

WHEN YOU BUY A HOME SITE

You Make an Investment; Try to Make it a Safe One
BY

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Young man, about to be married and possessed of five thousand dollars, and a real estate man who had just opened a new subdivision met in Kansas City some fifteen years ago. The real estate man speedily found a way to induce the young man to visit the sub-division. They rode to the end of a street-car line, drove in a buggy for a mile or so through the nondescript outskirts of the city, passing tin-can dumps, ash-piles, hog lots, dairies, and shanties, and finally, tying the horse to a rail fence, they crossed a stream on a foot bridge, climbed a hill, and so reached the subdivision.

It was a rough ten-acre patch of ground with nothing but a few stakes and a narrow board sidewalk to distinguish it from a country field. A sturdy imagination was needed to picture it as an attractive home site. But the real estate man possessed imagination to spare.

"The city," he averred, flourishing a map, "is bound to move out this way. It's the logical place for homes."

"Possibly," the prospect said, "but yonder is a brickyard. I don't want a brickyard with clouds of smoke just over the hill."

"Of course you don't! But when we get a few houses up, property will advance. The ground will be too valuable for the brickyard, and it will move out."

They argued this point. The prospect finally admitted that the real estate man might be right, but he saw other objections.

"There aren't any city improvements," he said, "no city water, gas, electric light, sewers, pavements."

"You're right!" rejoined the real estate man; "and if all those things were in, do you know what you'd have to pay for this property?"

He went into those details earnestly.

The real estate man was honest and self-convinced, but inexperienced. He believed almost anybody buying property in his subdivision would profit by it, and the young man with five thousand dollars caught his enthusiasm and ended by buying a couple of lots. The real estate man arranged to build his house for him also.

Several years passed. There had been other buyers, all equally hopeful at the start that the investment would turn out well. But gradually they discovered they were wrong.

The real estate man had been right about one thing: the city did move in the direction of his subdivision. But he was wrong about several other things.

For one, the brickyard was not abandoned. For fifteen years it operated on the other side of the hill!

For another, the fact that city improvements were not in proved to be a serious disadvantage. When a number of people had made their homes on the subdivision, it was taken into the corporate limits of the growing city. Improvements were ordered by the municipality, but the public contract methods used were not economical.

One street, for example, ran down hill. The upper portion had to be graded down, and the lower portion graded up. It would have been economical to grade up the lower portion with the dirt removed from the upper portion. But the job was done piecemeal, and only the upper part was paved at first. Dirt was excavated and carted away for

dumping. Later, when the lower part was paved, dirt had to be hauled in!

The cost of that and other operations equally shortsighted had to be met out of taxes and special assessments handled in an extravagant manner. The charges fell heavily on owners and increased the amount of money they put into their property without correspondingly increasing its value.

In due time the young man who had started with five thousand dollars—by now he had the responsibility of a family—wanted to dispose of his extra vacant lot. He could not get as much for it as he had paid, even with the improvements in. This opened his eyes. He tried to sell his house also. He managed to find a buyer, but the property returned to his pockets less than it had taken out.

I happen to know the details of this transaction, because I was the real estate man. That was my first subdivision. The woes of many people who bought from me, and my discovery as time went on that unintentionally I had misled them when I induced them to invest, caused me to make a careful study of the factors that influence home values. I tried to discover when and under what circumstances the purchase of a home can be considered a reasonably good investment.

The study led to some interesting practical results, but not until I had learned that in a surprisingly large number of cases the purchase of a home in American cities does not turn out to be a good investment. My experiences on my first subdivision, instead of being unusual, were common and rather typical, and that seemed to me fundamentally wrong, because the purchase of a home is the one big investment in the lives of millions. For that reason alone the home investment ought to be protected in so far as possible against every kind of value-destroying encroachment.

It is not only in new developments, I found, that the home investment often shrinks. Day after day people buy homes in fully-developed sections, where they can see exactly what is around them, and there also, after a little while, they find it impossible to sell for as much as they paid.

Choose any city you please. Go into what were pleasant by-streets five, ten or fifteen years ago, and you will find houses otherwise in good condition, but blackened with grime inside and out until they are scarcely habitable; factories have crept in among them. Go also into the part of the city that was ultra-fashionable a dozen or a score of years ago; there you will find mansions turned into boarding houses or modiste shops, or remodeled or razed for office and store buildings; or if some homes have not been used in that way, you will find their original residence values destroyed by the establishment of stores, shops, undertaking parlors, and the like, in proximity. Look over any large city in the United States, and you will discover striking examples of abandoned or shifting residence sections where no compensating use has maintained former values.

This loss from the abandonment of homes that are still good, but undesirable because of the encroachment of business or other elements, must be measured in American cities, not in millions of dollars, but in billions. The emotional losses to families that have to forsake their homes cannot be measured, but they are not slight. These losses have been accepted for the most part as if they were inevitable.

In Kansas City we have been trying to make the purchase of homes a good investment. We have demonstrated, I believe, that by proper regulation the permanence and safety of the investment can be assured, and the emotional values can be enhanced. We have proved, I think, that the periodic destruction of residence districts

and residence values is not necessary; that it is possible to have an old residence district that is not out-of-date, and that homes in such a district may be worth more, for homes, after a dozen years than the day they were bought.

This is significant, but not mysterious. The reason for it is found, briefly, in adequate restrictions, suitable development and surroundings, and a constructive community spirit.

Very little can be accomplished if the effort is haphazard or confined to individual action. It must be planned, and there must be concerted action. Conditions obtaining in the past, as I have described them, are due largely to the private and selfish use of land under practically no control that would insure the interest of the community as a whole.

There is a desperate need in every city of ten thousand or more for effective city planning, and the kind of city planning that means most to the individual property owner is not a handsome scheme for civic centers—these are needed, truly—but a satisfactory scheme of zoning which districts property according to the uses to which it may be put, and restricts it to those uses until the best interests of the holders of a majority of the acreage make a change imperative after certain prescribed periods of time.

When I began selling lots in that first subdivision in the tag-end outskirts of the city I was afraid to suggest my present broad building restrictions. I thought nobody would buy rigidly restricted lots. It was hard enough, I reasoned, to sell them anyhow!

But I saw what happened to those first buyers, and I felt that I was not delivering full value to them. The situation had passed beyond my control in that subdivision. But I proposed to those interested with me that we take one hundred acres of land, thoroughly improve and beautify it, and obligate ourselves for a period of twenty-five years to sell none of it for homes costing less than three thousand dollars each, or having lots less than fifty feet wide and one hundred and fifty feet deep, with a required amount of side free space, controlled frontage, and other phases then unheard of in building restrictions.

The common plan in the city had been to restrict property deed by deed, as the land was sold, if there were any restrictions at all. A depression in the real estate market often came before the tract was all disposed of, and the owners would very likely sell the remaining lots without restrictions. Those who had already bought restricted property might protest but that was all they could do. They had no recourse.

My proposal called for obligating ourselves in advance on the whole tract. My associates ridiculed the possibility of success, so I went ahead alone.

As I look back, those first restrictions seem extremely mild and incomplete. We go so far now as to restrict certain large tracts in two hundred foot lots, varying in depth from two hundred to three hundred feet, and limited to homes ranging in minimum cost from ten to fifty thousand dollars. We limit in many details the use to which the land can be put. And we find that the more restrictions we can put on, the more cheerfully is the land bought by those wishing permanent homes safeguarded with respect to the financial and other values.

At first, as the character of our restrictions became more and more elaborate, we were occasionally accused of transgressing upon property rights. It was said that we attempted to dictate the family affairs of our purchasers. Of course, that was untrue. We simply knew some factors that often tend to make property a poor investment, and we undertook to prevent their action.

As we went ahead, some of Kansas City's good but unrestricted residence centers

were being ruined by the erection of tall flats which cut off the air and sunshine from adjoining homes; by the crowding of residence and business buildings beyond the building line; by the misfrontage of residences, throwing the rear into the sides or fronts of otherwise beautiful homes; and by other dangers frequent in a rapidly growing city. And so the pendulum of public approval swung in the direction of adequate restriction.

Now, it is not easy, but exceedingly important, to decide just what should be within the bounds of a certain piece of property, not only today, but also twenty-five years from today. The class of house as measured by the cost is an easy but not too successful guide. Also important, although perhaps not so obviously, are such matters as architectural design, the color scheme, landscape design, distance from the street, elevation above the ground level, character of outbuildings, location of telephone poles, churches, schools, playgrounds, open centers for flowers and shrubbery, concealing the street car line in parkways, the erection of suitable shelters along the line, the decoration of the streets with ornamental lights, placing neighborhood stores at unobjectionable points, selection of the best type of street improvements for residence streets, the creation of civic and local improvement societies sufficiently alert to protect restrictions and to keep alive the interest and enthusiasm that exist in a real estate addition when it is new.

A list of a few of the restrictions on a carefully protected subdivision will suggest the length to which it is practicable to go in protecting the investment. On this property every buyer agrees to the following:

Billboards may be prohibited on any lot.

Lots may be used only for private residences designed for occupancy by a single family; flats and apartment houses cannot be erected.

The cost of the houses to be built must be at least a certain amount, specified for each lot.

We reserve the right to approve the plans, color, and elevation of every new house or addition thereto.

The amount of required ground frontage and side free space are specified.

There are regulations regarding the distance houses must be set back from the street, and the distance that bay and dormer windows, cornices, chimneys, trellises, vestibules and porches may project in the front or on the side from the main body of the house.

Only a certain percentage of each lot can be occupied by buildings and outbuildings.

The character, location, design and material of the outbuildings that may be erected are defined.

Certain areas are reserved for houses of English architecture, other areas for Colonial types, and so on, thus giving a harmonious grouping of homes in a given area.

No detached outbuildings are permitted in certain tracts.

There are very few communities where anybody has anything to say regarding the type of house his neighbor builds. Usually the painters and decorators are at work before the neighbors know for certain whether the builder is one who delights in architectural freaks or color discords. It is quite possible for him, unless there is an organized community effort, to build a house that will cost more than any in the block, yet it may be so ugly or may so clash in color with its neighbors that nobody will want to live in sight of it. The people on either side may have to take a considerable loss on that account.

I have mentioned that formerly building restrictions were imposed deed by deed. One result was that they ran out at different times; further, there was no satisfactory way of renewing them. Now the permanence of restrictions is all-important, and we designed a new type. They extend over definite periods of twenty-five years each, and are automatically self-renewing for periods of twenty years each, unless at least five years prior to each expiration period the owners of a majority of the net acreage, execute and properly record an agreement releasing the land from the restrictions at the end of the period. It is not easy to get such releases unless the change is clearly to the interest of a majority of the property owners.

What I have been saying applies particularly to property which has not yet been built up. But the tendency is toward making these principles retroactive so that early developments which become obnoxious to the general welfare in view of later growth may be removed without compensation to the owners.

The United States Supreme Court in a Los Angeles case ruled that a brickyard which had been in operation for a number of years could be excluded from a residence district that had been built up around it. The owners of the yard contended that its value would be greatly reduced if placed elsewhere, but the court held their interests less important than those of the majority.

A similar case had to do with a long-established livery stable in Little Rock, Arkansas. A residence district had grown up around it, and it was ruled out and no compensation allowed the owner. Is it not simple justice that an early brickyard or stable should not condemn forever a whole region to undesirable property?

The kind of structures permitted in a district, then, bears directly on the permanence and safety of the home investment. So, too, do the improvements.

When we were starting, I was timid about going too deeply into improvements before we started to sell. It was, I felt, a speculation that might not be justified by the return to us. I was afraid, for example, to suggest the rigid establishment of grades; now I never sell property without including the cost of completed street and other improvements.

At the start, everybody insisted on alleys; now we do not permit an alley to be platted on our property. In the beginning I did not think we could afford to set aside the low and broken lands for parks and boulevards; now we pay enormous prices for them for that purpose. I used to feel that a road must be the shortest distance between two points; now the longer I can make it, with curves, the more trees I can preserve by winding the drive, the more rocky ledges I can have along the way, the more I find it appeals.

If at the start many improvements which we now include before we put the property on the market at all had been suggested to me, I should have thought them chimerical. But I have since found that it is difficult to do anything to improve or beautify or render permanent the values in a residence district without increasing values more than enough to pay the cost of the improvements.

The streets have an important bearing on the investment value of the home. They are the basis of civic life and comprise from 22 percent to 40 percent of the whole land area within the average city limits. Their improvement and maintenance, taken together with the value of the land, create by far the largest municipal investment and expense. It has been estimated that the streets and their improvements in New York City alone equal quite a large percentage of the value of all farm lands in the country.

The common plan is to standardize streets; that is, to make all pavements the same width, and all improvements identical, with few exceptions. Generally the quiet

residence streets, with a few vehicles a day, contain almost as much land and improvement as the most congested streets of the city. Slight attention is paid to grades and contours, with the result of immense expense in street building and in handling drainage. Residence districts so treated become monotonous. They lose individuality, natural beauty and charm.

The standardized street is an easy solution, because one or two sets of specifications can be made to answer all purposes, but it is inelastic, wasteful, and absolutely fails to fulfil the real purpose of a street plan.

There is not a city of ten thousand or more population in the United States but has wasted thousands or millions of dollars and street area in sidewalks and paving of unnecessary width. An extra six inches or one foot of unneeded walk and three to ten feet of unneeded paving on minor residence streets are no small items in themselves, and an appalling sum in a city as a whole, increasing the cost of city property without increasing its value.

For years we laid paving thirty feet wide on local residence streets. That is not quite wide enough for four lines of vehicles and about six feet wider than necessary for three lines. In recent years we have built about twenty miles of minor residence streets with either eighteen or twenty-four foot paving, and we have never had an objection or lost a sale on that account. On the contrary, many purchasers prefer the narrower, more economical paving. It lessens noise and dust, causes less radiation of heat, is safer for children, costs less to maintain, discourages traffic, and affords wider grass spaces in the parking and more opportunities for street tree growth. This alone saves several thousand dollars in every mile of paving on local residence streets.

On purely residence streets we have done less and less grading, making them steeper and steeper, to the pleasure of people living on them; the plan discourages through traffic. On many of these streets we are laying sidewalks only on the one side most convenient for coming and going to the car line, saving half the sidewalk construction. Occasionally on very minor streets we omit the sidewalk entirely. In many places we have greatly reduced the cost, and avoided too many inharmonious stretches of paving, by replacing the most unimportant streets by pedestrian ways, eight to twelve feet wide, bordered with a privet hedge or stone walls.

There are other elements than the physical which also tend to enhance values and to make the purchase of a home a good investment. One of these, intangible and therefore too seldom considered, is of very great importance. This may be called residential morale. It is the attitude of the people of the community toward the community welfare. It is expressed in their willingness to take part in an organized effort to preserve values and good residential surroundings in the district.

One or two owners of relatively small tracts can do comparatively little, unsupported, to protect and increase values. In many places there is no organized effort to foster the community residential morale. Without it, no home is quite so good an investment as it should be, nor is the family life given the protection it deserves.

Communities generally suffer from the fact that everybody's business is nobody's business—as soon as the developer has sold out. For fear of giving personal offense, a neighbor will often see a restriction violated near by without remonstrance. We organize local maintenance associations. Neighbors are selected to represent the entire community, with full responsibility for the period of their office to observe all the many little things that help to preserve desirable home surroundings and property values. We

have never had anyone elected who refused to serve.

In addition to the matters I have mentioned, any number of community activities are fostered. In some of them nearly everybody participates. The result of participation is to identify the individuals more closely with the community, to make them better acquainted with one another, and to guarantee that when common action is required on any question affecting property interests, the spirit of cooperation will be present.

My experience has been in a residential development in which the total cost of land and its development and the homes already erected is more than twenty-five million dollars. I know as a result of it that the purchase of a home can be made a good permanent investment, and the sentimental and civic considerations of homeownership can be enhanced. But we have to remember that in the last fifty years cities have undergone more change than they did in the previous two thousand years, due to changes in the mode of living, the growth and change in character of traffic, the development in the size and kind of transportation units, and the extension of cities over wider areas than ever before.

This means that in the future, at least as far as residence districts are concerned, cities must be built according to carefully studied plans. The economic, civic, and moral loss is far too great when they are permitted, as in the past, to sprawl.