modern designs made them very distinguishable from the surrounding built environment. The architects hired to complete several of the projects, including Gwathmey Siegel (in Perinton) and Edward Durrell Stone (in Chili), were world-famous, but the multiple-family modern structures they produced certainly did not match the surrounding single-family homes, with their traditional architectural styles.

All of the site plans suffered from a number of downfalls. Walking was de-emphasized other than within the projects themselves. Five of the six projects were oriented around central, shared green spaces (much like Clarence Stein's 1929 Radburn, New Jersey), accessible from all units. On the other side, off-street parking was easily available and connected to new, curvy arterial-grade roads. In the Pines of Perinton development, living spaces in each apartment were organized facing the landscaped

views while non-habitable areas like kitchens and bathrooms faced parking. Connections to the existing street grid were minimized especially because of the lack of sidewalks in most areas, though a network of pedestrian pathways was offered in several of the projects. UDC planners made no effort to encourage the development of mixed uses within these suburban sites; retail and commercial services were banished off site. This meant that these places would be (and still are) dominated by automobiles; these were distinctively suburban designs.⁴⁹

On the other hand, the UDC's primary purpose in the suburbs was not to intervene with improved designs. Rather, the agency's mission here was to advocate for the construction of additional housing for lower-income people. In Rochester, the urbanism of the projects did not challenge the monofunctional suburban landscape, but too much innovation may have sent the wrong message. The agency was able to produce a wide spectrum of local support for its program.

Yet even these limited efforts began to run into opposition in the Rochester area in mid-1972. State Senator Thomas LaVerne, a Republican who represented Irondequoit, the suburb directly north of Rochester, said he would oppose the planning of new housing in his town because "the site location is not comparable with multi-family housing." He wanted projects that would "expand the tax base" instead. Faced with this opposition from within the governor's own party, the UDC cut off work, looking for a new location. LaVerne's argument was not particularly strong—the location selected for housing in Irondequoit was little different than that in the other Monroe County towns where the UDC had intervened, and there was a need for more affordable housing in Irondequoit as well—but it was telling that the UDC agreed to delay the project based on his concerns.⁵⁰ The organization's powers were rooted in political forces that it could not always control.

49 The very automobile-oriented planning of these projects is a surprise considering UDC President Logue's sense that cars had been a destructive force in American cities. In the organization's 1971 annual report, he stated "the urban prospect would be very different today if the 1956 Interstate Highway Act had required a serious planning component and if sprawl development had not been accepted as the easy price for getting interurban superhighways." (pp. 12).

50 Thomas LaVerne [State Senator from 53rd Senate District], statement, June 15, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue.

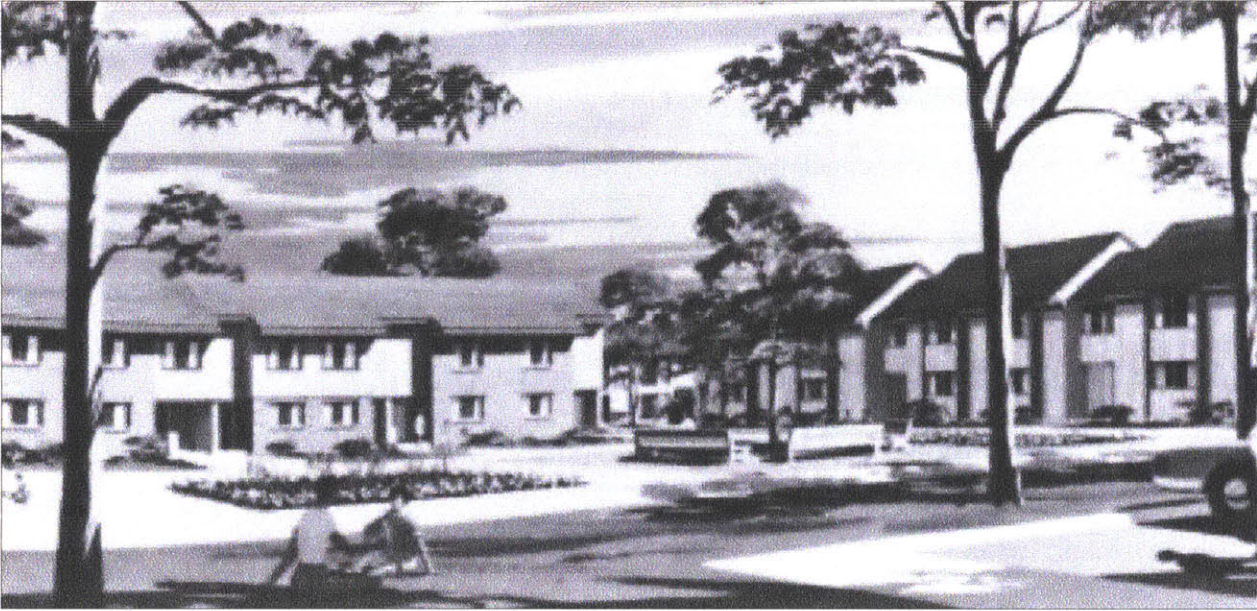


Figure 5.5 : Proposed UDC housing for Wyandanch. Note traditional design and park-like setting. | *Source: Urban Development Corporation, Annual Report (1973), 55.*

LONG ISLAND'S BLACK COMMUNITIES

Elsewhere in the state, especially in the New York metropolitan area, the UDC was far less successful in building in the suburbs. In Long Island's Nassau and Suffolk Counties, the agency never constructed anything despite the fact that those areas accounted for 14% of the state's population in 1970. Even more surprising was the fact that those counties included areas that suffered many of the same social difficulties as the central-city "ghettos" the UDC was chartered to improve, though here they were in the form of low-rise, single-family-home communities. For example, the hamlet of Wyandanch, a part of the larger town of Babylon in central Long Island, was quite impoverished: In 1969, 68% of its residents were recipients of public assistance for the poor. Its population was largely African-American; realtors had steered them there, away from whites-only communities like Levittown just to the west.⁵¹

Unlike residents of most suburban areas, much of the population of Long Island—the poorer, minority segments—rallied to encourage the UDC to take action on building new affordable units in their

51 "Policy and Design for Housing: Lessons of the Urban Development Corporation 1968-1975, Exhibit Part 3: The current state of housing," accessed September 28, 2012, http://www.udchousing.org/images/pdfs/exhibition/Part3_PolicyandDesignforHousing.pdf.

communities. In spring 1970, a group of Suffolk County residents protested in front of UDC headquarters in Midtown Manhattan. UDC officials sympathized with the action and insisted that they were committing all of the resources they could; the agency had in fact begun working with a local group called the Suffolk Community Development Corporation (SCDC) to examine a scattered-site housing program. Federal official S. William Green, who represented HUD in New York, complained that restrictive zoning was making housing improvement all but impossible; at that point there were only 60 low-income housing units (including 20 reserved for the elderly) in all of Suffolk County, which had a population of more than 1.1 million.⁵²

In November 1971, the state was provided a unique opportunity to build affordable housing on Long Island when the federal government agreed to locate an Internal Revenue Service processing facility in the town of Brookhaven on a 2,000-acre plot of vacant land. Several hundred acres were to be transferred to the state for new parks. The National Committee Against Discrimination in Housing argued that many of the new jobs there would be handled by low- and moderate-income workers and that the federal government had a legal obligation to produce housing opportunities for poor, minority citizens who had thus far been excluded from the area and who could be housed on areas proposed for park land. Nelson Rockefeller instructed his aide Ann Whitman to write Logue, suggesting setting “aside some land on edge of properties for housing.”⁵³

Yet the UDC pulled back, convinced that it lacked the political support to promote the project. The town of Brookhaven approved a 400-unit, Section 236-financed private development that would address some of the local housing needs. But while Logue was interested in using the surplus federal land for apartments, he wanted to wait to advance any such plans, fearful of undermining the organization’s public image. Logue emphasized to Rockefeller that “we have moved carefully and slowly in

52 David K. Shieler, “Pickets Ask State Urban Agency to Override L.I. Zoning Laws,” *The New York Times*, May 7, 1970, 53; David K. Shieler, “U.S. Aide Attacks Suburban Zoning,” *The New York Times*, May 17, 1970, 58.

53 National Committee Against Discrimination in Housing, Inc., News Release, November 17, 1971, folder “Correspondence: Nelson A. Rockefeller. (1971 July-December),” box 271, Accession 1983-M-005, MS 959, YA Logue; Ann C. Whitman, letter to Edward Logue, November 23, 1971, folder “Correspondence: Nelson A. Rockefeller. (1971 July-December),” box 271, Accession 1983-M-005, MS 959, YA Logue.

Suffolk County,” not wanting to raise any serious concerns.⁵⁴

The UDC was less worried by opposition in the mostly minority and poor town of Wyandanch, where it figured it had the support of local residents and thus would be welcomed, rather than pushed back, as Brookhaven may have. The agency had been invited in for discussions in July 1970 and by the summer of 1972 it had completed plans for 182 garden apartments designed by a black architect. Despite the manifest interest in the black community for more and better housing, the proposal was the target of intense opposition from white residents of surrounding areas. The problem was that the hamlet of Wyandanch had no final sway over its fate; the town board of Babylon, representing a far larger, whiter, and wealthier constituency, made final decisions. In late 1972, the board had “condemned” the UDC’s use of its override powers, but did not attempt to sue the agency or actually stop the construction of the program.⁵⁵

Despite the announcement of the federal moratorium on housing subsidies in early 1973, the UDC was confident that it would be able to move forward on the project and submitted it to public review during the summer. The reaction was instantaneous and vitriolic. Even as 1,000 residents of Wyandanch rallied in support of the housing program, white residents of Babylon argued that the project was not needed and that the result of more low-income residents would be higher taxes to pay for an increasing number of services. The town board agreed, rejecting the project by a vote of 3 to 2 in August. UDC management, by the point suffering from intense financial pressure to get any of its projects to work, let alone the small ones in the suburbs, abandoned it too.⁵⁶

54 Edward Logue, letter to Nelson A. Rockefeller, December 27, 1971, folder “Correspondence: Nelson A. Rockefeller. (1971 July-December),” box 271, Accession 1983-M-005, MS 959, YA Logue.

55 Edward Logue, letter to Nelson A. Rockefeller, October, 1972, folder “Correspondence: Nelson A. Rockefeller. (1972 September-December),” box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson A. Rockefeller, December 11, 1972, folder “Correspondence: Nelson A. Rockefeller. (1972 September-December),” box 271, Accession 1983-M-005, YA Logue.

56 George Vecsey, “Babylon Town Board Faces Tough Decision: Should it Reject State Apartment Project in Wyandanch?,” *The New York Times*, August 8, 1973, 38; Policy and Design for Housing: Lessons of the Urban Development Corporation 1968-1975, Exhibit Part 3: The current state of housing.

INCURSIONS INTO WESTCHESTER COUNTY

The disappointments in Suffolk County paled in comparison with those in Westchester County, where the UDC hoped to make a model of state-local cooperation on housing construction. In early 1970, the organization announced that it was forming a subsidiary organization to create a unified development plan for the entire county, including the construction of six or more housing demonstration projects. Logue's interest in developing this relationship was clear: While he wanted to act on housing in the suburbs, he also recognized that "if I went into Scarsdale [a wealthy suburban Westchester community] and started changing zoning laws, all my power would be stripped away." This deal was a first for New York and resulted from the active interest from Republican County Executive Edwin Michaelian in responding to the county's housing issues, and it reflected the fact that in New York counties have power over land use in unincorporated areas. Michaelian had served in his post since 1958, the beginning of Rockefeller's governorship; in addition to being his political ally, Michaelian shared the governor's political persuasions. He described the UDC's efforts as "our only salvation, the only means we have to solve our housing problems" because of the county's limited power to challenge the zoning of its constituent municipalities.⁵⁷

Rockefeller's reaction to the joint development effort was immediately positive. He accepted Logue's request that he write Thomas Watson, Jr., chairman of IBM, for funding to aid the UDC to begin its countywide planning. The Governor emphasized the fact that private businesses located in Westchester County (IBM had moved to North Castle from New York City in 1964) would benefit from the provision of affordable housing nearby.⁵⁸ Logue, too, argued that new housing his agency would build would be designed for deserving job-holding families, not welfare cases moved up from the city.

57 A similar joint development plan was announced for Orange County, west of Westchester, in mid-1972. This countywide development plan was supposed to produce 1,300 units on a similar "fair-share" scheme, but it did not advance. See Stuart Polly [UDC Director of Field Operations and Housing Development], letter to Edward Logue, June 7, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue; Linda Greenhouse, "State Urban Development Corporation to Plan the Development of Westchester," *The New York Times*, February 19, 1970, 52; Nancy Moran, "A Gingerly Step into Westchester Taken by Logue," *The New York Times*, February 22, 1970, R1.

58 Nelson A. Rockefeller, letter To Thomas Watson, Jr. [Chairman of the Board, IBM], March 9, 1970, folder "Correspondence: Nelson A. Rockefeller. (1970 January-May)," box 271, Accession 1983-M-005, MS 959, YA Logue.

He wanted to begin with projects that caused little controversy so as to emphasize the benevolent—to suburban residents—nature of UDC involvement. In spring 1971, the Corporation began planning housing for theoretically uncontroversial causes: Units for faculty and staff at a college and medical center.

Manhattanville College, located in Purchase, just northeast of White Plains, argued that it needed about 100 housing units for staff members who had been priced out of the expensive suburban Westchester market. Though the UDC promised that the dwellings would be reserved for Manhattanville-connected people, citizens of the nearby area voiced their concerns that the housing would bring in the lower class to the suburbs. This outcry was strong enough for Westchester County's board to unanimously request the state legislature to submit all public projects, including the UDC's, to public hearings. Rockefeller, however, encouraged Logue, thanking him for "all that you have done... as always, you are great in what could have been for me a difficult situation." At this point, the governor was on the UDC's side. Yet pressure was on the college; a supervisor in the town of Harrison (which included Purchase in its jurisdiction) threatened to investigate Manhattanville's tax-exempt status, which was enough for the college to drop its plans for the housing by April.⁵⁹

In June 1971, the UDC announced that it had agreed with the county to complete 1,000 housing units in Mt. Pleasant near a proposed new \$28 million public medical center that had been approved by county voters. As with the college, the lack of affordable housing in the area was cited as the explanation for the investment. The agency hoped to work quickly to complete 375 units by late 1972 and the full project by 1976. Despite the expected clientele being theoretically non-controversial medical and nursing students and employees, local residents reacted angrily to the plans. The head of a new protest organization, United Homeowners of Mount Pleasant, claimed that "not five cents nor five minutes has been spent to explore the burdensome consequences that such a proposal would impose on

59 At the time, there was no requirement for public agencies like the UDC to submit their projects for public review, but the UDC had nonetheless been doing so for most of its investments. Linda Greenhouse, "College's Plans Stir Opposition," *The New York Times*, February 28, 1971, 32; Edward Logue, letter to Nelson A. Rockefeller, March 18, 1971, folder "Correspondence: Nelson A. Rockefeller. (1971 January-June)," box 271, Accession 1983-M-005, MS 959, YA Logue; Nelson A. Rockefeller, letter to Edward Logue, March 19, 1971, folder "Correspondence: Nelson A. Rockefeller. (1971 January-June)," box 271, Accession 1983-M-005, MS 959, YA Logue; "Plan for State Aid Dropped by Manhattanville College," *The New York Times*, April 4, 1971, 47.

our community.” The organization argued that the UDC could not be trusted not to bring in unwanted residents.⁶⁰ Of course, the group dismissed the negative effects *not* having such housing would produce.

Fears were spreading. Though he was admittedly only a minor player, the Conservative Party candidate for Governor in 1970 had argued that “the greatest single menace to the suburbs” was the UDC. This was an assessment that did not affect Rockefeller’s standing in that election, but it reflected underlying concerns about what the powerful state agency could and would do. A Mt. Pleasant supervisor said that “people are scared to death that this will turn out to be a low-income project in the middle of nowhere”—a sort of suburban ghetto. That fall, several candidates for legislative office in the county ran on an anti-UDC platform and won. Though the county eventually agreed to sell the UDC 25 acres, the project was reduced to just its 375-unit first stage, completed at the end of 1973. It was clear that the UDC’s cautionary approach had not gone far enough. An executive in the agency complained, “we’re not trying to make any social points... this isn’t a radical reorganization of the suburbs... we’re building a company town for a medical school. I expected it to be very well received.”⁶¹ Yet the lesson had been learned: Nothing the UDC announced would be happily accepted by suburban residents afraid of what would happen if the poor were let in.

Officials in the agency “privately expressed doubt that a community that would fight housing for medical students could ever be persuaded to accept public housing in any form.” Nonetheless, the UDC was not done yet. In February 1972, it revealed its plan for a “fair share” distribution of housing in nine Westchester towns. The program was approved in coordination with County Executive Michaelian. Each project would include 100 low-rise townhouses constructed by local builders. Logue described town officials with whom he met as “willing to cooperate” (though none of them would say so publicly),

60 George R. Morrow, Jr. [Mt. Pleasant Supervisor] and Sy Schulman [Executive Director of Westchester UDC], quoted in “Mt. Pleasant Fights Plan to Construct 1,000 Housing Units,” *The New York Times*, June 19, 1971, 29.

61 Edward Logue, letter to Nelson A. Rockefeller, October 22, 1970, folder “Correspondence: Nelson A. Rockefeller. (1970 June-December),” box 271, Accession 1983-M-005, MS 959, YA Logue; Linda Greenhouse, “Westchester to Sell 25 Campus Acres,” *The New York Times*, November 23, 1971, 43; James Feron, “Subsidized Housing Units in Westchester Dedicated,” *The New York Times*, December 1, 1973, 37.

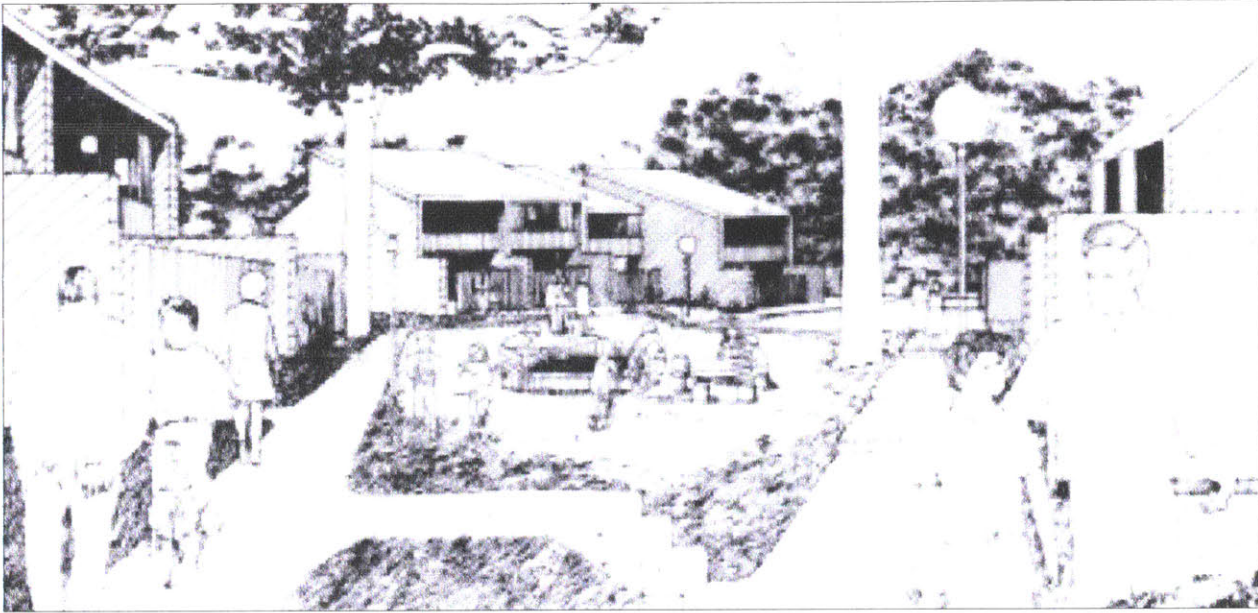


Figure 5.6 : Proposed UDC housing for Greenburgh in Westchester County. This project encouraged significant resistance to the UDC program. | *Source: Urban Development Corporation, Annual Report (1972), 55.*

and all of them appreciated the idea that if they took 100 units now they would be excused from having to take any more until all the other towns had accepted their share. Yet these officials had in effect been blackmailed by Logue, who explained to Rockefeller in a letter:

I told them in so many words that the Towns which cooperated with this approach of ours were buying themselves a pretty good insurance against an anti-zoning law suit which is becoming increasingly popular. Their principal complaint was the extra burden on the tax base. We told them we were sympathetic to that and would urge again the adoption of impact legislation.

Logue was convinced that one day or another, suburban integration would be mandated by the courts and that towns could either play along with the UDC or be sued. Rockefeller's response continued to be positive, noting in response to Logue "Great; nice going."⁶²

Logue's strategy was to force towns that were selected for housing projects to accept their fates; he hoped that nine small projects would come across far more effectively than one massive program. In his meeting with Michaelian, he promised that he would engage with town supervisors, but he remained adamant that the UDC should have final decision-making power over what was built. He would

62 "9-Town Plan Set for Westchester," *The New York Times*, February 13, 1972, 42; Edward Logue, letter to Nelson A. Rockefeller, January 14, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue.

not be held up by individual towns. The leader's hope was that the successful completion of the Nine Towns and their being occupied by "the kind of families we believe will live in them" (in other words, non-problem families) would significantly reduce resistance to the agency in the county.⁶³

In June, after a few months of meetings, the UDC announced the towns to receive the "fair share" housing—Bedford, Cortlandt, Greenburgh, Harrison, Lewisboro, New Castle, North Castle, Somers, and Yorktown—which were distributed across the county. Unlike the previous proposals for Westchester projects, these would be targeted for the usual 70/20/10 UDC clientele, and 20% of the residents were expected to be minorities. Logue threatened to use his override powers if the towns did not agree to the plans. Rockefeller wrote to Michaelian, arguing that private groups had failed to provide the decent affordable housing Westchester needed, and that UDC had been a reasonable actor thus far. In his letter, Rockefeller noted "I support the UDC proposal... it is surely a modest proposal which will not change the character of any suburban neighborhood." Logue, seeing that the Governor had sent the letter, thanked him for his aid, although he admitted "that we have our work cut out for us."⁶⁴

He was right. Logue met with local elected officials, who argued that low-income family housing in their communities would be politically deadly. The only solution, they claimed, was for the UDC to delay the program. Harrison supervisor John Passidomo noted that "if a public official took any other position [other than against the UDC], he'd be run out of office." The UDC's initial purchases of land for two of the projects had been done "through a straw," in effect by hiding the identity of the buyer. Local elected officials were now harassing the property owners to pull back the projects so as to prevent the agency from building anything.⁶⁵

63 Edward Logue, letter to Nelson A. Rockefeller, June 2, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue.

64 Logue is quoted in Connery and Benjamin's biography of Rockefeller: "I served at his [Rockefeller's] pleasure and often chartered... a difficult or politically unpopular course of UDC. If anything, he bent over backwards to support my decisions." Linda Greenhouse, "Low-Income State Housing Due in Rural Westchester," *The New York Times*, June 21, 1972, 1; Nelson A. Rockefeller, letter to Edwin Michaelian, June 19, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson A. Rockefeller, June 20, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue.

65 Edward Logue, letter to Nelson A. Rockefeller, July 11, 1972, folder "Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson A. Rockefeller, July 21, 1972, folder

At the same time, the United Homeowners organization that had been founded in Mount Pleasant expanded to encompass the entire county and announced that it would contest all UDC projects under the name United Towns for Home Rule. Head Stuart Greene complained that the UDC had not consulted local residents and was building a project that locals did not want. Referring to his hometown, he summarized his argument:

Some people see New Castle as a dot on a map in a megalopolis that shares the same problems from Boston to Washington. But we see New Castle not as a microcosm, we see it as a community of humans, a town of dignity, history, and purpose. We can solve our own problems.

At least 2,000 people agreed with him in Bedford, where a large protest greeted the town's decision to allow the UDC to build 100 units only for the elderly in exchange for no new construction before 1979 at the earliest. UDC's support was under threat from all sides, but Michaelian continued to argue for the importance of the agency's work. He could think of no alternative other than the UDC to solve the county's housing difficulties. On the other hand, opponents of the agency's work did not think that the problems it had identified were worth tackling.⁶⁶

UDC management responded by engaging each of the communities based on the preferences of their elected officials—though not their citizens. Little opposition in Cortlandt and Greenburgh meant the corporation could go forward there; in Bedford and Yorktown, changes to site and program responded to local desires; the desire to continue negotiations in Lewisboro and North Castle encouraged the UDC to accept a minor delay. These communities had cooperated with the agency and would be rewarded as such. As for those communities that did not—Harrison, New Castle, and Somers—Logue had little interest in dealing with them. There, he simply argued for going ahead with no modifications. He had not fought for the agency's "super powers" to be shut down by a tiny town.⁶⁷

Opposition had gained enough traction among elected officials for Logue's confidence in the agen-

"Correspondence: Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue.

66 Linda Greenhouse, "Suburbs Fighting State Agency's Plan to Override Local Zoning," *The New York Times*, July 17, 1972, 26; "Housing Opposed in Westchester," *The New York Times*, July 23, 1972, 50.

67 Edward Logue, draft Letter to Robert R. Douglass, July 17, 1972, folder "Robert R. Douglass. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue.

cy's program to decline. State Senator Bernard G. Gordon, a loyal Republican, was in favor of the UDC—in theory. But he argued that the opposition's strength made it crucial for all projects to be put on hold pending renegotiations with local officials. Logue told Gordon that he was "prepared to re-examine our Nine Towns program" in order to seek out further support from the communities.⁶⁸

This approach informed the agency's strategy in August, when it announced it would delay action in five towns as a "middle ground" for a four-month study period that allowed towns to develop their own plans to deal with the housing crisis. If they did not, the UDC would return. Logue shook his head at opponents, noting that they were encouraging the separation of the United States into two societies, referring to the work of the Kerner Commission. The NAACP identified the Westchester situation as a product of white racism. "The cry of 'home rule,'" NAACP director of housing programs William R. Morris said, "is simply saying, 'no more blacks or Puerto Ricans wanted.'" Home Rule group leader Greene was not convinced, either by the proponents' rhetoric or the pause in development, which he attributed to the upcoming vote. "It's an open-ended stay from execution that can be closed the day after the election," he said. "We don't buy it." Indeed, Logue's decision to exclude Harrison from the moratorium on development was notable. There, the town had simply refused to talk to the UDC; the agency responded by pursuing its project as if there were no objections at all. But the town took the corporation to court.⁶⁹

David K. Shipler, writing in the *New York Times*, described the situation most aptly:

*This legal authority [of the UDC] has been no match for the power wielded by the fear of crime, the dread of urbanization, the revulsion that many suburbanites feel over the prospect of poverty in their midst... [the UDC] has found that to preserve its power, it must avoid using it.*⁷⁰

68 Edward Logue, letter to Nelson A. Rockefeller, July 27, 1972, folder 278 Housing, box 27, series 10.3 Counsel's Office, Robert R. Douglass, 15 NAR-Gubernatorial, RAC; Edward Logue, letter to Senator Bernard G. Gordon, July 28, 1972, folder 278 Housing, box 27, series 10.3 Counsel's Office, Robert R. Douglass, 15 NAR-Gubernatorial, RAC.

69 A later study showed that opposition to the plan was focused among people with racist sentiments. 73% of people who "believed that Westchester had already done "enough" or "too much" for blacks opposed the U.D.C. projects; at the same time, 73 per cent of the people who thought the county had "not gone far enough" toward helping blacks favored the U.D.C." See Linda Greenhouse, "Battle Lines in Suburbs," *The New York Times*, January 28, 1973, 204; Linda Greenhouse, "Westchester Towns Win a Moratorium on U.D.C. Housing," *The New York Times*, August 2, 1972, 1; "State Gets Order on Housing Unit," *The New York Times*, August 3, 1972, 14; "NAACP Urges Support of New York Program of Scatter Housing," *The Crisis*, November 1972, 319.

70 David K. Shipler, "U.D.C. Housing Agency: Paper Tiger," *The New York Times*, August 6, 1972, 52.

The UDC's decision to pause the promotion of the Nine Towns projects did not prevent huge protests from accompanying hearings in Bedford and Greenburgh, though Logue explained to the governor that "only" 40% of the audience was comprised of "hard-core opponents." He maintained his plan to get under construction in those two towns by the end of the year. When Greene announced that he was in favor of calling a moratorium on his own protest movement to think about what housing plans would fit the area best, his supporters disagreed. They argued that UDC should be stopped at all cost, no matter what it proposed. Resigning, Greene interpreted the action as a sign of racism within an organization that he had spent a year claiming was simply concerned about preserving home rule rights in Westchester. Logue hoped the problems within that organization would provide an opening for the UDC.⁷¹

That would not come to pass. Governor Rockefeller, sensing his political future put on the line by the aggressive tactics of the Westchester citizenry, asked Logue to put *all* of the projects on hold, including those in towns where local agreements had been made. In November, every legislative candidate of both parties in the county took a stand against the UDC.⁷²

OMINOUS CLOUDS FOR THE UDC

In the 1970 state legislative session, fifteen bills designed to strip the UDC of its unique powers and thus force it to comply with local zoning rules were introduced, indicating that even before the suburban controversies, there was considerable animosity for the UDC. More such bills followed in 1971 and 1972, particularly from Westchester County representatives who were newly concerned about the state's powers. Many bills passed by large majorities in the Assembly. Though none of these made it

71 Linda Greenhouse, "Opponents of State Housing Plan Sound Off at Hearing in Bedford," *The New York Times*, September 7, 1972, 31; Linda Greenhouse, "Housing Debated in Westchester," *The New York Times*, September 10, 1972, 92; Linda Greenhouse, "Housing Delayed in Westchester," *The New York Times*, September 26, 1972, 29; "Home Rule Aide Quits in Dispute," *The New York Times*, October 10, 1972, 28; Edward Logue, letter to Nelson A. Rockefeller, September 21, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 September-December)," box 271, Accession 1983-M-005, MS 959, YA Logue.

72 Edward Logue, letter to Nelson A. Rockefeller, September 25, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 September-December)," box 271, Accession 1983-M-005, MS 959, YA Logue; Linda Greenhouse, "State Low-Income Housing Plan is at a Standstill in Westchester," *The New York Times*, November 6, 1972, 24.

into the law, in several cases because of Rockefeller vetoes, the suburban constituency was producing a powerful political force aligned against the state organization. Logue wanted the legislature to pass a bill that would subdue these controversies by providing “impact aid” for education that would counter the argument that low- and moderate-income units were reducing the local tax base. The idea was that if the UDC added (non-taxed) housing units to a particular municipality, the state would fill in the gap in education funding.⁷³ But the legislature was not interested in helping the UDC complete its projects.

In March 1972, the Governor, too, began to dilute his advocacy for the UDC. Perhaps informed both by the UDC’s difficulty-prone involvement in Westchester, the great controversy over the construction of public housing in a middle-income neighborhood in Forest Park, Queens, and Nixon’s adamant stand against both “forced integration” and urban busing, Rockefeller told the press “I don’t support scatter housing... I don’t think you can reestablish a community that is deteriorating by rehabilitating scatter units.” He was not clear what alternative he would propose, as all he suggested was “to rebuild communities throughout our state” in a way that would attract people of many races. Where would this leave the UDC?⁷⁴

In May 1972, Logue sent Rockefeller a thoughtful letter on the role of his agency. “It is a fact of life that publicly assisted housing, whether tax abated or not, and whether federally subsidized or not, is a matter of local controversy,” he wrote. The suburbs had refused to actually produce any affordable housing and they had taken active steps to make the construction of such projects by private groups all but impossible. He concluded that the UDC had an essential role to play but that it needed its override powers or it would be incapable of moving forward. Logue seemed impressed by his own performance—“we have certainly surprised a lot of people who thought... you had invited a bull into a china shop”—but

73 Edward Logue, letter to Nelson A. Rockefeller, March 6, 1970, folder “Correspondence: Nelson A. Rockefeller. (1970 January-May),” box 271, Accession 1983-M-005, MS 959, YA Logue; Alfonso A. Narvaez, “Urban Development Curbs are Voted,” *The New York Times*, April 13, 1972, 32; Edward Logue, letter to Nelson A. Rockefeller, March 18, 1970, folder “Correspondence: Nelson A. Rockefeller. (1970 January-May),” box 271, Accession 1983-M-005, MS 959, YA Logue.

74 New York Mayor John Lindsay announced plans for scatter-site public housing in Forest Hills in 1966, only to see the project meet massive resistance from local residents who considered the project an intrusion, generating national controversy. The project was altered into a co-op and eventually completed in 1976. See Daniel Wishnoff, “The “Lessons” of the Forest Hills Controversy: Public Housing, Civil Rights and Limits of Liberalism, 1965-1975,” unpublished; William E. Farrell, “Rockefeller Backs Nixon on a Busing Moratorium,” *The New York Times*, March 22, 1972, 1.

seemed to ignore the fact that whatever the truth, residents of the suburbs often *did* think of him as that bull.⁷⁵ By that point, though, it did not matter. Rockefeller's enthusiasm for the UDC's suburban adventures was beginning to fade, and the agency's progress had begun to slow significantly.

The UDC's failure to successfully integrate the suburbs was all too obvious for other opponents of segregation, who pushed ahead with their own plans. Paul Davidoff's Suburban Action Institute, so far unsuccessful with its lawsuits, announced that it would purchase 600 acres in Lewisboro in November 1972. The organization wanted to build 4,600 units of affordable housing, worth some \$10 million, in a new community.⁷⁶ The group's seriousness is worth questioning as the project fell apart, but the point was clear: Suburban segregation would continue to be challenged, but perhaps not by the UDC.

THE UDC'S EVICTION

Logue's UDC was hardly the only governmental body failing to make headway on matters of suburban integration. Though Romney was already facing resistance at HUD at the end of 1970, his path became more difficult as the Nixon White House identified additional ways to delegitimize his efforts. The Secretary travelled to Warren, Michigan to explain to the mayor that the city needed to expand access for minorities in return for receiving federal housing grants; "you can try to hermetically seal Warren off from the surrounding areas if you want to, but you won't do it with federal money," he was reported as saying. Romney was careful to note that he did not advocate "forced integration," but favored allowing people who "wanted to be there" to have that opportunity; differentiating those two concepts was not easy for local officials. Nor was it necessary. When Senator Abraham Ribicoff of Connecticut joked that "you can't work a carrot and stick technique if you don't have any carrots," he was hardly kidding; suburban towns did not need HUD's help, and nor did Warren, which voted down its entire urban renewal program soon after Romney's visit.⁷⁷

H.R. Haldeman, Nixon's chief of staff, was intent on punishing Romney for this approach. He plot-

75 Edward Logue, letter to Nelson A. Rockefeller, May 16, 1972, folder "Correspondence: Nelson A. Rockefeller. (1972 January-August)," box 271, Accession 1983-M-005, MS 959, YA Logue.

76 Linda Greenhouse, "Action Group Seeks to Build a Project in Westchester," *The New York Times*, November 15, 1972, 51.

77 Bonastia, 106; Lamb 90, 93-4, 127.

ted in a letter to the President that “we have to set him up on the integrated housing issue and fire him on that basis to be sure we get the credit.” The Secretary, hardly the independent soul Nixon aides treated him as in memoranda, relented more easily, agreeing to cut down the rhetoric on suburban integration and even release funding to top offender Warren.⁷⁸

Between November 1970 and mid-1971, Nixon went out of his way to explain his antipathy towards integrated housing. “I believe that forced integration of the suburbs is not in the national interest,” he argued in one speech. Though his discussion was primarily about the evils of economic integration (the idea was that people should live in communities they could afford), the implication of his argument was that he was preventing racial minorities from entering white neighborhoods. Moreover, it was disingenuous. As the U.S. Commission on Civil Rights noted the same year, “the harsh facts of housing economics... suggest that *racial* integration cannot be achieved unless *economic* integration is also achieved.” Even if the President was comfortable with the idea of mixing races within the same neighborhoods, that would be practically impossible in American society without also mixing incomes.⁷⁹

By late 1971, the Administration was being very clear about its position on integrated housing, quite in contrast to the amorphous position it had held in 1969 and early 1970. Ehrlichman wrote New York Senator James Buckley to “assure [him] that this Administration will not attempt to impose Federally assisted housing on any municipality which doesn’t want it.” As if hoping to ignore the obvious sentiment of the White House, Romney continued to articulate the importance of dealing with the suburbs, though he failed to offer any Administration-approved solutions. When the Office of Management and Budget revealed that it would put a moratorium on all housing subsidies in early 1973, Romney suggested that such a move “could inflame the central cities... an increasing danger as we ignore the critical masses of people with problems building up in our central cities surrounded as they are by a suburban governmental wall of class and racial prejudice.”⁸⁰ His bosses were not convinced, and he

78 Bonastia, 107.

79 Bonastia, 109; Lamb 10, 22, 138.

80 Ehrlichman was referring specifically to New York’s Forest Hills public housing project in the letter. John D. Ehrlichman, letter to Senator James L. Buckley, December 10, 1971, folder “President and Ehrlichman, 1971,” box 13-P, Romney Archives; George Romney, remarks prepared for delivery at Detroit Economic Club Luncheon, March 27, 1972, folder

was on his way out anyhow.

The moratorium affected the UDC directly by cutting off its primary source of aid; this change in federal policies directly contributed to a shutdown in agency projects in the suburbs. Yet Logue, ever the opportunist, did not greet the change with a fatalistic attitude. Rather, the Nine Towns of Westchester County were still required to respond to the agency's call to present alternatives. By the deadline, three had agreed to allow the UDC to build (Bedford, Greenburgh, and Lewisboro), two had developed their own plans (Harrison and North Castle), three continued to study the situation (Cortlandt, Somers, and Yorktown), and just one, New Castle, had ignored the agency's request altogether. This implied that there would be forward movement on at least a few of these plans within the year, even without federal aid. Nor was Logue concerned about funding. If he could not acquire Section 236 support for the new housing, he was willing to make them marketable as middle-income units. As such, he was straying far from the UDC's primary mission, but he wanted to build something if he could.⁸¹

Rockefeller, however, was not satisfied by the UDC's attempts to continue working in the suburbs. He indicated to Logue in early February that he was considering compromising with the state legislature to allow an anti-UDC bill to pass in order to demonstrate that the agency was responding both to the federal moratorium and the previous year's mounting criticism of the organization. Rockefeller may have been motivated by possible plans to seek a fifth term in office. In response, Logue recommended a six-to-eight-month study commission to review the state's affordable housing policies ("including suburban housing") and agreed to place UDC projects not yet under construction in front of a review panel, but he held fast to its override powers as essential to its effectiveness. Taking a defensive posture, Logue noted that he had insisted on the override power five years before because without it, local governments would not only be able "to prevent the development of a project, but... [also use] that

"Group Interviews—HUD 12/22/72," box 7-P, Romney Archives; George Romney, memorandum to Richard Nixon, December 28, 1972, folder "Budget misc., Sept.-Dec., 1972," box 2-P, Romney Archives.

81 Linda Greenhouse, "Housing Moratorium Ends in Westchester on Jan. 15," [This was the Westchester housing moratorium, not the national one.] *The New York Times*, January 9, 1973, 43; Linda Greenhouse, "Westchester Towns Pressed on Housing," *The New York Times*, January 17, 1973, 1; Edward Logue, letter to Nelson A. Rockefeller, January 11, 1973, folder "Correspondence: Nelson A. Rockefeller. (1973 January-February)," box 271, Accession 1983-M-005, MS 959, YA Logue.

right to so condition its approval or so delay its approval as to make unlikely and particular effectiveness for a UDC.”⁸²

In March, the UDC board agreed to cease involvement in any town or village where formal objections had been lodged. Though Bedford and Greenburgh remained on the organization’s agenda, the seven other Westchester projects had been abandoned. The governor, in a meeting with Logue on suburban policy, said it “would be a mistake to have a specific time period for the policy”—meaning that new projects would not be advancing any time soon. Not that beginning new construction in that period would have been easy at all. The City of New Rochelle announced it wanted to terminate a contract with the UDC for an apartment project, a move that Logue warned would damage the agency’s credibility among contractors, upon whom it relied to build its housing.⁸³

Rockefeller reached an accord with leaders of the State Senate and Assembly on a bill that stripped the UDC of its override powers in cities of fewer than 100,000 residents if such municipalities announced their objections. The Governor noted that controversy had been confined to a very small portion of the organization’s total construction and, as Logue had requested, recommended a commission to study the issues. Despite criticism from Democrats, who argued that the move was racist, the Senate passed the bill by a 33-to-23 margin and Rockefeller signed it. The UDC was to be compensated with at most \$3.2 million for projects that municipalities terminated after planning or construction work had begun.⁸⁴

82 Edward Logue, 2 letters to Nelson A. Rockefeller, February 5, 1973, folder “Correspondence: Nelson A. Rockefeller. (1973 January-February),” box 271, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, 2 letters to Nelson A. Rockefeller, February 16, 1973, folder “Correspondence: Nelson A. Rockefeller. (1973 January-February),” box 271, Accession 1983-M-005, MS 959, YA Logue.

83 Edward Logue, letter to UDC Board of Directors, March 12, 1973, folder “Correspondence: Nelson A. Rockefeller. (1973 March-July),” box 271, Accession 1983-M-005, MS 959, YA Logue; T. Norman Hurd, draft letter to Nelson A. Rockefeller, May 15, 1973, folder “Correspondence: Nelson A. Rockefeller. (1973 March-July),” box 271, Accession 1983-M-005, MS 959, YA Logue.

84 Proposed Act “To amend the New York State Urban Development and Research Corporation Act and the New York State Urban Development Corporation Act, in Relation to Disapproval of Housing Projects by Certain Municipalities,” March 6, 1973, folder 840 1973 Program Files, box 78, series 10.4 Counsel’s Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC; Nelson A. Rockefeller, draft speech to the legislature, May 15, 1973, folder 840 1973 Program Files, box 78, series 10.4 Counsel’s Office, Michael Whiteman, 15 NAR-Gubernatorial, RAC; Linda Greenhouse, “Accord Reached on Bill to Cut Urban Development Unit’s Power,” *The New York Times*, May 20, 1973, 28; Alfonso A. Narvaez, “Legislature Approves Measure to Curb Powers to Urban Development Agency,” *The New York Times*, May 27, 1973, 38.

Despite this shutdown in projects, the Corporation was able to successfully undertake a significant number of suburban apartments. By 1977, the UDC had completed 3,786 housing units in 15 projects in the suburbs, an investment worth about \$98 million. This included construction not only in the suburbs around Rochester, but also several projects near Syracuse, Albany, and outside of New York in Westchester, Ulster, and Sullivan Counties. If its work had been limited, the agency had developed a statewide presence. But even Logue was willing to admit that the organization's "fair share" policy, "however desirable as social engineering, [was] clearly unsuccessful."⁸⁵

CONCLUSION

The effort to promote suburban housing integration has not ended. In some cases, in fact, progress has been made without the kind of direct action conducted by the UDC. There have been three basic approaches: Renewed federal regulatory interventions; state-level affordable housing mandates; and judicially imposed desegregation.

In the 1974 Housing Act, Congress included a requirement that the newly established Community Development Block Grants (CDBG) were to be distributed through a policy known as Affirmatively Furthering Fair Housing (AFFH). AFFH was based on the assumption that cities or towns spending federal funds should be required to focus on affordable housing in areas where there were few such units. But AFFH was never defined statutorily, so the Ford Administration, then in office, had no requirement to force any cities to follow the rules—so it did not.

The next administration was more proactive. Though candidate Jimmy Carter had campaigned against "forced integration," parroting Richard Nixon's argument, President Carter's progressive HUD Secretary, Patricia Harris, was for it. She used AFFH guidelines to guarantee first priority in CDBG funds for subsidized housing and began using local HUD offices to monitor whether the CDBG money was benefiting low-income people at all, as the law implied it should. In 1977, HUD pushed several suburban areas to accept subsidized housing in exchange for their federal funds. Fairfax County, Vir-

85 Urban Development Corporation, *Annual Report* (1977), 9; Edward Logue, letter to Nelson Rockefeller, November 13, 1973, folder "Correspondence: Nelson A. Rockefeller. (1973 Aug-Dec)," box 271, Accession 1983-M-005, MS 959, YA Logue.

ginia, for example, allowed the construction of 100 units of (privately developed) subsidized housing to avoid losing \$3.7 million in federal dollars. These policies, however, were short-lived: By the end of the year, Harris' entrepreneurship became too adventurous for the cautious administration. Though HUD funds were not cut, Harris was told to focus on the cities, deemphasizing suburban integration.⁸⁶ Later presidential administrations have done little to advocate for the construction of affordable housing in suburban communities, though they have used vouchers to distribute certain members of the poor outside of the center.

At the state level, there has been some positive momentum in the direction of further housing integration. In Massachusetts, the legislature's 1969 Chapter 40B (the "anti-snob" law) has been the most productive governmental regulation for the creation of new affordable housing outside of the central cities. In advancing its goal of making 10% of the housing units in every municipality "affordable," the law allows non-profit and private developers to build at higher densities than local zoning allows if 25% of the proposed new units are designated for long-term affordability (the law ceases to apply once a city or town reaches the 10% level). The law defines an affordable unit as one that can be purchased or rented by a household making up to 80% of the median income of the metropolitan area, making its impact less concentrated among the very poor than UDC's interventions were. As of 2009, the law has resulted in the construction of 29,000 affordable units.⁸⁷

The implementation of Chapter 40B has been aided by the Massachusetts Housing Finance Agency (MHFA, now called MassHousing), which was founded in 1966 and operates similarly to its New York peer (the New York HFA) but has demonstrated a greater preference for constructing low-income units.

86 In March 1977, Carter formed a working group comprised of the Secretaries of HUD, the Treasury, Commerce, Labor, HEW, and Transportation, with the goal of developing a single national approach to federal urban policies. When the group produced a document to Carter in March 1978, the president rejected HUD's concept of a metropolitan regional strategies program that would incentivize regional comprehensive planning. He also decided against advancing any of the six housing initiatives HUD proposed that would have expanded access to affordable units primarily through direct assistance, writing in the decision memo "too liberal" next to the section "explaining that the target population for the program would be persons with family income below 115 percent" of area median. See Stuart Meck and Rebecca Retzlaff, "President Jimmy Carter's Urban Policy: A Reconstruction and an Appraisal," *Journal of Planning History* 11-3 (2012), 269; Stein, 59; Lamb 172-178.

87 "Fact Sheet on Chapter 40B: The State's Affordable Housing Zoning Law," Citizens' Housing and Planning Association, last modified October 2009, <http://www.chapa.org/sites/default/files/40BFactSheetOctober2009.pdf>.

The MHFA provides reduced-cost loan financing to private developers, whose projects are reviewed by agency staff. In 1973, agency head William White told Congress that in choosing projects for aid, “the most important consideration is whether the site is a place where people from any income group would choose to live.” In its initial years, 27% of the agency’s projects were built in the suburbs and 11% in towns outside of the metropolitan areas, with 33% designated for low-income households, 46% for moderate-income families, and the rest for middle-income households. By 2011, the agency had financed 67,288 units of rental housing and administered 42,414 Section 8 project-based units. Many of those units have been designated for middle class families and many were built in the cities, so these projects were not universally for the suburban poor, but many of them were.⁸⁸

In New Jersey, 34,900 units of affordable housing had been constructed in the suburbs by 2004 thanks to a challenge of zoning policies in the state’s least diverse communities. A 1975 lawsuit by the Southern Burlington County NAACP, aided by Davidoff’s Suburban Action Institute, resulted in a finding that the Mt. Laurel township outside of Philadelphia was actively discriminating against lower-income households. Though this ruling (*Mt. Laurel I*) failed to produce much affordable housing, a second ruling by the State Supreme Court (*Mt. Laurel II*) in 1983 allowed local judges to alter local zoning if necessary to encourage more integration. In 1985, the state legislature passed the Fair Housing Act, which implemented a requirement that municipalities rezone and set state implementation plans for the construction of new affordable housing through the Council on Affordable Housing. As of 2012, the state requires 3,515 new affordable housing units (in this case for households at 60% of median area incomes or less, with an average per development of 52% of area median) to be constructed in the state annually, though that mandate has not always been reached.⁸⁹ Similar rules have been implemented in Connecticut.

In New York State, the failure of Westchester County’s Nine Towns plan has not safeguarded it

88 William J. White [Executive Director of the Massachusetts Housing Finance Agency], Prepared testimony and questioning before the Subcommittee on Housing of the Committee on Banking and Currency, U.S. House of Representatives, First Session on H.R. 10036, October 9-17, 1973 (Washington, DC: U.S. Government Printing Office, 1973), 574-634; MassHousing, *Annual Report* (2011).

89 Bonastia, 150; “Mount Laurel Doctrine,” Fair Share Housing Center, <http://fairsharehousing.org/mount-laurel-doctrine/>.

from additional lawsuits testing the constitutionality of its local zoning laws. In 1976, the State Court of Appeals (the highest court in the state) ruled that the Town of New Castle's zoning was exclusionary. The judges created the ambiguous requirement that "all municipalities had to share in the responsibility of providing affordable housing." The county responded by establishing housing plans in 1979 and 1993. Collectively, those were supposed to result in the creation of 55,000 affordable housing units by 2000; in fact, only about 35,500 units were built (of which 34,000 were built before 1990), and 60% of those were in Yonkers, Mt. Vernon, Peekskill, Elmsford, Mamaroneck, and Tarrytown—not all cities, but not the low-density suburbs the UDC had been targeting.⁹⁰

Finally, working with federal housing funds, many local public housing authorities have implemented Section 8 voucher distribution in nearby suburbs. These were informed by the 1969 Gautreaux ruling in Chicago, which initially required the city to build three-fourths of its new public housing units in white neighborhoods. The housing authority, operating under a racially polarized city council, chose to build virtually no new housing at all by 1974 as a consequence. Under the 1974 Housing Act, the city provided several thousand public housing residents vouchers, about half of which were used in the suburbs. The federal government replicated Chicago's experience under its Moving to Opportunity program between 1994 and 2004, offering low-income city dwellers the chance to live in the suburbs, using rental vouchers. Yet none of these voucher-based strategies produced much in the way of new construction such as had been completed by the UDC and thus are not directly comparable.⁹¹

The UDC's approach did not "solve" the integration problem in New York State, not only because its proposed projects were subjected to massive opposition but also because the number of units the agency was able to complete was limited to the short period in which it was planning suburban projects, from 1969 to 1973. New York's suburban areas remain segregated, at least compared to nearby

90 Stein, 66, 71-72.

91 It should be noted that in late 1974, Edward Logue was enthusiastic about using the 1974 Housing Act's provisions for the UDC, including its Section 8 tenant-based vouchers. Bonastia, 129; Ben Joravsky, "Scattered successes: after 26 years, the Gautreaux housing decision is beginning to bear fruit," *Chicago Reader*, June 11, 1992; Xavier de Souza Briggs, Susan J. Popkin, and John Goering, *Moving to Opportunity: The Story of an American Experiment to Fight Ghetto Poverty* (New York, NY: Oxford University Press, USA, 2010).

cities. In Westchester County in 2011, 59% of the population was non-Hispanic white, compared with just 34% in New York City itself. Meanwhile, even the relatively small non-white population in Westchester was concentrated in certain areas in 2010: 65% of the black and Hispanic population lived in the county's six largest cities, despite the fact that those areas accounted for just 44% of the county's full population. That said, Westchester is more diverse than it once was, and as compared to the state as a whole.

Nonetheless, the UDC's drive to mandate change in suburban communities unwilling to budge offers an alternative approach to dealing with a problem that still plagues America's metropolitan areas, and certainly New York's. Other states have attempted to address suburban segregation by providing developers tools to override local resistance to affordable income housing, as described above. Yet these approaches have major flaws: They do not guarantee any actual affordable housing production (relying instead on developers to find financial feasibility first, and then start building), and they have produced relatively little housing over a long period, often because of the need for profitability.⁹² A state-run housing producer like the UDC, strengthened with override powers and significant financial resources, may offer an alternative way to "force" integration on sections of metropolitan areas that remain segregated.

Indeed, to some degree the UDC's projects were successful in producing the kind of integration that the agency devoted itself to. A review of the six suburban projects completed in the Rochester region discussed earlier provides some insight into this question. In 2010, the City of Rochester remained highly segregated and far less wealthy than its suburbs in Monroe County. Within city limits, the population was over 62% nonwhite; outside, it was 87% white. Within the city, median household income was *half* that of the suburbs: \$29,456 compared to \$60,416. Whatever benefits the UDC may have provided have not altered the overall landscape of social stratification, no surprise since the total

92 In Massachusetts, the 40B law produced 39,000 affordable rental units and 17,000 homeownership units by 2009, but a majority of the state's cities and towns still had not met the minimum threshold for availability that the law compelled (only about one-seventh had actually complied). See Dennis Keating, "Inclusionary Housing and Fair Housing," in *Fair and Affordable Housing in the U.S.: Trends, Outcomes, Future Directions*, ed. Robert Mark Silverman and Kelly L. Patterson (Danvers, MA: Brill, 2011), 147.

population of the projects—a bit more than 5,000—accounted for less than 1% of the county’s total population.

Even so, the individual projects constructed by the UDC offer a perspective on how such integration might be achieved in specific locations, as shown in Figures 5.7 and 5.8. Of the six suburban Rochester projects, three (in Greece, Penfield, and Pittsford) had populations that were about as ethnically diverse as the suburbs as a whole; each was more than 80% white and the block groups including the Pittsford and Penfield sites had median household incomes higher than the county median. On the other hand, the UDC projects built in Chili, Perinton, and Webster were remarkable in their diversity. Each was between 50 and 60% white, far more similar to the city than to the other suburbs in ethnic makeup. Meanwhile, the median incomes in the block groups encompassing the projects ranged from \$32,760 to \$38,889, higher than the city, but, again, closer to it than the suburbs. The modesty of the average household, however, did not prevent a mix of residents from living there; for the three projects, the percentage of households with incomes greater than \$100,000 ranged from 10% to 19%. The neighborhoods adjacent to these latter three projects were about as white and wealthy as the county as a whole, indicating that the diversity is a function of the project itself, not its regional location.⁹³

If somehow an organization with the powers and wealth of the UDC were to reappear on the scene, again with integration of the suburbs as a primary goal, there is some question as to the right approach. In 1972 and 1973, staff within UDC questioned the formula they had developed for the suburbs—a mix between moderate- and low-income households spread in small increments in modern-looking complexes. In a report on UDC housing, aide Allan Talbot “urge[d] that the UDC adopt more conventional architecture... it seems to be that these projects attract enough attention already.” The organization’s low-rise architecture did represent a major change compared to the towers-in-the park advanced by previous public housing agencies. That said, this design innovation was matched by oth-

93 This data is derived from an analysis of Census 2010 for blocks (for race and population) and American Community Survey 2006-2010 Estimates for block groups (for income). Because income data is not available for block-level analysis (and the projects generally account for about half of the population of the block groups they are part of), the income analysis is not as accurate as the racial one. In effect, it is possible that the projects are far more or less diverse in terms of income than these data indicate. Since Rochester is a part of Monroe County, the “suburbs” are defined by removing Rochester’s population from Monroe County’s.

Comparing Project Resident Ethnicity

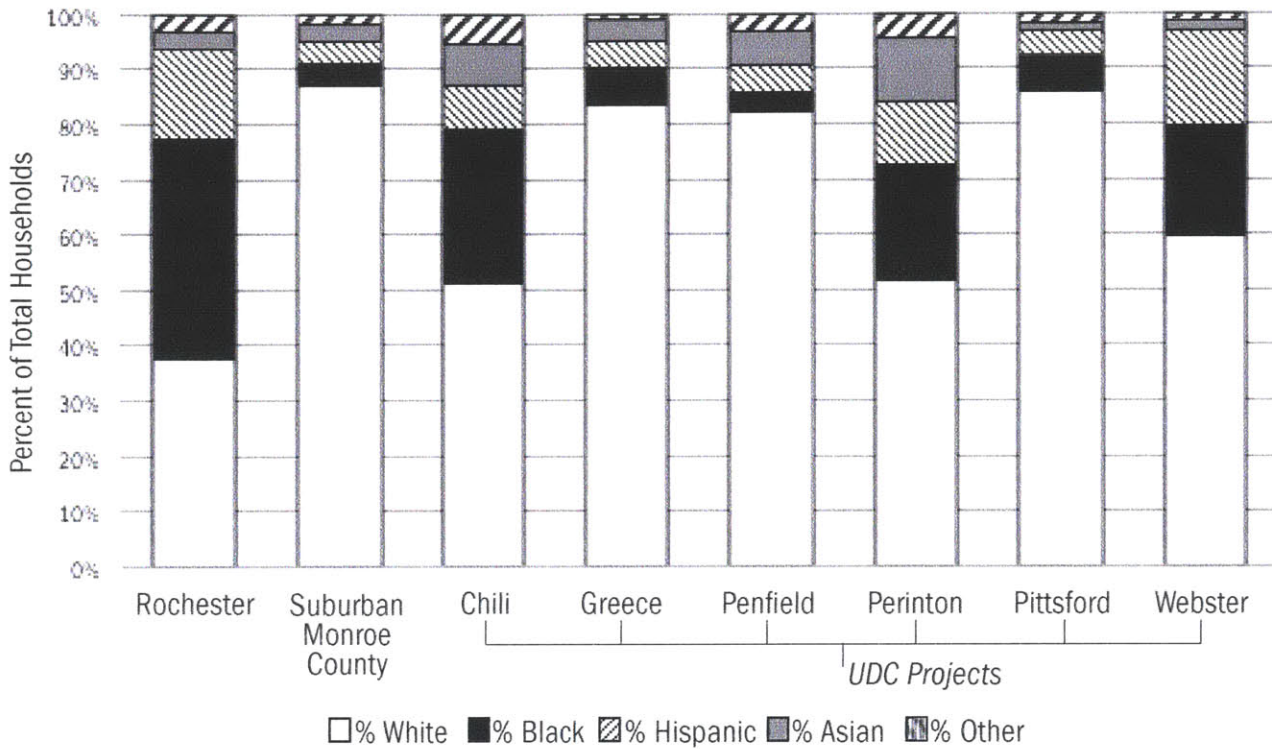


Figure 5.7 : Comparing ethnicities of project residents at suburban Rochester UDC developments in 2010. | Source: Chart by the author, based on U.S. Census 2010.

Comparing Distributions of Household Incomes

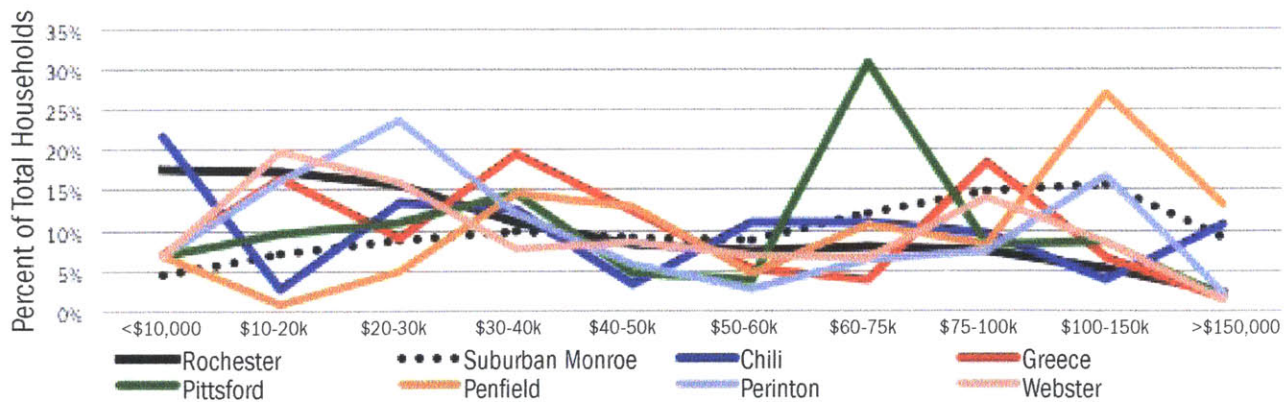


Figure 5.8 : Comparing incomes of project households at suburban Rochester UDC developments. The data is from the block groups that include each project. In general, block groups are about twice as big as the projects themselves, meaning that this chart is not necessarily fully indicative of conditions in any of the specific projects. | Source: Chart by the author, based on U.S. Census, ACS 2006-2010.

ers within center cities, such as Philadelphia, whose Yorktown project offered a model of a low-scale, moderate-income intervention. Other cities, like New Haven, had produced such low-scale new housing even earlier, beginning in 1958 with the Wooster Square neighborhood, which also incorporated some historic preservation of existing homes, a national first.⁹⁴ But while those designs attempted to ape suburban features in an urban environment, the UDC was building suburban housing in the suburbs.

Moreover, Logue, who had begun his time at the UDC arguing that one of the agency's greatest benefits was its regional framework for action, said in 1973 that the radical reaction to the UDC housing program in communities throughout the state "must raise serious questions about the feasibility of a metropolitan approach." Perhaps this meant that the organization would be more effective if it simply advanced projects in cities that accepted its legitimacy, and indeed at the end of his tenure as UDC President, Logue argued that community power over development plans (in central cities) would be more effective than large-scale decision making, too removed from the people. Allan Talbot argued that the organization was hampering its progress by using rhetoric with a "moral fervor" that was "too righteous" and failed to respond to the "legitimate" concerns of suburban residents about the negative consequences of allowing thousands of poor or lower-middle-class people to join their communities. Even Logue realized that in the long term his agency would probably be more popular if it focused on senior housing.⁹⁵ This suggests that there are limits in the ability of even a state agency with significant powers to intervene in integrating the suburban environment.

94 Even so, in its suburban projects, the UDC's planners failed to foresee the advances made by new urbanists beginning about a decade later. The organization's complexes failed to acknowledge their surroundings and remained "out of place"—a flaw that the New Urbanist movement corrected. Hope VI public housing redevelopments (all within center cities), picking up on New Urbanist design principles, have addressed neighborhood context far more effectively than the UDC did. Allan Talbot, memorandum to John Burnett, Robert Hazen, and Edward Logue, June 6, 1972, folder UDC, box 3, accretion 97, series 16183, NYSA; Ryan, 140-144.

95 Edward Logue, President's Statement in Annual Report of the New York State Urban Development Corporation, April 17, 1973 (New York, NY: Urban Development Corporation, 1973); Alan S. Oser, "Logue Forecasts 1973 Slowdown in U.D.C. Pace," *The New York Times*, August 12, 1973, 336; James F. Clarity, "State's Urban Development Chief Urges 'Power to Neighborhoods,'" *The New York Times*, April 28, 1971, 41.

New Communities for New York

There are few concepts as omnipresent in the planning discourse as the new town, whose promise of radically altering the way people interact in—and with—their environments has inspired architects and urbanists for millennia. To those who have described and designed them, the new town’s promise is that it is on land that is not only empty of present and historical human influence but also isolated—at least psychologically—from the assumed failures of existing settlement. The UDC’s investments in new communities, which came to be the cornerstones of the agency’s housing production plans, similarly asserted the value of government planning based on environmental determinism—but added other features that reflected the political and demographic circumstances of their time: A need to accommodate a growing population; a concern that contemporary suburban developments were environmentally destructive; and a commitment to income diversity.

By considering the development and successes of the three UDC projects—Roosevelt Island, Radisson, and Audubon—this chapter assesses the degree to which the agency was able to accomplish these aims in the context of its broader work. In the process, we can evaluate the potential of state government involvement in the construction of such projects. The UDC record indicates that a well-intentioned state endowed with the power to plan developments has the potential to promote a more diverse environment than private-sector peers, but that this diversity requires vigilance to be

maintained over time.

In American history, the new community concept has played a particularly influential role: From New Haven to Philadelphia to Savannah, European colonists designed new cities whose fully planned nature¹ was supposed to evoke the best in the people who inhabited them—as opposed to the deprivation of the people living in their continental counterparts. The national capital in Washington in the late 1700s was the most dramatic endorsement of the role of such planning, suggesting that the city's importance and, in turn, the nation's future value, were dependent on the way the city was laid out.

In the twentieth century, the new town concept developed considerably notably because of the influence and appeal of British theorist Ebenezer Howard's 1901 Garden City, which projected a series of planned new towns, each designed to house 32,000 residents. Presaging future responses to the ills of the industrial city, Howard suggested that the best way to respond to the congestion and pollution of central London would be to move a significant share of residents—or at least provide for a large percent of the growth in population—to new communities outside of the historic center. New regions comprised of size-limited communities connected by road and rail links would be self-sufficient, providing their residents jobs and offering them adequate farming to account for their dietary needs. Each community would be made up of specific zones designated for commerce, housing, industry, and the like, and would be surrounded by a green belt that held the city's size in check.²

Howard's Garden City followed six basic tenets: One, the new town would be isolated from areas of existing population; two, the city would be planned by one central authority; three, the initial plan would provide for future growth but constrain urban expansion to a desirable limit; four, the city's residents would be able to meet all of their needs, including work, play, and shopping, within the city's limits; five, residential spaces would be tailored to meet a wide range of income levels (Howard's "social balance");

- 1 "Fully planned" is a problematic term in itself. Is a city grid a "new town," in that it defines where buildings and public spaces will be located in relationship to one another? Is a suburban community, with streets and land uses predetermined before construction, a new town? Perhaps the easiest way to isolate the concept of "new community" from general planning is simply to state that a new town should at least *attempt* to be self-contained and self-sufficient.
- 2 Lawrence J. Vale, *Architecture, Power, and National Identity* (New Haven, CT: Yale University Press, 1992), 57-67; Ebenezer Howard, *Garden Cities of To-morrow* (1902).

and six, the city would provide many green spaces (and access to surrounding farms) and suffer from none of the pollution that plagued older cities. Over the following century, these six concepts greatly influenced new town designers who sought to put them into action.

Harvey Perloff's 1970s studies of new towns pointed to three eras of new town construction in the modern period. In the 1920s and 30s, Perloff writes, developers Clarence Stein and Henry Wright built Radburn in New Jersey, which attempted to bring nature into the new town but was not focused on mixing uses or populations. Just after, the Roosevelt Administration's Resettlement Administration used new towns (in Greenbelt, Maryland; Greendale, Wisconsin; and Greenhills, Ohio) to move struggling families into new, supposedly healthier environments. These experiments, however, were abandoned quickly and suffered from limited funding. Perloff's second phase, following the conclusion of WWII, saw waves of development in Europe. Britain, Israel, and several Scandinavian countries began building government-sponsored new towns of moderate size but with the intension of guiding metropolitan growth. Finally, beginning in the 1960s, the third phase of new town development began at a much larger scale. Private investors in the U.S. began construction multi-neighborhood communities at Reston, Virginia and Columbia, Maryland. In Europe, major cities of more than 200,000 people were proposed, especially in the U.K. (where whole "city-regions" were planned) and France, led by government initiatives to deconcentrate the largest cities and house millions of immigrant workers and families moving into the middle class, all in need of modern housing.³

There has never been unanimity about the definition of a new town, and indeed, this fact has led to decades of disagreement, especially in terms of where new communities should be located within (or outside of) metropolitan areas. Just how isolated does a new town have to be? For instance, can we count an exurban suburb far from the city center, or a fully mixed-use, many-building development downtown? Some have written that "the distinction between new and conventional urban growth might

3 See Harvey S. Perloff, "Forward;" Ira M. Robinson, "Small, Independent, Self-Contained and Balanced New Towns: Myth or Reality?," both in *New Towns: Why—And for Whom?*, ed. Harvey S. Perloff and Neil C. Sandberg (New York, NY: Praeger, 1973), vii-ix; 6-22; Ann Forsyth, *Reforming Suburbia: The Planned Communities of Irvine, Columbia, and The Woodlands* (Berkeley, CA: University of California Press, 2005); Nicholas Dagen Bloom, *Suburban Alchemy: 1960s New Towns and the Transformation of the American Dream* (Columbus, OH: Ohio State University Press, 2001).

be more usefully thought of as one of degree rather than one of kind.”⁴ Here, however, I shall accept the UDC’s definition as applied to the projects it undertook, which incorporated both isolated new cities and expansions of the urban core. Each adheres Howard’s concept to some extent but diverges in other ways. In particular, none of the UDC’s projects—and indeed, as far as I know, none of the new towns built anywhere—managed to achieve self-sufficiency. In other words, their residents continued to rely on work, retail, and other offerings provided elsewhere for the maintenance of their daily lives.

But the more important concept that unified all new town development, including by the UDC, was the broad sense that a new environment could combat the ills facing the society. Far more so than the city or suburban projects pursued by the New York agency, the UDC and its creators thought that the housing they planned to construct in new towns would produce the societal changes they desired, not only in terms of integration (by class and race), but also in terms of environmental preservation and “sprawl” reduction. If one of the UDC’s missions was to provide “another chance for cities,” here it was hedging its bets, offering an alternative to them. Moreover, the agency’s leaders hoped that the new cities would offer the state advantages that would aid it in adjusting to a changing economy. Concerned that New York was developing in the wrong fashion, that too many of its rural areas were being supplanted by ugly subdivisions and strip malls, UDC endeavored to build what might today be termed smart growth, in order to remake the state on more aesthetically pleasing and “rational” grounds. Planners hoped that such “scientific” solutions as fully planned new cities within the context of a planned state would attract business and guarantee the state’s competitiveness. For Nelson Rockefeller and Edward Logue, it was in the new communities that the UDC’s goals were supposed to be manifested.

The state agency framed its investments on a series of bold conjectures about its ability to project demographic changes into the future. One UDC report, for instance, asserted “that it is both possible and desirable to anticipate the scope and nature of urban growth and that useful plans can be pre-

4 General attributes that Raymond Burby and Shirley Weiss, professors of planning at the University of North Carolina, identified in their book on new communities in the 1970s, included size; unified ownership; a master plan; self-sufficiency; self-determination; housing choice; social diversity; environmental preservation and protection; commitment to urban design; and ease of access and movement. Raymond J. Burby, Jr., Shirley F. Weiss, et al, *New Communities U.S.A.* (Lexington, MA: Lexington Books, 1976), 42-45.

pared for guiding it in a manner which will broaden the range of choices and opportunities open to all sections of the community.” The “rapid economic and physical growth”—expected statewide—could “be vigorously exploited, in a manner which is beneficial to all sections of the community.”⁵ Not only did the state have the ability to predict the future, but it also knew the most appropriate manner by which to plan for the distribution of future people.

The UDC’s creation in 1968 was perfectly timed in terms of investment in new communities because of a growing interest in this form of development in the public and private sectors, and just as the first “third phase” sites were being completed in the U.S. and Europe. The agency’s formation months before the passage of the 1968 Housing Act allowed it to take advantage of that law’s new Title IV new communities funding program and additional support from HUD. It coincided with the Nixon Administration’s focus on developing national growth goals, which the president emphasized as essential for the quality of life of Americans. The quick decline in federal interest in both new communities and regional planning, combined with the short life of the UDC’s housing investments, however, diminished those advantages and make it difficult to evaluate the “success” of the organization’s new towns efforts. Rather than separate a discussion of the UDC’s efforts from the federal government’s new community planning, as I have done with regards to housing policy as a whole, these topics are discussed in unison in this chapter as decision making on such issues was the result of close interactions between political agents at multiple levels of the federal system.

As with many of its pursuits, the UDC was an outlier in this realm. It was the only state-run agency to actually begin construction of a new town during the period (though many states had plans on the books), and it arguably was the only group—public or private—to build a functional new-town-in-town during the early 1970s. As such, New York’s role as a government planner moved beyond the regulatory and zoning role every governmental body plays, and even beyond the role of building developer. Rather, New York State planned, developed, and managed entire new communities. In this way, the UDC’s scale of intervention was the closest the U.S. public sector may have ever been to *dirigiste* gov-

5 Urban Development Corporation, *A New Community in Amherst: The Plan*, Planning Consultants: Llewelyn-Davies Associates (New York, NY: Urban Development Corporation, August, 1971).

ernance characteristic of some European nations.⁶

A NATIONAL INTEREST IN NEW TYPES OF GROWTH

The reforms to the national housing program promoted by the Kennedy and Johnson Administrations provided funding for additional low- and moderate-income units and encouraged the growth of private sector involvement in construction and maintenance. Mostly left out, however, were regional planning and new communities. While increased subsidies flowed from Washington, they were primarily directed towards municipalities and local authorities, which acted alone in choosing where and how to direct their resources.

This produced an intellectual gap: While there was general agreement that more and better housing should be offered to the least-well-off, the question of where the new units were being added went largely unaddressed. Before Secretary Romney began requiring certain cities to integrate, municipalities that did not want affordable housing were not required to take federal money to build it.⁷ As a result, regional discrepancies multiplied. While New York City officials, for instance, might have happily accepted as many federal dollars as possible to build new affordable housing, their suburban peers in Westchester County were loath to take any at all. Meanwhile, state agencies, even when they had access to federal funds, largely bowed to local demands about what was right for a particular area. By government inaction, housing for the poorer members of society therefore concentrated in the center cities.

But postwar America was rapidly suburbanizing and this produced large areas of uncoordinated new development (“sprawl”)—usually in the form of single-family homes and pedestrian-hostile strips of retail—that national commentators perceived as “unaesthetic,” “unsocial,” and detrimental to the historic cities. Critics derided places like Levittown, on Long Island, as a place of “little boxes” where

6 *Dirigisme* is a government-controlled economy; in land use matters, it might mean direct public sector construction of buildings with the aim of supporting a particular type of economic function.

7 The federal government could have, for example, required all municipalities to have a certain percent of units designated as affordable. In France, the Loi SRU has since 2000 required that all cities with populations generally above 3,500 people to have at least 20% of their housing stock in the form of “social,” or heavily subsidized, housing, or face fines.

homogeneity ruled.⁸ The UDC's suburban projects, described in Chapter 5, largely could be criticized similarly, though certain of them featured innovative architecture. All this new development forced observers to reconsider their understanding of the "city;" in most regions, the historic center no longer accounted for the majority of the population. Large cities seemed to be merging together into a mass of "mega" cities. The environmental movement, which criticized these growth patterns as unsustainable, was also making its presence felt (the first Earth Day was held in 1970).⁹

Cultural and academic criticism of this mode of development starting in the late 1940s only reached a broader public audience by the 1960s, when it began to be discussed more seriously in political circles. The development of Columbia, Reston, and Irvine, California had brought into the public consciousness the sense that better cities (or, one might say, suburbs) could be planned in a comprehensive manner and produce positive results.¹⁰ In early 1964, Lyndon Johnson described the importance of building in a "more orderly fashion" in part by emulating the "pioneering efforts of progressive and imaginative private developers in planning totally new and complete communities," which he hoped could accommodate a "significant part" of America's urban growth. To do so, the president proposed aiding state land-development agencies to acquire land, install facilities, and then resell to private groups (which themselves would receive loan insurance).¹¹

The 1965 Housing Act included an insurance program for new community and subdivision developers (after being opposed by real estate interests and mayors in 1964); this Title X offered up to \$10 million in federal obligations guarantees per project approved by HUD. This provision was never used

8 The original reference to "little boxes," in the song by Malvina Reynolds, was to Daly City, California. Barbara M. Kelly, *Expanding the American Dream: Building and Rebuilding Levittown* (Albany, NY: SUNY Press, 1993).

9 Jean Gottmann, *Megalopolis: The Urbanized Northeastern Seaboard of the United States* (Cambridge, MA: MIT Press, 1961). The suburban critique that motivated the new town movement had four basic concerns: Aesthetic (new subdivisions were "ugly"); environmental (they were "destroying" nature); functional (they didn't serve their inhabitants in "rational" ways, e.g., in terms of transportation); and social (they reduced person-to-person contact). See Burby and Weiss, 39.

10 William A. Murray, "New Communities: In Search of Cibola—Some Legislative Trails," *Urban Law Annual; Journal of Urban and Contemporary Law* 12 (1976), 177-219.

11 Lyndon B. Johnson, "Special Message to the Congress on Housing and Community Development," January 27, 1964; Francine F. Rabinovitz and Helene V. Smookler, "Rhetoric versus Performance: The National Politics and Administration of U.S. New-Community Development Legislation," in Perloff and Sandberg, 96.

by homebuilders, for whom the guarantee was inadequate, and it provided no aid for governments that wanted to engage in the process. But the government set out the general goals of its new communities program: To “conserve land resources,” “minimize transportation problems,” “increase choices of housing,” and “promote economic development.”¹²

Over the next two years, Johnson’s HUD repeatedly promoted new communities to Congress and financed several research projects that examined the appropriate manner by which to fund new communities, as well as provide transportation within them. Potential new communities south of Boston and in Minnesota were considered in depth. President Johnson instructed his staff that he wanted underused federal land in cities to be appropriated for mixed-income, mixed-use new-towns-in-town, and he began work on a project in Washington, D.C., Fort Lincoln.¹³ The administration also established a Task Force on New Towns composed of representatives from the White House, the Bureau of the Budget, the Council of Economic Advisors, and the Departments of Agriculture, Commerce, Housing and Urban Development, and Treasury.¹⁴

The Task Force delivered the report to Johnson in fall 1967. The group recommended additional federal financing for the private sector to build new communities (up to \$50 million, including a guarantee that the federal government would cover obligations if developers did not make payments), as well as additional grants for facilities that would serve these towns. The proposal would provide for a total of \$500 million in potential nationwide loan guarantees and gave HUD the right to loan new community projects up to \$20 million. Johnson chose to include these provisions in his proposed 1968 Housing Act as Title IV, or the New Communities Act of 1968. In introducing the plans to Congress, the President argued for “balanced and beautiful” communities that would be “largely self-contained,” a different

12 It is not clear why homebuilders disliked the federal aid, but urban mayors “opposed increased federal support of suburban development and feared the effect of new communities on the competitive position of central cities.” Burby and Weiss, 58-61; Comptroller General of the United States, *Getting the New Communities Program Started: Progress and Problems*, Report to the Congress (Washington, DC: U.S. Government Printing Office, 1974).

13 Martha Derthick, *New Towns In-Town: Why a Federal Program Failed* (Washington, DC: The Urban Institute, 1972).

14 Anonymous, “Chronological History of the New Communities Act of 1968,” Undated, 483.06, Planned Community Archives Collection; Paul Brace, memo to Arthur A. Davis, “HUD Financed Research Projects Relating to New Communities,” March 27, 1969, 483.06, Planned Community Archives Collection, both from George Mason University, <http://digilib.gmu.edu:8080/dspace/handle/1920/1449>, <http://digilib.gmu.edu:8080/dspace/handle/1920/1452>.

focus than the inner-city towns his administration had already begun developing. His address argued that “the job is one for the private developer,” confining government—at any level—only to a supporting role, a position that the UDC would dismiss. Congress debated the housing bill over the next few months, eventually passing the act in late July. The bill required new towns to include a “significant” number of low- and moderate-income housing units at each stage of the development project.¹⁵

THE UDC AND FEDERAL NEW TOWNS POLICY EVOLVE TOGETHER

In 1968, national leaders on both sides of the aisle claimed that they wanted improved metropolitan planning. The Republican Party platform endorsed the construction of many new cities and the expansion of small cities in order to absorb 100 million additional Americans by 2000. In their plank, the Democrats promoted “new towns and new growth centers” as well as “comprehensive planning and development agencies” in order to “revitalize rural and small-town America and assure equal opportunity for all Americans.” Everyone seemed to agree: New towns would play an important role in future urban development.¹⁶

Federal aid, however, was not enough. The Congress refused to develop its own new town development corporation, and existing cities—unless they had a very big plot of land available within their borders—had little incentive to promote such projects, since they might imperil the viability of city centers. Private groups might have an interest in Washington’s loan guarantees, especially if they were attached to loans, but the number of developers that could amass the capital and expertise to build a whole city, especially with room for low- and moderate-income inhabitants, was limited. Moreover, developers might be stuck having to buy dozens of lots owned by separate people, convince local governments to change zoning, and harangue transportation officials into building new roads or railways.

That left the state—in New York, the UDC—as a potentially invaluable contributor to the new communities equation. With the agency’s unique new powers, it would be able to take advantage of emi-

15 Lyndon B. Johnson, “Special Message to the Congress on Urban Problems: ‘The Crisis of the Cities,’” February 22, 1968.

16 Muriel I. Allen (ed.), “New Communities: Challenge for Today,” An American Institute of Planners Background Paper—Number 2, The AIP Task Force on New Communities, Robert Gladstone, Chairman (Washington, DC: American Institute of Planners, October 1968).

ment domain, override local zoning, and amass a large quantity of capital (far more than most private companies), all qualities that could make it an ideal new town developer. The governor's announcement that the UDC would "take a total approach, tying in transportation, jobs, education and the other factors which create a balanced, vital environment" certainly seemed to fit the new towns idea.¹⁷ A few problems stood in its way, however. Federal funds from the new communities program were supposed to be granted to private developers. Though at the national level both political parties appeared to be in favor of government new town *planning*, neither had specifically proposed having a public entity doing the construction. Indeed, the loans available through Title IV were limited to private businesses, not state governments or state authorities.

Perhaps unsurprisingly, then, the Rockefeller Administration's initial descriptions of the UDC failed to articulate how the agency could be used to build new towns (or why they were necessary in the first place). The governor's arguments in favor of the organization had largely been premised on the idea that the state was not doing enough to aid the slum areas of the big cities; early in its operation, the governor himself described it as a way to "promote development of city core areas"—how would new towns play a role?¹⁸ Moreover, while the Rockefeller Administration wanted to build more affordable housing in the suburbs, the assumption had been that this might be done through new buildings in existing towns, not in new cities. On the other hand, constructing new towns had a major advantage: It allowed the state to make major progress in its plan to aid in the creation of affordable housing without infringing on municipalities' home rule powers, the source of so much controversy during the debate over the agency's creation.

While there is no evidence that the UDC was presented to legislators as a mechanism to build new towns, there is reason to suspect that the idea—especially as applied to new-towns-in-town—was on the mind of the governor. In fact, Rockefeller had already begun planning such a project, just under another

17 Press Release, Office of the Governor, February 27, 1968, folder 27, box 2, series 27.1 Public relations, books and articles, 15 NAR-Gubernatorial, RAC.

18 "Editorial: Bulldozing Home Rule," *The New York Times*, March 2, 1968, 28; Robert M. Smith, "New Unit Seeks to Assist Cities," *The New York Times*, October 13, 1968, 46.

mechanism. In the mid-1960s, it became apparent that the construction of the World Trade Center towers by the Port Authority would require the excavation of millions of square feet of dirt from Lower Manhattan. Rather than ship the material somewhere else, planners decided to use it to create new land on the Hudson River. Rockefeller introduced a vision of how the new “Battery Park City” should look, ignoring what architecture critic Ada Louise Huxtable termed the “more progressive” competing plan of Mayor Lindsay’s planning department. Though the project was not described as a “new town” specifically, it was a “city,” and for all intents and purposes was designed to feature the same self-supporting characteristics, with a mix of incomes, services, and land uses, that defined new towns; the governor described it as a “total urban community.”¹⁹

The legislation that created the UDC emphasized the agency’s role in encouraging the growth of industrial and commercial businesses in New York State, not just housing. Though this element of the organization’s mission did not assume primacy until the late 1970s, the fact that new communities entailed the combination of work and dwellings made the UDC an ideal proponent of them. The mixed-use nature of new towns was engrained in the organization’s charter.

In addition, Rockefeller himself spoke in support of new towns the summer following the creation of the UDC, promoting the policies that would eventually be encapsulated in Title IV. Though he did not explicitly suggest that the state government serve as the developer for such new towns, he argued that the federal government had an important role to play in providing loan aid and programmatic assistance to private developers. In addition, he said that states should use eminent domain to assemble land for new towns and cover “write-down” costs to aid in the construction of low- and moderate-income housing in such towns, most of which the UDC could do.²⁰

Just as important, while there were not yet official plans on the books in New York State for new towns, there were clear opportunities that had simply not yet been engaged. Perhaps most prominent

19 As originally proposed, Battery Park City would consist of a \$600 million investment, including 7,500 units of state-sponsored middle- and low-income housing. Steven V. Roberts, “Governor Urges ‘City’ At Battery,” *The New York Times*, May 13, 1966, 1; Ada Louise Huxtable, “Albany’s Threat to New York’s Planning,” *The New York Times*, May 20, 1968, 46.

20 “Rockefeller Plan for Cities Offered,” *The New York Times*, July 22, 1968, 69.

was the governor's state university investment program, whose goal was to transform New York's underfunded public higher education system into a national model serving hundreds of thousands of students. By 1971, the State University Construction Fund (another moral-obligation agency) had invested almost \$1 billion in 752 university-related projects; by 1980, the state expected to serve about 250,000 students in all.²¹ New university campuses were being built on greenfield sites outside of existing cities; where were students and faculty, not to mention supporting staff, to live? Construction of new university towns would be necessary to provide the housing and other services.

Finally, New York City, despite its generally intense development patterns, nonetheless had certain sites that offered room for a fully self-contained new town if developed properly. Floyd Bennett Field in south Brooklyn, for instance, was a largely unused former air force base that could, if built up, house tens of thousands of residents. Even more enticing, though, was Welfare Island, which was a mostly vacant 2-mile strip of land in the East River between Manhattan and Queens. Following city planning proposals for the island in 1964 and Frederick Richmond's aforementioned 1967 plans (which Rockefeller seemed to endorse), Mayor Lindsay announced a city commission to study the development of the island in early 1968, just as the UDC was being discussed.²²

There was enthusiasm in New York State and Washington for the idea of encouraging private sector developers to create new towns. These new communities could reorganize American development by concentrating construction in more "rational" and "aesthetic" environments. Former President Eisenhower even noted in a *Reader's Digest* article that these towns would serve an essential role in eliminating the slums, by providing ghetto residents a place to which to move. Yet by 1968, private investments in new communities built thus far were not as profitable as expected. Reston developer Robert E. Simon, Jr. could not continue paying the mortgage on the loans he had taken for the comprehensive community he hoped to complete; as a result, he had to sell controlling interest in the project

21 Ada Louise Huxtable, "Too Bad About the Mall," *The New York Times*, May 23, 1971, D29.

22 Mayor Lindsay described the island as having a potential that "has not been realized." See Press Release, from the Office of the Mayor, February 13, 1968, folder 251, Welfare Island (FDR Island) (1): 1968-1971, box 21, John Lindsay Records, NYMA; New York City Planning Department, Operational Planning Unit, April 6, 1964, folder 167-Welfare Island 1964, box 244, series VIII, MS 969, YA Logue.

to Gulf Oil, which was more interested in building a conventional—and more profitable—suburban subdivision.²³

Moreover, political enthusiasm had not, in New York at least, been adequate to actually produce even the first stages of construction of any such cities in New York. Earlier plans for Welfare Island fizzled out when state and city support was not forthcoming, and while suburban sprawl continued Upstate, none of it came in the form of all-encompassing new towns. In order to respond to the political desire for their construction, then, some other form of support would be necessary. In New York, the UDC would attempt to fill the gap. It would be the only state agency in the U.S. to begin to realize such projects and in such offered a compelling glimpse of the potential value of direct state government involvement in the land use planning process.

PROJECT IMPLEMENTATION

Once installed as the UDC's president, Edward Logue began exploring how he might use it to build new towns. It is not difficult to imagine why Logue would be interested in finding ways to construct entirely new settlements in New York State. As renewal director in New Haven and Boston, he had been limited to relatively small sites that would house at most a couple thousand people and he had never been able to work on greenfields. That changed in 1967, when he was hired as chief consultant on the Fort Lincoln new community project for Washington, D.C. Though that town was not developed as expected, Logue got a taste of the excitement of planning a mixed-income city for 25,000 people. The slow pace of that project's development but its great potential surely motivated Logue when he arrived in New York.²⁴

His first New York new town engagement was on Welfare Island. He began investigating how the state could develop the site even before the organization's first project in Newburgh was officially an-

23 That said, Reston has developed into a more diverse community over the past three decades, adding a downtown and soon a Metro rail station. "Editorial: New Tool for New Towns," *The New York Times*, April 29, 1968, 42.

24 The Fort Lincoln project was never built as planned and it was one of seven new towns in town proposed by the Johnson Administration for the nation's cities, none of which were implemented. See Derthick, *New Towns In-Town: Why a Federal Program Failed*; National Committee on Urban Growth Policy, *The New City* (New York, NY: Praeger, 1969), 114; Martha Derthick, "Fort Lincoln: Death of an Urban Dream," *The Washington Post*, August 16, 1970, B1.

nounced. Before the organization had been approved by the State Legislature, officials in the governor's office had already been discussing the island's potential use as a development site. In early July, members of Mayor Lindsay's study committee made a variety of recommendations for the island's construction, notably in endorsing the retention of the two hospitals already on site. The meeting on July 10th reuniting UDC leaders with city officials from the mayor's office, the Department of City Planning, and the Corporation Council's Office was the first attempt to introduce state aid into the island's planning process. According to the minutes, Logue stated that "this site must be used for housing and could not be devoted to park purposes" and that he wanted "to develop a mixed residential community" there.²⁵

In private, UDC staffers studied the land's potential; John Stainton, a Logue advisor, noted that "major controversy seems to be between open space and an intensively developed residential community." For both state and local officials, the conclusion was that the most appropriate use of the space would be heavily dominated by parks, not a purely built-up island, as previous plans such as Richmond's had proposed. In these first discussions, the use of federal new communities funds was not described, but UDC expected that it would be able to use urban renewal dollars to prepare basic site infrastructure. Early UDC reports dismissed the city's plans for the site as "pragmatic but incremental," consisting "primarily of redevelopment and further expansion of existing facilities mixed with some inexpensive uses." The state agency, on the other hand, could "present a [presumably more ambitious] development plan of its own and provide the means for implementing the plan." Logue said that his organization's involvement could result in the island's construction being "considerably accelerated" in a letter to Dick Buford, the Executive Director of the city's Planning Commission. Logue referred to the project as a "new community" and asked that the city let him get involved.²⁶

25 Benno C. Schmidt, letter to John Lindsay, July 10, 1968, folder 251, Welfare Island (FDR Island) (1): 1968-1971, box 21, John Lindsay Records, NYMA; Minutes from meeting with NYC Group at 2 Lafayette Street, Office of the City Planning Commission, July 10, 1968, folder 162-Projects 1968, box 244, series VIII, MS 959, YA Logue.

26 John Stainton, memo to Edward Logue, July 18, 1968, folder 164-Project, Welfare Island 1968, box 244, Series VIII, MS 959, YA Logue; "Welfare Island," July 23, 1968, folder 156-Manhattan 1968, box 243, series VIII, MS 959, YA Logue; Edward Logue, letter to Richard L. Buford, August 9, 1968, folder 161-Miscellaneous, box 244, series VIII, MS 959, YA Logue.

The proposed, but non-consummated, agreement between UDC and New York City in the fall of 1968 laid out the state organization's proposed program for the island. Rather than a fully mixed-income community, it "represent[ed] a major resource for construction of housing for low and moderate income families" and as such would include "500-1000 units of housing for the elderly [and] 4000-6000 units of housing for low and moderate income families." This vision would have provided more housing units than eventually agreed upon (up to 7,000, versus the 5,000 announced later), leaving less room for open space. In addition, no provisions were made to incorporate apartments for middle and upper-income families.²⁷ Progress on reaching agreement with the state, however, was delayed by several months; moreover, the city's own plans for the island continued to develop. For the rest of 1968, the UDC concentrated on its projects in Upstate cities.

As the UDC began to undertake its development program, leaders in the nation's capital continued to discuss how best to support the nascent new communities movement. Johnson Administration officials emphasized the importance of mixed-income communities. The guidelines they developed for the distribution of Title IV funds noted that "a new community must include a range of housing for families of varying incomes, size and composition" but did not require any specific percentage of low- or moderate-income families. That said, the rules suggested that certain grants, such as for water or sewer systems, would incentivize new towns that had a higher percentage of such inhabitants.²⁸ These rules continued to apply to only privately developed cities, but they indicated the general direction the federal government planned for the communities: A departure from the relatively homogeneously middle-class enclaves of typical suburban subdivisions. This focus on affordable housing, however, may have reduced the ability of HUD to actually plan new communities. Said an assistant administrator at HUD, "Title IV is not a national new towns policy. It is a method of getting some more moderate income housing in return for a federal loan guarantee."²⁹

27 Bob Litke, memo to A. Landino, S. Lefkowitz, J. Stainton, "Draft memo of intent," November 14, 1968, folder 162-Projects 1968, box 244, series VIII, MS 959, YA Logue.

28 John Herbers, "U.S. Acts to Push New-Cities Plan," *The New York Times*, December 23, 1968, 22.

29 Robert M. Paul, quoted in Rabinovitz and Smookler.

At first, the new Nixon Administration appeared to endorse this approach to new-community building. Vice President Spiro Agnew, who had been Governor of Maryland, was particularly enthused about the idea, having seen Columbia first hand. In March 1969, he wrote HUD head George Romney, articulating his concerns about the future of the nation's land use policy. "The question we must face," he noted, "is whether we will be content to meet these needs with present policies and programs and pay the inevitable price—inefficient land use, congestion, destruction of the environment." In a preface to a book on the subject, Agnew promoted the new town as an alternative to "traffic congestion, pollution, blight and overcrowding" that would "allow us to consider the rational distribution of industry on a national scale." New communities and better federal planning were the answer according to this politician.³⁰

Romney agreed. Nixon had assigned him to begin writing a Presidential Message on community growth and he sent a draft to Nixon advisor Daniel Patrick Moynihan in April. Romney described contemporary growth as "haphazard and unplanned... characterized by leap-frogging patterns and by low density housing and strip development," all of which he argued was desecrating the American landscape. There was an alternative: The secretary suggested that "new communities offer unique opportunities to enlist the talents and energies of the private sector in providing for rational urban growth." Romney suggested that Nixon propose a bill that would create "a number of federal chartered development corporations authorized to exercise the right of eminent domain when this is necessary to aggregate the land required for a new community." But new towns were not just designed to improve the pattern of suburban development: Romney argued that they would also help to resolve the distress of "the central cities and their people [who] are the primary motivation of our concern. The needs of the central cities cannot be met without large-scale changes in the present pattern of our growth."³¹ Romney's call to reform the patterns of national growth implied that new communities could be used

30 Spiro Agnew, memo to George Romney, March 21, 1969, folder New Towns, box 10-P, Romney Archives; Spiro T. Agnew, "Forward," in National Committee on Urban Growth Policy, 7-9.

31 George Romney, memo to Daniel P. Moynihan, with attached draft Presidential Message, April 5, 1969, folder New Communities-2/24/70, box 10-P, Romney Archives.

as a relief valve for distressed cities and as an alternative to suburbs. He would soon find this message in opposition to the White House's political strategy.

From the perspective of New York State's leadership, there appeared to be plenty of federal support for new communities and more comprehensive planning and thus projects advanced. Mayor Lindsay's late May announcement that New York City would allow the UDC to lead the planning and contracting process for eight city projects included the right to build on Welfare Island. This project was now being described as a collection of 4,000 units of low and middle-income housing.³² Though Welfare Island was the city's top development site, the local administration had no choice but to engage UDC leadership in the program if it was going to be built, since there were inadequate local revenues to fund new construction there.

But the city had independently developed a vision for the island. The February report of the Mayor's committee on the island, chaired by Benno Schmidt, recommended "the use of no more than about 20 acres of land," leaving the rest (about 100 acres) for park space. Selling off the island to the highest bidder "was not regarded" by the committee "to be an acceptable program;" instead, it articulated the necessity of building a mixed-income neighborhood. Though the project would be dense, it would avoid the high-rise landscape of Manhattan. These general guidelines, however, were not anywhere near final—and the Mayor asked architect Philip Johnson to design a plan to inform the construction of new housing.³³

This program, introduced to the public in October 1969 after consultation between the architects and UDC officials, imagined an automobile-free island for 20,000 inhabitants living in 5,000 units designated for low-income through upper-income residents. The island would bring more than just housing: It would add a variety of school facilities, swimming pools, fire and police stations, and 200,000 square feet of offices—a vital mix of land uses that would provide Welfare Island the kind of self-sufficiency needed to make it a true new-town-in-town. Mayor Lindsay and UDC President Logue

32 "Urban Agreement Reached: State Urban Agency is Invited to Join in Eight City Projects," *The New York Times*, May 22, 1969, 1.

33 Welfare Island Planning and Development Committee, *Report*, submitted to John Lindsay, February 1969.

announced the proposal at the Metropolitan Museum of Art, where they illustrated their newfound camaraderie in the development business.

The island's proposed reliance on a panoply of subsidies to fund the housing units, including Rent Supplements, Section 236, and Mitchell-Lama funds, was UDC's first demonstration of how it would make the mixed-income, mixed-use communities it envisioned work. It would not be a simple process, and it would require help from several levels of government, but combining these subsidies into a single community could offer the kind of economic integration so sorely lacking both from city neighborhoods and suburban subdivisions. *New York Times* architecture critic Ada Louise Huxtable noted that the use of UDC funds would allow the project to be built without profit as the primary motive and that instead "its basic objective and operating principle is the quality of the environment... this is something New York has conspicuously lacked."³⁴ Rather than an enclave of luxury housing towers and exclusive shops, as a private developer might build, or a warren of low-income housing units set among limited services and retail outlets, as the housing authority might construct, UDC would offer the next generation of public housing: A mixed-income, mixed-use neighborhood.

In order for the UDC to build on the city-owned land, the Board of Estimate³⁵ would have to approve, and this did not come easily in as conflictual a place as New York City. Edward Koch, the Congressman who had replaced John Lindsay in the U.S. House of Representatives, argued that the lease would allow the UDC to subsidize projects elsewhere in the state through the use of the agency's general—rather than project-specific—bonds, which he claimed would ride on Welfare Island's high land values. Making an allusion to the Mayor's previous fights with Robert Moses, Mary Perot Nichols wrote in *The Village Voice* that "the UDC is on its way to becoming a monster that some day will need another John Lindsay to cut it down."³⁶

34 As originally conceived, housing units on the island would be 10% elderly low-income; 20% low-income; 24% moderate-income; 20% middle-income; and 25% upper-income. Ada Louise Huxtable, "A Plan for Welfare Island is Unveiled," *The New York Times*, October 10, 1969, 49; Ada Louise Huxtable, "This Time They Mean It," *The New York Times*, October 19, 1969, D32.

35 At the time, the Board of Estimate, which was composed of the mayor, the borough presidents, the city comptroller, and the city council president, made final decisions on city government policies.

36 Mary Perot Nichols, "Op-Ed: Slay the Monster of Welfare Island," *The Village Voice*, November 20, 1969; "Koch Criticizes

Yet Lindsay was adamant about the need for and advantages of the agreement with the UDC. Writing to Koch, he reassured him of the city's ability to change the island's future development plan, saying "the power to amend the development plan is exercised by UDC and the Mayor," and he wrote that "there is no way that Welfare Island or the lease could be used as security for a bond issue for funds to be used elsewhere" (though the reality was that Koch's argument was closer to the letter of the law). Moreover, Lindsay appeared to have abandoned the concerns he had previously expressed about the invasion of home rule that he claimed was represented by the agency. Writing to Roger Starr of the Citizens' Housing and Planning Council, he explained that "we think that the [UDC] is a good mechanism for carrying out the City's plan for Welfare Island. UDC, even with its very broad powers, has worked cooperatively with the City on a number of development programs... we have therefore felt that it is proper for them to have greater leeway than would be allowed to a private developer... In short, Welfare Island is a bold step, not only in terms of a development program, but in terms of the way in which governments are cooperating to carry out the program."³⁷ The state agency had been transformed into an aid, not an impediment, for the city.

The debate was resolved on December 23, 1969, when the lease for the Island was signed, providing the state 99 years of control. Within eight years, the UDC was expected to have constructed 5,000 units of apartments (housing about 18,000 people), of which 30% would serve public housing income-level residents (of which a third would be elderly), 25% be provided Section 236 subsidies (moderate-income families), 20% receive Mitchell-Lama (middle-income) aid, and 25% house higher-income families through conventional financing. It was to be a veritable melting pot of income classes. Moreover, the Island would be fitted with 200,000 square feet of office space, 100,000 square feet of commercial space, schools, a library, community rooms, swimming pools, a town square, a glass-enclosed shopping arcade, and a town harbor, all planned under the direction of Philip Johnson. The

Welfare Island Lease," *The New York Times*, November 23, 1969.

37 John Lindsay, letter to Congressman Ed Koch, December 31, 1969, folder 2224-Welfare Island, 1969, box 117, John Lindsay Records, NYMA; John Lindsay, letter to Roger Starr [Executive Director, Citizens' Housing and Planning Council of New York, Inc.], November 3, 1969, folder 2224-Welfare Island, 1969, box 117, John Lindsay Records, NYMA.

Board of Directors of the new Welfare Island Development Corporation, a subsidiary of the UDC, would include just three state representatives among its eighteen members, as compared to many more from the city, a composition designed to minimize the sense that the state was appropriating power from the municipality.³⁸

Welfare Island was not alone, and it was not even the most ambitious new town UDC was to propose. In early August 1969, the UDC revealed that it had begun plans for two new towns in Upstate New York. Northwest of Syracuse in Lysander, on a plot of land the UDC had purchased secretly in June, a new town would be built on 2,200 acres. The project would be designed by Architect David Crane and emphasize new industrial facilities. In Amherst, North of Buffalo, another new town would be constructed, this time in coordination with the new 40,000-student state university being built next door. Though the UDC denied it would build a “complete town,” the project would include housing for students and staff and numerous commercial facilities. Logue said that UDC was also considering where it could build a new town in the Albany area. Though UDC officials claimed that they hoped to get construction off the ground in 1970, none of these projects was anywhere close to final planning in 1969 and they proceeded slowly thereafter.³⁹

HUD PROMOTES NEW COMMUNITIES

Though UDC was one of the few state governments actively promoting the planning of new communities in the late 1960s,⁴⁰ it was one of many developers doing so. In early 1969, HUD was seriously considering twenty new town projects for loans or grant aid. At the same time, it was developing recommendations for how to pick projects for funding, which it finalized in December. These repeated the Johnson Administration’s arguments that new towns should offer housing “for people of all incomes...

38 City of New York, lease between City of New York and New York State Urban Development Corporation, with Welfare Island Development Corporation as Subsidiary, December 23, 1969.

39 Peter Kihss, “State Starts Plans for 2 ‘New Towns,’” *The New York Times*, August 4, 1969, 1.

40 Many states passed new community legislation; New Jersey, Missouri, Ohio, and Minnesota each began planning major new settlements. The Minnesota Experimental City, for example, would have housed thousands of people under a climate-controlled geodesic dome; New Jersey’s Hackensack Meadowlands would have cost \$10 billion and provided homes for 200,000 people. Needless to say, of all the relevant state agencies, only the UDC actually followed through on its new town projects. See Burby and Weiss, 56.

including a substantial amount for people of low and moderate income,” but again failed to mandate any specific percentages of such housing. The federal government was thus opening itself up to aiding developments that provided very few such units.⁴¹

Despite the excitement on the surface, all was not in order with the federal new communities program. HUD’s inability to make final decisions about which projects to fund and the delays in writing guidelines for project selection suggested that the program was not the administration’s top priority. By early 1970, no projects had been selected, despite \$250 million in available loan guarantee authority—enough for the construction of ten new communities. Moreover, though the new communities program remained for private developers only, another federal program—Advanced Acquisition of Land—allowed public agencies to pay for property to be later handed over to new town builders, though this was proposed for elimination by Nixon’s OMB. At the same time, OMB conspired to hold up millions of dollars earmarked for “innovation in new communities,” and it impounded \$2.5 million in application fees for potential new town developers, as if to forestall the continuation of the program. Secretary Romney complained that “this concept should be at the heart of any national land policy or development policy, and it would be completely inappropriate at this time for this Federal government to eliminate the only program giving some tangible support—small though it is—to this principle.”⁴²

Some members of Congress were angered by HUD’s slow pace of action. A study of congressional references to new towns in the early 1970s showed that there were “almost totally supporting and encouraging,” according to Hugh Miels, Jr. Even a minority report produced by Republican William Widnall of New Jersey “opposed only small portions of the new-communities program rather than the basic guarantee and grant-in-aid extensions.” Representative Thomas L. Ashley of Ohio, who had been the most avid supporter of new communities, led the charge by holding ad hoc subcommittee meet-

41 Paul Brace, memo to Robert Paul, “New Community Proposals,” February 10, 1969, folder Reports on Various New Communities 1 of 2, box 3, 133, 45, 3, 130, record group 207, NA; Samuel C. Jackson, memo to John A. Bell, “Transmittal of New Communities Regulations for Federal Register,” December 10, 1969, folder New Communities Regulations, box 2, 133, 45, 3, 130, record group 207, NA.

42 George Romney, memo to Robert P. Mayo, November 12, 1969, folder Budget FY '71, box 1-P, Romney Archives; Untitled Q&A on 1971 Budget, folder Budget FY '71, box 1-P, Romney Archives; Rabinovitz and Smookler.

ings on growth. His staff began drafting a bill that would expand funding for new communities.⁴³ The pressure was on to improve federal support for the program.

Secretary Romney's office felt that its feet were being held to the fire, but it had yet to pick communities for funding and it was operating in a vacuum on a national growth plan, since President Nixon had yet to opine on the topic. The vice president, writing Nixon, suggested that the government focus on "the frontier or the free standing new community," in other words, new towns isolated from existing metropolitan areas. Agnew, perhaps sensing his powerlessness on the matter, had one of Nixon's favorite advisors, Moynihan, join him in his recommendation. Yet that policy would have made it almost impossible to implement any of the UDC's proposed new communities, since they all, especially Welfare Island, were situated within metropolitan areas. In a mid-April "action" memo from John Ehrlichman, President Nixon was asked to weigh in on his preferences for the kinds of new towns in which to invest: frontier towns, suburban communities, or new-towns-in-town. The President appears to have avoided the issue, making no commitment and leaving HUD to go it alone; Romney responded to this lack of decision by pronouncing that HUD's major interest would be in satellite communities, but this was only an agency recommendation. While the department had endorsed a series of steps to expand the new communities program, these were tossed aside by the White House as too expensive, leaving the initiative to Congress.⁴⁴

HUD officials expressed deep frustration at the fact that the White House did not seem to care, with one staffer arguing that "the Administration is in the danger of losing the initiative to Congress" and that "the concept of new communities is an idea whose time has come." They wanted the Republicans in the executive branch to promote a distinctively different view of the potential for new communities than had been expressed by Democrats in the Congress, who were then writing legislation to

43 Hugh Mields, Jr., "The Federal New Communities Program: Prospects for the Future," in Perloff and Sandberg; Rabinovitz and Smookler.

44 Spiro Agnew, memo to Richard Nixon, "New Communities Proposal to the Urban Affairs Council," April 2, 1970, folder New Communities, box 10-P, Romney Archives; John Ehrlichman, memo to Richard Nixon, "Action: New Communities Program," April 11, 1970, folder New Communities, box 10-P, Romney Archives; George Romney, draft memo to Richard Nixon, "New Communities," May 22, 1970, folder President and Ehrlichman 1970, box 13-P, Romney Archives.

expand the program. Though they did not oppose the idea of increasing outlays for new communities, they criticized Ashley's plans for a New Community Development Corporation (NCDC), which would operate outside of HUD's control and therefore "create an organizational anomaly—ill-suited for carrying out new community functions and greatly complicating the efficient and effective administration of much of the other assistance for which HUD is currently responsible." In addition, they promoted the idea of learning from "selective assistance to a limited number of projects," rather than the excess they presumed would devolve from the large Democratic bill (including the possibility that the federal agency could "undertake new community development itself," which they opposed). Yet, other than in its previous efforts to delay expenditures on new town funding, the White House was not interested in making a fight out of differences between the Administration and legislators on the new town bill and thus did not pressure lawmakers on the matter one way or another.⁴⁵

Part of the explanation for the Administration's non-position on the issue may have been a general distaste for increasing the number of federal programs, tempered by the general support of Republicans for new towns, as was made clear by the views expressed by former governors Romney and Agnew. In New York State, Governor Rockefeller had made his advocacy for the UDC's efforts in the field quite evident. In his gubernatorial platform for the 1970 election, he endorsed the construction of four new towns throughout the state (presumably including the three the UDC was already planning, and perhaps another that had been suggested for the Albany area). The governor's previous position in favor of privately constructed new cities had been modified to encompass the state agency. Rockefeller's 1970 plans for a Community Development Bond issue, which would have funded 165,000 units of housing in Upstate new towns and 170,000 in new-towns-in-town for New York City, was not pursued, but it indicated the governor's positive attitude on the issue.⁴⁶

45 WJN [unknown person], "New Communities: Issues for Discussion," April 1, 1970, folder New Communities, box 10-P, Romney Archives; Sherman Unger [General Counsel, HUD], memo to George Romney, "New Communities," May 28, 1970, folder New Communities-2/24/70, box 10-P, Romney Archives; Staff comments on the proposed "Urban Growth and New Community Development Act of 1970" [H.R. 16647—Representative Ashley, et. al and S. 3460—Senators Sparkman and Muskie], May 29, 1970, folder Budget Misc., 1970, box 2-P, Romney Archives.

46 Rockefeller for Governor News Release: "More Housing Now," October 17, 1970, folder 358-Urban Development Corporation, box 9, 26-NAR-VP, RAC; RAC; 15 NAR-Gubernatorial.

Lacking any significant administration opposition to the federal legislation, the additional aid for new communities proposed by Democratic lawmakers passed through the House and Senate as part of the 1970 Housing Act. Nixon officials considered vetoing it but ultimately did not do so. In recommending against that action, Romney argued that the new communities aid “can be comfortably included as one element in the Administration’s National Growth Policy.” The secretary expressed general distaste for a measure on the bill that would “authorize direct Federal construction of new communities on federal owned land,” which he saw as too significant of a role by the national government.⁴⁷

Romney’s argument can be interpreted in two ways: One, he felt that the public sector should not be engaged in new town building at all; or two, that the federal government should not build such projects but other governments (the states) could and perhaps should. The latter seems more likely since Romney’s archives do not indicate any animosity between the secretary and the UDC—and indeed, it was under his leadership that HUD later approved grants for UDC new towns. This position reflected the general sense of moderate Republican leaders like Romney or Rockefeller: Public-sector intervention in itself was not a problem but the federal government should be as hands-off as possible.

The section of the 1970 legislation designated for new communities was Title VII, which replaced Title IV. Its primary features expanded total allocated federal loan guarantees from \$250 million to \$500 million and gave HUD the right to offer developers low-interest loans of up to \$20 million each over 15-year periods. Unlike the previous law, Title VII allowed publicly developed communities to be subsidized, opening up the program to UDC projects. Public developers would benefit from a 100% guarantee on land acquisition and development, a better deal than their private counterparts. Title VII also created the independent new communities development corporation that Romney’s HUD had protested—though it placed the power over the board in the president’s hands, meaning that the program’s general approach would remain controlled by the Administration. Francine Rabinovitz and Helene Smookler argue that the bill attracted little support (but no opposition) from union or home-building groups and that “only by attaching the program to other sections of the housing act vital to

47 George Romney, memo to Richard P. Nathan [Assistant Director, OMB], December 18, 1970, folder Budget Misc., 1970, box 2-P, Romney Archives.

the continuation of national housing programs, particularly the FHA mortgage-insurance programs, did sponsors assure President Nixon's signature."⁴⁸ Whether or not this was true, in mid-1970 new communities were clearly of interest to Secretary Romney and retained the support of a large percentage of the nation's legislators as an essential element of the nation's future land development.

In mid 1970, HUD selected the first new projects to receive loan guarantees. These were Jonathan, Minnesota and St. Charles, Maryland. Neither was a "frontier" new town; rather, each was an exurban extension of an existing metropolitan area—in this case, Minneapolis and Baltimore, respectively. Both, though, were being designed to house thousands of residents and be self-supporting, including zones for residential, office, industrial, and retail. Meanwhile, HUD continued to evaluate other plans by private developers to build new towns—and the UDC began writing proposals for its projects to be considered for financing.⁴⁹

The slow march towards federal funding for new towns, however, was not without its critics. Just as with the national housing program in general, the new community policies were critiqued by conservatives as too intrusive, too expensive, and, fundamentally, too much planning, for American society to bear. Most eloquent was planner William Alonso, who questioned what was "new" about new communities. "In a sense, all American cities are or have been new towns," he wrote. Indeed, no one at HUD had provided any specific criteria to define a new town. Alonso saw the new communities movement as a fraud that had pulled politicians into "the vague rhetoric of architectural and utopian writers," "building poems" rather than reality. He challenged the assumption that new towns would be "self-contained labor markets," and Alonso rightfully pointed out that the need for this "balance" was "not altogether clear," and that most new towns would become part and parcel of the nearby metropolitan areas. Alonso's comments were founded in a broader critique of the assumptions made by planners; he sarcastically disparaged the National Committee on Urban Growth Policy's estimates, which had formed the basis of much of the American discussion of the "need" for new towns:

48 Rabinovitz and Smookler.

49 Burby and Weiss, 60-61.

[The policy] predicted that from now until the year 2000 United States urban population will grow by 100 million, and recommended that to help accommodate this growth, we build 100 new towns of at least 100,000 population, and 10 new cities of at least 1 million population. The very roundness of these figures suggests their tentativeness and leads one to wonder how the proposals might have differed if men had six figures on each hand.⁵⁰

Alonso's warnings were prophetic. The new communities development effort never clearly demonstrated why what was being designed was significantly different from subdivisions in the suburbs (for satellite new towns) or major developments in the city (for new-towns-in-town). The UDC's projects, for example, certainly could be defined as part of existing labor markets, and there was nothing to prevent people on Welfare Island from working in Manhattan or in Lysander from working in Syracuse. Moreover, the UDC expected the population of New York to expand by many millions, thus the *raison d'être* of housing them in new towns, but what if those predictions were wrong? Or what if all those new people simply chose not to live in state-sponsored neighborhoods and chose privately developed ones instead?

In 1971, testifying in front of an increasingly concerned Representative Ashley, Romney avowed his support for new communities, arguing that HUD's sluggish approach was a mark of the agency's responsible management. "It is not realistic to expect our department to just rush pell mell into approving a lot of new towns around this country," said the secretary. Behind the scenes, however, the rising tension between Romney and the OMB was playing out in terms of new communities. An October review by the budget office suggested that the agency had not been able to persuade the White House. An internal memo indicated that "no new facts were presented [by HUD] to convince the OMB of the desirability of the program," a stark indication that in a year of federal cutbacks, the program had little support.

Yet Romney was insistent that the White House alter its position, writing President Nixon that he should "seize the political initiative on National Growth Policy" (which he had yet to actually expound upon) by expanding the new communities program. This apparently was enough to keep the program

50 William Alonso and Chester McGuire, *New Communities in the Bay Area* (San Francisco, CA: Association of Bay Area Governments, September, 1971), 5-8; William Alonso, "The mirage of new towns," *The Public Interest* 19 (Spring 1970).

alive for another year and allowed it to continue approving new towns for aid. In 1971, it made agreements with four private developers for loan subsidies, increasing the federal total to \$124.5 million and 374,000 expected residents in new towns once the projects were completed. The 1971 batch included communities in Park Forest South, Illinois, Flower Mound, Texas, Maumelle, Arkansas, and Cedar-Riverside, Minnesota. The latter was the first federally supported new-town-in-town; in theory, it would bring 13,000 subsidized units in a mixed-income environment to a site south of the University of Minnesota in Minneapolis.⁵¹

The skepticism of the administration towards new communities did not do much to slow down the UDC, in part because the organization was in the dark about the controversies within the Nixon government. The Corporation was now moving rapidly to put its three announced towns into construction. But the agency was interested in pushing the concept even further—its ambitious planners fantasized about the idea of extending a network of new towns across the entire state. This program would clearly extend past the UDC's \$1 billion moral obligation loan limit and would effectively push the state government into full-scale land planning efforts. This went far beyond existing assumptions about the role of the state in determining where people should or could live. Whereas previously state involvement had been limited to regulations that preserved environmentally sensitive zones and the like, leaving land use decisions to the local-government level (and therefore preventing any sort of macroscopic or regional planning), New York's UDC was ready to expand the state's intervention dramatically, and new towns were the manifestation of that strategy.

A report commissioned by UDC by two network theorists took an extremely rational, almost mathematical, approach to planning the state's future. This kind of thinking was needed, it was implied, if the state was going to be able to accommodate the eight million people expected to move into the state over the next few decades; five million were expected to be attracted into new towns. The plans consisted of a "development concept" (that of the standardized new town), an "urban system" (a hierarchy

51 Rabinovitz and Smookler; Harold B. Finger [Assistant Secretary], memo to George Romney, "Statement of Support for R&T Budget. Budget Review (with OMB)," October 15, 1971, folder Budget Review-10/15/71, box 2-P, Romney Archives; George Romney, letter to Richard Nixon, December 29, 1971, folder President and Ehrlichman, 1971, box 13-P, Romney Archives.

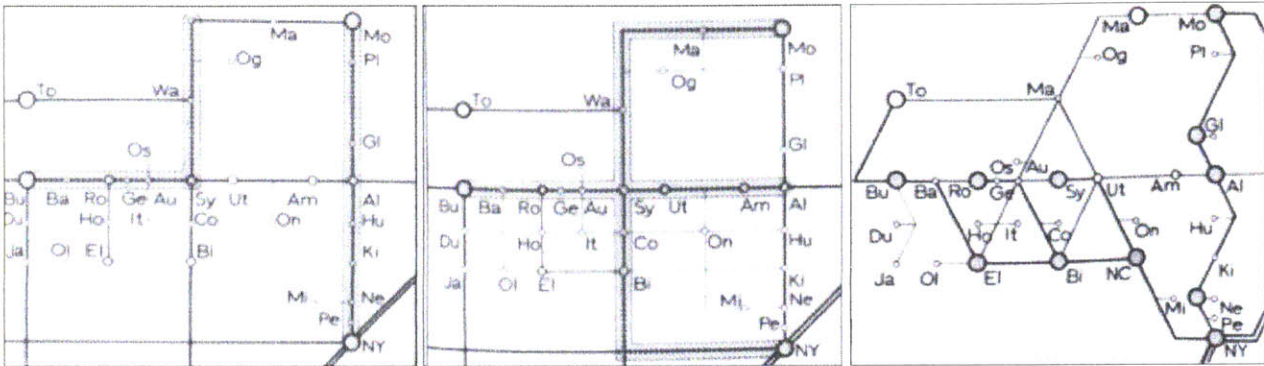


Figure 6.1 : A 'scientific' method of distributing new towns throughout the state produced diagrams such as these to communicate relationships between cities and metropolitan areas. | Source: *The Design and Evaluation of Alternative Patterns of New Town Development for the State of New York*, Prepared for the Urban Development Corporation (Ithaca, NY: Center for Urban Development Research, November 15, 1971).

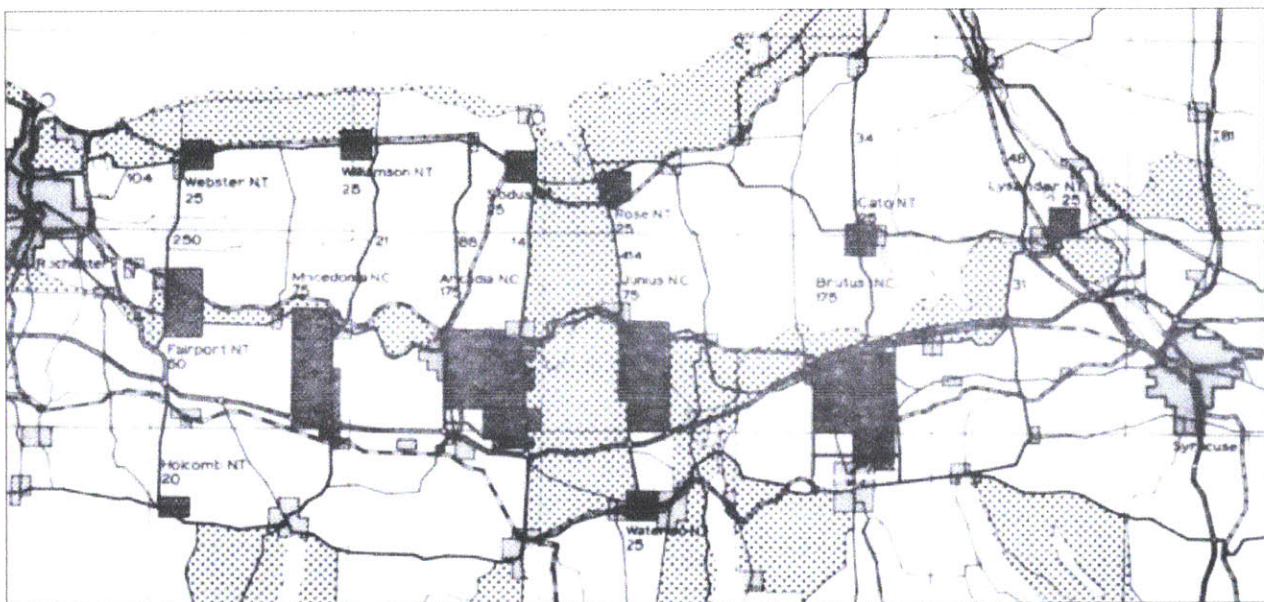


Figure 6.2 : Proposed new towns between Rochester and Syracuse, showing Lysander among many new towns and new communities. | Source: *The Design and Evaluation of Alternative Patterns of New Town Development for the State of New York*.

of new towns and their suburbs), a transportation network, and a development strategy. The new towns would allocate populations among 20 towns of 250,000 people each, 50 towns of 100,000 population, and 100 towns of 50,000 people, which would be distributed across the state in a sort of grid or loop system, as shown in Figures 6.1 and 6.2. This, the report indicated, represented “the necessity of planning as an act of will, that is a conscious rational effort undertaken by society... the realistic alter-

native to “laissez-faire” development.”⁵² It does not seem likely that UDC officials took the report at full face value, especially since it specifically endorsed the radical idea that “private land ownership with its land speculation and land hoarding [should] give way to a system of public land ownership.” But the fact that the report was commissioned in the first place indicates the degree to which UDC expected new towns to represent the next wave of development in New York.

NEW COMMUNITY DEVELOPMENT IN THE FACE OF SKEPTICISM OVER THE VALUE OF GOVERNMENT INTERVENTION

In 1972 and 1973, the UDC advanced its three new town projects, working with architects to complete design and begin to construct infrastructure and in some cases even housing. At the same time, it developed even grander plans for other new communities that if built would have radically altered the face of New York City. In this period, the agency demonstrated a stunning—some might argue reckless—commitment to reshaping the state with new housing, new industry, and new urbanism. The UDC’s actions contrasted sharply with those of the federal government, which would have to be an important funder of any subsidized new community program but which lost interest in the policy. These countervailing forces led to massive new town planning in New York and diminishing federal funds to pay for them.

In early January 1972, Secretary Romney wrote to the president, imploring that the Administration step up to the plate. “I urge you to take the leadership so urgently required to prevent our cities from further deterioration and decay,” he wrote. “We procrastinated and missed the boat,” letting Democrats “receive credit for this forward looking legislation.” Romney was dead-set on expanding the program, and he promoted it extensively. The UDC profited from this approach. Yet the secretary was operating independently of the president, and thus providing a misleading optimism for the future of the program.⁵³

52 Thomas Vietorisz and Peter Bearn, *The Design and Evaluation of Alternative Patterns of New Town Development for the State of New York: Final Report* (New York, NY: Center of Urban Development Research, November 15, 1971).

53 George Romney, memo to Richard Nixon, January 4, 1972, folder Ehrlichman and President 1972, box 14-P, Romney Archives.

In 1972, the UDC received new community status from HUD for the Welfare Island and Lysander projects (after filing for aid in May 1971). Because of the UDC's ability to finance moral obligation bonds, the agency did not seek any loan guarantees from Washington (unlike all of the other developments offered new community status), but simply asked for infrastructure grants to aid in the construction of essential site upgrades, especially for water and sewer projects. Among three other communities approved for HUD funding in 1972 was Riverton, New York, a town being developed by Reston's Robert Simon for 26,000 people. The Woodlands, outside of Houston, was the largest city approved; its \$50,000,000 loan guarantee would provide for the construction of housing for 150,000 inhabitants. By the end of the year, 14 applications were "approvable," though not all of them had their loans guaranteed yet.⁵⁴

But officials in the Nixon Administration saw little reason to expand the program further. Willing to accept the fiscal conservatism of the OMB, Romney asked for no new communities funding in fiscal year 1972 (though the Congress appropriated \$5 million for the purpose, which was subsequently impounded by OMB), and ceased to request additional funding from then on. During a summer 1972 meeting with the president, the secretary effectively accepted the termination of the program providing grants for public facilities as of July 1st, 1973. Of \$168 million in authorized public facilities funds, HUD only appropriated \$25 million, yet another example of the Nixon Administration's choice to derail public programs by going behind the back of the Congress.⁵⁵

Romney's own advisors at HUD had mixed feelings about the program's value, as expressed in letters to the secretary in late 1972. Attorney Richard C. Van Dusen wrote that new towns were "useful and desirable... [but] still a marginal addition to American (and foreign) living environments. Encourage them—but don't go overboard." Van Dusen's sense that they were neither a "panacea" nor a "plaything," but rather another manner by which to develop the country's hinterlands. Samuel Jackson, Assistant Secretary, had a more sanguine view, writing that "the New Communities Program is an excel-

54 Burby and Weiss, 401.

55 Program Reductions and Terminations Document, July 28, 1972, folder Meeting with the President-8/12/72, box 13-P, Romney Archives; Burby and Weiss, 63-64.

lent vehicle for a developer wishing to undertake a large-scale project” that has “created new sources of capital and raised the social consciousness of developers.” While “it has been less successful as a tool to implement State and regional growth policies... the new communities program is the best tool for shaping community development in and out of urban areas now available... as a device for insuring truly equal opportunity for all persons as our country grows, it has no peer.” The problem was that “the program will not fulfill its potential without a stronger Federal commitment.”⁵⁶ With Nixon still in office thanks to his successful reelection bid, there would be little support from the executive branch.

A lack of federal funding for new projects did not cut off the funding for already-approved programs, including Welfare Island and Lysander. But the economy’s problems challenged their financial integrity. The causes, according to a study in 1976, were “high interest rates, difficulties in securing mortgage money, materials shortage, and the recession beginning in 1973,” all of which coincided with high housing inventories left over from the building binge on which the U.S. embarked between 1969 and 1972. New community or not, the result was a massive drop-off in new home construction. These changes in the real estate market, combined with a decline in public and political support for new towns, produced a dramatic change in developer interest in constructing them. While HUD received 23 preapplications for privately developed new communities funding support in 1972, it received only one in the first six months of 1974, when the program was on life support.⁵⁷

In line with its shift toward individual vouchers and block grants, the 1974 Housing Act provided no additional support for the federal new communities program. Two percent of CDBG funding could be used by the secretary for grants to new communities—or five other purposes that were just as appealing.⁵⁸ As of January 1st, 10 projects had been provided loan guarantees worth a total of \$222 million; \$120.5 million more in guarantees were expected to be delivered to five additional projects. 13 of 15 would be built on the suburban edge of the nearest metropolitan area, with one in a rural area

56 Richard C. Van Dusen, “The State of the Department,” November/December 1972, folder HUD’s Future, box 7-P, Romney Archives; Samuel C. Jackson, memo to George Romney, “Future Directions for HUD,” November 22, 1972, folder HUD’s Future, box 7-P, Romney Archives.

57 Burby and Weiss, 63-64.

58 Though the ceiling on loan guarantees was increased to \$695.5 million (from \$500 million) in October 1973.

(Soul City, NC) and one a new-town-in-town (Cedar-Riverside, MN). Including the UDC projects, these 17 communities were expected to house almost one million people by 2000 (about 28% of the 308,000 planned dwelling units would house families of low or moderate incomes). Of four projects studied by the U.S. Comptroller General, all were in tough financial circumstances that indicated, even as early as 1974, that they would not be able to pay off their mortgages. HUD “was not fully aware of the financial difficulties” of the projects because updated financial statements were not required as part of the process, but also because the agency did not have adequate oversight to evaluate project financial estimates during the application stage: HUD only had two people on staff to consider the accuracy of 750 financial reports a year. The department verified the accuracy of these criticisms.⁵⁹

SLOW PROJECT DEVELOPMENT

Despite the negative signs from Washington, UDC leaders, particularly Logue, began to pay more and more attention to the new community concept. While the infill projects the agency was constructing in New York City would house huge populations and the Nine Towns in Westchester were attracting controversy, it was in the new towns where the state agency had the ability to exert total control over the urban environment. In the three communities that it planned extensively, it followed a set of rules common to new town projects. William Alonso, the critic of the new community concept, was able to describe quite clearly the generic design features that marked most of them, and indeed all of those pursued by the UDC:

Contemporary ones exhibit many common features. Among these are the division of the town into villages or neighborhoods, each provided with some focal communities facilities and differentiated stylistically from its sister villages... grade separation of various types of traffic and ample provision of pedestrian and bicycle paths... in addition, many new towns feature lakes and waterways... parks, golf courses, baseball diamonds, tennis courts, and other forms are usually provided in abundance.⁶⁰

59 The four projects studied were Jonathan, MN; Park Forest South, IL; Flower Mound, TX; and Riverton, NY. HUD also accepted optimistic project forecasts for residential and industrial land sales that failed to materialize in the difficult economic environment of the early 1970s. Comptroller General of the United States. *Getting the New Communities Program Started: Progress and Problems*. Report to the Congress. 1974.

60 Alonso and McGuire, 21.

These features, which emphasized links to the environment and a pedestrian focus, dominated the UDC vision for new town projects, both in the new-town-in-town and the satellite city forms. In one new-town-in-town and two exurban new communities, the UDC attempted to implement such urban design features. Faced with declining federal aid, it struggled to put its projects into production quickly enough. In addition, all of the projects were put on hold when the UDC went into default in 1975. To provide context for the successes and struggles of each of the agency's major projects, I have provided a historical overview of all three, in addition to short descriptions of two other proposed new-town-in-town projects for New York City.

WELFARE ISLAND (RENAMED ROOSEVELT ISLAND)

Of all of the UDC's projects, Welfare Island was supposed to be its brightest achievement. The island's unique position in the middle of the East River put it in an incredibly visible location at the heart of New York City. This allowed the agency's successes or failures to be judged by anyone who ventured a glance across the water. The UDC was confident: Logue himself looked upon the island's progress from his apartment on the Upper East Side—and he envisioned placing the organization's future headquarters there, in the heart of a new-town-in-town that was supposed to be a model for the entire nation.

As designed by architects Philip Johnson and John Burgee, commissioned by the City of New York and accepted by UDC management, the project would include two nodes—north and south “towns” featuring a total of 5,000 units of housing divided up into income groups along lines slightly wealthier than usual for the UDC: 10% for the poor elderly, 20% for low-income families, 25% for moderate-income families, 20% for middle-income inhabitants, and 25% for wealthier families. In addition, the project would feature a town center offering a shopping center, offices, water features, and access to a new subway line into Manhattan and Queens being constructed by the transit authority. Services and retail would be distributed along the island's “Main Street.”⁶¹

The UDC advanced the project quickly, selecting architects for the four initial Northtown buildings, to feature a total of 2,148 units. Though the buildings would be differentiated by income group, each

61 Yonah Freemark, “Roosevelt Island: Exception to a City in Crisis,” *Journal of Urban History* 37-3 (May 2011).

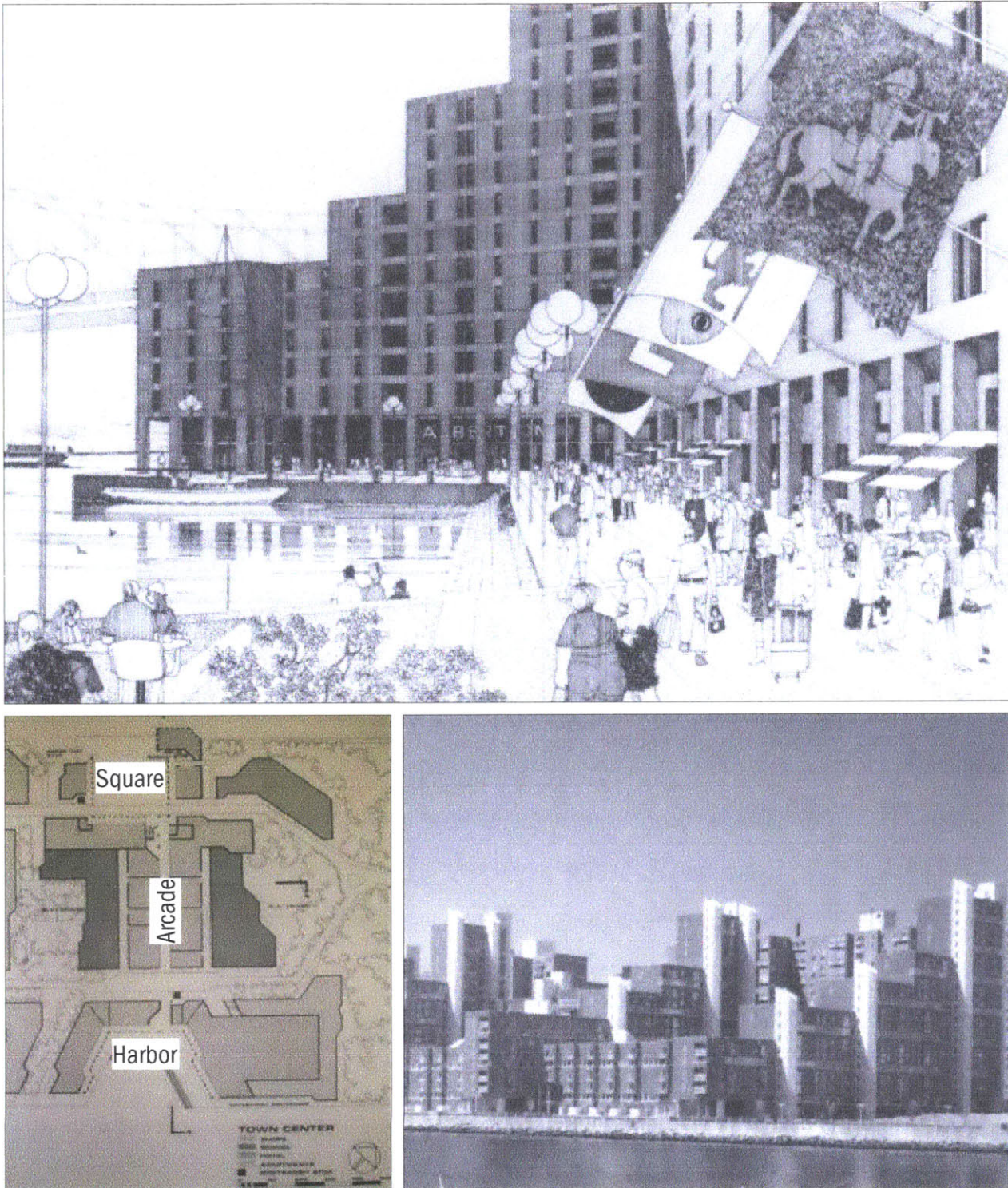


Figure 6.3 : (Top) Philip Johnson's drawings for the Welfare Island town center. (Bottom Left) Plans for the town center. (Bottom Right) Roosevelt Island as built. The project was designed to emphasize the connection between New York and its waterfront and create a vibrant new neighborhood. | Source: *New York* 1960, 647, 653.

was designed by a well-known architect, and each would feature the amenities that made Welfare Island special: Stepped terraces featuring astonishing water views; excellent access to open space and public amenities; equal access to parks and the streets (which would be reserved almost entirely for pedestrians). Logue pushed for the completion of the low- and moderate-income element of the plan (through the construction of more than 1,000 units at the Eastwood building) in advance of the higher-income units, illustrating the importance he put on the mixed-income character of the development. If the rhetoric used to promote the UDC's creation had emphasized the benefits it would bring to New York State's business community, here it became obvious that the agency was being used to promote a public good: Affordable housing in a diverse environment.

This stance was courageous, for it flew in the face of conventional wisdom both on the part of developers and the federal government. Richard Ravitch, a major New York City developer who had originally been engaged with building several of the residential buildings on the island, expressed his fears that the island's social composition would be irreparably challenged if residential development did not proceed appropriately. Edith Evans Asbury reported that Ravitch feared that "it will be difficult to persuade wealthy families to buy cooperatives or move into rental units after the island is already occupied by a large number of low-income and middle-income families." He subsequently dropped out of the project in the face of Logue's aggressive arguments to the contrary.⁶²

Ravitch was not alone: HUD staff wrote in critiques of the Welfare Island project that "while in principle the housing mix proposed by the sponsor should create an economically balanced new community, housing distribution patterns on the island may weaken this proposal. The limitations on mortgaging require selected income groups to be placed in the different buildings... the housing pattern inherently creates the possibility of economic discrimination, especially since UDC feels that to market upper-income housing on the Island, a view of Manhattan is important." HUD administrator Samuel C. Jackson expressly wrote Logue to emphasize these problems, but Logue refused to accept the idea

62 Philip Johnson also said "that the corporation had not followed his plans and had changed some of his luxury housing to subsidized housing," though he later reversed his critique. Edith Evans Asbury, "Welfare Is.: A Problem for Housing," *The New York Times*, February 16, 1972, 41.

that the wealthy would refuse to live with the poor. The project proceeded as planned, with the UDC funding low- and moderate-income units simultaneously with higher-income ones. Logue accepted the challenge.⁶³

Among the new communities the UDC actually undertook, Welfare Island was unique in its position within a major city. In the decision to begin construction of Battery Park City, the government had essentially agreed to build a new-town-in-town; this was arguably the first state planned community within a city. The Welfare Island agreement with New York City followed several years later, but construction on the first residential buildings there began in 1972—eight years *before* similar towers in Battery Park City (because of the time it took to complete the latter's project's landfill). Thus the UDC project was the pioneer in manifesting a changing attitude of the state towards developing large sections of the inner city.

In 1973, the UDC changed the project's name to Roosevelt Island after negotiating with an independent group that wanted to fund a memorial for the former president at the island's tip. Work was behind schedule thanks to disagreement between the city government and the UDC. The federal housing moratorium had not affected the funding for the four initial buildings, but future efforts, including the Southtown and the major commercial center it was supposed to include (including the UDC headquarters), were put on hold because of the lack of Section 236 aid and the increasing cost of bond funding resulting to the recession.⁶⁴

Nonetheless, by 1978, the project's mixed-income challenge—the question as to whether it would be able to attract wealthy families to an island filled with low- and middle-class households—seemed largely answered. After \$129 million in public investments, 2,117 of 2,139 units were occupied, a 99% occupation rate that indicated the success of the UDC in appealing to members of all economic classes. The agency's one-off experiment had produced valuable sociological results. Logue's initial impulses appear to have been proven valid. This was despite the delayed opening of the subway sta-

63 Samuel C. Jackson, memo to the Board of Directors of the New Community Development Corporation: "Offer of Eligibility Finding," folder CDC Board Meeting, December 1, 1972, box 2, 100, 19, 3, 130, record group 207, NA.

64 The memorial, designed by Louis Kahn, was not actually completed until 2012 because of funding problems. James R. Chard, "Status Report on the Welfare Island Implementation Project," April 2, 1973, folder 27-Roosevelt Island Implementation, box 206, Series X, MS 592, YA-Lindsay.

tion (it opened in 1989, fifteen years late) and the generally deteriorating economy of New York City.⁶⁵

Over the next decade, the UDC engaged in several real estate programs on the Island, beginning with the construction of 1,000 units in the 1980s. In the 2000s, several new projects, including additional retail but not a major community center as had been initially designed, opened with about a thousand new residential units, increasing the island's population to about 10,000 in 2010. Of the new units built, about 20% were "affordable," designed for households making up to 125% of the area median income; the rest were reserved for people paying market rents.

LYSANDER (RENAMED RADISSON)

Much like the Nine Towns projects proposed for Westchester County, the UDC's suburban new towns were designed to bring housing for low- and moderate-income families into neighborhoods outside of the city without fundamentally disrupting the "ways of life" that prevailed in those areas. This was a strategic approach by the state agency that demonstrated a recognition of the need to adapt increasingly popular suburban communities to minority and low-income populations that had generally been excluded from those markets in the past. In addition, it was a sign that outside of New York City the UDC recognized that the market for new urban housing was quite weak and that most residential growth would occur in the suburbs. Unlike previous city-only public housing authorities, the UDC was unwilling to abandon this market to private-sector control.

Though many cities in Upstate New York were suffering from the dramatic deindustrialization affecting the American rust belt in the postwar period, Syracuse was particularly hard hit. Unlike New York City, which gained population in the 1960s, Syracuse lost almost 19,000 people during that decade—9% of its population in 1960. This huge movement out of the core, however, did not coincide with a movement out of the area in general, however: During the same time period, Onondaga County (which includes Syracuse) grew by 43,000 people, mostly in new suburban subdivisions.⁶⁶ The UDC's

65 The transportation problem, though, had been largely solved through the construction of an aerial tramway from the island to Manhattan, which opened in 1976. Robert T. Dormer, "Three new towns in New York State are progressing but seem viable only as public goals," *Journal of Housing* 36-2 (1979), 66-89.

66 The growth in suburban areas throughout New York State indicated to the UDC that the state would continue to grow for

earlier research in building a new town in the region, then, followed the agency's effort to bring more equitable neighborhoods to the suburbs. The presence of more than 2000 acres of unused land northwest of Syracuse used during the war for munitions manufacture made it especially appealing.

Once the UDC had acquired the land and begun negotiating with local authorities about the implementation of the project, the agency hired architecture firm David A. Crane and Associates, which led the development of the site's urban plan. In January 1971, it released its extensive proposal for the site, which was bisected by a power line and was to be served by a highway being planned by the State Department of Transportation. The project would provide 5,000 units of housing, intended to house about 18,000 people in a mixed-use environment, all expected to be completed by 1980. The architects made clear that their vision for this new town—perhaps incorporating some of William Alonso's criticisms of the concept—would not follow earlier assumptions about how such communities should be developed:

Although the classic new town was conceived as an alternative for overcrowding existing cities, Lysander New Community has a somewhat different basis: reducing wasteful suburban sprawl... it is not conceived as a self-contained or self-sufficient community. Strong ties to the metropolitan region are assumed.

This was reflected in the plan's assumptions, which indicated that only 25% of working inhabitants of Lysander would actually be employed within the town. Even so, the UDC's plans did incorporate one standard feature of new communities: A critique of existing suburban developments. A HUD report on the community's status in 1972 stated that UDC desired "to foster the orderly growth of the new community area by eliminating blighting influences, unsanitary conditions and other negative characteristics." This apparently required *planning* of the sort that only the state could conduct; it is difficult to contest that the agency's proposals and its initial work on the project followed a social and environmental interest that would have been difficult for a private developer to pursue.

Moreover, the agency made an effort to incorporate as much diversity as possible. "The principal objective" of the plan, the report stated, "is to create an attractive new community balanced function-

many more decades, and indeed this experience indicated to planners that so much new housing was necessary, when in fact later demographic changes would show rapidly declining interest in living in the state. Data from U.S. Census.

ally, economically, and socially.” This was to play out in several ways. For one, the urban plan of the community encouraged the mix of uses; this would be more than simply a residential subdivision. In the center of the town would be the New Community Center, where high densities of residential uses would join with 140,000 square feet of retail space and 40,000 square feet of offices (40,000 square feet of commercial uses were also planned for a sub center). West of the center would be an 825-acre industrial zone designed for ultimate employment of up to 12,000 people, and east of it would be the residential community. Residences would similarly be mixed in form—the district would include 2,000 detached single-family homes (typical of the suburbs), 1,000 attached single-family homes, 1,500 walk-up apartments, and 500 elevator apartment units. The largest single land use on site would be the low-density single-family homes, set among a golf course and providing amenities like swimming pools; in many ways it was little different from the suburbs being built by private groups.

Yet the UDC’s mission, to provide New York State with new affordable housing, compelled the planners to submit this plan to a set of interests far different from those developers would pursue. Half the housing units would be conventionally financed for middle- and upper-income families, but the other half would be distributed among poorer families: 10% of units would go to the low-income elderly, 20% to low-income families, and 20% to moderate income families. The population, it should be noted, would be slightly skewed against the low-income groups because of the lower expected number of such inhabitants per unit in elderly apartments. In order to avoid building-based segregation, “the distribution [of housing types] was made so that each income group would have housing opportunities available in all building types,” and indeed the plans proposed distributing 43% of single-family units, 57% of walk-ups and 70% of elevator units to low- and moderate-income families. We could downplay the mix of incomes planned by the UDC as simply idealistic or conjectural; after all, the plans for Ly-sander were not implemented as intended. Yet in these years, the UDC had federal subsidies available for its use and it had already demonstrated itself quite agile at taking advantage of them.

Despite the public motivations of incorporating very significant proportions of low- and moderate-income housing into the community, the UDC—pursuant to the mission initially assigned to it by Gov-

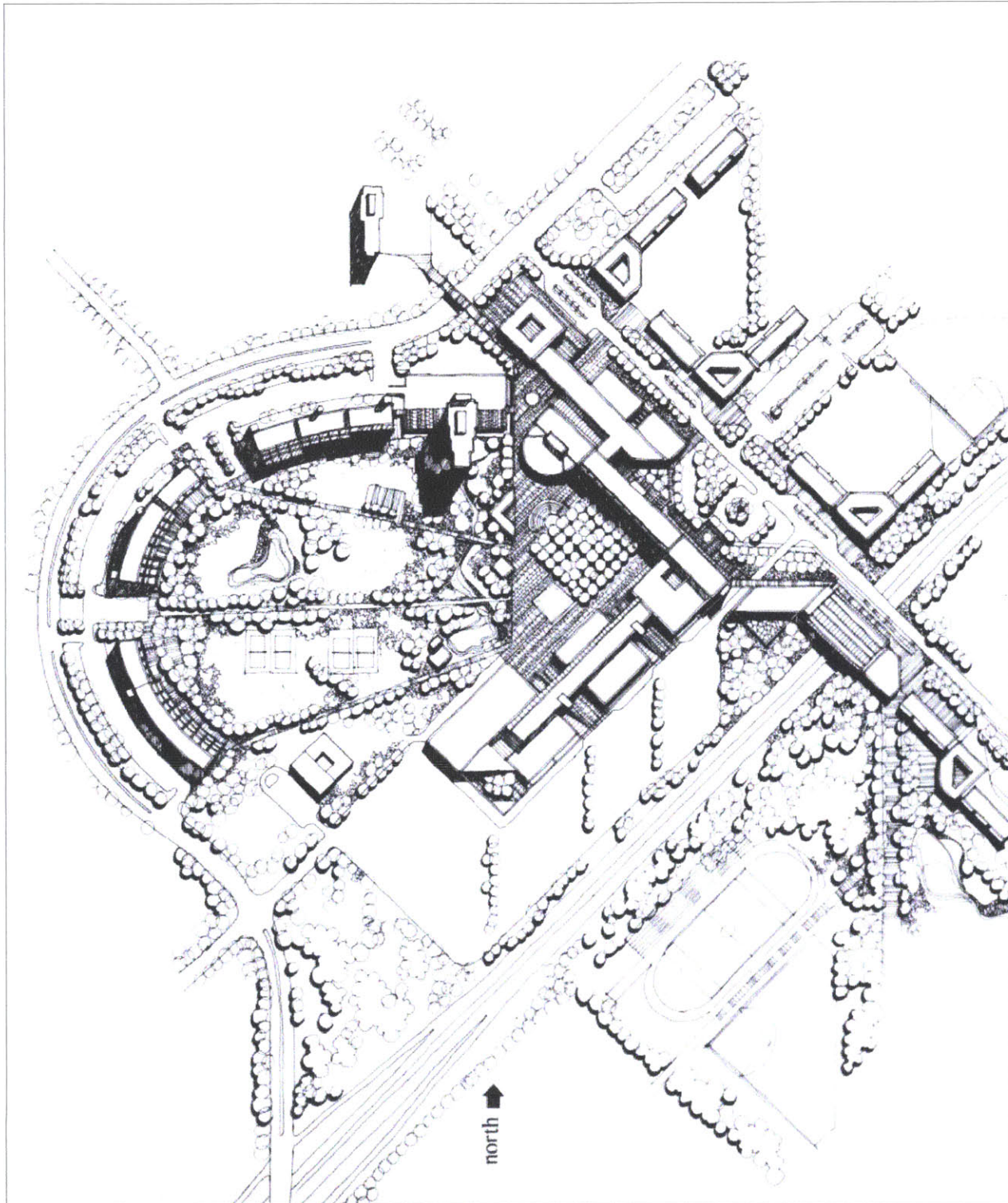


Figure 6.4 : Lysander/Radisson New Town illustrative site plan of town center. Designed by David A. Crane and Associates. The center of this new town would have included high densities and a mix of uses. But nothing of this sort was ever built. | *Source: Another Chance for Cities, 61.*

ernor Rockefeller—was intent on making the neighborhood profitable for private industry even as the agency controlled its growth. The Crane plan noted that “it is recognized that the range of building types ultimately will be determined by market trends and preferences... flexibility has been preserved in the development plans by describing areas in terms of densities rather than in terms of building types.” One objective of the project noted by HUD in its evaluation of Lysander was “to create sound development opportunities that will attract maximum private investment of capital and enable private enterprise to participate to the fullest extent possible in the implementation of the plan.”

UDC planners were engaged on the environmental front as well, hoping to make the new town an example of an environmentally friendly way to build outside of the city. Documentation by agency of the area’s water conditions motivated much of the proposed site planning. And the development was to be crisscrossed with pedestrian pathways, allowing residents a non-automotive manner by which to get to shops and jobs in the community center and the industrial park.⁶⁷ These features provided Lysander a unique ecological aspect that differentiated it from standard subdivisions.⁶⁸

By 1972, the UDC was underway building the Lysander industrial park. This component of the project was prioritized so that “the jobs will be in place before the people move in, giving them an economic reasons for people here,” stated project general manager William Marcus. “The town will be earning taxes on industry before it will have to start paying the bills for new services.” This change in the development plan reflected a concession to local opposition. As part of the process, the UDC attracted a new brewing plant and a regional headquarters for the State Farm insurance agency. Thanks to the approval of HUD grants for public facilities and the investment of borrowed UDC funds, the

67 Though road alignments were determined based on a more “rational” framework: “The vehicular movement system[’s]... alignment is based on an eight vector system developed from two overlapping rectilinear grids,” the Crane report noted.

68 Low income and moderate income were defined by HUD guidelines for the distribution of public housing and Section 236 subsidies, respectively, for the Syracuse area; middle-income families were expected to make between \$10,000 and \$15,000 annually, while upper-income families would make more than that amount. Though low-income apartments would constitute 30% of total units, they would only account for 21.1% of the population. The generally high percentage of middle- and upper-income units attracted local critics, who claimed in a failed lawsuit that the agency’s statute did not allow it to invest in projects with such prospective populations. Urban Development Corporation, *Lysander New Community: Final Planning Report*, submitted to the New York State Urban Development Corporation by David A. Crane and Associates, Architects (January 1971); U.S. Department of Housing and Urban Development, “The New Community of Lysander, Onondaga County, New York” (Washington, DC: U.S. Government Printing Office, June 1, 1972).

agency had already spent \$15,000,000 on infrastructure by 1974, including the implementation of roads, sewers, walkways, electric lines, parks, a golf course, and a pool, all of which was designed to prepare the new town for future development; \$50 million in such spending was eventually expected. Even if the plan developed by Crane was not implemented exactly as planned, projects would at least have to follow the general zoning and layout.

The problem was that the residential parts of the project—certainly the most important elements of a new community—were being delayed. In 1971, estimates suggested that the market would be able to absorb the 2,500 conventionally financed units by 1980; in total, these apartments only accounted for about one-fourth of the growth in the county during the previous decade. And the lower- and moderate-income units, it was assumed, would be met with incredible, and then-unfilled, demand, a pure and simple conjecture. But the fall-off in the economy and the difficulty assembling mortgage money in the private market made new housing a less and less appealing proposal. In 1973, when a small amount of residential construction began, the UDC changed the project's name to Radisson after the French trapper Pierre Esprit Radisson, perhaps hoping to add to the development's appeal. But it would have plenty of difficulties just ahead.⁶⁹

Once the moratorium was announced on federal housing subsidies and the real estate portion of the economy had hit rock bottom, it was very difficult to begin massive construction of new units as the plan developed in 1971 had assumed would be possible. Moreover, though certain areas of the country continued to experience the economic boom, Onondaga County and the Syracuse region in general did miserably in the 1970s. Not only did the city lose another 14% of its population between 1970 and 1980, but the county as a whole experienced its first decline ever recorded by the U.S. Census. Who would live in 5,000 new units of housing?

By 1978, the UDC had completed 208 apartments of aided housing (of which about $\frac{3}{4}$ were for moderate-income families and $\frac{1}{4}$ for low-income) and commissioned developers to add another 217

69 Fred Ferretti, "State Urban Agency Considering Building a Buffalo Stadium," *The New York Times*, May 1, 1971, 14; "U.D.C. Is Building Community for 18,000 in Lysander," *The New York Times*, September 6, 1972, 49; Michael Stern, "Factories First, then Homes in New Town Arising Upstate," *The New York Times*, September 24, 1974, 43.

Figure 6.5 : (Right) As originally conceived, Lysander would have featured a mix of land uses spread out from the development's downtown area, where high density uses would be allowed. Small nodes of retail would be allowed throughout the grid. All sections of the city would be connected with rectilinear pedestrian paths. | Source: Plan by the author, based on Lysander New Community Plan by David A. Crane and Associates (1971).

- ① Proposed site for town center
- Industrial Zones
- Residential (1-20 units/acre)
- Residential (20-50 units/acre)
- Public Activities
- Pedestrian pathways

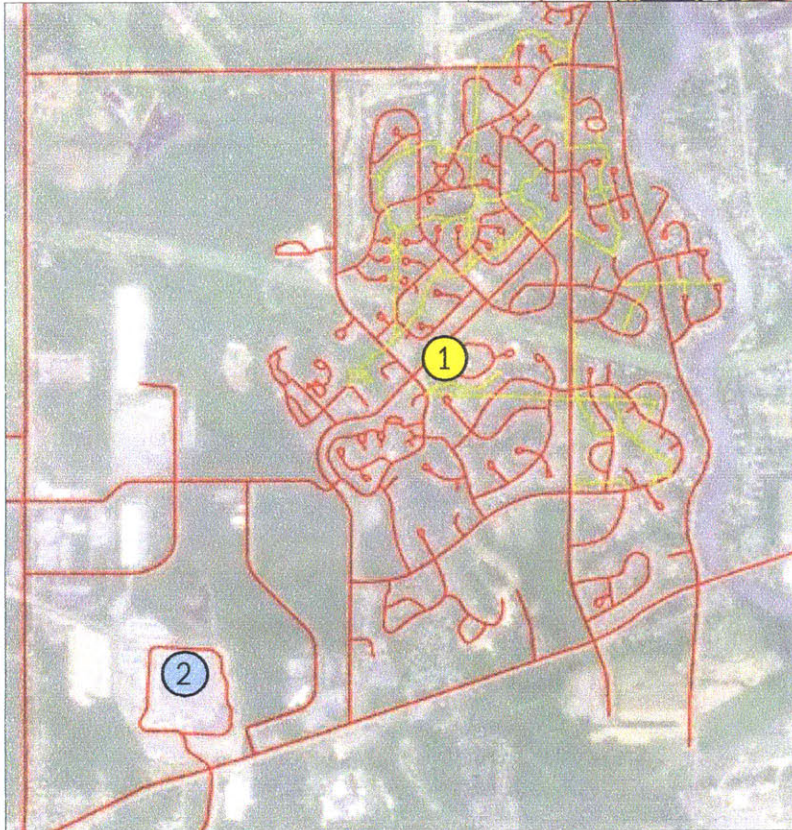
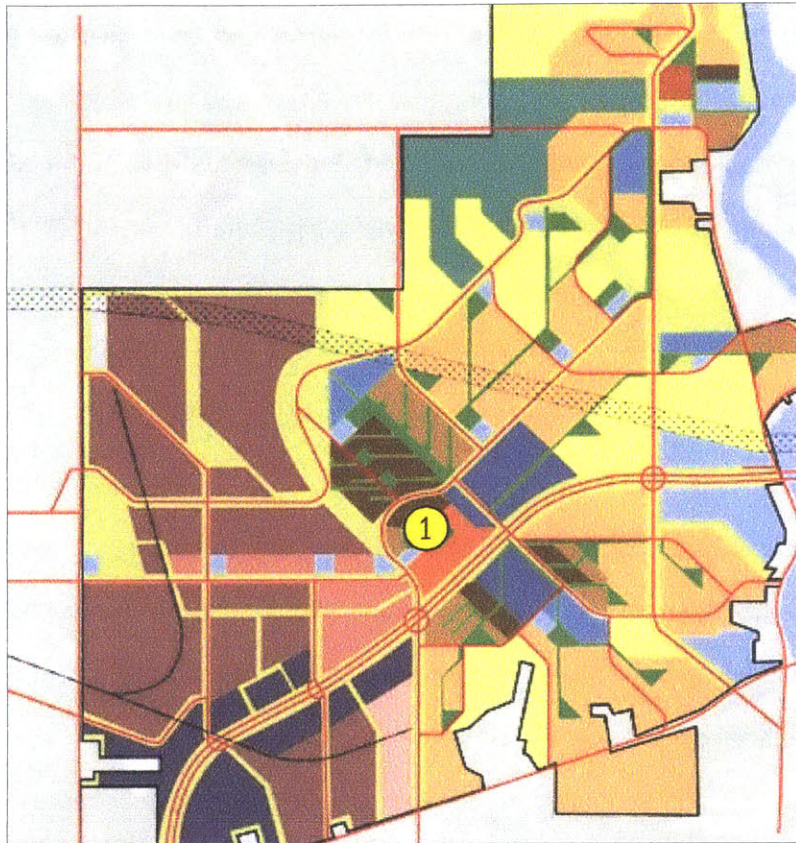


Figure 6.6 : (Left) As built, the Lysander community is almost entirely made up of single-family homes lining cul-de-sac streets. Though there is an extensive pedestrian network, there is commercial space or downtown area, and the industrial zone (on the left) is entirely isolated from the residential areas. | Source: Plan by the author, with Google Maps satellite image as base.

- ① Originally proposed site of town center
- ② Industrial area
- Pedestrian pathways
- Roadways

single-family homes (a total in \$17 million had been invested in housing). These units were almost entirely occupied, suggesting that the group had limited its undertakings to that which it deemed acceptable to the market. The innovative design features of the original plan, including the high-density community center and mix of housing types, had been largely pushed aside, though the UDC did establish a pedestrian trails system. Designer Crane had established a density gradient for housing, but this concept had not been respected by the UDC, which, faced with a lack of federal aid, had sold off parcels to developers willing to erect homes, no matter their size or shape. The jobs situation was more promising, with a few firms in place and \$255 million in commercial and industrial funds invested, but certainly not as many as had been expected. Effectively, “it [had] become clear that the estimates of demand for high density dwelling units and industrial and commercial land, and the anticipated pace of development [were] not being validated by the marketplace,” wrote a contemporary observer in the *Journal of Housing*.⁷⁰

Like on Roosevelt Island, Radisson began to develop more extensively in the 1980s once the UDC was no longer investing directly in housing. But the project never achieved the scale UDC’s directors had hoped to achieve. The initial plan had foreseen 18,000 residents and 12,000 jobs by the mid-1980s yet in 2010, the new community had just 7,000 residents and 3,000 jobs.⁷¹ The Corporation’s forecasts about demand had not been proven accurate.

AMHERST (RENAMED AUDUBON)

One of Governor Rockefeller’s major contributions to New York was his massive expansion of the State University (SUNY). In four campuses spread throughout the state, SUNY established large University Centers designed to handle tens of thousands of students and serve a wide variety of undergraduate and graduate programs.⁷² In 1960, the state bought the private University of Buffalo and designated it

70 Dormer, 66-89.

71 Empire State Development Corporation, “Radisson Community: Opportunity for Development” (New York, NY: Empire State Development Corporation, November 2010).

72 The four campuses were distributed relatively evenly through the state, at Buffalo, Albany, Binghamton, and Stony Brook (on Long Island). New York City continued to be served the City University, which was absorbed into the state system in 1961.

as a University Center; it began planning an expansion of the school's footprint through the construction of a second campus northeast of the existing university in the suburban town of Amherst. The \$650-million, 1,000-acre facility was designed to serve 40,000 students and 40,000 faculty and staff members. Construction began in the latter part of the decade.⁷³

The new campus raised a number of questions. While new dormitories would be built, many students, faculty, and staff would need housing. The State Office of Planning Coordination (OPC) was asked by Governor Rockefeller to examine the area in March 1968. It released a study for what it called the Buffalo-Amherst Corridor in March, 1969 showing that it expected the area to gain 92,000 employees and 276,000 people by 1985. The OPC recommended the completion of about 15,000 units of low- and moderate-income housing by 1975 and noted that significant land was available for a new community in areas near the new university.⁷⁴

The UDC was the perfect candidate for coordinating the development of a new town to be built around the university. The agency hired planning firm Llewelyn-Davies Associates to develop a plan for a 2,400-acre site north of the campus; this was revealed to the public in 1971. The effort was clearly meant to forestall what the planners considered the inevitable consequences of building a large new facility in what was essentially the middle of nowhere. "Unless rigorous and sensitive planning of new development were exercised," the report noted, "large areas of vacant land surrounding the campus could be covered by a wasteful and ugly sprawl of residential and commercial projects." The UDC was to prevent this by exercising complete state control over not only the university (common for state governments), but also the surrounding town. The report emphasized:

Not only must the scale and rate of growth be carefully planned, but it is critically important that the forces which will shape the future character of Amherst be used by the community at large to create a manageable and attractive environment from which all residents of the area will benefit. This will require careful control of development and the use of the best available talent in the design of landscape and buildings—not only public buildings, but homes,

73 Peter Kihss, "State Starts Plans for 2 'New Towns,'" *The New York Times*, August 4, 1969, 1.

74 "Historical Background," folder Development Historical Background, The Buffalo-Amherst Corridor, A Joint-Government Development Strategy, box 1, Accession MS 52, Audubon New Community Records; New York Office of Planning Coordination, March 1969, folder Promotional: The Buffalo-Amherst Corridor, box 1, Accession MS 52, Audubon New Community Records.

schools, shops and gas stations as well... There is also the opportunity to demonstrate, perhaps for the first time, that a major university with teaching and research space, libraries, colleges, roads and playing fields is an indivisible part of the community which surrounds and supports it, and that they can be conceived and planned as a single social and physical entity.

The \$61.5-million proposal emphasized similar themes as many new towns, including “flexibility,” “freedom of choice”, “a high quality of environment”, and “sensitivity to existing development,” and like Radisson its designers argued that the community would feature both a mix of land uses and a real mix of populations. Of 9,800 housing units planned (which were supposed to be complete or under construction by 1980), 500 were to be designated for the elderly, 1,400 for students, 2,350 for university-associated staff members with incomes below \$10,000 and 5,500 with incomes about \$10,000. The community did not attempt the full-scale income mixing that Radisson and Roosevelt Island did. Nonetheless, this would be a rare new suburban community that at least would make provisions for people of lesser means, as would be necessary in a college town.

In urban plan, the Amherst new community was just as notable. The community would begin with a large community center fronting the lake (on the other side of which was the university). There, a collection of high-density housing, shops, restaurants, and entertainment would be focused, much as had been done in Columbia, Maryland. The architects were perhaps most excited about their plans for a major network of pedestrian passageways, which they expected would form the front door for most of the housing units, connecting people of all sorts by foot to the city center and park areas. The plan specified that “concentrations of a single type or cost of house or form of tenure should be avoided” in order to guarantee diversity in the community rather than row after row of repetitive buildings.⁷⁵

Once the project entered the construction phase, UDC officials changed its name to Audubon and designated a community subsidiary that would include resident board members. Though the agency managed to convince the town of Amherst to relocate the town hall to a site on the property, plans for a downtown were shelved, leaving the new town without the mixed-used center that had been programmed. The pedestrian areas that had been the hallmark of the initial plan remained but the houses

75 Urban Development Corporation. *A New Community in Amherst*.

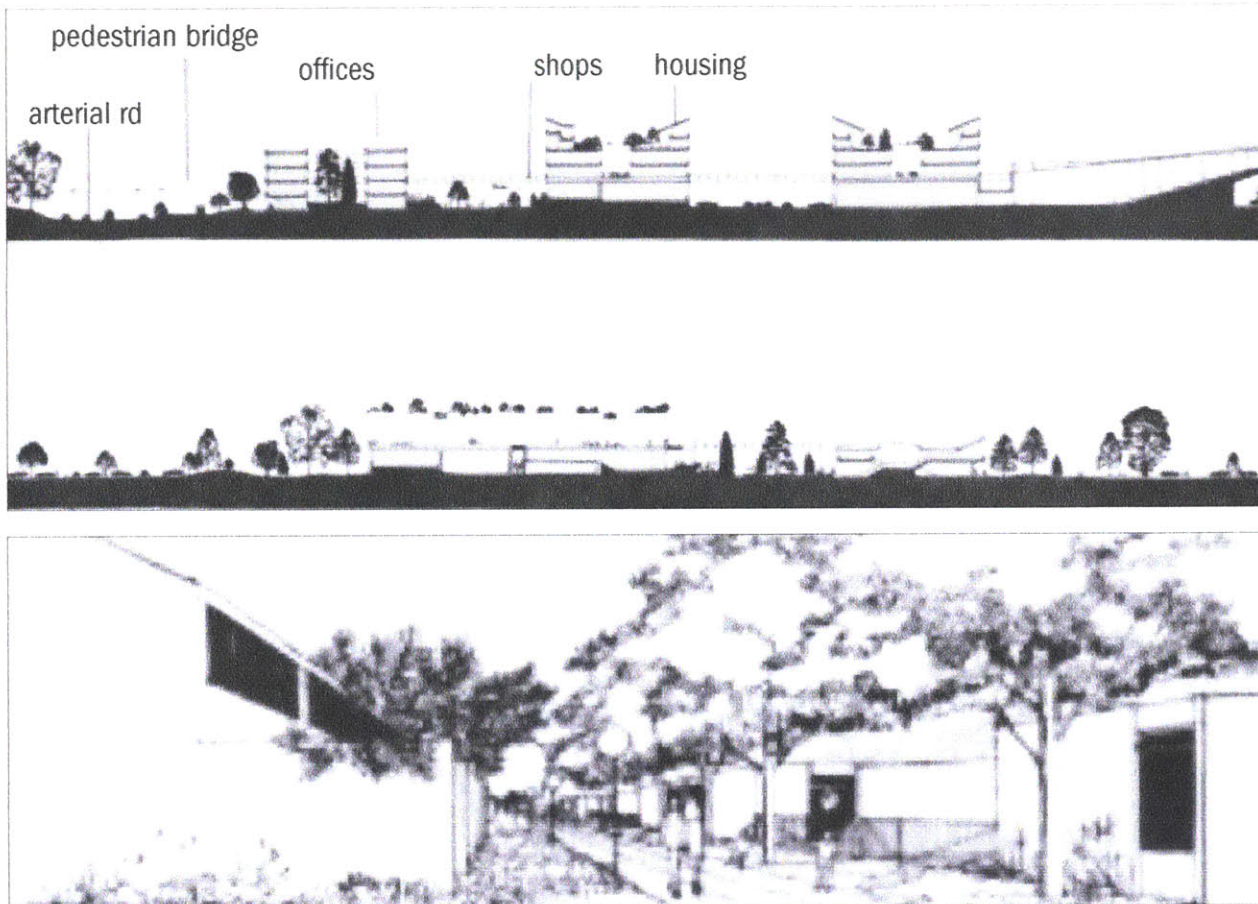


Figure 6.7 : Initial plans for the Audubon New Community provided for a dense, multi-purpose town center, with apartment buildings featuring retail at the ground floor just adjacent to offices. Pedestrian paths would connect most of the houses to the center. | *Source: Audubon New Community Plan.*



Figure 6.8 : The site of the proposed Audubon village center today. Other than a recreational facility, the Audubon New Community features no uses other than housing. Pathways are well maintained but most houses turn their backs to the paths, as opposed to the architects' original intentions. | *Source: Photograph by the author, 2012.*

Housing Type	1971 Plans		1979 Revision	
	Number	Percentage	Number	Percentage
<i>Single Family Detached</i>	400	14.5	3,600	60.0
<i>Single Family Attached</i>	215	7.8	900	15.0
<i>Garden Apartments</i>	1,675	60.9	1,400	23.3
<i>Townhouses</i>	460	16.7	100	1.7

Table 6.1 : Housing types at Audubon, in initial 1971 plan and in 1979 revision. | Source: “Exhibit D. Rev. 7/79. Audubon Housing by Type, Percentage, and Average Square Footage,” folder Development Design Standards and the Audubon UDC, box 1, Accession MS 52, Audubon New Community Records; Audubon New Community Plan.

turned away from them, rather than towards them, as had originally been intended. The Corporation managed to build 180 units of subsidized apartments, initially designated for Section 236 funding but switched to Section 8 after the 1974 Housing Act. At the same time, the agency began selling single-family home lots to private developers. By October 1975, 80 such houses were completed, under construction, or in contract.⁷⁶

By 1978, 129 single-family homes were complete and a 216-unit Section 8 apartment project for the elderly had also moved forward. The 1,500 employees on site in mid-1979 represented a far lower count than had initially been assumed for the community. Meanwhile, the distribution of housing types for the community had changed considerably from the original plan, with single-family units taking precedent over the denser townhouses and garden apartments that had originally been planned to diversify the community’s built environment.⁷⁷

But Audubon had been built from the beginning with unreasonable expectations about the ability of the area to absorb new housing. In the 1970s alone, in contrast to what had been projected by the OPC, Buffalo lost 23% of its population, and Erie County, which includes Buffalo, recorded its first-ever

76 “Audubon Residential Activity,” October 31, 1978, folder Development General Manager’s Report, box 1, Accession MS 52, Audubon New Community Records; “Amendment No. 1 Development Plan, Audubon New Community,” October 23, 1978, folder Development General Manager’s Report, box 1, Accession MS 52, Audubon New Community Records.

77 Dormer, 66-89.

population loss—9%. These demographic realities made the development of a new town here almost impossible to realize effectively; though occupancy levels in the agency's housing in Audubon were high, the number of completed units was not large enough to produce the kind of fiscal support the millions of dollars invested in site infrastructure required.⁷⁸

OTHER PROJECTS

Logue's UDC was an agency of big ideas, and while Welfare Island was certainly a major initiative, its planners saw promise throughout the state for even bigger plans. In certain ways, this made the UDC the inheritor of a long tradition in New York State of government agencies investing in massive infrastructure projects—the construction of New York City's system of bridges and tunnels by the Port Authority and the Triborough Bridge and Tunnel Authority were certainly no easy feat. Nor was the decision to use landfill from the massive World Trade Center project to create new land for the even bigger Battery Park City. What made the UDC unique in its approach to these megaprojects, however, was their attachment not only to creating genuinely mixed-use environments, rather than single pieces of infrastructure, but also the agency's attempts to incorporate social mixing into the very nature of the developments. These characteristics were engrained in the development of the three new towns the agency planned, but also in the more conjectural visions it presented for the future of New York City.

In 1970, the UDC asked architectural firm Gruzen & Partners (which was then working on several infill projects for the agency) to analyze the Sunnyside Yards complex in Queens for redevelopment. In a presentation at the Whitney Museum, the firm showed how 300 acres of active railroad yards across the East River from Manhattan could be decked to provide a multilevel complex that would include 17,000 dwelling units (or about 60,000 residents), as much commercial space as the new World Trade Center, and 3.5 million square feet of industrial space.⁷⁹

Despite the plan's ambitious nature, the UDC took it seriously and commissioned the firm to produce a full proposal in 1971, which was done in cooperation with the Lefrak Organization, a prolific

78 Urban Development Corporation, *A New Community in Amherst*.

79 George Gent, "Whitney Displaying 20 Answers for Saving Cities," *The New York Times*, September 16, 1970, 40.

New York City developer. The report expressed that for the city to continue as “the National Center,” it “must provide adequate housing for its people, and suitable space for their jobs.” Following UDC standards, “mass uprootings of whole communities as a means of new land... is rejected;” New York’s limited land availability meant there were few available parcels for construction. The proposal took an optimistic point of view, arguing that the \$1.386 billion project, which would have included housing “at every income level” (3,400 low-income, 5,950 moderate-income, 5,950 middle-income, and 1,700 elderly units), could be absorbed by the New York market in five to ten years. 35,000 jobs would be provided in office towers above, in retail stores along the ground levels, and in industrial space located above the railroad tracks. This would have been by far the largest new-town-in-town ever completed in the United States, depending on the definition (the Bronx’s Co-op City is of comparable size). Its multi-use, multi-income design was indicative of the UDC’s perspective on the way such projects should be built.⁸⁰

By late 1973, however, the UDC’s overreach had become evident. An agency spokesman noted that the project’s dependence on commercial offices was a liability: “The market for such space is too soft now.” The massive new World Trade Center towers had just been completed, and much more space would be available at Battery Park City, but, if anything, there was declining demand in the city thanks to difficult economic circumstances. In addition, the housing’s dependence on frozen federal subsidies made any such construction impossible. A sports complex was proposed on the site to compete with the one being proposed for New Jersey’s Meadowlands, but that was also abandoned.⁸¹

The Sunnyside Yards redevelopment would have been enormous had it been built, but the UDC’s

80 The “national center” term for New York City had previously been used in the city’s 1969 Comprehensive Plan. Gruzen & Partners, *A Feasibility Study for the Multiple Use of the Air-Rights Over Sunnyside Yards*, prepared for the New York State Urban Development Corporation, with the Lefrak Organization (1971); Edith Evans Asbury, “Logue Proposes a Town Over Sunnyside Rail Yards,” *The New York Times*, July 22, 1971, 1.

81 By 2005, the possibility of decking Sunnyside Yards was again brought up in Mayor Michael Bloomberg’s PlaNYC proposal, which described the site as a potential development opportunity. Yet by the 2011 update of the plan, the possibility of any such decking had been removed from the discussion. “PlaNYC,” City of New York, updated 2007 and 2011, <http://www.nyc.gov/html/planyc2030/html/publications/publications.shtml>; Emanuel Perlmutter, “Queens Sports Center Proposed,” *The New York Times*, October 7, 1973, 1; David C. Berliner, “Sunnyside Complex May be Sidetracked,” *The New York Times*, October 28, 1973, 121.

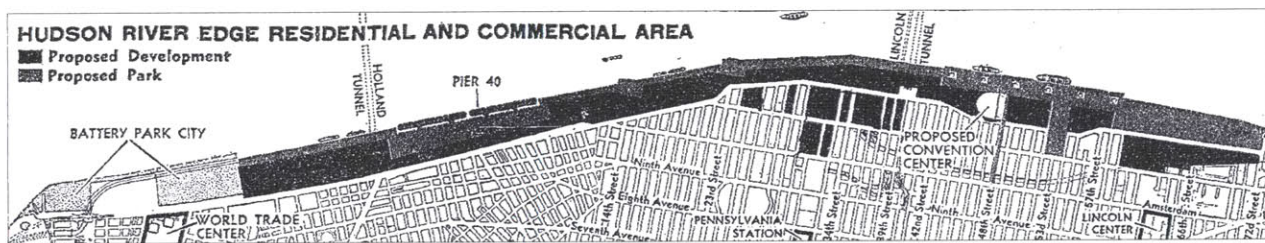
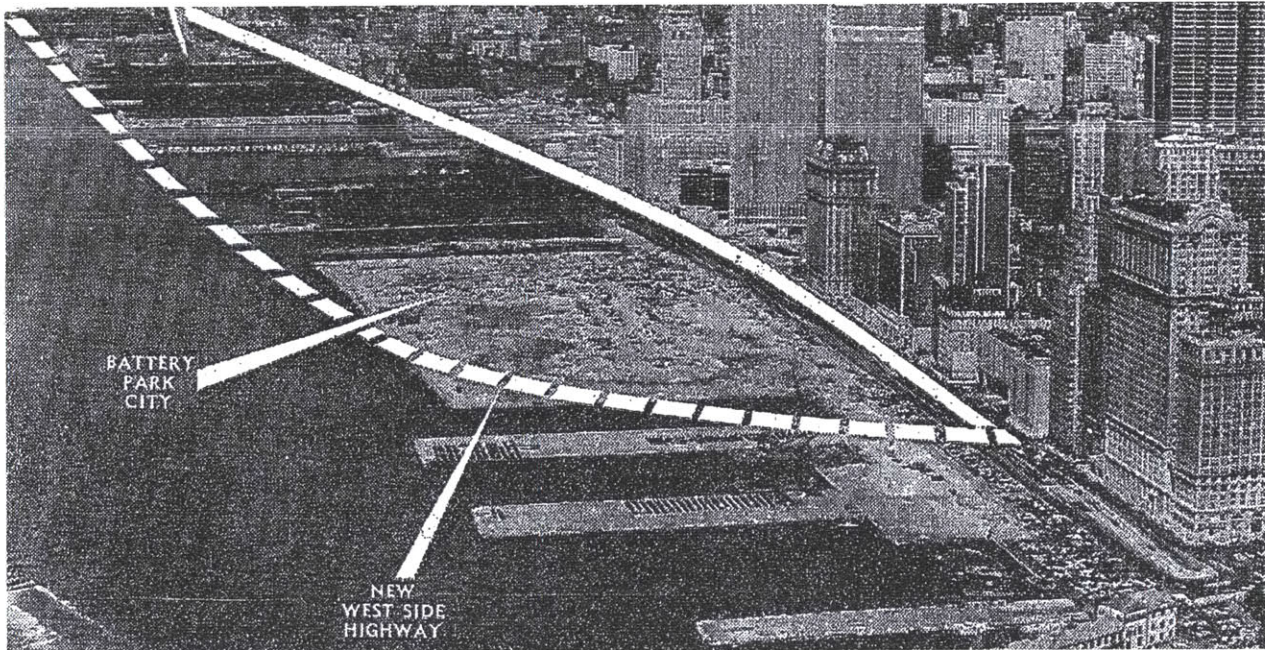


Figure 6.9 : The UDC’s proposal for Westside Highway redevelopment. The road would have been built on piers over the Hudson River, leaving new space for buildings and parks. | Source: Robert Alden, “New West Side Highway Above River Proposed,” *The New York Times*, August 29, 1971.

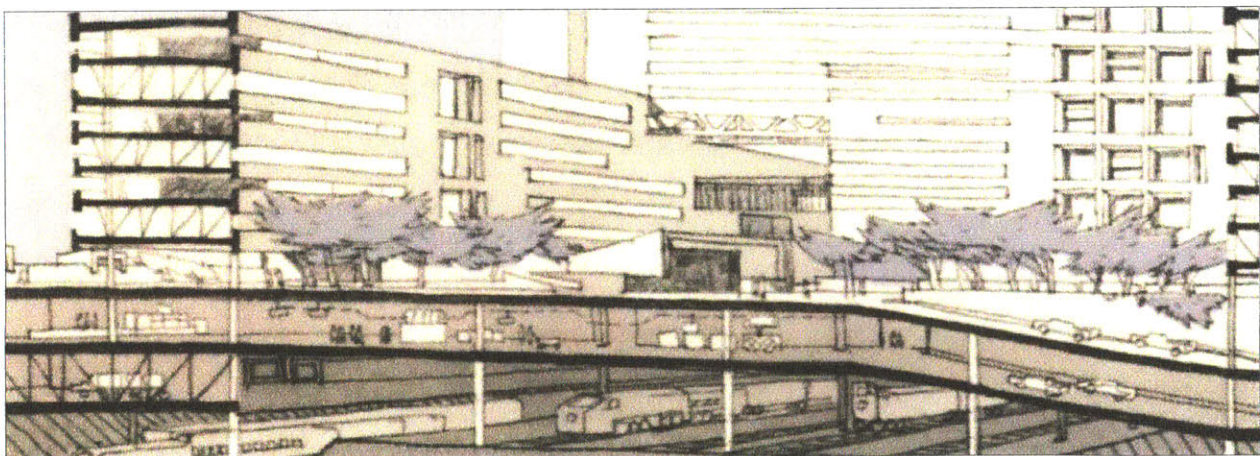


Figure 6.10 : A cross-section of the UDC’s proposal for Sunnyside Yards, which would have included industrial space sandwiched between active railyards and new residential and commercial buildings. | Source: *Sunnyside Yards Development Proposal*, Urban Development Corporation (1971).

West Side Highway proposals were larger. The elevated highway running along Manhattan's Hudson River shoreline was decrepit by the early 1970s, and it was clear that the road had to be replaced with something new. In 1971, the UDC proposed floating a new road on pilings over the Hudson, tearing down the old facility and creating a new development area of around 700 acres. The space would provide room for up to 80,000 families, 30 million square feet of office space, 10 million square feet of industrial space, a waterfront park running from Battery Park to 72nd Street, and a new subway line. The \$500 million project would be funded by federal Interstate highway funding.⁸² The UDC's proposal was radical from a public use perspective; it would have left the waterfront for public use and effectively buried the highway, both of which would have made Manhattan's West Side significantly more livable for all of the city's citizens. It adapted the waterfront to a new leisure economy, rather than an industrial one, and came decades before actual progress for new parks along the Hudson River was made. Community criticism of the proposal, however, ultimately resulted in the project's abandonment in 1985, before construction had begun.⁸³

THE END OF THE NEW COMMUNITIES PROGRAM

Following the federal housing moratorium and the troubled financial circumstances facing most of the new communities funded by HUD, it came as little surprise that in early 1975 HUD Secretary James T. Lynn announced that no more communities would be aided. The agency would concentrate its resources on those fourteen projects that were already approved (not including UDC new towns, which had simply received grants). Congressman Ashley, who continued to support the program, had a report prepared on the matter that documented the errors that led to the communities' economic failings. The document indicted the U.S. federal system, which seemed to be inhibiting long-term commitment to the construction of new towns:

82 Richard Alden, "New West Side Highway Above River Proposed," *The New York Times*, August 29, 1971, R1.

83 The project was expected to go ahead in the early 1980s, but in 1982 was blocked by a lawsuit claiming that the new road would disrupt striped bass populations in the river. By 2001, the road was rebuilt mostly as a surface-level road. Though new parks have been built along the river as part of the Hudson River Park system (beginning in 1998), no new development space for housing has been allocated and the road continues to act as a major impediment to accessing the river from the heart of Manhattan.

The ‘fickleness’ or inability of local government to behave with any degree of constancy and long-term commitment raises important questions about the viability of a program of this kind under our system. The inability of one group of elected officials to bind their successors is but one issue complicating attainment of the Act’s objectives.

This, along with “government red tape” and “social overburden” (i.e., HUD’s insistence that low- and moderate-income families be included in developments) was reducing interest in new communities by “corporations with alternative access to sources of capital” and instead attracting “naïve,” small developers to Title VII. Finally, the administration’s opposition to “the formulation of a national urban policy... [and] hostil[ity] to successful implementation of the New Communities Program... based on the principle... that the Federal government should not attempt to dictate where people should live” made forward movement impossible.⁸⁴ In the United States of the mid-1970s, there was inadequate political support for public involvement in land use and new community policy.

Despite the arrival of the urban-friendlier Carter Administration in office, the late 1970s offered little new support for new communities, and in 1981, the Reagan Administration announced that it would eliminate the program entirely in 1984. Virtually all of the developments had to be bailed out, at a net cost to the federal government of \$561 million. Thirteen new communities (not including UDC projects) that were supposed to house 785,000 and 200,000 jobs by 1990 had by 1983 only 52,916 residents and 15,403 jobs. Only 18% of the 19,856 housing units were subsidized for low- and moderate-income families. A report commissioned by HUD in 1985 noted that Title VII communities had “more lower priced housing and more rental housing opportunities” (as a percentage of housing), in addition to being “somewhat more economically diverse and [had] substantially higher proportions of lower-income households.” These benefits, however, were not seen by Reagan officials to outweigh their costs.⁸⁵ Many of the planned new communities (such as The Woodlands) have grown

84 “A prime source of administrative difficulty within the government,” the report noted, “is the opposition of the Executive itself to the program.” Burby and Weiss, xxv; Panel on Title VII New Communities Program, *Report*, a Report Prepared at the Request of the Honorable Thomas L. Ashley, Committee on Banking and Currency, U.S. House of Representatives (Columbus, OH: Academy for Contemporary Problems, June, 1975).

85 U.S. Department of Housing and Urban Development, Division of Policy Studies, *An Evaluation of the Federal New Communities Program* (Washington, DC: U.S. Government Printing Office, 1985).

significantly over the past few decades, but generally in the guise of standard, sprawling subdivisions, not innovatively designed new towns. Nor have more recent administrations or politicians in general generated substantial support for the new communities concept. In most peoples' minds, if it is even remembered, it is dead.

EVALUATING THE PERFORMANCE OF UDC NEW COMMUNITIES

The new communities movement brought with it so many grand goals it may have been almost impossible for any one project to meet them. Nonetheless, it is appropriate to examine the success of the three UDC communities in accomplishing one primary mission set out for them by the agency's leaders: To produce truly diverse communities. This would require not only that the projects be different from the largely lower-income housing complexes built by previous generations of municipal public housing administrations, but also for them to contrast with the largely upper-middle class suburban communities built by private companies at the same time. In order to do so, we can compare each project with surrounding census tracts in the case of the suburban communities or other major urban development projects in the case of Roosevelt Island. In addition, it is worthwhile to consider the degree to which UDC's projects differed from other HUD-sponsored new-town developments built during the period. These comparisons prove enlightening in terms of the degree to which the UDC's insistence that its projects be as diverse as possible was actually realized.

Roosevelt Island, which already had more than 2,000 units of housing practically completed by 1975, has demonstrated itself to be the best model of income diversity of the three projects, as shown in Figure 6.11. Compared with the city as a whole and two privately developed affordable housing complexes completed during the similar period (Starrett City, Brooklyn, with 5,881 units, completed in 1974; and LeFrak City, Queens with 14,000 inhabitants, completed in 1969), the Island was relatively wealthier in 1980, and it had a smaller percentage of minorities than either of those two projects. By 1990, however, a comparison shows that Roosevelt Island had come closer to mirroring the city's demographics, and in 2000, its population almost exactly mirrored that of the city as a whole. In 2010, the situation had degraded a bit for low-income households (with annual incomes between \$15,000

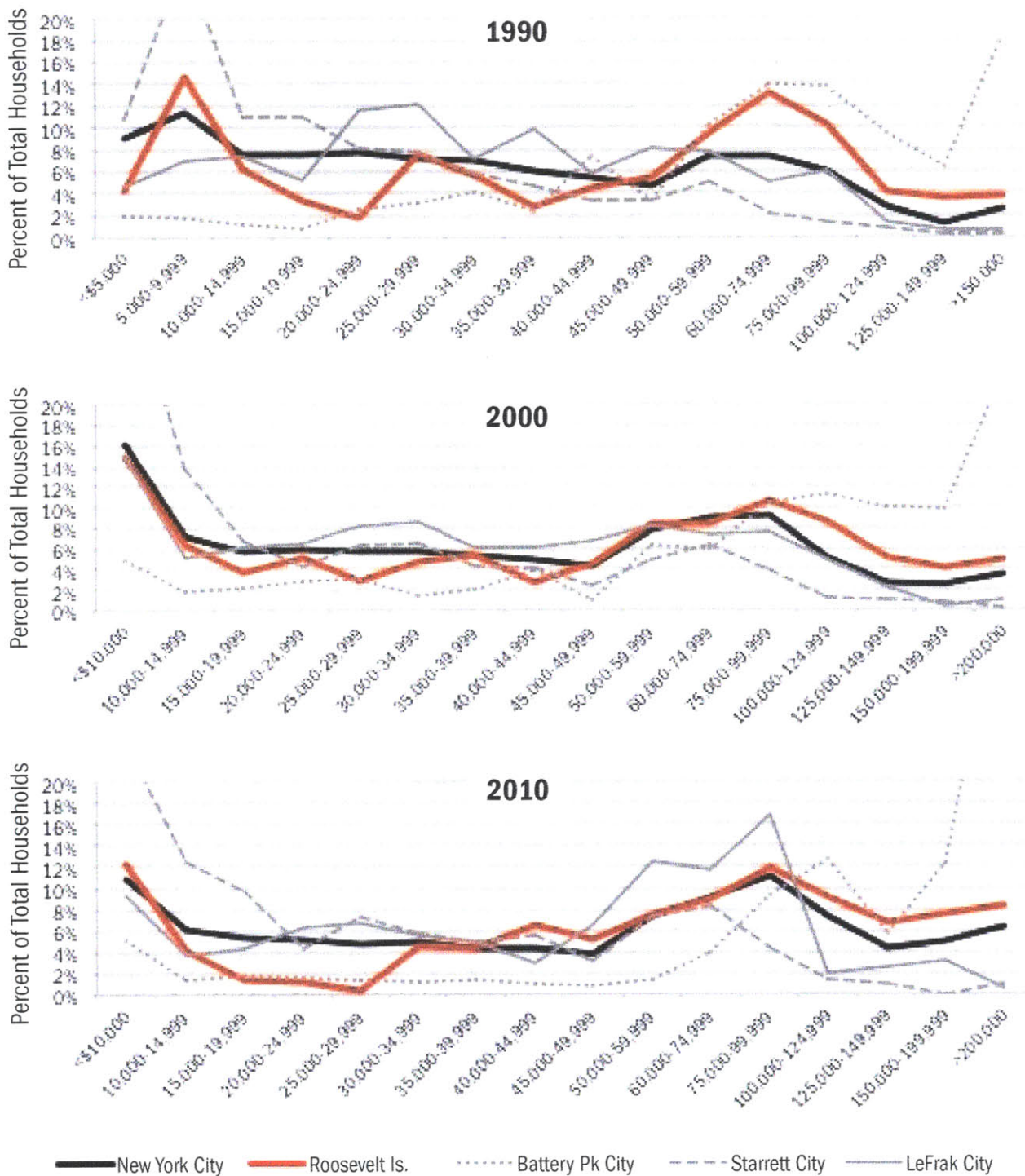


Figure 6.11 : Income on Roosevelt Island. In 2000 and 2010, Roosevelt Island’s income diversity was roughly similar to that of the city as a whole, as was LeFrak City. On the other hand, the inhabitants of Starrett City were far more likely to be poor and the residents of Battery Park City more likely to be wealthy. | Source: U.S. Census, 1990-2010.

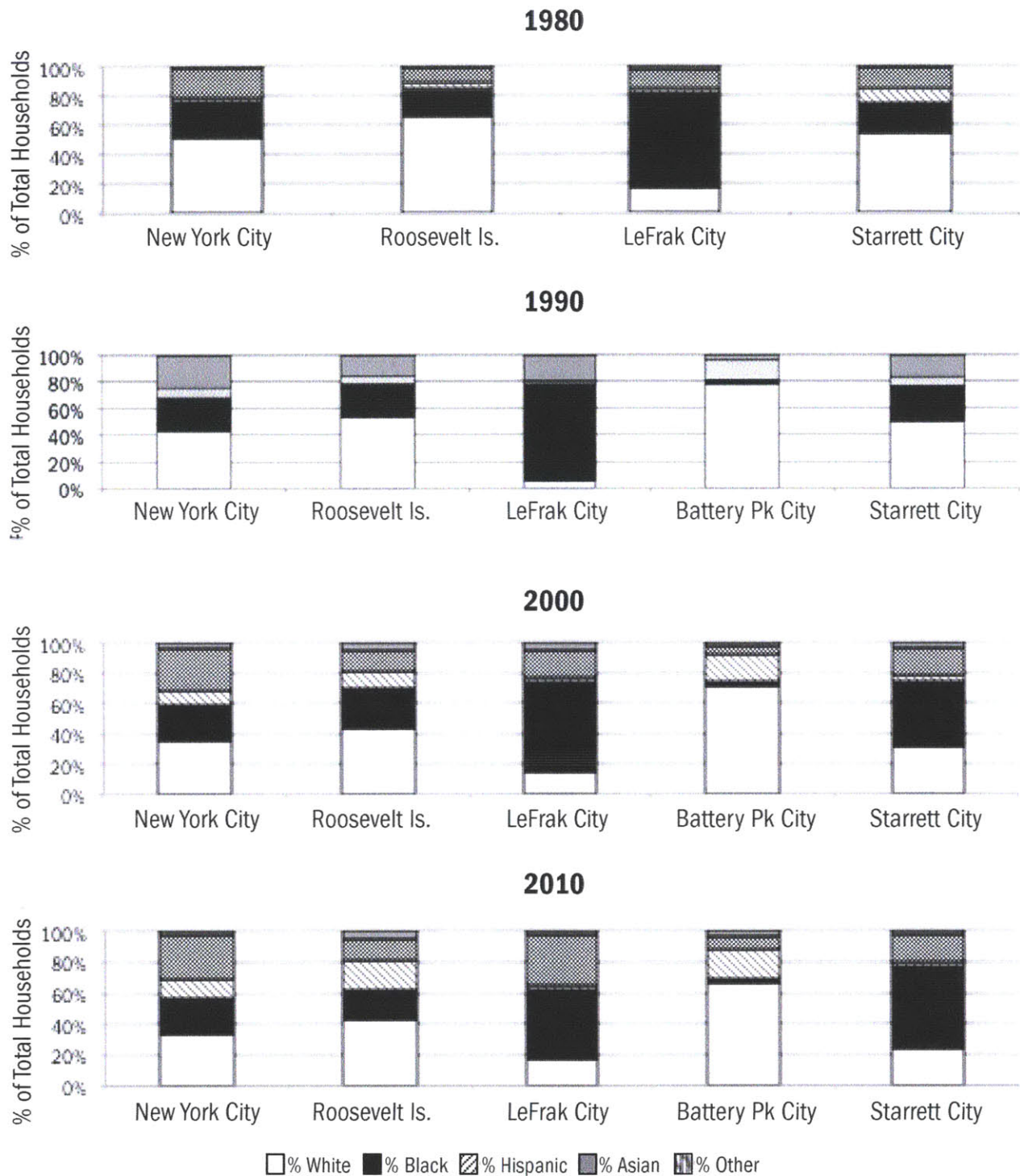


Figure 6.12 : Race on Roosevelt Island. Since 1980, racial diversity on Roosevelt Island has closely tracked that of New York City as a whole, while Battery Park City, also developed by the public sector, is far more White and Asian. LeFrak and Starrett Cities, financed with public aid, have become increasingly minority dominated. | Source: U.S. Census, 1980-2010.

and \$30,000), whose presence on the island declined substantially following the end of rental subsidies for several of the buildings.

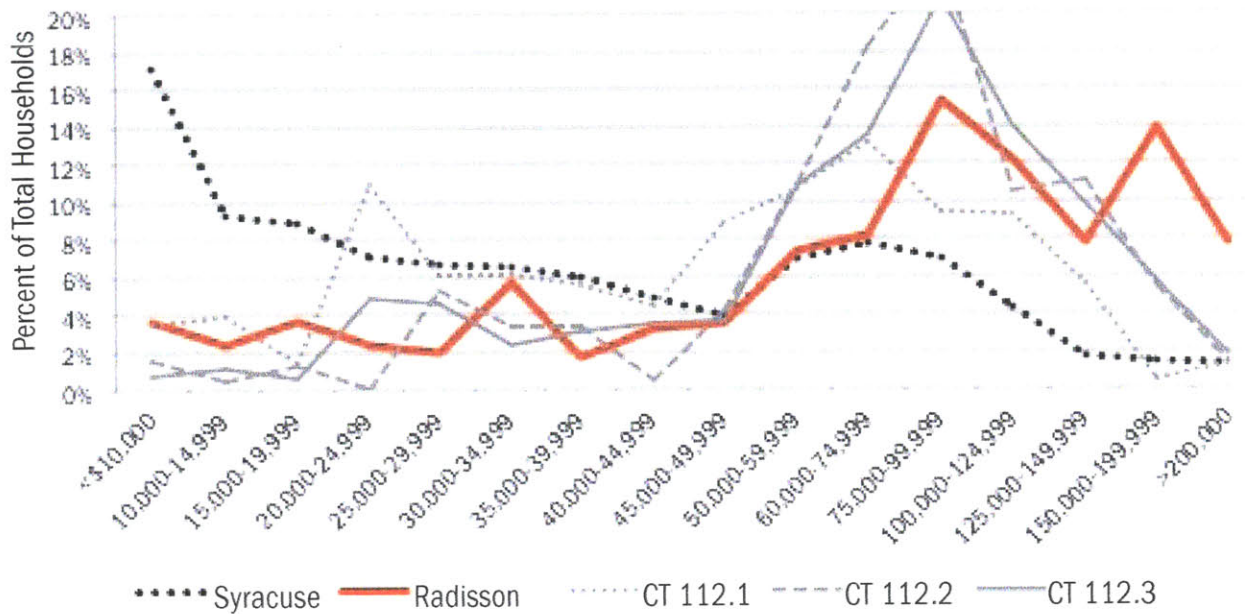
The portrait of the island, though, remains that of a very diverse place; the ethnic diversity of the island by 2010, shown in Figure 6.12 was almost exactly that of the city, while LeFrak and Starett cities had become largely minority and Battery Park City was almost 70% white. LeFrak City, which has effectively become a bastion of the black middle class, has in terms of economics achieved diversity similar to Roosevelt Island, demonstrating that the UDC's status as a public agency was *not* required for a mix of incomes to occur. But the government-planned and financed housing on the Island also does not appear to have deterred the middle and upper classes from living there, defying HUD critiques of UDC's initial plans. Part of the explanation for the island's success is likely its near-Manhattan location. In 1973, Herbert Gans laid out what he believed to be the conditions necessary to achieve "micro" integration (he was writing in terms of people of different races living as neighbors): An extremely favorable market, physical planning, and supportive policies for minority residents, among others.⁸⁶ New York's tight real estate market made it more feasible to encourage wealthier people to live near the poor, and the UDC's planning and interest in promoting minorities fulfilled the other conditions.

This does not mean, however, that the other new towns the agency built were not diverse, as shown in Figure 6.13. Audubon, north of Buffalo, though developed later than Roosevelt Island, incorporated many low- and moderate-income units, and its economic diversity has closely mirrored that of Erie County as whole throughout the period from 1980 to 2010. Compared with three surrounding census tracts, Audubon contains more housing for the poor and is less skewed towards the wealthy, without pushing out the middle class. Compared to the City of Buffalo, however, it is significantly wealthier, and not nearly as diverse; it was about 78% white as of 2010, compared to only 46% white for the city.

Radisson, north of Syracuse, is more similar to the surrounding census tracts than Audubon, featuring a relatively high-income population that differs substantially from the conditions within the

86 Battery Park City, by being inhabited almost entirely by the upper-middle and upper classes, shows an alternative approach to public-sector development. Cautious of putting the poor near the wealthy, that project's profits have provided for funding of thousands of units of lower-income housing—but far away, in the Bronx. Herbert J. Gans, "The Possibilities of Class and Racial Integration in American New Towns: A Policy-Oriented Analysis," in Perloff and Sandberg.

2010: Radisson New Community



2010: Audubon New Community

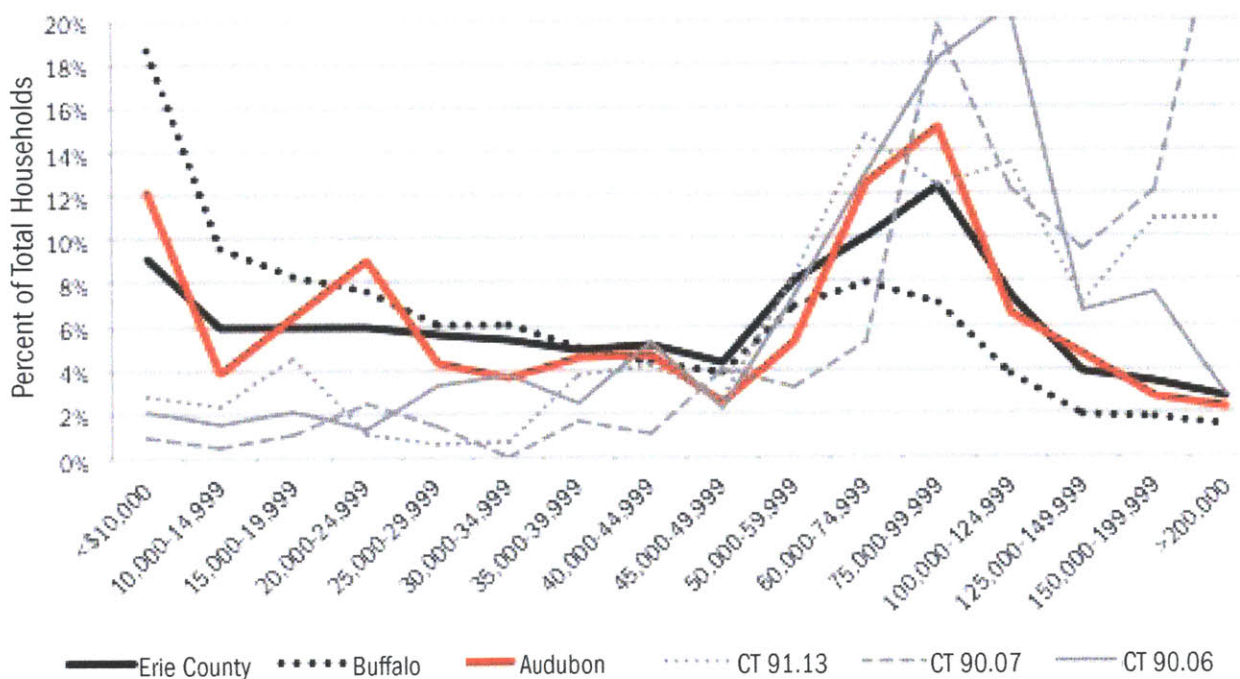


Figure 6.13 : Income at Radisson and Audubon. From a class perspective, while Radisson’s residents were wealthier than residents of Syracuse in 2010, the income diversity of people who lived in Audubon was relatively close to that of Buffalo, not neighboring census tracts (CTs). | Source: U.S. Census 2010.

City of Syracuse. As of 2010, Radisson was 94% white, higher than the surrounding census tracts and much higher than Syracuse, which was only 53% white. The failure of both Radisson and Audubon to mirror the diversity of the nearby central cities is indicative of their inability to attract and maintain a presence of lower-income, minority inhabitants, unlike Roosevelt Island, which has arguably done that quite well. The less-promising real estate markets in the two upstate cities may be one explanation, but another is that these projects were never able to benefit from a significant infusion of federal aid for affordable housing. They did not provide a true alternative housing program for people who were living in the central cities, a principal goal of both the UDC and federal government's new communities programs.

A comparison with other new communities around the country is worthwhile, as New York State's extensive effort to promote the construction of affordable housing allowed private developers to build in a way that was not possible elsewhere (both Starrett City and LeFrak City, for example, were funded by the State HFA). Of thirteen pre-Title VII new communities developed by private groups, none had households with incomes of less than \$10,000 in 1972 account for more than 33% of families (the average was 13%). The biggest projects—Irvine, Reston, and Columbia—had such families account for fewer than 16% of resident households. The American median household income that year was \$8,226. For comparison, in 1980, Roosevelt Island, Radisson, and Audubon had more than 28, 30, and 35%, respectively, of their resident families living below the national median income line (which by that time was \$16,017)—and that was in New York State, where incomes were and continue to be higher than the national average.⁸⁷

Of the eight non-UDC Title VII new communities designated by HUD that were able to complete more than 100 units of assisted housing, only one—the Cedar-Riverside new-town-in-town in Minneapolis—provided more than half of its units with subsidies for HUD-defined low- and moderate-income households (“affordable” housing). The largest completed projects, the Woodlands in Texas and St.

87 Roosevelt Island, despite its greater percentage of affordable residences, likely had a lower percentage of residents living under the U.S. median in 1980 because incomes in New York City were (and are) much higher on average than those Upstate. Median incomes increased so quickly between 1972 and 1980 because of rampant inflation. Burby and Weiss.

Charles in Maryland, each had affordable housing account for only 30% of their stock by 1985.⁸⁸ This is an indication of the unique degree to which the UDC's program aided in the production of truly diverse neighborhoods, as its new town housing program always included housing subsidies for at least 50% of units, though this only applied for projects under development before the moratorium took effect.

It is worth keeping in mind that the UDC's engagement in assuring the diversity of its communities declined significantly once the agency passed into default in 1975. Lacking adequate federal resources, the agency did not (and could not, given the fact that subsidies were not available) continue to build a significant number of low- and moderate-income units on its properties.

CONCLUSION

The excitement about the potential for new communities that filled the national discussion about land use in the 1960s could have produced major investments in large new towns, just as had happened in other countries around the world, from the United Kingdom to Israel. Experience seems to have suggested, though, that these countries were only able to pursue their new town policies thanks to significant involvement of the public sector. Yet the U.S. Federal government's concerns about overt direction from Washington and the limited financial and geographic powers of local governments left only state governments in the position to actually invest in such new towns. The only state that had the entrepreneurial initiative to do so was New York, thanks to the UDC.

Other than in terms of the development of a mixed-income population, it would be difficult to portray the UDC's new towns as vastly different from a physical perspective from either the suburban subdivisions or the inner-city developments built by private groups. As planned, the community centers proposed for all three communities would have allowed residents there to work, shop, play, and eat within walking distance of their homes; in reality, none of those "downtowns" were actually built. Industrial development in the two Upstate communities did attract companies, but the large majority of people living in those neighborhoods continue to drive to work much as their peers in conventional communities do. While a mix of apartments and townhouses were expected to bring a sense of urban

88 HUD (1985).

diversity to neighborhoods in Radisson and Audubon, in fact almost all of what was actually built was in the form of single-family homes, and the parks and pedestrian trails that have been completed are unremarkable. From this environmental perspective, then, the UDC failed to offer a compelling alternative to the status quo Upstate; it had built more sprawl.

The UDC efforts, though portrayed in plans as enormous developments designed for about sixty thousand of people by 1980, in fact attracted only about 20,000 by 2010. As a body, New York State's planners vastly overestimated the amount of population growth that would occur during those years. While the U.S. did grow by about 100 million people between 1970 and 2010, New York only added about 1.1 million inhabitants, far fewer than the eight million the agency expected, because most national growth occurred in the Sunbelt. Perhaps the 1.4 million people added to the state's population in the 1960s alone had given planners inappropriate precedent, but the fact was that there simply was not much demand to populate all the new towns the agency wanted to build. This was largely a failure of demographic projections, not land use planning.

The failing economy and the real estate crash of the early 1970s made the completion of the new towns financially difficult. So, of course, did the UDC's own economic crisis. But the reasons for the failure of the new community movement to catch on are more widespread. The federal government failed to commit strongly enough to the program. Congressman Ashley argued that the "commitment and effort on the part of the administration was considerably less than we bargained for. Once the new law was passed, the administration simply refused to take seriously the mandate of trying to develop a national urban growth policy." Rather than result in a revolutionary land use program, Title VII mostly led to the subsidization of suburban single-family homes. Because developers were not provided adequate support, they generally focused on building high-income housing first—and "Once the initial wave of high middle and middle middle income families have been served... resistance to the construction of housing and facilities for low and middle income families will heighten," making truly diverse neighborhoods almost impossible to build for private groups.⁸⁹

89 Thomas Ludlow Ashley, "Introduction," in Burby and Weiss; Lloyd Rodwin and Lawrence Susskind, quoted in Rabinovitz and Smookler.

Part of the problem was the administrative incoherence about what kinds of new towns to build. Francine Rabinovitz and Helene Smookler emphasize that the program was beset by goal conflicts: Whether to build peripheral new towns or new-towns-in-town; whether to improve middle-class suburban development or implement low-cost housing in peripheral areas; and whether to emphasize racial or class integration.⁹⁰ Combined with Nixon Administration decisions to cut off federal dollars for subsidized housing and massively underspend on Congressionally allocations, new communities sponsored by Washington never really had a chance. In certain ways, though, the UDC attempted to answer those questions by proposing an all-of-the-above approach; with further subsidies, its new town effort may have been a model for the rest of the country.

States do hold their share of the blame. Private investors that chose to build new communities in the suburbs were stymied by local regulations that made achieving economic diversity practically impossible. Raymond Burby and Shirley Weiss have written that “in the absence of state directives for nonexclusionary land use policies, local governments may, and actually have, discouraged the development of low- and moderate-income housing in new communities.” This limited the amount of affordable housing constructed in such towns—even those that did have federal support. Nonetheless, on the whole, Burby and Weiss found that the new towns that were built did produce a slight reduction in car travel, improved livability, and created better environments for low-income families and minorities.⁹¹

Many of these attributes appear to have been shared by the UDC’s new communities. Though they have grown far less quickly than originally predicted, they feature neighborhoods with access to public space beyond what is standard in suburban subdivisions and they have been designed to incorporate jobs on site, limiting the travel times of at least some of the workers who live there. Most importantly, where the UDC did have the chance to use millions of dollars in federal subsidies to sponsor a major new town—on Roosevelt Island—it has produced a very diverse neighborhood. In Audubon and in Radisson, the agency has been less successful, partly because of the agency’s default but also because of

90 Rabinovitz and Smookler.

91 Burby and Weiss, 7-8, 12.

the decline in federal support (even Section 8 new construction funds have been limited) and because of a lack of entrepreneurial support from the agency's leadership for such housing development projects. But even in those towns, the first five hundred housing units or so built *did* adhere to a mixed-income standard, with about half of the units sponsored through federal subsidy programs.

These results derive from the state agency's public service approach between 1968 and 1975, which encouraged the growth of diverse communities through a steadfast dedication to the sense that the government had a responsibility to engage in the construction of affordable housing units—without subjecting their prospective inhabitants to a ghetto of only low-income families. These qualities would not have been—and in fact have not been—replicated by private groups acting similarly, even when provided the chance to take advantage of the same federal housing subsidies.⁹² New York State's action in favor of public sector planning and state-level land use policies produced a different result.

The way that certain UDC projects have evolved since the agency ceased to be as actively engaged in its real estate projects is indicative of the importance of a strong state in encouraging the diversity the UDC promoted. In April 1977, the UDC, then in a much-reduced form, was considering the possibility of developing 216 units of elderly housing supported with Section 8 funds in the Audubon new community. Residents of the 70 units of single-family homes on site protested immediately. According to an account of the community's newspaper, resident concern revolved around the fact that “the sites selected would result in a very heavy concentration of subsidized housing units.”⁹³ The UDC, then lacking the internal leadership to promote the project in face of the opposition, gave in, allowing middle-class residents to block poorer households from moving into a community that from the outset was supposed to be integrated.

The UDC's decision in 1979 to redirect community decision-making powers to a resident group—the Audubon Association—also had very problematic results. In 1986, a little over a decade after the

92 Based on the experience with Hope VI, private developers may now be more likely to sponsor such mixed-income, mixed-race developments. But they systematically avoided such projects in the 1970s.

93 *News of Audubon* 3-9 (April 29, 1977), folder News of Audubon, Spring 1975-Dec 9, 1977, box 8, Audubon New Community Records.

project had opened, community leaders protested even more vehemently when they discovered that, once again, the UDC was considering the construction of new affordable housing on site. The head of the Audubon Association, George Schanzenbacher, wrote the UDC, “there is overwhelming consensus from the Association that there should be NO additional rental units, subsidized or fair market.” The Association was also angry that the agency’s marketing pamphlets about the neighborhood only pictured “moderate and subsidized homes.”⁹⁴

Nor were the residents of the single-family homes forgiving when it came to urban design, which they made clear they wanted resolutely suburban. By 1979, the community had an Architectural Standards Committee made up of residents whose primary job was to veto the construction of buildings that were seen as not up to snuff. A new house that was blasphemous enough to have “windows in the rear [of] four different sizes” and not meet “the average square footage in the area” was subject to considerable public outcry and eventually a lawsuit against the UDC for allowing it to happen. The problem, residents complained, was that the inferior house might “devalue surrounding properties.”⁹⁵ This offensive against subsidized homes and architectural diversity extended to the UDC’s original plans for a mixed-use environment. The possibility of commercial development was greeted with the need to create a “buffer of trees” to separate residential and office space. Whereas the original plan had proposed a vibrant town center, residents now insisted that office areas exclude “retail establishments.”⁹⁶ Whatever “new community” features had once graced this project were now being thrown away by the town’s own residents.

The experience in Audubon is indicative of the failure of a development to maintain its commitment to diversity once the initial proponent of that policy has disappeared. Without a state agency pushing the community to invest in housing for a mix of residents, the existing residents had little motivation to

94 George W. Schanzenbacher, letter to Barbara Moss [UDC], March 18, 1986, folder Development Bryant Woods, box 1, Audubon New Community Records.

95 Diane Giuliano [Executive Director, Audubon Association, Inc.], letter to Edith Watkins [UDC], June 6, 1986, folder Development Architectural Standards 207 Robin Road, box 1, Audubon New Community Records.

96 Ronald R. Norman and Barbara Moss [UDC], letter to Audubon Residents, October 6, 1986, folder Development Bryan Woods, box 1, Audubon New Community Records; Audubon Development Corporation Minutes, February 26, 1986, folder Development Bryan Woods, box 1, Audubon New Community Records.

accept low-income families as neighbors. Nor were they willing to accept the broader urbanistic goals that had defined the project's initial design, settling instead for the suburban norm. Should the UDC have been there to force the vision of a mix-use, mix-income community down the throat of residents? Perhaps not—but the lack of able state leadership after 1975 meant that a fair discussion about the issues never even occurred.

The UDC Exits the Housing Field

When it came to housing development, the UDC's downfall was as quick as its entry into the production business. The reasons for its collapse are multifarious, but it is hard to deny that its blind pursuit of construction was a major cause. By 1970—just two years after it was created—the UDC was advancing its project development at full speed. It had commitments for 54 projects in 26 cities that would produce 43,000 units of housing, all of which it hoped would be completed or under construction in 1971. The agency had established 17 regional offices across the state and employed 550 people directly. Nelson Rockefeller endorsed the organization excitedly, claiming that the UDC “is the most significant governmental structure in the field of urban development ever created” and proposing that it needed to invest in 100,000 more housing units. The corporation's perceived success was attracting interest from the governor of Massachusetts and leadership in Washington, D.C., both of which excitedly discussed how valuable an agency like the UDC would be for their jurisdictions.¹

This was not enough for Logue. In June 1971, the UDC convinced the legislature to make its

1 Steven R. Weisman, “22 Projects Set by Urban Agency,” *The New York Times*, September 20, 1970, 39; Kristof (1974), 195; News Release: Rockefeller for Governor, “More Housing Now,” October 17, 1970, folder 358-Urban Development Corporation, box 9, series 15-Speeches, 26 NAR-VP, RAC; David R. Ellis, “Sargent takes legislators to see New York Urban Development Corporation,” *The Boston Globe*, August 4, 1971, 11; David R. Boldt, “Housing Bond Bill for City Introduced,” *The Washington Post*, December 17, 1971, A4; Robert Healy, “Plan to renew urban renewal,” *The Boston Globe*, February 16, 1973, 23; Ronald Sullivan, “Governor Urges Establishment of Housing Development Agency,” *The New York Times*, October 10, 1974, 100.

projects independent of reviews by the Department of Housing and Community Renewal (DHCR), with which it was battling over the right to Section 236 funds from the federal government. The UDC's leaders felt that their organization deserved most of the state's appropriation. In early 1972, Logue wrote Rockefeller to ask for an increase in the agency's bonding limits to \$2 billion, a proposal the governor endorsed immediately. Once set in front of legislators, a smaller increase was provided, to a still-substantial \$1.5 billion, which would cover the more than \$1 billion in projects expected to be under construction by the UDC at the end of the year. By late that year, Logue asked for even more, the right to take over the DHCR's activities (a proposal the legislature ignored) and \$1.5 billion more in authorizations for the UDC and the state Housing Finance Agency (HFA). By the end of 1973, UDC expected to have 50,000 units of housing under construction, about half of which would be in New York City.²

The rapid growth of the UDC raised a number of questions about how fiscally sustainable the organization actually was. In March 1972, the Standard & Poor's rating service cut the agency's bond rating from AAA to AA, making it more expensive for it to raise funds on the municipal market. Logue aimed to make the agency self-supporting, but his own staff questioned whether this goal (part of the original UDC idea) was reasonable. Stephen Lefkowitz argued that normal operations were not on a break-even basis and that the agency would continue to need annual appropriations of about \$5 million from Albany because developer fees simply were not fruitful enough and projects were not being sold at a fast-enough rate. Perhaps the dream of a fully independent agency for low- and moderate-income housing was impossible to achieve.³

But the state legislature had always questioned whether public funds should be directed towards the UDC and had only acted in favor of the organization in the first place under heavy prodding from the

2 Betnun, 28; Edward Logue, letter to Robert R. Douglass, March 19, 1971, folder 279, box 27, series 10.3 Counsel's Office, Robert R. Douglass, 15-NAR-Gubernatorial, RAC; Edward Logue, letter to Nelson Rockefeller, January 26, 1972, folder Correspondence: Nelson A. Rockefeller (1972 Jan-Aug), box 321, Accession 1983-M-005, MS 959, YA Logue; Richard Dunham [Director of the Budget, UDC], letter to Edward Logue, December 19, 1972, folder Correspondence: Nelson A. Rockefeller (1972 Sep-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue.

3 Edward Logue, draft memo to Nelson Rockefeller, originally drafted by George Randels, comments on Draft by Stephen Lefkowitz (October 3, 1972), September 27, 1972, folder Correspondence: Nelson A. Rockefeller (1972 Sep-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue.

The Urban Development Corporation's Five-Year Foray Into Home Building

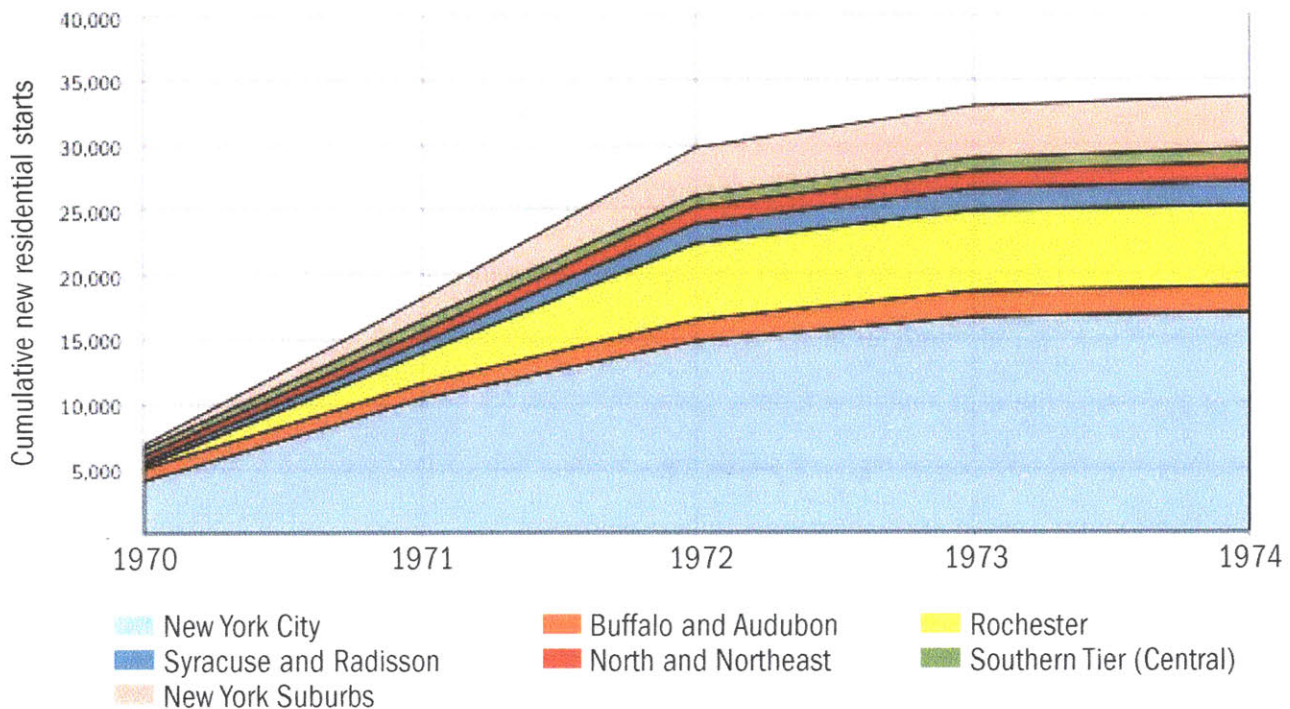


Figure 7.1 : UDC housing production was strongest between 1970 and 1972, but then it collapsed. |
Source: UDC Annual Reports.

governor. Any new appropriation would require serious negotiation. The UDC's one big chance to raise state funds to pay for affordable housing fell apart when a \$4 to 5 billion general obligation bond (with legal, not moral, obligation) proposed by Rockefeller was dropped by the governor in 1971. This lack of new funds made it necessary for the UDC to continue intervening only on "ghetto" sites, since those were the only plots of land it could afford without write-down aid.⁴

As if to punish the UDC further, the Republicans in the State Assembly, upset by the organization's

4 At the same time, Rockefeller wanted a state constitutional amendment that would have made it possible for the state to invest in public actions beyond blighted or substandard areas, low-income housing, and provide loans to private corporations. The amendment did not make it into the law. "Bills considered for UDC in 1970," folder 746-Legislation Housing 1970, box 70, series 10.4 Counsel's Office: Michael Whiteman, 15 NAR-Gubernatorial, RAC; Frank Lynn, "Rockefeller Will Propose a Community Bond Issue," *The New York Times*, January 21, 1971, 1; Frank Lynn, "Governor to Drop Community Bonds for Transit Issue," *The New York Times*, March 19, 1971, 1; Edward Logue, letter to Nelson Rockefeller, March 19, 1971, folder Correspondence: Nelson A. Rockefeller (1971 Jan-Jun), box 271, Accession 1983-M-005, MS 959, YA Logue; Stephen Lefkowitz, letter to Edward Logue, July 16, 1971, folder Correspondence: Nelson A. Rockefeller (1971 Jul-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue.

attempts to build affordable housing in the suburbs, argued that the UDC be forced to pay back the initial funds provided to it by the legislature. Yet the organization, spending practically a million dollars a day on construction, had hardly any liquid funds. Such a payback scheme would be virtually impossible.⁵

LIMITATIONS WITH FEDERAL FUNDING AND HIGH VACANCY RATES

The UDC was not able to curb the rampant cost inflation that had been plaguing the construction of new buildings in New York State for much of the 1960s. Mayor Lindsay went to Congress to testify in favor of increasing the cost limits the federal government set for public housing; New York City was particularly affected because of higher-than-average construction costs there. The Mayor argued that current limits had the effect of establishing a “national policy of building ‘poor man’s’ housing which is distinctive different from housing for other people.”⁶

These high costs plagued the UDC as well, which could reduce rents in its apartments if the construction costs of its buildings were lowered. Yet they were too high, probably because of the UDC’s focus on unique designs that offered residents more amenities compared to standard affordable housing projects. An internal study of the agency’s buildings showed that rents were far higher than in DHCR housing constructed for middle-income households, suggesting that the UDC may not have been as efficient as the statewide structure might have suggested.⁷

Compounding the problem were federal rules about the use of Section 236 funding that limited the residents qualified for moderate-income housing to people making 135% of public housing levels (usually set at 80% of area median, but depending on the city) while requiring that families spend 25% or less of their incomes on housing. In a letter to Congressman Thomas Ashley, Logue suggested

5 William E. Farrell, “New Trims Made in State Budget to End Deadlock,” *The New York Times*, April 2, 1971, 1.

6 John Lindsay, testimony before the U.S. Senate Subcommittee on Housing and Urban Affairs of the Banking and Currency Committee, on the Housing and Urban Development Amendments of 1969, July 25, 1969, folder 103-Housing Press Releases, box 136, series VII, YA Lindsay; John Lindsay, testimony on the Proposed Housing Act of 1970, June 2, 1970, folder Housing Authority, '69-'73, box 5, Accession N.98-M-094, MS 592, YA Lindsay.

7 Lawrence P. Goldman, memo to Stephen Lefkowitz, April 19, 1974, folder Coney Island 1971-1973, box 290, Accession 1983-M-005, MS 959, YA Logue.

that the only way private developers were abiding by these rules was through “shoddy construction, shoe box design, inferior locations cheaply acquired, and by grossly under-estimating operating costs,” all sins the UDC claimed to avoid. Meanwhile, the number of people who actually qualified for the apartments was relatively small. On a project in Upstate New York whose 2-bedroom apartments cost \$1,776 a year to rent (it would be less with rent supplements), only families making between \$7,104 and \$8,335 were eligible. As a result, higher-income families cheated or colluded to rent the apartments or lower-income families “undertake rent-income ratios in excess in 25 percent.”⁸

The high rates of people taking on housing more expensive than they could afford “makes almost inevitable rent delinquencies,” Logue argued in front of Congress. He suggested that families be asked to contribute a smaller proportion of their annual incomes and that higher-income families be allowed to apply for such apartments.⁹ But appeals from the UDC were not enough to promote real change.

Logue’s agency was suffering under the weight of these federal rules and construction cost increases. Because of the difficulty of finding enough households to fill the projects, several of them were delayed in renting up as fully as was necessary to make them financially feasible. A later analysis showed that the corporation was unlikely to see a net positive income flow until 1978 at the earliest. Agency economist Kristof argued publicly that this situation demanded a new approach. In 1971 he wrote that New York City “is suffering not from a housing shortage but from an increasing shortage of safe and livable neighborhoods... this is hardly a picture of physical shortage of housing.” There was a potential alternative, however: It would be cheaper to invest in rehabilitation of existing homes than to construct anything new.¹⁰ Yet he remained on board as UDC economist; Logue, whatever the internal disagreements, continued pushing for new housing construction.

8 Edward Logue, draft letter to Congressman Thomas Ashley, March 10, 1972, folder Ashley Ludlow (1971-1975), box 321, Accession 1983-M-005, MS 959, YA Logue.

9 Edward Logue, unprepared testimony before the U.S. House Subcommittee on Housing of the Committee on Banking and Currency, First Session on Proposed Housing Bills, October 9-17, 1973 (Washington, DC: U.S. Government Printing Office, 1973), 556.

10 Kenneth R. Harney, “Will New York Blunt Its “Extraordinary Tool” for Housing Development?,” *AIA Journal* 63 (February 1975), 28-32; Frank S. Kristof, “Point of View: A ‘Housing Shortage’ It Isn’t,” *The New York Times*, November 28, 1971, R1; Frank S. Kristof, “The Idea is to Save the Housing that is There,” *The New York Times*, January 15, 1972, 31.

The determination of the UDC president to continue building, no matter the obstacles, defined the agency's approach. In December 1971, chief UDC financial officer Robert Moss wrote Logue to warn him that the agency should not be spending money on projects for which the agency did not yet have committed funds. Logue ignored the advice: "I do not believe there is any evidence to support your conclusion, and I do not propose to go looking for any. We are going to build as much as we can. The need is here now. When, having prudently managed our affairs, we have gone as far as we can go, and we can't borrow any more, that is another day." Moss was subsequently fired, not to be replaced for six months. Logue explained to Rockefeller that Moss "was not able to make the adjustment from purely private business ventures to the public service."¹¹

BONDS GET IN THE WAY

UDC's declining bond ratings, which also affected other state organizations, were a consequence of New York's "heavy debt and tax burdens and the deterioration in the over-all financial situation." Indeed, by spring 1972 the Empire State was massively in debt, with \$8.2 billion owed directly, up from \$1.6 billion a decade before. Those figures did not include the "moral obligation" debt held by agencies like the UDC, which had mounted even faster, from \$24 million in 1961 to \$2.2 billion in 1971. The state's citizens suffered, paying the highest per-capita taxes in the country. To make matters worse, there was reason to believe that the state was coming out of the recession at a slower rate than elsewhere.¹²

The UDC's two long-term bond sales by July 1972, which totaled \$400 million, had been conducted at the high, if not entirely unreasonable, rates of around 6.5%. The agency slowed new releases, hoping inflation would decline and the financial picture would improve, and resorted to short-term loans at even higher interest rates, a move that irritated the Corporation's Board of Directors. Late that

11 Edward Logue, quoted in Linda Greenhouse, "Fiscal Collapse of U.D.C. Was Result of 3 Wrong Moves, Panel Concludes," *The New York Times*, May 27, 1976, 39; Edward Logue, letter to Nelson Rockefeller, December 22, 1971, folder Correspondence: Nelson A. Rockefeller (1971 Jul-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue.

12 John H. Allan, "Standard & Poor's Cuts State's Rating," *The New York Times*, March 14, 1972, 1; John H. Allan, "New York State Debt," *The New York Times*, April 2, 1972, F1.

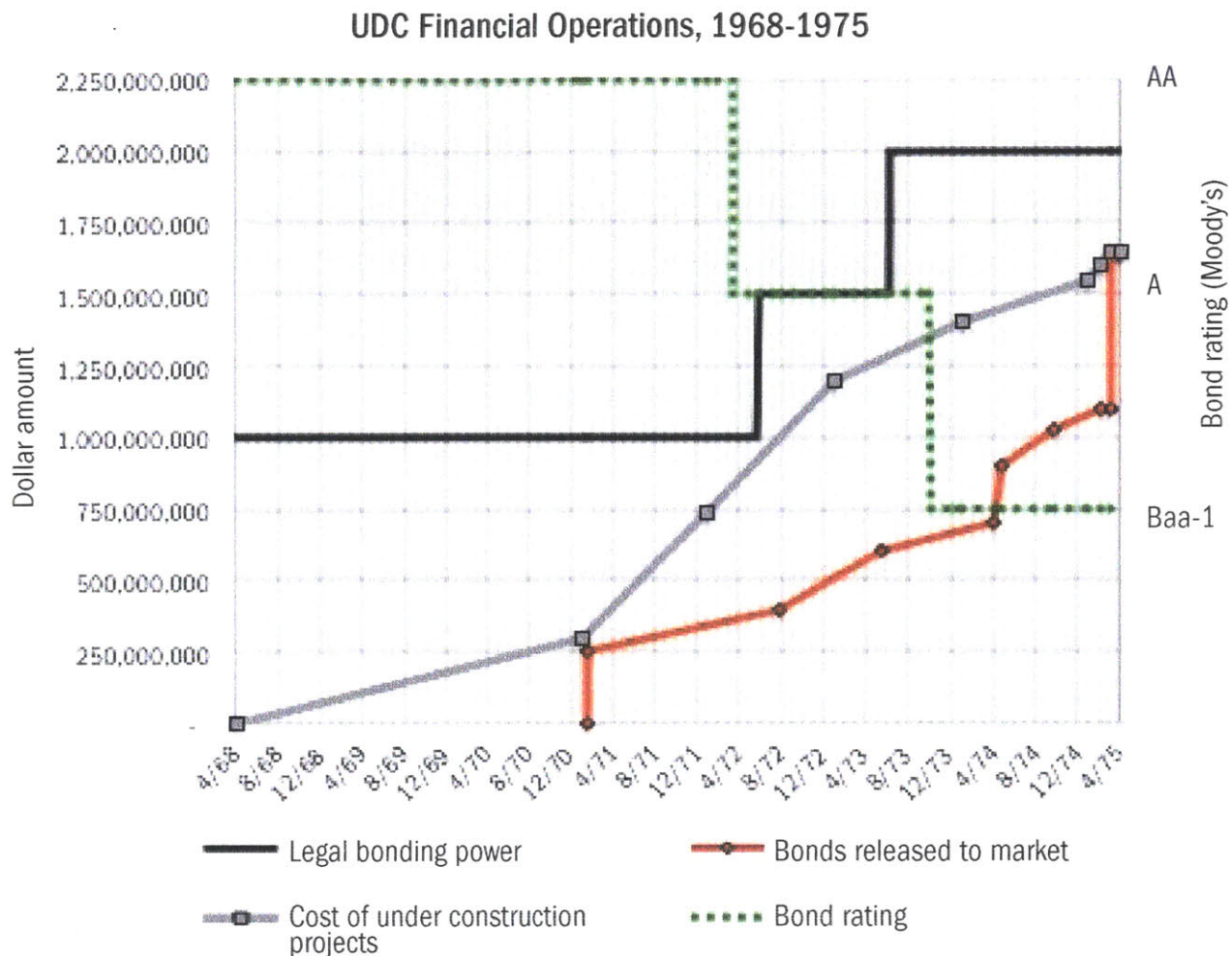


Figure 7.2 : UDC increased housing production more quickly than it released bonds to pay for it. | Source: UDC Annual Reports; newspaper clippings.

year, Kristof argued that the UDC should take advantage of a temporary decline in the cost of municipal bond sales to provide permanent financing for what he called the agency’s “marginal jobs”—the projects that were less financially viable, such as the Buffalo Waterfront project.¹³

The agency, however, was constrained by the State Comptroller’s decisions on bond sales; he did not allow the UDC to market any new bonds until May 1973, when interest rates were back at the previously high levels. By that point, the agency was stuck: It had too many projects under construction

13 Frank S. Kristof, letter to Edward Logue, December 10, 1972, folder Schermerhorn Street 1971-1974, box 290, Accession 1983-M-005, MS 959, YA Logue.

that needed funding then, but it had missed its opportunity for lower rates. The corporation's financial model, which had led to all the construction, had assumed lower rates on bonds would be realizable. The higher-cost bonds threatened the group's ability to provide housing at affordable rents. Logue's free-wheeling determination to build was putting the group's future at risk.

But it was not just the UDC that was troubling bond investors. In 1973, the state legislature introduced a bill allowing Port Authority funds to be used on subsidy-demanding mass transit, in particular the subway between the Manhattan and New Jersey (now known as PATH) that the authority had taken over in exchange for the right to develop the World Trade Center site. This change violated the authority's 1962 covenant to investors, which asserted that all agency activities would be revenue-producing. Though Moody's announced that this change would do nothing to diminish the authority's rating, when the bill was signed in 1974, investors reacted angrily and began threatening agencies like the UDC. "The inference was easily drawn that one who would revoke a legal obligation can have little regard for an annually maturing promise euphemistically referred to as a 'moral obligation,'" said the vice president of Morgan Guaranty Trust, Frank Smeal.¹⁴

By the end of 1972, the UDC was in crisis. Though it had about 30,000 housing units completed or under construction, its future was hardly assured thanks to its troubled residential program. But the agency could not turn elsewhere for revenues. At its origin the agency had discussed using its industrial and commercial programs "to help meet our project development and general operation costs in furtherance of our objective of maximum financial self-reliance for the Corporation." But that mission had been delayed by the Treasury's ruling on its use of tax-free bonds. Moreover, the recession affecting the U.S. economy in the early 1970s significantly reduced demand for new commercial and industrial floor space in many of the state's cities. The completion of the massive World Trade Center in 1971 and 1972 eliminated demand almost entirely in New York City, and even in Albany the only tenant that was interested in renting a UDC office building was the state government. A new department store the corporation built in downtown Syracuse lost its tenant before the building opened. This was not a profit-

14 Theodore W. Kheel, letter to Nelson Rockefeller, November 30, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Aug-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue; Frank Smeal, quoted in Connery and Benjamin, 265.

able enterprise.¹⁵

THE FEDERAL MORATORIUM

The Nixon Administration's decision to shut down the release of new housing subsidies in early 1973 was a decisive blow to the UDC and one for which it had not prepared. The agency was the nation's largest recipient of Section 236 funding and, by that point, the "largest supplier of assisted housing in the... country," according to Logue. The UDC president immediately contested the Nixon Administration's claim that the subsidy programs had been characterized by waste and scandal, arguing that state programs such as his were performing well and that a better approach would be to simply "delegate to those states [with housing agencies] the responsibility for administering [Sections] 235, 236 and rent supplement funds." In testimony on Capitol Hill later that year, William White, Director of the Massachusetts Housing Finance Agency, argued that there had been no foreclosures in the Section 236 program on housing run by the states. So the financial problems announced by Washington were exaggerated. But the UDC's immediate response to the freeze was to cut staff by fifty people (around 10%) and announce that its efforts to become self-sustaining would have to be put on hold. Up to twelve projects would probably have to be shut down.¹⁶

The UDC needed new Section 236 agreements from HUD as it had begun construction before receiving subsidy commitments for many of its projects. Governor Rockefeller met with Nixon domestic affairs advisor John Ehrlichman, eventually convincing him to release the funding for the UDC and DHCR after "a lot of arguing." New HUD Secretary James Lynn confirmed in March that \$22.5 million,

15 Edward Logue, letter to Nelson Rockefeller, August 9, 1971, folder Correspondence: Nelson A. Rockefeller (1971 Jul-Dec), box 271, Accession 1983-M-005, MS 959, YA Logue.

16 R. Allen Hays shows that HUD's assessment of the problems with Section 236 were primarily confined to non-profits working in rehabilitation; the issues were not nearly as widespread as the government contended. See R. Allen Hays, *The Federal Government & Urban Housing* (Albany, NY: State University of New York Press, 2012), 128-130; Murray Schumach, "12 Mayors, Alarmed at U.S. Budget, to Meet Here on Monday," *The New York Times*, January 31, 1973, 21; Edward Logue, letter to Nelson A. Rockefeller, January 29, 1973, folder Edward Logue, box 275, series Ann C. Whitman, Politics, 12, 4 NAR-Personal, RAC; Edward Logue, letter to Nelson Rockefeller, January 17, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Jan-Feb), box 321, Accession 1983-M-005, MS 959, YA Logue; William J. White, prepared testimony before the U.S. House Subcommittee on Housing of the Committee on Banking and Currency, First Session on Proposed Housing Bills, October 9-17, 1973 (Washington, DC: U.S. Government Printing Office, 1973), 574-576.

enough to fund all of the UDC's moderate-income projects then under construction, would be available for New York State in 1973. This move staved off the agency's default, but the UDC's auditors refused to provide an opinion on the agency's finances for fiscal year 1972 because of the uncertainty over the consequences of the moratorium.¹⁷

But there were signs of hope for the agency, as well. Throughout 1973, bond rates appeared to be decreasing, albeit very slowly, and though Moody's reduced the agency's rating from A to Baa-1 in October, a bond sale in December sold at an average 6.67% rate, which was by no means good but was not the disaster the agency's raters implied. The Nixon Administration was considering applications for subsidies for 8,800 low- and moderate-income housing units; this could be a boon for the UDC. And while the departure of Nelson Rockefeller from the governorship in late 1973 raised questions about whether the UDC would be able to retain adequate political support from its most powerful supporter, new Governor Malcolm Wilson was likely to continue most of the former governor's policies and Democrats in the state assembly had come to see the UDC as a state agency that was providing essential aid to the cities. Moreover, David Rockefeller remained at the helm of the Chase Manhattan Bank, a connection that could assure the agency's future bond sales. This Rockefeller stated at a Chase meeting that UDC requests for funds "should be treated on a different level from a normal request because of UDC's critical importance to the State."¹⁸

But the lack of easily available federal housing subsidies for low- and moderate-income families *did* force the UDC and its leadership to reevaluate which projects they would promote. Writing Governor Rockefeller in summer 1973, Logue described possibilities for the future of the corporation in the context of a lack of funds from Washington. It could "begin, sometime this fall, the conversion of this

17 Summary of interview of Nelson A. Rockefeller before the Moreland Act Commission on the Urban Development Corporation and Other State Financing Agencies, September 19, 1975, folder 358-Urban Development Corporation, box 9, series 15-Speeches, 26-NAR-VP, RAC; Ken Cole, letter to Nelson Rockefeller, March 23, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Mar-Jul), box 321, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Hugh Carey, December 30, 1974, folder Correspondence: Hugh L. Carey (1974-1975), box 272, Accession 1983-M-005, MS 959, YA Logue.

18 Douglas W. Cray, "Prices for Bonds Close Mixed in a Quiet Session," *The New York Times*, December 19, 1973, 62; Joseph P. Fried, "U.S. Will Consider New City Housing," *The New York Times*, May 7, 1973, 17; John H. Allan, "Price of Bonds Decline; Fed Buys Treasury Bills," *The New York Times*, May 15, 1973, 64; Loewenstein, 63-64; Betnun, 200.

agency to a primarily regulatory agency and begin to dismantle its highly talented development staff;” the state could find its own funding to pay for affordable housing; or it could “change the character of UDC’s housing program from low and moderate to middle” while planning for future low- and moderate-income apartments once funding was restored.¹⁹

It was the latter path that the agency took. On the Buffalo Waterfront and in the agency’s new communities several of the new residential buildings once planned for a mix of residents would now simply be built for the middle and upper classes. Plans for mixed-income neighborhoods in the new communities were replaced with middle-class single-family homes. In this context, most interesting was the case of the Schermerhorn Street complex, planned for downtown Brooklyn. There, the UDC planned a mixed-income development over a brand-new mezzanine with shops and services for the Hoyt-Schermerhorn Subway Station just below. 1,750 units in several towers would cost about \$65 million to construct.

Because of the high cost of building above a subway station, plans for the project developed even before the moratorium would rely on middle-income residents. Locals were split about the program; liberal whites and Puerto Ricans argued that the project should have at least 60% of its units dedicated to low- and moderate-income families; ethnic whites also living in the area argued that even 30% of residents in those income classes would be too many. Daniel Miller, executive assistant to Logue, wrote him in February 1972, arguing that the UDC had “a basic statutory responsibility that cannot be ignored” to build affordable housing and asked “if we don’t assist in the economic integration on the fringes of Downtown Brooklyn, who will?”²⁰

The project morphed into a 70% middle-income development with housing costing up to \$95 per room. Moderate- and low-income units would be distributed throughout the apartments. Yet Kristof suggested that this price was too high; people would be unwilling to pay that even for luxury develop-

19 Edward Logue, letter to Nelson Rockefeller, August 15, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Aug-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue.

20 Daniel L. Miller [Executive Assistant to the UDC President], letter to Edward Logue, February 3, 1972, folder Schermerhorn Street, 1971-1974, box 290, Accession 1983-M-005, MS 959, YA Logue; “Housing Protest in Boerum Hill,” *The New York Times*, February 6, 1972, 59.

ments with “round-the-clock guard service” in the neighborhood. So the UDC changed strategy. Instead of distributing the affordable units throughout the building, the middle-income units would be built first, in a separate building, unless the city agreed to subsidize the moderate-income units because of the agency’s “serious reservations about the marketability” of the program.²¹

William Hayden, representing the UDC in a hearing of the city’s Board of Estimate in June 1973, suggested that “it’s human nature that a person paying \$95 for a room does not like to see his neighbor in an identical apartment paying less than half as much.” By this point, the UDC’s focus on mixing incomes in its housing projects seems to have disappeared entirely. Hayden was accosted by Manhattan Borough President Percy Sutton, who accused the proposal of being “a separate but equal project... That unless you separate the poor from the others you will not be able to rent the project... I don’t even think it’s legal.” Sutton eventually sued the UDC, asserting that it had discriminated against the poor in the project. For various reasons, it was never built.²²

Ultimately, the UDC had done nothing legally wrong (unlike what it appears to have done with regards to racial integration in its urban projects), since the U.S. housing system is built around the concept that people of different incomes merit different types of housing. Yet the UDC had been founded on the idea that families with low and moderate incomes deserved decent, or even excellent, apartment units. It was odd to find the agency defending actions that discouraged integration and a sign of the agency having, to some degree, lost its way.

- 21 Frank S. Kristof, memo to Edward Logue, November 1, 1972, folder Schermerhorn Street, 1971-1974, box 290, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, memo to the UDC Directors, November 29, 1972, folder Schermerhorn Street, 1971-1974, box 290, Accession 1983-M-005, MS 959, YA Logue; Joseph Christian [Commissioner of New York City Housing and Development Administration], letter to Edward Logue, March 15, 1973, folder Schermerhorn Street, 1971-1974, box 290, Accession 1983-M-005, MS 959, YA Logue.
- 22 Robert E. Tomasson, “Brooklyn Renewal Slowly Advances,” *The New York Times*, June 17, 1973, 330; Transcript of the Stenographic Record of the Statement made by Mr. William H. Hayden, in Connection with Calendar Numbers 8 and 324, at the Meeting of the Board of Estimate of New York City, July 19, 1973, folder Schermerhorn Street, 1971-1974, box 290, Accession 1983-M-005, MS 959, YA Logue; Glenn R. Singer, “New Housing for Brooklyn,” *The New York Times*, May 12, 1974, 90; “Brooklyn Housing is Target of Suit,” *The New York Times*, June 29, 1974, 33.

A SLOW FALL

The UDC's staff began to make preparations for future developments, hoping that it would be able to scramble up future federal aid. In November 1973, Logue, who did not know his boss was soon to resign, asked Rockefeller to provide his agency funds to prepare plans for 12,000 more units to enable to state to be "in a front line position when subsidies flow and needed housing can start quickly." The group asked for an increase in the agency's debt ceiling to \$2.5 billion (it had already been increased to \$2 billion in June as part of a deal with the legislature). Both of these ideas were ignored.²³

On December 18, Rockefeller resigned, making his lieutenant Malcolm Wilson governor. In his first State of the State address, Wilson said "While conditions are bad, they would be immeasurably worse were it not for the extraordinary housing job being done by the state's [UDC]." Logue hoped Wilson would advocate in Washington for Section 236 funding that had been impounded. Yet the Nixon Administration, despite its calls for a new federalism, ignored the benefits of investing new funds in New York's UDC. While HUD had distributed funds for 5,900 Section 236 units of privately developed housing at Starrett City and 8,500 for the city itself (some of which the UDC planned to develop), the state developer received nothing. Its prospects for new development now quite limited, in March 1974 Logue laid off 175 staff, most of whom had been working on development planning.²⁴

The UDC still had to sell more bonds just to finance the projects that it already had under construction. In March, the agency took investors on a tour of its projects. Logue noted that "we didn't have the relationship with the financial community that we should have had." The publicity campaign apparently worked; in April, the organization sold another \$100 million in bonds at the 6.5% range—it now had

23 Edward Logue, letter to Nelson Rockefeller, November 13, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Aug-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, December 12, 1973 folder Correspondence: Nelson A. Rockefeller (1973 Aug-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue.

24 "Text of Governor Wilson's First State of the State Message," *The New York Times*, January 10, 1974, 32; Edward Logue, memorandum to Malcolm Wilson on Federal Housing, January 18, 1974, folder Correspondence: Malcolm Wilson (1974 Jan-Feb), box 272, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Nelson Rockefeller, November 13, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Aug-Dec), box 321, Accession 1983-M-005, MS 959, YA Logue; Goldman, 176-179; 197.

about \$1 billion in loans outstanding.²⁵

Yet the UDC was hiding certain realities about its financing from the public. Rockefeller had been informed of the agency's problems as early as 1971 but had accepted the appointment of a new treasurer and chief financial officer to calm nervous investors. Faced with a mountain of debt, expenses mounting to as much as \$1 million a day, and few revenues (most of the projects had yet to open to renters), the UDC had resorted to using bond proceeds to pay interest on debt, a financial no-no. Concerns about the quality of the finances of New York State and City (provoked at first by the change to Port Authority spending rules, but soon to spread to everything related to city funding, up to and including the government itself, which in October requested a bailout from Washington), investor fear ramped up and interest rates on municipal bonds exploded. Unable to delay any longer buying more bonds, the UDC sold \$225 million dollars worth in September 1974 at the outrageously high rate of 9.4%.²⁶ These rates made the agency fiscally unsustainable.

Much has been made of the slow rent-up of UDC projects. But of 63 projects in occupancy in November 1974, leasing was slower than expected in just 10, including the Buffalo Waterfront project. The leisurely pace of unit rental was not devastating; the projects were eventually filled, with the exception of two in Niagara Falls that had been put in difficulty because of a lawsuit. If anything, the projects were doing better than expected by agency economist Kristof; urban properties, especially in New York City and Buffalo, were not attracting many white families, but they were being filled.²⁷

25 Ralph Blumenthal, "Bond Buyers Get Hectic Public-Housing Tour," *The New York Times*, March 30, 1974, 33; Douglas W. Cray, "Prices Steady on Bond Markets," *The New York Times*, April 25, 1974, 64; Margaret D. Pacey, "Slamming the Back Door? Bond Buyers Grow Uneasy over 'Moral Obligations,'" *Barron's National Business and Financial Weekly*, June 3, 1974, 5.

26 Together, the UDC and New York City accounted for about 30% of all tax-exempt bonds sold in the country in the first few years of the 1970s. The high interest rates charged on the agency's bonds and a poor decision regarding apartment heat (electric over gas) required the UDC to raise rents, but too many residents simply could not afford to pay more. Frank Lynn, "Rockefeller Knew of U.D.C. Problems," *The New York Times*, March 23, 1975, 42; John E. Osborn, "New York's Urban Development Corporation: A Study on the Unchecked Power of a Public Authority," *Brooklyn Law Review* 43-2 (Winter 1977), 237; "A moral issue," *Time*, March 10, 1975; Betnun, 86, 93.

27 Edward Logue, letter to Malcolm Wilson, August 16, 1974, folder Correspondence: Malcolm Wilson (1974 Mar-Dec), box 272, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, "Draft Briefing Book for Governor-Elect Carey," November 18, 1974, folder Correspondence: Hugh L. Carey (1974-75), box 321, Accession 1983-M-005, MS 959, YA Logue, Edward Logue, letter to Nelson Rockefeller, December 16, 1974, folder Rockefeller, Nelson A 1974-1975, box 321, Accession 1983-M-005, MS 959, YA Logue.

At this point operating on autopilot, ready to pounce on whatever funding came his way, Logue looked with excitement at Section 8, the new construction and leasing program provided by the 1974 Housing Act to replace Sections 23 and 236. His agency, he argued in early 1975, would be able to produce 12,000 new units annually using the new program, in addition to rehabilitating thousands of apartments and aiding small towns with applications for competitive block grants. Section 8 offered state housing agencies such as the UDC the particular benefit of allowing leases to be set for 40 years, compared to just 20 years for privately produced projects. Just in case, UDC staffers prepared applications for as many Section 8 units as possible—up to 15,000 in one year (about a fifth of which the agency proposed would be rehabilitations). HUD did not respond to the request.²⁸

Whatever the potential to use Section 8 to complete new UDC projects, Governor Wilson was not convinced by the agency's precarious finances and in October 1974 announced that the agency's high borrowing costs required him to revoke the UDC's independence. The agency's Board of Directors agreed not to undertake any new projects without his explicit permission—permission that he never granted, even when Logue requested funds for a project as minimal as the reconstruction of a health center that had burned down. In addition, Wilson formed a task force to study the agency's finances. The governor began planning a transfer of \$190 million worth of UDC projects into the HFA portfolio, which was considered a safer bet by investors. Logue was infuriated by the suggestion that his agency needed review. "If we behaved in the same way other agencies did," he argued, "what was the point of creating us?"²⁹

The transfer into the HFA, however, met with little interest at the rival agency. The UDC's projects were considered too risky to be added to the portfolio of the decidedly more conservative HFA. Moreover, because the projects that would be transferred into the HFA were the UDC's strongest, the corporation would be left even more vulnerable after the change. The transfer never occurred.

28 Edward Logue, letter to State Senate H. Douglas Barclay, January 13, 1975, folder General Correspondence, A-C, box 321, Accession 1983-M-005, MS 959, YA Logue; Betnun, 12.

29 Joseph P. Fried, "Urban Development Unit Curbed on New Projects," *The New York Times*, October 6, 1974, 1; Malcolm Wilson, letter to Edward Logue, December 31, 1974, folder Correspondence: Malcolm Wilson (1974 Mar-Dec), box 272, Accession 1983-M-005, MS 959, YA Logue.

Soon after winning that fall's election, Governor-elect Hugh Carey announced that he would demand a review of the agency's finances to "bring it under financial control," though he never suggested shutting it down entirely. Between Christmas and New Year's 1974, Logue sent a flurry of letters to the governor-elect with the collective intention of saving his agency and maintaining his role as its director. Though he proposed a number of strategies to resolve the agency's financial problems, he warned Carey that the agency needed additional funds within two weeks or it would default, but that the private market would not subsidize the agency unless "the financial community can be persuaded that UDC has been unfairly labeled with a risky image."³⁰

Logue's conduct was reviewed by the Wilson study unit, which argued that as a manager Logue had been "aggressive and competent." More importantly, "no evidence to indicate patterns of mismanagement or inefficiency has been found." This endorsement was not enough to save the group's development process, however. The study recommended cutting off funding for \$400 million in projects that had not yet been started but were mostly planned, such as the second phase of the redevelopment of Roosevelt Island project and the Schermerhorn development in Brooklyn. The UDC had \$1.6 billion committed to 189 other commercial and residential projects, of which only about \$1.1 billion had been raised.³¹

Once taking office in January 1975, Carey had to address the UDC's problems or face a mounting crisis for the state's finances as a whole, but he did not sacrifice it. In an austerity program that attempted to respond to mounting debt and declining tax receipts through increased taxes and a huge budget cut, Carey nonetheless left room for a \$200 million infusion into the UDC, whose financial stability he considered vital to the whole state's reputation in the markets. "The UDC must not be allowed to collapse or disappear," he insisted to legislators. "Its mission is too important," in part because if

30 Hugh Carey, Press release, December 23, 1974, folder Correspondence: Hugh L. Carey (1974-75), box 272, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, letter to Hugh Carey (2 separate letters), December 30, 1974, folder Correspondence: Hugh L. Carey (1974-75), box 272, Accession 1983-M-005, MS 959, YA Logue.

31 Joseph P. Fried, "Logue Offers 5-Point Plan to Improve Urban Agency," *The New York Times*, December 26, 1974, 41; Paul L. Montgomery, "Wilson Unit Asks Halt in New Financing by U.D.C.," *The New York Times*, December 27, 1974, 29; "Carey Asks for \$178-Million in Loan for Urban Unit," *The New York Times*, January 24, 1975, 61; "Excerpts from Governor Carey's Message to the Legislature on the '75-'76 Budget," *The New York Times*, January 31, 1975, 34.

Albany let the UDC fall apart, the state's own credit would be threatened. "Moral" obligation or not, the state was taking full responsibility to ensure investor payback on debt released by the agency.³² Said a young Charles Schumer:

*The state has to pay a higher rate of interest on moral obligation bonds because it's not backing them, but when push comes to shove you have to back them anyway.*³³

In order to clarify to bankers that he wanted to make a change, Carey also wanted to replace the agency's leadership. Logue's time was coming to an end. He wrote a sad letter to Nelson Rockefeller, now Vice President, noting that for Carey "to give his position credibility he needed a scapegoat. I was rather eligible for that purpose." To the press, Logue defended himself. He refused to "knuckle over" to bankers who would not invest in his agency without a promise of a stop to all new housing construction. "We cannot allow basic public policy of this importance to be made in corporate board rooms and issued to public men by fiat," he exclaimed. Yet Logue's disappointment with his loss of occupation would do nothing to resolve the fact that the state had no money to spend on the UDC and the only place to turn would be private groups.³⁴

The decision to eliminate the UDC's override powers dealt the final blow to its program of suburban development and many of the projects, including those in Bedford and Greenburgh, were abandoned in June. With no potential override requiring them to make a move on housing construction, suburbs had little motivation to continue their tacit support for the UDC projects.³⁵ In the process, the organization's grand plans for integrating the suburbs by race and class disintegrated. But it would be inappropriate to conclude that the controversy over the Nine Towns and other projects was the *primary* cause for the agency's overall problems. The organization faced significant financial difficulties result-

32 Francis X. Clines, "Carey Urges Less Localities' Aid, Budget Cut, 10c Gasoline Tax Rise; Beame Joins Statewide Protests," *The New York Times*, January 9, 1975, 1; Linda Greenhouse, "Urban Development 'Solution' in February is Seen by Carey," *The New York Times*, January 15, 1975, 54.

33 "U.D.C. Inquiry May be Just a Beginning," *The New York Times*, February 9, 1975, 180; Linda Greenhouse, "Legislatures Cool to a Bid for Assistance to U.D.C.," *The New York Times*, February 11, 1975, 46.

34 Edward Logue, letter to Nelson Rockefeller, January 9, 1975, folder Rockefeller, Nelson A. 1974-1975, box 321, Accession 1983-M-005, MS 959, YA Logue; Joseph P. Fried, "Banks Assailed by Head of U.D.C.," *The New York Times*, January 17, 1975, 36.

35 "Decision on Housing in Towns', U.D.C. Says," *The New York Times*, June 1, 1973, 41.

ing from the federal housing subsidy moratorium, rampant inflation, and elevated bond lending rates, all of which led to the decision by Governor Wilson to shut down the project pipeline in 1974. Had those problems not occurred, it seems quite likely that Logue would have continued pursuing construction opportunities in the state's suburbs, with or without the override power. If not Westchester, then Long Island; if not Long Island, then Orange County. He was insatiable. It is conceivable that the organization could have received more political support had there not been so much opposition to the suburban projects, which, no doubt, affected legislator voting patterns. Yet the UDC's problems were not structured by its relationship with the state assembly but rather by its finances and the debt market—a difficulty that probably could not have been solved with more support in Albany.

Carey chose Richard Ravitch, the real estate developer, to take the reins of the agency, beginning in February. Though Ravitch was initially reluctant to take on the job, he had the advantage of extensive contacts within the financial community. He had worked with Logue on the Roosevelt Island project but then left when it became clear that the agency was serious about class diversity in its housing. But now Ravitch was in his financial element. He was able to take advantage of a short-term loan from the Chase Manhattan bank to continue negotiations with state legislators, who were unsure of the need to rescue the agency. Yet these negotiations failed to produce the government funding necessary to pay the banks back, and the UDC defaulted on February 26 on a short-term bond anticipation note worth \$100 million. Other municipal and state bonds felt the wrath of Wall Street immediately, suffering through increased borrowing rates. The state apparatus finally sprang into action, passing a bill that created a new Project Finance Agency that would finance individual UDC projects and assume some of the corporation's debt. Ravitch announced that layoffs would affect 50% of staff, effective immediately.³⁶

\$90 million in state rescue funds were funneled into the UDC. The bank's initial funders, the large commercial banks, refused to move forward with new loans (though Chase's management made favorable overtures), but a coalition of 80 savings banks stepped forward in early March to offer \$275

36 Robert J. Cole, "Default by U.D.C. Hits Bond Market," *The New York Times*, February 26, 1975, 20; Linda Greenhouse, "Albany Approves a Bill to Rescue Insolvent U.D.C.," *The New York Times*, February 27, 1975, 1.

million to the agency. Eleven major New York City banks followed two days later with \$140 million to help finish the projects and round-out the agency's funding gap. In the following few years, the agency received several more fill-ups from the state legislature through appropriations and the refinancing of UDC mortgages through the Project Finance Agency; private investors resumed investing in it at more reasonable rates.³⁷ Once the state had made clear that a moral commitment was an actual one, they were willing to jump back on board with funds for the agency.

Annamarie Walsh notes that the default had the effect of preserving the bankers' investments while costing the taxpayers millions. In order to preserve the state's right to take out bonds on the market, the loans made by private investors had to be paid back in full, at a high cost to the public:

*UDC's default was less threatening to investors than the publicity about it suggested. The agency was two months late in paying off one issue of bond anticipation notes. The proximate cause of this temporary default was the refusal of the underwriters to underwrite new long-term bonds for the agency—bonds that had been planned to fund the payment of the notes. UDC did not actually default on any long-term bond payments... the arrangement will cost New York taxpayers some \$650 million for UDC debt service over a decade; it will not cost bondholders... a cent.*³⁸

The combination of the moratorium and increasing opposition to the UDC's work in the suburbs cannot be entirely blamed for the agency's downfall. These changes put the ability of the state agency to expand in question, but they did not make the work that was under construction in 1973 infeasible. Indeed, Governor Rockefeller's initiative to acquire adequate Section 236 subsidies from the Nixon Administration ensured the financing of the affordable housing the agency had prepared. A more accurate single explanation of the agency's difficulties was the rise in bonding costs. Moving forward too quickly to account for potential changes in the financial situation, the UDC's leadership built projects as if they would be funded with bonds being sold at far lower interest rates. Relatedly, the UDC's projects were not profitable, by policy. In late 1974, Logue wrote Carey, offering one explanation for his agency's woes: "It must be understood that communities seek UDC financing only when normal financ-

37 Linda Greenhouse, "Legislators Give Reprieve to U.D.C.," *The New York Times*, March 6, 1975, 1; John H. Allan, "80 Savings Banks Offer U.D.C. \$275-Million Aid," *The New York Times*, March 8, 1975, 1; Linda Greenhouse, "Big Banks to Lend U.D.C. \$140-Million," *The New York Times*, March 27, 1975, 1; Annmarie Hauck Walsh, *The Public's Business: The Politics and Practices and Government Corporations* (Cambridge, MA: MIT Press, 1978), 139.

38 Walsh, 161.

ing channels are not available. There are conflicting public interest and public policies which must be balanced.”³⁹ Rockefeller may have wanted it to spread economic development around the state, but the UDC was never designed to be a money-making machine.

In total, by 1975 the UDC had completed or put into construction more than 32,000 housing units, 85% of which were in cities and 51% of which were in New York City itself. Of UDC’s New York City projects, 82% were built in “slum” areas. 88% of the agency’s units were funded with Section 236 subsidies (including those also funded with rent supplements, totaling \$1.848 billion in federal aid over the life of the contracts); 6% were public housing; and the remainder was financed through the state’s Mitchell-Lama middle-income program. Statewide, 33% of UDC tenants were low-income, a slightly higher proportion than originally proposed, and 42% minority in 1974. Between 1969 and 1973, however, the UDC had been just part of a highly active development environment in New York State; the DHCR produced 9,000 units, New York City completed an additional 9,000, and private developers using Section 236 built 12,000. Testifying before Congress, Logue argued that “these four years represented a rare occasion of government delivering just what it had promised.”⁴⁰

In the years since 1975, the UDC was transformed. Its entrepreneurial approach towards developing new housing projects was abandoned, replaced by a developer-focused eye towards encouraging economic development in New York. Between 1975 and 1979, the agency aided in the financing of \$1 billion in projects, but only \$50 million was spent on housing—and that funding went to upper-middle-income apartments. Said Richard Kahan, head of the UDC in 1979, “the projects we now select to do... are ones in which the private sector can almost do without government participation, but we providing that additional last step.”⁴¹

39 Edward Logue, letter to Hugh Carey, December 30, 1974, folder Correspondence: Hugh L. Carey (1974-1975), box 272, Accession 1983-M-005, MS 959, YA Logue.

40 Edward Logue, letter to Nelson Rockefeller, February 23, 1973, folder Correspondence: Nelson A. Rockefeller (1973 Jan-Feb), box 321, Accession 1983-M-005, MS 959, YA Logue; Edward Logue, testimony before the House Subcommittee on Housing. Hearing on H.R. 10036, October 12, 1973; Draft Briefing Book for Hugh Carey, November 18, 1974, folder Correspondence: Malcolm Wilson (1974 Mar-Dec), box 272, Accession 1983-M-005, MS 959, YA Logue.

41 Richard Kahan, quoted in Joseph P. Fried, “Goodbye, Slum Razing; Hello, Grand Hyatt,” *The New York Times*, July 15, 1979, E6.

State	Agency	Year Created	Units Financed	Notes or bonds outstanding
Connecticut	HFA	1972	7,692	\$251 million
Hawaii	HA	1947	6,336	\$80 million
Illinois	HFA	1967	12,510	\$387 million
Kentucky	HC	1972	5,175	\$100 million
Maryland	DECD	1971	5,469	\$85 million
Massachusetts	HFA	1966	30,338	\$639 million
Michigan	HFA	1966	18,075	\$429 million
Minnesota	HFA	1971	5,562	\$156 million
New Jersey	HFA	1967	13,928*	\$364 million
New York	DHCR	1939	7,878	\$137 million
New York	HFA	1960	64,762**	\$1.584 billion
New York	UDC	1968	32,887	\$1.062 billion
Pennsylvania	HFA	1972	5,219	\$130 million

Table 7.1 : State Housing Finance Agencies (not including mortgage finance agencies) that produced more than 5,000 units by 1975. | *Source: Betnun, 16.*

* *Of which 2,132 were financed before 1970.*

** *Of which 43,450 were financed prior to 1970 and all but 1,000 were in New York City.*

The agency—referred to as the Empire State Development Corporation (ESDC) since the mid-1990s, but still officially the UDC—has not reversed course. If Logue’s leadership over the agency had demonstrated how a public sector agency could invest mightily to address the needs of a state’s needy, his successors have done just the opposite.

COMPARING THE UDC AND OTHER STATE HOUSING FINANCE AGENCIES

The UDC was the only state agency to engage in significant direct housing production, making its operations closer to that of a municipal housing authority than a typical state housing finance agency (HFA). Nonetheless, from a financial perspective, the UDC operated quite similarly to the HFAs in New York State and several other states; those agencies played an essential role in expanding the number of available units for moderate-income families during the early 1970s. By 1975, there were thirteen state HFAs (including the UDC) that had each produced a total of at least 5,000 units of affordable housing, as shown in Table 7.1. Between 1969 and 1973, 90,587 apartments were completed by HFAs, of which two-thirds had Section 236 aid and about 12,000 had rent supplements. Many projects, like the UDC’s, were designed with economic mix in mind.⁴²

42 Through January 1973, the Hawaii Housing Authority had developed 183 single-family units on state-owned land. Peter

	IL HFA	MA HFA	MI HFA	NJ HFA	NY HFA	NY UDC	Total
Low Income (Rent supplement, S23)	124	5,274	1,069	1,006	920	7,652	16,045
Moderate income (236, 221d3)	4,462	7,807	6,001	6,718	12,299	21,605	58,892
Middle Income (% of total)	2,196 (32%)	4,375 (25%)	1,244 (15%)	1,644 (18%)	4,367 (25%)	3,961 (12%)	17,787
Total	6,782	17,456	8,314	9,368	17,586	33,218	92,724
Low & Moderate per 1,000 ppl	0.41	2.30	0.80	1.08	0.72	1.60	1.46
HUD low and moderate	15,056	15,121	21,297	5,847	23,300		79,621
HUD S236 (privately developed)	13,571	13,802	18,788	5,642	17,287		69,090

Table 7.2 : Total number of privately owned new or substantially renovated multifamily dwellings by subsidy level by agency on projects closed between January 1, 1970 and December 31, 1973. | Source: *Betnun*, 47.

Though it did not build housing directly like the UDC, the Massachusetts HFA (now MassHousing) was perhaps the most ambitious of the traditional HFAs. This organization, like New York's HFA, negotiated with developers to provide subsidies for new housing and it enforced several requirements in project development, including reserving 25% of units for low-income families. "People of all income groups live in identical units" next door to one another, according to the agency's director William White. Middle-income units in most developments acted as a subsidy to aid in the financing of the housing for the low-income tenants. Moreover, the agency paid close attention to project sites; the authority's fifth annual report noted that "the most important consideration [for agency approval of a developer-proposed site] is whether the site is a place where people from any income group would choose to live."⁴³

Morris, 13; Floyd H. Hyde [Under Secretary of the U.S. Department of Housing and Urban Development], speech before the National Conference of Lieutenant Governors, St. Croix, October 5, 1973, in U.S. House Subcommittee on Housing of the Committee on Banking and Currency, First Session on Proposed Housing Bills, October 9-17, 1973 (Washington, DC: U.S. Government Printing Office, 1973), 570.

43 William J. White, prepared testimony before the U.S. House Subcommittee on Housing of the Committee on Banking and Currency, First Session on Proposed Housing Bills, October 9-17, 1973 (Washington, DC: U.S. Government Printing Office, 1973), 574-576; Peter Morris, 12; Massachusetts Housing Finance Agency, *Fifth Annual Report* (Boston, MA, September 1973), 12.

Nathan Betnun's 1976 comparative analysis of state HFAs provides an essential resource for understanding the differences between the UDC and similar agencies. As Table 7.2, sourced from Betnun's book, documents, the UDC was the most productive housing finance agency in the country between 1970 and 1975. Though the New York HFA had produced more housing since its creation in 1960, most of its units were financed before 1970.

Among the six highest-producing HFAs, the UDC produced the largest number of low- and moderate-income dwelling units. Per capita, the UDC produced the second-highest number of low- and moderate-income units after the Massachusetts HFA, though when the UDC is combined with the New York HFA, the two agencies produced slightly more such units per capita (2.32 low- and moderate-income units per 1,000 inhabitants in New York versus 2.30 such apartments in Massachusetts). The UDC also produced more such units than HUD, working through public housing agencies, did, in New York State. Though the UDC also constructed a large number of middle-income apartments, as a percentage of total units completed, it was the least oriented towards this income class compared to the other top HFAs. This provides empirical evidence for the seriousness of Logue's interest in building new housing that was actually affordable to lower-income groups.

In comparison with HUD Section 236 projects in the same metropolitan regions, HFA-produced units were consistently more expensive, as shown in Table 7.3. Many of the HUD units were completed by private contractors, which might have had better cost control than public agencies. Allan Talbot, an agency staffer, argued in a 1972 memo that the higher costs paid by the UDC were a result of the fact that it was "paying the price of being a public agency"—in other words, contractors were overcharging the corporation because of fears that they would not be paid on time, as had occurred in their past experience working with municipal builders. The innovations of the UDC had not solved that basic problem. Logue consistently argued that private construction was of shoddier quality than state units, and this might provide an alternative explanation, though there is inadequate information to support this hypothesis. What is true is that compared to HUD and the three major state HFAs, UDC featured

Metro region	Agency	Units in Poverty Tracts*	Units in Urban Renewal Areas*	Units in Urban Renewal or Poverty Areas (%)	Total Metro Area Units	Mean Vacancy Rate (%)	Mean Cost per Unit (\$)
Chicago	HUD	3,768	1,360	39.4	10,599	4.4	19,564
	IL HFA	0	1,093	42.4	2,579	2.2	22,688
Boston	HUD	1,571	1,499	32.9	5,787	2.6	24,669
	MA HFA	1,472	418	39.9	4,655	2.7	25,321
Detroit	HUD	1,632	1,901	26.8	11,660	-	20,096
	MI HFA	0	164	9.3	1,761	3.2	20,319
Newark	HUD	382	693	47.3	2,073	1.3	25,335
	NJ HFA	1,175	1,193	36.0	6,017	0.3	26,485
Albany	HUD	-	-	-	-	5.7	20,690
	NY HFA	-	-	-	-	2.6	27,203
	NY UDC	-	-	-	-	6.8	25,861
Buffalo	HUD	-	-	-	-	6.0	22,647
	NY HFA	-	-	-	-	0.0	26,654
	NY UDC	-	-	-	-	21.4	26,095
New York City	HUD	5,864	2,928	64.4	11,038	4.6	27,899
	NY HFA	200	200	2.1	9,517	0.8	42,966
	NY UDC	5,883	7,641	69.7	16,124	2.9	43,323
Overall	HUD	13,217	8,381	42.0	41,157	-	-
	State HFAs	8,730	10,709	41.0	40,653	-	-

Table 7.3 : Section 236 construction starts in urban renewal or poverty sections of major metropolitan areas by agency; projects closed between January 1, 1970 and December 31, 1973. | Source: Betnun, 54, 69-70, 95.

* Poverty and urban renewal areas may overlap.

	Reported average size low rise	Reported average size high rise
IL HFA	1,028	994
MA HFA	909	1,118
NY HFA	932	880
NY UDC	1,101	1,169
HUD	740	740

Table 7.4 : Average apartment size by agency (square feet). | Source: Betnun, 61.

apartments that were larger on average, as indicated by Table 7.4.⁴⁴

In addition, at least in New York City, the UDC was uniquely devoted to investing in projects in urban renewal or poverty areas, not only compared to HUD in that region but also to Chicago, Boston, Detroit, and Newark, all of which suffered from similar, if not more extreme issues of urban abandonment. Finally, in Albany and particularly Buffalo, the UDC faced vacancy rates higher than the state HFA and HUD, indicating that all the projects in which it invested were not responding to actual demand. An analysis by Louis Loewenstein, which showed that almost a third of the agency's projects in 1976 had an occupancy rate below 85%, suggested that "the principal cause for the high vacancy factor would appear to be poor location," a factor that was likely related to the agency's focus on urban renewal and impoverished areas.⁴⁵ In New York City, where demand probably never declined, vacancy rates were lower in UDC projects than in HUD buildings, though higher than in the complexes completed by the state HFA.

Just seven years into its history, the UDC's efforts to develop affordable housing in New York State were cut short. But the agency had been tremendously productive—more so than any other state housing agency. The agency's political model, which granted it far more power over directing development than its peers, is one clear explanation for these achievements.

44 Allan Talbot, memorandum to John Burnett, Robert Hazen, and Edward Logue, June 6, 1972, folder UDC, box 3, 97, series 16183, NYSA.

45 Louis K. Loewenstein, "The New York State Urban Development Corporation: A Forgotten Failure or Precursor of the Future?," *Journal of the American Institute of Planners* 44-3 (July 1978), 261-273.

Conclusion: Building the Entrepreneurial State

The UDC built an impressive number of housing units during its short development period, but it was not able to address the broader problems affecting the state. Even as it added more than 15,000 apartments to New York City's streets, landlords were abandoning that many apartments every year during the early 1970s.¹ While the UDC made important investments in Upstate cities, helping to revitalize Buffalo's waterfront and Syracuse's downtown, it could not prevent the continued population losses in those cities that continue there today. Its complexes, such as those at Coney Island and Twin Parks, often suffered from delinquency and violence. The UDC worked to encourage whites to stay in the Bronx and to bring blacks and Puerto Ricans into the suburbs, but if it accomplished either of those things, it was in such minute quantities as to have little effect on the overall situation in those environments. Even as the agency worked to improve the suburban aesthetic in its new towns, its suburban projects increased sprawl.

Nelson Rockefeller professed a great deal of confidence in the UDC's ability to produce great improvements for the Empire State; yet there is no question that the agency's approach was insufficient. Billions of dollars of spending on new housing did not wipe the state's cities clean with "SUDS." Its environmental determinist approach was based on antiquated notions of how much could be accom-

1 Joseph P. Fried, "Worsening of Slum Housing Abandonment is Feared," *The New York Times*, February 26, 1974, 1.

plished by simply building something. The UDC did not succeed in fomenting many of the societal-level changes some of its founders hoped it would.

Nor did the agency's approach necessarily result in better apartment management. Several UDC projects have suffered from problems similar to those of traditional public housing. The physical quality of buildings has been put into question, with certain structures suffering from cheap, thin walls and leaks. For instance, at Harlem River Park Towers, one of the UDC's marquee developments, tenants have suffered from crime, delinquency, and poor supervision of public spaces. Broken elevators have been the bane of residents' lives. Yet the private manager of the building has done little to improve conditions.² The fact that a state development entity built the project did not prevent such difficulties from occurring.

Even so, it is difficult to assess these issues within the UDC's state-management context. We cannot ignore the fact that Logue's departure in 1975 coincided with a dramatic role change for the agency that pushed it out of housing development. Had the UDC continued to act as a highly involved manager of its projects, the conditions at places like the River Park Towers may not have devolved so significantly. After all, though the agency contracted out the management of most of its buildings, archival materials show that it did so while maintaining close oversight of the projects' management. When crime or maintenance issues became issues in the early years of the agency, it did not skirt responsibility and simply assume the private manager would intervene correctly. Rather, it intervened directly, making it clear how it wanted the problem to be corrected. For the most part, we cannot judge the success of a state apartment building developer based on the difficulties of its projects forty years after their construction. Moreover, the purpose of this thesis is not to detail the management of the buildings but rather to describe why and how they were developed.

In fact, despite the problems in its buildings, the UDC offers a unique perspective on the potential of American state governments to construct new affordable housing and to do so in a manner that was not—and *is* not—being addressed by the federal government and local authorities. Together with the

2 See Hannah Rapple, "Pot Smoke, Dead Elevators & Killer Paint: Life in the Towers," *City Limits*, May 25, 2010; "Part 2: Two developments, then and now," *Policy and Design for Housing: Lessons of the Urban Development Corporation, 1968-1975*.

HFA and DHCR, New York State produced a vast arsenal of new, affordable housing during the early 1970s. UDC officials did so with a unique social consciousness that its state statute encouraged. Agency management prioritized affordable housing over market units to a degree that even in its mixed-income developments—from Roosevelt Island to the Buffalo Waterfront—the low- and moderate-income housing was completed before the middle- and upper-income units. Projects were constructed with the intention of meeting metropolitan housing needs, sometimes supplementing the actions of cities, sometimes overriding them when they failed to act.

Moreover, the agency developed a reformed approach to urban renewal. It did not bulldoze communities and it did not specialize in single-income housing complexes completely out of scale with and disconnected from their surroundings. It built mixed-income and mixed-use projects. As such, the UDC defies the argument that the liberal approach to housing was unable to adapt to changing mores and citizen protest. It suggests that a reformed approach squeezed between the federal power of the 1960s and the growth of community development corporations in the 1980s was indeed explored by the innovative UDC in the 1970s.

These accomplishments required a unique set of circumstances that would be difficult to replicate. In the early 1970s, the federal government was promoting policies that encouraged the decentralization of public decision making, opening a door for the UDC to step through. Governor Rockefeller's dedication to construction and his trust in Logue increased the agency's powers.³ Creative thinking about financing at the state level opened up billions of dollars without (at least initially) having to increase taxes. And an expansion of federal housing funding in 1968 came at just the right moment.

Federal aid is unlikely to grow significantly in the coming years, thanks to the continued conservative dominance of the political discourse that has slowly but surely whittled away Washington's role in the provision of social services. Cities, despite an improving demographic outlook, nonetheless lack the funding to significantly expand affordable housing—and they are unable to do so outside their bor-

3 A third party guest planning to meet with the Governor entered his office to find him and Logue "sitting on the floor with building blocks working out the final construct of Roosevelt Island and calling each other 'Ed' and 'Nelson.'" Loewenstein (1980), 63-64.

ders. This leaves a unique opening for the states, whose importance in the American federal system meets bipartisan approval. The success of the UDC's political structure in accomplishing its primary aim, the construction of a significant number of new housing units, suggests that features of the UDC state-based model may have applicability for the twenty-first century.

CHANGING THE FACE OF URBAN RENEWAL

By the late 1960s, resistance to the clearance of “blighted” neighborhoods and the construction of new modernist structures, particularly in the form of low-income public housing, had reached a critical point. Government planners, according to much of the literature, resisted reforming their methods and failed to adjust their planning logic to more directly address the concerns of communities. The result was a major shift in national housing and urban development policy in the mid-1970s that moved financing and planning powers out of the hands of public sector officials and into those of local non-profit groups and profit-motivated entrepreneurs. These groups had a better idea of the “right” way to rebuild inner cities, and increasingly did so using mixed-income, mixed-use projects that avoided using clearance as the first stage of a project. At the same time, a conservative discourse that promoted individual decision making gained traction, leading to a shift in housing funds from new construction to voucher-based aid. In the process, government actors that had previously led housing production programs—particularly at the national level—found themselves increasingly marginalized from urban development issues.

Yet the history of housing policies in the 1960s shows that certain governmental entities did, in fact, take significant steps towards redressing the failures of urban renewal. The federal government, along with local actors, promoted policies that altered the way it approached economic, social, and design issues. It allowed private investors to engage directly in housing finance; it promoted and sometimes mandated the creation of mixed-use buildings and structures at scale with their surroundings; and it attempted to ameliorate the relationships between government developers and affected communities, among other changes. The evidence thus suggests that the primary explanation for the changing approach to urban development policies at the national level had less to do with the failure

of governments to produce policies that worked, and more to do with an ideologically driven, anti-investment approach among conservatives in the Nixon Administration. This campaign ultimately led to a shutdown in housing production beginning in 1973 that cut short the reforms in development policy then underway.

Nonetheless, before the moratorium on HUD spending, local housing agencies had begun to alter their modes of development. This suggests that there was an intermediary between the “urban renewal” and “post-moratorium” stages of American development policy, a reform period in which government officials retained power over new construction, but sought to build in a manner that recognized the problems of past projects. In this context, the UDC was a primary actor in promoting changes even further—and in showing how they could be implemented at the state government level. In other words, the reaction to criticism among public sector entrepreneurs like Edward Logue was not to ignore the critique but to alter their actions to address the perceived failings of urban renewal.

In the case of the UDC, these innovations were clearly present on the economic, social, and design fronts, just as with the federal government. The agency used private funds to build diverse communities constructed with the surrounding neighborhoods in mind. It included community groups in decision making and often on the development team itself. And it took the needs of residents seriously, as emphasized by the use of “live ins” by UDC employees. Other HFAs and some local housing authorities followed somewhat similar paths, though not at the scale that the UDC did.

These changes provide context for understanding the policy-history setting of the UDC. By exploring the agency’s history, we are able to better understand exactly what happened in terms of urban development policy during the crucial period between 1968 and 1975. This reform period, underexamined by scholars but one that nonetheless transformed the visual environment of America’s cities (even if simply because of the sheer number of new housing units built then), needs to be better understood. Using the UDC as a case study, we are presented the opportunity to examine how one agency took up the mantle of change and made a new type of urban development possible.

In what ways does the UDC experience provide insight for present-day reformers, particularly those

who are interested in improving the quality and increasing the quantity of available affordable housing? Surely the social and economic mechanisms described above provide some insight, but the questions they addressed—such as what kind of urban design was appropriate for subsidized housing—have been largely answered by a new status quo. The federal government, working with local housing authorities, has endorsed a program of “smart growth” and “new urbanism” designed to build mixed-income, mixed-use buildings for subsidized and non-subsidized families. In the case of Hope VI, the program to demolish and replace former public housing complexes, these ideas have been fully incorporated. In many ways, these policies are little different from those initially promoted by the UDC and other agencies in the 1960s and 70s. While these more recent approaches have been criticized for not producing *enough* new housing (and often replacing low-income units with apartments for people of higher incomes), few suggest returning to the public housing forms of the 1950s. Yet the current approach is disappointing: Housing vacancy remains low in many cities, and units are too expensive in too many places.

Nonetheless, the UDC stands out from a third perspective: The political one. By creating a state development entity, New York showed how a government agency could directly construct new subsidized housing. In so doing, it was massively productive, building more new units than any similar American agency may ever have completed in such a constrained time period. If a policy goal is to expand the construction of new units, the UDC is inspiring. This approach has so far not been replicated at the state level, yet it holds significant promise. It is my hope that this thesis offers a degree of insight into how the UDC model continues to hold relevance for planners.

If the UDC’s history has any context for today—if its example provides us a “usable past” that can inspire us to make change in our own environment—it is from this political perspective. By understanding the advantages of the political mechanisms provided to the UDC, we can gain a better grasp of what elements of the agency’s structure are relevant to our needs—and which are less useful. Below, I discuss several issues relevant to the UDC’s accomplishments, asking to what degree the agency’s political structure affected its success.

GETTING THINGS DONE

Edward Logue epitomized productivity. In New Haven, Boston, and New York, the agencies he ran built more, more quickly, than any other. A comparison between the UDC and other HFAs clearly demonstrates the evidence: In the first three years of the 1970s, the UDC financed almost double the number of moderate-income units as the New York State HFA and almost triple the number of the top-performing non-New York HFA. It built more low-income units than any other state HFA, and seven times as many as any state other than Massachusetts. These accomplishments undoubtedly reflect a simple fact: The UDC's direct state power over the development process made the construction of new units simpler, as compared to other state organizations that were just as inclined to build new structures but that required private or non-profit developers to engage in projects for them to be completed.

Thus one lesson of the UDC is the fact that a vertically integrated state organization may be able to command significant efficiencies that result in more affordable housing units being completed in a short period of time. The UDC's financing and development model, which used a standardized set of subsidies and agreements, combined with defined guidelines about the quality and features of the apartments, meant that the agency did not have to establish new planning guidelines for every project and that it was able to easily negotiate financing arrangements with HUD (though of course the moratorium made such arrangements moot). As was demonstrated in the housing projects in Coney Island, Buffalo, and Syracuse, the UDC was also able to command certain efficiencies by repeating architectural designs. Most importantly, the organization's override powers gave it the ability to ignore local regulations that slowed it down—until suburban legislators were able to pass a law that denied the UDC that right outside of cities. Municipal or private groups, working with a smaller number of projects, do not have such capacities.

Can we judge the UDC's performance based on its ability to construct a large number of new apartments at a rapid pace? Certainly one problem the organization was attempting to address was the fact that it simply took municipal actors and private groups too long to get anything done. The Corporation was not affected by any such problem. Once it committed to a project, it moved forward on it

at a break-neck pace. The efficiencies promised by its statute as a state developer were fulfilled in the UDC's case.

In the absence of an organization like the UDC, affordable housing construction is a difficult process. Under Mayor Michael Bloomberg, New York City has committed to the building or preservation of 165,000 "affordable" housing units over the course of ten years through the New Housing Marketplace plan; these units are primarily being developed by private groups aided by city and federal subsidies. The city is likely to reach its goal by the end of 2014, suggesting that there is room for cities to increase their role in the provision of affordable housing. Even so, about two-third of the proposed units are "preserved," in other words, they do not add to the housing stock. This is in spite of New York City's very high housing costs and extraordinarily low vacancy rates. Moreover, the city's major new construction efforts have been quite slow, with questionable results; as described below, many of these "affordable" units are actually for the middle class.

For example, the Empire State Development Corporation (ESDC, the UDC's descendant) established a subsidiary, the Queens West Development Corporation, to develop land on the Queens waterfront across the East River from Roosevelt Island. Planning for the project began in 1983, when the Port Authority agreed with the state government and the city's Economic Development Corporation (EDC) to construct there. The project was the ESDC's first major move into urban real estate development since 1975, but instead of buildings being planned and overseen by the ESDC, parcels were sold off to developers under a more standard RFP process. In part because of delays in permitting and choosing the developers, construction did not begin until 1994, with the first building only opening in 1996. The initial stage of the project, with 1,600 units, was not completed until 2000, 17 years after planning commenced. Similarly, an extension of the project, developed by the EDC as Hunter's Point South, was announced in 1997 but will only begin construction in 2013, with full completion at the earliest a decade after planning began.⁴

4 "Homepage," Queens West Development Corporation, <http://www.queenswest.org/default.asp>; "Hunter's Point South," New York City EDC, January 4, 2013, <http://www.nycedc.com/project/hunters-point-south>; Queens West Development Corporation, "Empire State Development Corporation Hunters Point (Queens West) Waterfront Development Land Use Improvement Plan," March 17, 2009, <http://www.queenswest.org/PDF/GPP031709%20.pdf>; David W. Dunlap, "Developer

Part of the problem today, as in the 1960s, appears to be related to the bureaucratic squabbles resulting from the lack of an integrated design-development program. Public agencies continue to exert their influence to construct more affordable housing, but they must negotiate through private developers to make anything actually get built. The results are years of back-and-forth over contract issues, often followed by years of delay caused by changes in the market. If the goal is to increase the availability of affordable housing in a short period of time, the UDC vertically integrated model appears to be beneficial.

THE NATURE OF LEADERSHIP

The state-sponsored, direct-development nature of the UDC provided the means by which it produced its production successes, yet the agency's accomplishments are tightly aligned with the political support it received from a select group of leaders. Nelson Rockefeller's power over New York State government ensured that the UDC was founded with adequate support from the legislature; throughout his stint as governor, he remained committed to the UDC building program. In several circumstances, he chose the UDC to develop the state's most valuable development parcels (for instance, in directing the agency to build the new town around the University at Buffalo). When, post-moratorium, it was not clear that the UDC would get the Section 236 subsidies it had counted on, Rockefeller approached Nixon Administration staff directly and bargained to increase his state's cut of the overall federal funds. This unambiguous enthusiasm for urban redevelopment was undoubtedly at the heart of the explanation for the agency's ability to produce housing.

At the same time, the UDC was blessed with considerable leadership from within. Logue encouraged an organizational culture that emphasized the value of speedy project construction. The importance Logue placed on building quickly should not be underestimated, as he was clearly able to convince his staff of the necessity of proceeding without hesitation. This put the agency at risk, in

is Picked for Queens Residential Project Across from U.N.," *The New York Times*, March 1, 2001; Eric Bederman, "Mayor Bloomberg, Deputy Mayor Steel, Housing Commissioner Wambua and HDC President Jahr Announce New York City has Reached Major Milestone in Affordable Housing Plan," New York City Department of Housing Preservation and Development, July 20, 2011, <http://www.nyc.gov/html/hpd/html/pr2011/pr-07-20-11.shtml>.

certain circumstances, because it was choosing to begin land acquisition or construction before it had been assured of full financing, for example. This brashness, though, made the completion of many of the agency's projects possible on time, rather than delayed, in contrast to more recent examples, such as Queens West.

The kind of the leadership directed towards the advancement of UDC goals is near impossible to deploy at the municipal level, although New York City might be an exception to this. Logue had demonstrated in New Haven and Boston that local agencies were capable of significant new construction, but local leaders, unlike state ones, usually lack connections to national leadership. In addition, they have smaller planning teams that have less ability to respond quickly to changing conditions. This meant that in an era with declining funding from Washington for affordable housing, connections matter. Keeping Logue at the helm, supervising activities throughout the state, ensured that small New York towns could benefit from the federal largesse their bigger peers were used to.

Finally, and perhaps most importantly, the state nature of the UDC allowed it to assemble a team of highly qualified employees who would likely be impossible for most cities or small towns to recruit. The UDC had a well-staffed team that could address financing, design, and management issues with considerable expertise. It is difficult to imagine smaller cities like North Tonawanda or Newburgh having the internal skill to complete the new residential projects for low- or moderate-income families that the UDC built there. Leaders like Logue, backed by the power and funding of the state government, could bring technical competence and good design even to parts of the state with little local talent.

Despite the financial environment in which the UDC found itself following its default in 1975, the agency could have continued significant production of new housing under different leadership if that leadership had remained strong. The federal Section 8 program initially provided ample funding for new construction. The law allowed state organizations to use the funding, and in fact, before Logue departed, the UDC did use Section 8 for the final financing arrangements on several of the low-income senior housing projects developed in Audubon and Radisson. In addition, during the Carter years, investment in conventional public housing funding increased once again, providing another potential

source of federal capital funds for the UDC.

Yet by the late 1970s, New York State had lost any leadership working for the direct production of more affordable housing. Logue's forceful removal and eventual replacement by Richard Ravitch, a real estate man, meant that the agency lost internal support for risky, unprofitable projects. Even when the Corporation was back on steady footing, no one in power made any serious moves to take it back into the subsidized housing arena. In addition, while new Governor Hugh Carey was more liberal than his predecessors in some ways, in office he was more focused on resolving the state's financial difficulties than investing in more support for affordable housing. Leadership is absolutely necessary to ensure that a public agency such as the UDC is capable of committing itself to the projects that its political structure theoretically allows.

MEETING THE NEED

The leadership that backed the UDC was matched by a steadfast commitment to affordable housing production statewide that was at the heart in the agency's mission. A fundamental difference between the Corporation and its HFA peers was that it actively promoted a development agenda in any city where it could gain enough traction—even a minimal amount—to begin planning. It did not have to rely on private developers or individual towns to ask it for aid first, nor did it have to ask either for permission. Most importantly, though, was an agency mission that prioritized affordable housing above other types of development. This was an essential component to its strategy in the context of always-scarce funds.

Both at Roosevelt Island and at the Buffalo Waterfront development, the UDC built affordable housing units in advance of market-rate homes, despite the fact that the state planned both for those projects as part of the initial plans. Logue argued, perhaps correctly based on the later experience of homeowners in the Audubon new community, that once middle-class residents had settled in, it would be difficult to convince them to allow low-income families to join them. So his group prioritized the least lucrative housing. The state's large portfolio, extensive funds, and public interest made this possible; it is difficult to imagine private groups acting similarly.

In comparison, the Queens West example mentioned above is indicative of the problem of affordable housing development today. The first stage of that project, contracted out by the ESDC, included no subsidized units. The project, rather, was designed to fulfill a vision of a redeveloped waterfront that apparently only included people able to afford market rents. The second stage, planned by the city's EDC, has been marketed as fulfilling the needs of "middle-class" New Yorkers, in that 60% of units will be affordable to people making between 80% and 165% of area median income (the rest will be market rate). For people with lower incomes, the city claims that it "will pave the way for 500 units [10% of the total]... to be developed over time," providing no clear timeline for those units and offering no assurances that they actually will be developed.⁵ The problem is financing to some extent—there are relatively fewer federal funds for low- and moderate-income housing units than there once were—but also may be a reflection of the city government's general disinclination to using affordable housing dollars on a major new development on the banks of the East River.

From the perspective of housing development, there seems little point of promoting a state direct development agency unless that group is oriented towards meeting the needs of the more disadvantaged segment of the population. The ESDC has made no effort to promote this group. Its mission, it claims, is to "promote a vigorous and growing economy, encourage the creation of new job and economic opportunities," and so on. Compare this to the UDC's self-description in its 1971 Annual Report: "UDC is a State agency and public benefit corporation created... to develop and finance housing for low, moderate and middle-income families... UDC has designed its housing program to help meet the full range of housing needs for people whose incomes is not sufficient to buy or rent adequate housing built by the unaided operations of private enterprise."⁶ In order for a state agency to commit to addressing the needs of people who need housing help, it must be interested in doing so.

With the exception of a few buildings completed by the UDC on behalf of public housing agencies,

5 "Mayor Bloomberg and Queens Officials Praise Approval of Two Major Queens Development Plans at Hunters Point South and Willets Point," New York City EDC, November 13, 2008, <http://www.nycedc.com/press-release/mayor-bloomberg-and-queens-officials-praise-approval-two-major-queens-development>.

6 "About Us," Empire State Development, 2010, <http://www.esd.ny.gov/AboutUs.html>; Urban Development Corporation, *Annual Report (1971)*, 5.

the UDC never built projects designed exclusively for people of very low incomes. In fact, in comparison with traditional housing authorities, the UDC served a relatively wealthier clientele.⁷ In a way, it was largely positioning itself as a developer of housing for a class of residents between those in public housing and those provided homes through HFA loans. The result was less low-income housing and more moderate-income housing, in a way sacrificing the needs of the poor to make way for those of the lower-middle class. Yet this alone is too simple a view of the agency's approach: It didn't want to build too many low-income units because the Corporation's approach to new housing was founded on the idea that a mix of incomes was imperative since too much concentrated poverty had been a cause of problems in previous development and thus should be avoided. Whether this was a tradeoff worth making, however, remains an open question.

Comparing the investment decisions of housing agencies in the 1970s with today's public investors may unreasonably abstract out the ideological transformations that have marked American politics in the intervening decades. Yet it bears repeating that the UDC's orientation, which devoted seven-tenths of units to moderate-income families and three-tenths to low-income households, addresses a far lower range of the income spectrum than the ESDC or the EDC have in their projects. New York City's inclusionary zoning rules, which produce "affordable" housing by private developers in exchange for increased development rights and which have been a contributor to the Bloomberg goal of 165,000 affordable units, benefit people at 80% of area median income, rarely lower. These units are required only to account for the equivalent of 20% of building floor area—not necessarily units. Moreover, apartments are allowed to be located off site, a physical separation the UDC did not practice.⁸

The UDC's ideological disposition towards the construction of affordable housing above all else should not be exaggerated. Once the moratorium was firmly in place, Logue shifted his agency's priorities dramatically. Recognizing that federal funds were no longer available for low-income housing and

7 Though we cannot ignore the early housers' devotion to the concept of the "worthy" poor, which led them to exclude many of the most deprived from living in their structures. This policy was generally abandoned by the big housing authorities in the 1960s and was never used by the UDC.

8 "Inclusionary Housing in New York City," HUD *Breakthroughs* 10-4 (July 2011).

that state funds would not be easy to come by, he did not suggest putting projects on hold; rather, he promoted a shifting of units towards middle- and sometimes upper-income families, as demonstrated in the Brooklyn Schermerhorn example. He was willing, in other words, to sacrifice his ideological stand in favor of the practical issue of how to build within the financing context. Nevertheless, when the 1974 Housing Act was passed, Logue assumed he would be able to get the agency back on its feet and once again argued in favor of massive investments in very subsidized housing.

The UDC's enthusiasm for addressing the "need" for more housing, however, had the downside of overestimating demand. Though the Corporation's problems with high vacancy rates were emphasized inappropriately in the early explanations for its default, it was true that the projects completed in Upstate inner cities like Buffalo suffered from slow rent-up periods. And it was also true that those cities had (and still have) high vacancy rates in their existing housing stock, unlike New York City or most of the state's suburban areas. As a result, there is some question as to whether it made sense to be building new state-sponsored housing in neighborhoods that objectively did not need it thanks to declining populations. Similarly, the UDC made dramatic over-assumptions of how many people would be attracted to live in state-sponsored new communities; as a result, the agencies' projects grew at a far slower rate than initially expected.

One great concern related to the use of a state directed development agency to complete new residential construction is that that entity will make assessments of "need" for new housing without there being adequate economic backing for those units. The UDC's economist Kristof repeatedly warned that the agency's ambitions for certain of its major Upstate projects were out of scale with reality. The long-term sustainability of the UDC would have required more than just getting as much done as possible, but getting projects done that could be self-financing. Any modern approach to state-based housing development requires considerable attention to the economic circumstances, not just a socially informed mission to aid the poor.

PUBLIC AND PRIVATE

In the context of the UDC's need to attend to the economic realities of its projects, the agency's public-private structure is particularly relevant. Nelson Rockefeller created the organization from the start with the intention of using it to reward private enterprise. It was designed to assume the risk of difficult projects, and then pass them off to profit seekers once they were completed and making money. It was supposed to do so in a profitable way, providing returns for private investors. And it was supposed to lead to an economic rebound in the neighborhoods where it intervened.

In many ways, Logue's UDC failed to fulfill the promise of the public-private structure its creators envisioned. The agency never "rotated" its initial bond funding even once on housing. The \$2 billion authorization it received was supposed to be reused over and over as it sold off projects to willing investors, but the Corporation did not last long enough in its initial form for it to use the proceeds of project sales to fund new construction. In addition, the inherent limited-revenue nature of subsidized housing meant that even those projects whose management or ownership was passed off to the private sector likely produced few long-term profits. Nonetheless, the banks that funded the UDC never lost their initial investments; despite the fact that their loans had had risk attached to them, state leadership chose in 1975 to find a way to insure them entirely, effectively transforming what had been a "moral" obligation into a legal one. In the end, they were paid off, leaving taxpayers in the lurch in the face of the bond markets' relentless increase in borrowing costs.

Ironically, today's ESDC, which has abandoned most of the broader social goals of its ancestor, has come closer to promoting the kind of economic development that Rockefeller envisioned for the UDC. The ESDC's approach has been to primarily invest in projects with a far less risk-oriented bent, particularly those that "produce jobs" or increase "economic activity." Had the UDC focused more on the economic development aspect of its affordable housing, perhaps it could have been more successful. In fact, the public-private partnership (PPP) aspect of the UDC now seems prescient, since PPPs have become the model for public housing redevelopment schemes and many recent public infrastructure programs.

In an age of limited trust in the public sector, a new state direct housing developer like the UDC would probably be difficult to defend. Yet Rockefeller—a devoted servant of private enterprise—saw it in his interests to promote such an agency for a reason other than its ability to transfer risk from private to public: Its activities in affordable housing could lead to expanded private activity, he thought. The governor supported low- and moderate-income housing in the suburbs not because he was a fan of “forced” integration (he claimed to be against busing, for instance, when discussing the policy), but instead because he believed that corporations needed to be able to employ lower-income staff, and they, in turn, needed to be able to get to their jobs. Otherwise, those workers would either be impossible to hire or suffer from difficult commutes that made them less productive.

Rockefeller’s argument rings true today. Employment continues to shift to the suburbs thanks to corporate relocation policies and the self-reinforcing nature of suburban population growth. At the same time, suburban poverty has increased significantly; now more poor Americans live in the suburbs than in the central cities.⁹ Yet affordable housing policy has largely ignored the suburbs, and most suburban towns either lack the interest or capacity to invest in programs that their inner-city peers might. Just as in the 1970s, that is a clear argument for why a state public agency might have some justification.

METROPOLITAN SOLUTIONS

Perhaps the aspect of the UDC’s political structure that differentiates it most from past and present housing groups was its statewide approach. By exerting authority over the construction of new homes in all parts of the state, the agency was able to supersede the political borders that had previously made government-aided affordable housing limited to inner cities. Sensing the difficulties in the state’s central-city “ghettos,” staff approached the problem from two perspectives: First, through the construction of improved housing in those areas; and second, through the creation of affordable housing in suburban towns and new communities. This two-pronged approach is impossible for local housing

9 See Steven Raphael and Michael A. Stoll, “Job Sprawl and the Suburbanization of Poverty,” Brookings Institution, Metropolitan Opportunity Series (March 2010).

authorities to pursue, since their political powers are typically delineated by the city limits of the municipality they serve.

By establishing the UDC as a statewide agency capable of delivering statewide solutions, New York could ensure that new affordable housing construction would get underway not only in the inner cities, but also in the suburbs. This mirrored George Romney's argument that it was absurd to isolate suburban areas from the problems of the urban poor, but New York was the only state that institutionalized such construction by "forcing" it onto communities that were often not ready for it. In certain circumstances, such as in the Rochester metropolitan area, the agency effectively developed both in and out of the inner city and thus reinforced the sense that affordable housing required a "fair share" between city and suburbs. This accomplishment required the cooperation of regional business and political leaders, but it was the state's determined use of its override power that convinced regional towns that they had an incentive to cooperate. In the end, the UDC made a contribution towards reducing income and racial segregation in the region, at least in small suburban developments.

It would be simple-minded to glorify the UDC approach from the perspective of providing metropolitan solutions, of course. Provided an unprecedented degree of power, the UDC altered the notion of what capacities the state could take on within the urban environment. Yet this excursion into the heights of authority over municipal governments was short-lived, as proven by the failures of the organization to build in Westchester County or Long Island. David Shipler's 1972 assessment of the UDC's predicament deserves repeating:

This legal authority [of the UDC] has been no match for the power wielded by the fear of crime, the dread of urbanization, the revulsion that many suburbanites feel over the prospect of poverty in their midst... [the UDC] has found that to preserve its power, it must avoid using it.¹⁰

Fundamentally, the good made possible by a public agency is only a reflection of the degree to which that good is accepted by those who it governs. An agency endowed with the strengths of the UDC may have the ability to enter into a suburban town and require the construction of affordable housing. It

10 David K. Shipler, "U.D.C. Housing Agency: Paper Tiger," *The New York Times*, August 6, 1972, 52.

may be able to construct apartment towers more quickly and efficiently than municipal or private builders in the city. But its capacity to do those things will end as soon as those who are affected negatively by it decide they can no longer take it. If the UDC had somehow powered through the moratorium and the inflating bond costs, it would have come out on the other side having lost half its competency, the ability to build in the suburbs.

In addition, there is some question as to whether the state government is the right entity to be promoting such metropolitan housing solutions. In some sense, the UDC could not last as a suburban developer because the people in the suburbs were willing to fight viciously to prevent new affordable housing in their communities, and the UDC provided an easy target. An alternative, such as Massachusetts' "anti-snob" law, which requires a certain percentage of low-income housing in every community in the Commonwealth, may have been less simple to strike down, since those implementing its provisions—private developers and non-profits—were too dispersed to be targetable. This legislated approach, however, effectively reduced the role of the state government in actual planning decisions about the affordable units to that of a regulator enforcing a quota; the design distinctions and innovative approach of the UDC becomes less feasible in such an environment. Moreover, as Gerald Frug and David Barron suggest, there is evidence that states tend to enforce policies that are counter to the interests of cities;¹¹ the UDC example may just be an outlier.

Certain regions, such as Portland, Oregon and the Minnesota Twin Cities, have elected representatives on a regional board that oversees certain aspects of land use planning. This makes sense from a demographic perspective. Housing needs are better understood regionally than municipally or (usually) statewide, since people look for places to live accessible to regional jobs, not anywhere in a state, nor are they confined to city borders.¹² The UDC managed to operate at a larger scale than the region in New York State but could not build in many of New York City's suburbs in New Jersey or Connecticut.

11 Gerald E. Frug and David J. Barron, *City Bound: How States Stifle Urban Innovation* (Ithaca, NY: Cornell University Press, 2008).

12 See Myron Orfield, *American Metropolitcs: The New Suburban Reality* (Washington, D.C.: Brookings, 2002); David Rusk, *Cities without Suburbs. Third Edition* (Washington, DC: Woodrow Wilson Center Press, 2003).

In the Twin Cities, the Metropolitan Council administers a Section 8 voucher program across almost 100 cities surrounding Minneapolis and St. Paul.¹³ This group does not develop any affordable housing directly, relying instead on private groups to plan and complete Section 8 project-based units. In theory, though, it could do so if invested with appropriate powers and leadership.

Yet while the federal government doles out grants for some discretionary items to metropolitan planning organizations (MPOs), these remain subservient to the demands of state and local governments in almost all cases. States, on the other hand, hold power over cities and counties—even in most places with “home-rule” doctrines, such as New York. As a result, despite the fact that their borders do not always correspond directly to the need, states are the most powerful political entities in place today that *do* have the capacity to implement innovative solutions on the line of the UDC.

In addition, though the UDC lost the power to override suburban jurisdictions, the powers it combined—in planning, acquiring land, and developing projects—allowed it significant efficiencies, at the least in terms of speeding projects from start to finish. Americans rely on state governments today to build and maintain parks, rail systems, and highways, among other types of public infrastructure; why has housing been excluded from this list? Keeping in mind the situations where the UDC faltered, the agency offers considerable insight into how a public developer might contribute to ameliorating access to quality, affordable housing for all Americans.

New York Governor Andrew Cuomo’s January 2013 announcement that he would promote a \$1 billion new housing agenda to, among other goals, invest in 5,600 new affordable housing units that year alone is a promising sign of a new interest in engaging the state government in the dwelling needs of its residents.¹⁴ This is a recognition in this action that cities cannot address these issues alone. These homes will likely be developed by private groups, using public subsidies. But the UDC model suggests that the state might be able to build more, with more equitable outcomes, if it were to engage in an approach that prioritizes the direct development of new housing.

13 “Metro Housing and Redevelopment Authority (HRA),” Metropolitan Council, November 9, 2012, <http://www.metrocouncil.org/housing/HRA/HRA.htm>.

14 Andrew M. Cuomo, *New York Rising: 2013 State of the State* (January 9, 2013), 108-111.

Bibliography

The footnotes distributed throughout the thesis provide most of the information on the sources I used to research the history of the Urban Development Corporation and put the agency's accomplishments within a modern context.

Research for this thesis was conducted at seven archives around the United States. In the footnotes, these archival sources are referenced with the following acronyms or labels:

Audubon New Community Records: Audubon Community Papers at the University Archives, University at Buffalo, Buffalo, New York.

NA: U.S. Department of Housing and Urban Development Papers at the National Archives II, College Park, Maryland;

NYMA: John Lindsay Papers at the New York City Municipal Archives, New York, New York;

NYSA: Nelson Rockefeller and Urban Development Corporation Papers at the New York State Archives, Albany, New York;

RAC: Nelson Rockefeller Papers at the Rockefeller Archive Center, Tarrytown, New York;

Romney Archives: George Romney Papers at the Bentley Historical Library, University of Michigan, Ann Arbor, Michigan;

YA: John Lindsay and Edward Logue Papers at the Yale University Manuscripts and Archives, New Haven, Connecticut.

The references to newspaper, magazine, and archival sources mentioned in the footnotes are not duplicated here, but what follows is a list of the most useful book and journal references that helped frame the discussion and that might be helpful for a further investigation of housing policy in the 1960s and 70s.

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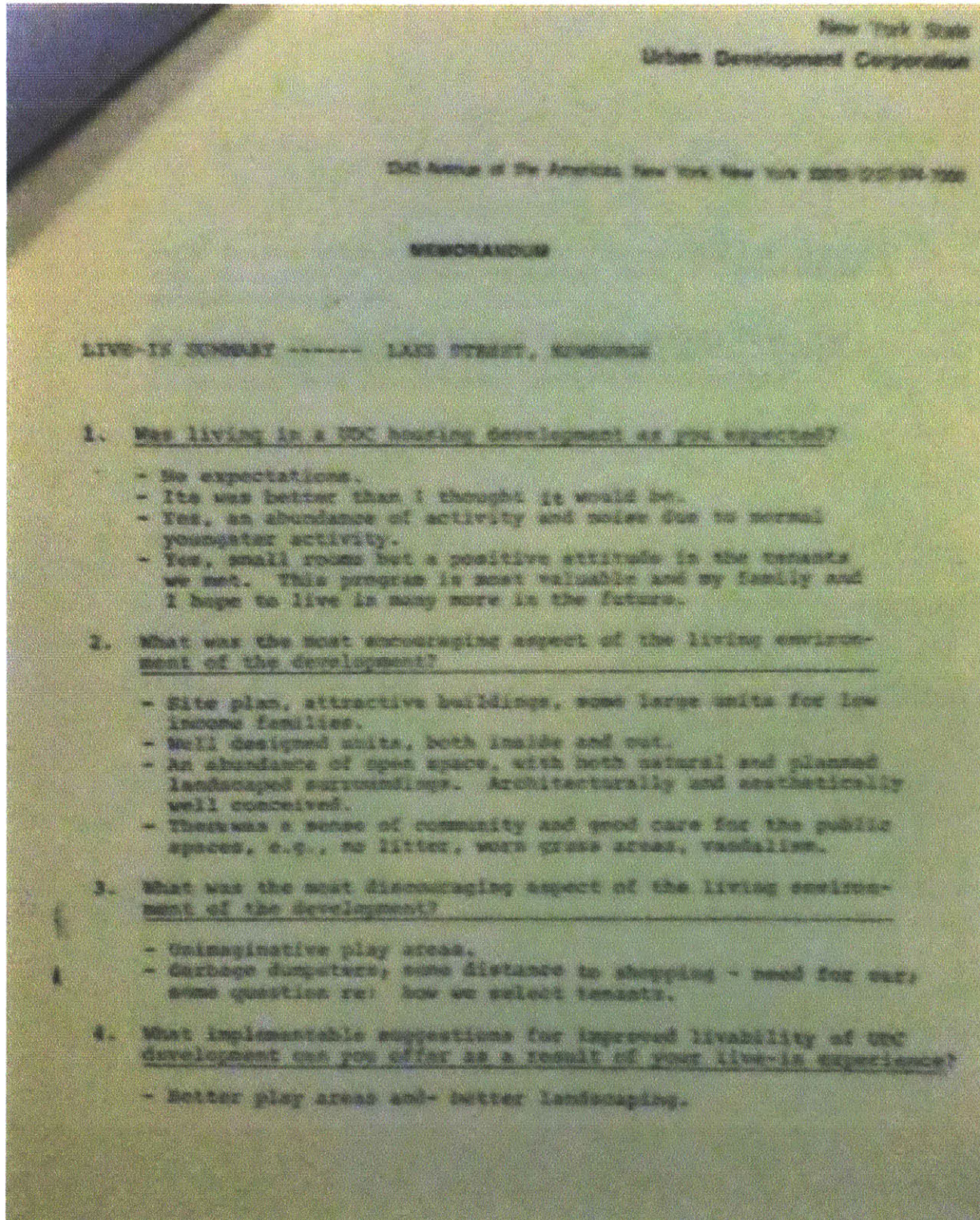
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Appendix

Interviews conducted

- Mel Adams, January 17, 2012.
- Paul Byard. April 25, 2008.
- Alexander Garvin, April 13, 2008.
- Jane Heron, January 2, 2012.
- Tunney Lee, September 17, 2012.
- Theodore Liebman, April 25, 2008.
- David McGregor, April 23, 2008.
- Charles Orlebeke,. March 30, 2012.
- Anthony Pangaro, September 13, 2012.
- John Stainton, September 24, 2012.



A summary of live-in experiences at the Lake Street project in Newburgh. Re-written version on following page. | Source: Folder: "Staff Evaluations of UDC housing facilities (live-ins), 1972-1974," box 279, Accession 1983-M-005, MS 959, YA Logue.

Memorandum

Live-In Summary -- Lake Street, Newburgh

1. Was living in a UDC housing development as you expected?

- No expectations
- Its was better than I thought it would be.
- Yes, an abundance of activity and noise due to normal youngster activity.
- Yes, small rooms but a positive attitude in the tenants we met. This program is most valuable and my family and I hope to live in many more in the future.

2. What was the most encouraging aspect of the living environment of the development?

- Site plan, attractive buildings, some large units for low income families.
- Well designed units, both inside and out.
- An abundance of open space, with both natural and planned landscaped surroundings. Architecturally and aesthetically well conceived.
- There was a sense of community and good care for the public spaces, e.g., no litter, worn green areas, vandalism.

3. What was the most discouraging aspect of the living environment of the development?

- Unimaginative play areas.
- Garbage dumpsters; some distance to shopping -- need for car; some question re: how we select tenants.

4. What implementable suggestions for improved livability of UDC development can you offer as a result of your live-in experience?

- Better play areas and better landscaping.