CITY PLANNING AND LINCOLN'S BUSINESS FUTURE

January 15, 1958
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As all of you know, Lincoln was relatively slow in initiating a city planning program, no real over-all city planning having been done until the present comprehensive planning studies were started in 1950. These were completed and the City Plan adopted in 1952 with the new Comprehensive Zoning Ordinance enacted in 1953. Since this time, Lincoln has had a planning staff in the city hall and has maintained an active city planning program.

In recent years, however, this program has, in large part, consisted of quiet efforts along the line of maintaining good zoning standards, approval of new subdivision plats, and some progress on major portions of the City Plan, such as the street and highway system, urban renewal legislation, a minimum housing standards ordinance, etc. When the current status of planning in Lincoln is compared with the situation ten years ago, it is possible to see what truly enormous strides forward have been taken.

Occasionally, however, it is well to stop for a moment and review just where we are on a program of this kind. Consequently, this occasion today makes it possible to examine one aspect of the planning program, and that is its relation to the community’s economic development.

The Basic Objective

The basic objective of all of us here, I am sure, is to do everything that we can to bring about the growth and prosperity of Lincoln. We want to do this because it will result in prosperity for all of us individually and will enable us to build a better and more desirable community. Through certain types of growth it might be possible, too, to improve the community’s tax base. In all cities, the residential areas customarily operate at a tax deficit. In other words, it costs more to provide services in the residential sections than they pay in taxes. To make up for this deficit the commercial and industrial areas customarily pay in more taxes than the amount required to provide public services and facilities for them. Thus, a completely residential community is extremely expensive from the standpoint of taxes, and a completely industrial or commercial community quite inexpensive. This is evidenced by an industrial community such as Evendale, Ohio, (a suburb of Cincinnati) where the assessed value is in the vicinity of $55,000 per capita.

In Lincoln with so much basic employment in the public category – i.e., the state and federal government, the university, and the air base – there is a basic weakness in the tax base to be overcome. The assessed value per capita which was $1,322 in 1950 has decreased to $1,245 today.
It is wise in the beginning, however, to recognize that urban growth is not an unmixed blessing and in itself may easily bring about more difficulties than advantages, particularly if it is uncontrolled. For one thing, as cities become larger, tax costs per capita go up. For example, in cities with populations of from 25,000 to 50,000 the average municipal expenditure per person is about $71.00; in cities with populations of from one-half million to one million the average expenditure per capita is $108.00. Generally, as a city grows its revenue requirements grow even faster.

The American Society of Planning Officials recently prepared a very interesting analysis of what 100 new families mean to a community. This indicated that, among other things, 100 new families would require new school rooms with a capital outlay requirement of $120,000; 100 families would add about $30,000 a year to the school's operating budget; they would require 0.84 additional policemen and two-thirds of a new fireman; there would be an addition from $12,000 to $15,000 to annual municipal payroll. This analysis ends with the comment that 100 new families would increase the municipal planning budget $98.63; would require the addition of one-fiftieth of one person to the planning staff and even that little of a planner is hard to find these days! We are well aware of the scarcity of planning personnel in Lincoln as Doug Brogden has been looking for an assistant for the past six months and was only able to find one last week.

In spite of these recognizable disadvantages of new growth, in the final analysis it is desirable and is to be encouraged. To encourage it we should recognize two fundamental principles: First, that the "bird in hand is worth two in the bush", i.e. that we can accomplish more by giving attention to business enterprises that are here today and seeing that they grow and prosper than we can by focusing all our attention on trying to attract new ones into the area; Second, that there is an extraordinarily great competition in the attraction of new commercial or industrial enterprises. Insofar as industry is concerned, one of the best comments was made by the Tax Institute of Princeton, New Jersey, which said:

"One of the most obvious elements in the industrial location picture is the intense competition among cities, states, and regions for new industrial plants. Economic competition is no new phenomenon whether among countries, regions, cities, or individuals. But the tremendous current expansion of industry and its increasingly volatile nature are exciting feverish competition for new plants. Cities and states vie with each other in attracting new industries. They proclaim their virtues loudly. They offer various inducements."
"The present keen rivalry for new factories has been called a "war between the states". It might more aptly be called a war between the cities."

Recent Trends in Lincoln

In view of the past development of the city, Lincoln's growth since 1950 has been phenomenal, population increasing from 100,000 to 129,000. Much of this has been brought about by the activation of the Lincoln Air Force Base. However, during this period, employment in manufacturing has increased from 7700 to 9000, and in retail and wholesale trade from 10,000 to 11,450.

When we undertook the city planning studies in 1950 we were impressed by the extraordinarily diversified economic base of Lincoln. Major contributors to the economic base were the State Capital, the university, retail and wholesale trade, home offices of insurance companies, and industry.

In all of our communities we know growth comes from basic employment that is providing goods or services to people living outside the city; most of industrial employment is basic; employment such as that provided by the university and the state offices is basic; the air base employment is basic. Employment in city government, in such things as laundries and bakeries is classified as "secondary" and a community grows pretty much in proportion to the increases in the amount of basic employment.

As we look ahead in the future at Lincoln, it is not likely that there will be any great amount of growth brought about by the state offices or by any further expansion of the air base. One striking possibility for future growth is, of course, the University of Nebraska. Probably one of the greatest problems facing the state is to develop a sound and sensible plan for guiding the great expansion that will be required in the higher educational facilities over the next ten to fifteen years. The increasing number of children going through the high school grades will soon reach the collegiate level. Recent international events have emphasised the importance of making proper provision for them.

Trends in the trade territory do not indicate any possibilities for growth that would bring about increases in retail trade; rather, retail trade is more likely to increase in proportion to changes in other portions of the community's basic economy. A major element of most uncertain potentiality entering into the future picture at Lincoln would be employment in industry. It might be well to look into this in somewhat more detail.
Factors Affecting Industrial Growth

There are two types of factors that affect industrial growth in the community.

The first of these are what might be called "regional" factors. These include: accessibility to raw materials, transportation facilities to markets, labor supply and the state tax structure. These are factors that bring about the relative desirability of a large region and guide an industry which is deciding on an over-all plant location. For the most part such factors are pretty much beyond the immediate influence of any particular city.

However, there are usually a number of cities that are suitable locations within a given region insofar as these over-all regional factors are concerned. When it comes to a choice of locations within the region there are two elements of considerable importance.

The first of these might loosely be called the "quality of the community". It can best be described in a negative way by the experience of an Indiana city that was passed up by a large manufacturer as a site for a new plant. The city asked the manufacturer why another town was selected in preference to theirs; eight reasons were given as follows:

"1. Too many houses showed lack of upkeep - many of them appearing to have been without paint for 25 years or more."

"2. Poor traffic control."

"3. Water supply for the city was taken from one river and raw sewage was dumped into another near the junction of the two."

"4. The business district was not kept up - had the appearance of a business center of 1900 vintage."

"5. Hotel and restaurant accommodations were inadequately and of poor quality."

"6. Lack of community pride evidenced by decrepit appearance of bridges."

"7. Inadequate schools and hospitals."

"8. Lack of zoning and planning programs in the community."

Industry's needs insofar as "community quality" is concerned have been described by Mr. Edward J. Riley of the General Electric Company, as: "good streets and transportation facilities, smooth traffic flow, sufficient fire and police protection, decent housing, zoning ordinances that are observed, and adequate educational, recreational and cultural facilities".
The reasons that industry locates in a good community are quite obvious. An industry is only as efficient as its personnel. The effect of poor living conditions upon one individual employee is colorfully described by Mr. Riley in the following statement:

"Tired, after a hard day in the shop, he has to buck a traffic jam going out in the evening. With his nerves jangling and patience running out he arrives home to find his kids dodging cars while they chase a ball in the street because there are no playgrounds in his part of the city. After supper his wife tells him about the house across the street being converted into apartments. He has most of his life's savings invested in his own home and he can see the sale value sliding sharply as his neighborhood starts to go down because the city council winks at the present zoning restrictions."

All of the literature having to deal with industrial growth and industrial locations emphasizes over and over again the importance of having good community living conditions if industry is to be attracted.

The second important local factor is to have adequate industrial sites available for new industrial growth. Industries are requiring extremely large industrial sites both because of the universality of one-story operations and because of the necessity for providing adequate area for expansion, for landscaping and for off-street parking. A study made by the National Industrial Zoning Committee showed that of 129 industries, 107 located outside the city with 51 percent locating in partly developed areas and 18 percent in completely open country. According to this study, 52 percent of the new industrial plants conform with existing zoning while 29 percent located in unzoned areas. Here again, the literature dealing with industrial growth emphasizes the importance of the "planned industrial district" or industrial park where special provisions are made for new industries. Our office has laid out several of these planned districts in recent years. The early sale and occupancy of them indicates that they are unquestionably the most satisfactory solution to the problem of industrial location.

Oklahoma City has had an extraordinary industrial growth, one of the most rapid in the midwest in recent years. In the Oklahoma City area there are eleven planned industrial districts with a total area of 8.7 square miles. In that community the Chamber of Commerce sponsored the "Oklahoma Industries Corporation" which developed four of these districts and encouraged the remainder. This corporation was originally capitalized at $500,000, subscribed by public spirited citizens, which capitalization was increased later to $2,000,000. It has built some dozen industrial buildings, three of which it still owns. Chamber of Commerce officials credit much of the Oklahoma City industrial growth to the immediate availability of industrial sites, buildings, or both, all under the effective control of the Chamber's industrial promotion people. Incidentally, the public spirited citizens who invested in the corporation are receiving dividends that amount to a return of five to ten percent per year on their money. As another
sidelight on the Oklahoma City situation, the six industrial districts that are within the city limits have grown the most rapidly and been the most popular.

The Situation in Lincoln

Regional factors that might bring about industrial growth in the western Iowa-eastern Nebraska area are well beyond the scope of a talk such as this. There are favorable conditions creating some substantial industrial growth in Lincoln and in the Omaha area. The new atomic power plant will be of some assistance also.

When we look more closely at the local scene we find many favorable aspects in regard to the "quality of the community". There is no question but that Lincoln has an unusually fine character in comparison with other cities of its size. It is a very good — if not extraordinarily good — city in which to live. It has a good school system, only a very small part of the residential areas can be characterized as slums or blighted districts, new growth has created some problems, but public utilities are catching up with them, the local taxes are reasonable; there are, however, major problems in connection with traffic, off-street parking, and recreation, and probably the biggest problem of all — the maintenance of the good qualities that we do have. The carrying out of the Mayor's ten-year street program will do much to eliminate the city's traffic problems.

As is customarily the case, the City Plan created quite a little attention when it was being made during the period of 1950 to 1952. The rate of growth that it forecast has been exceeded in the last seven or eight years, although the total growth it estimated has not. To an extraordinary degree the growth of the city has taken place in those areas, and in the manner, forecast by the 1950 City Plan. The 1950 City Plan looked ahead to a future population of some 110,000, now it seems desirable to raise our sights and look forward to the city having some 175,000 persons by 1980.

It now seems desirable, however, that this plan be reviewed, brought up-to-date and extended to cover a wider region than that used in the 1950 study. Measures are being undertaken to accomplish this review and revision, and we hope to have available by the end of 1958 a revised, streamlined, up-to-date Comprehensive Plan for Lincoln.

Those of us working with planning in Lincoln, however, are very much concerned by the lack of evidence of much public support for the planning process. About the only people we see at planning commission meetings anymore are persons endeavoring to bend or warp the Comprehensive Plan so that it more closely fits their personal desires of the moment. One encouraging development has been an organization of persons concerned with the growth and expansion of the central business district.
The 1950 Comprehensive Plan gave careful consideration to the problem of industrial sites at Lincoln. This entire problem will be reviewed again as the Comprehensive Plan is revised this year. One of the reasons for the basically attractive quality of Lincoln is the relatively simple land use organization of the community. The city can best be visualized as about three-fifths of a pie with the business district in the center of the piece of pie and the railroads along the sides. With such an organization there is not the interference between industry and residence that is found in so many communities. The residential areas can grow in a simple, progressive manner to the south, southeast and to the east, while industries can grow in an equally simple and unhampered manner to the north, northwest and west.

Several factors make the above described industrial location even more advantageous. Areas to the north and west are well located in relation to the community’s sewer and water systems; they are immediately available to the proposed new interstate highway location; and, they are convenient to the air base. It seems quite evident that these are the areas in which industrial expansion should be encouraged.

When the 1950 plan was prepared some 281 acres of land were used for industry in the Lincoln area. There has been some 37 acres of new industrial development since 1950. The Comprehensive Plan provides, however, some 2700 acres for industrial locations. For business uses, there were 293 acres provided in 1950 with some 64 acres of commercial growth since then. The 1953 Zoning Ordinance proposed commercial areas totalling 319 acres; this has subsequently been increased to 372. Thus, the Comprehensive Plan makes more than ample provision for commercial and industrial growth.

Lincoln, however, does not have a "planned industrial district". This is a major defect and inadequacy that should be overcome in the future. In this connection, it should be emphasized that land cost is not a major factor in industrial locations. All industries know that initial cost is a non-recurring item but that operating and transportation costs are expenses that must be met every day. Land cost is not a factor that should be of any importance in Lincoln.

In connection with the entire matter of industrial location it should be noted that the last legislature passed an Act known as "LB-70" which set up a relatively cumbersome and complicated method of providing some tax advantage to new industrial growth.

Conclusions

From the above quite cursory examination of the current situation it would appear that there are several things that we should do to encourage growth in Lincoln.

The first thing that we should do is to make sure that Lincoln is maintained and improved as a good place in which to live. In speaking of what the company looks for in locating a new plant the president of Sylvania Electric Products said, recently:
"...is the town a good place in which to bring up a family? That's the really important social question. When employees feel that the children have a healthy place in which to grow up—good schools, plenty of opportunity for the right kind of play, safe streets, good health records, good playmates, good moral record, right outlook on life—they feel little inclination to move on. They themselves become better and more steady at their jobs.'

The Urban Land Institute made a similar statement:

"A city that knows where it is going through advance planning and which has inventoried its assets and liabilities is making the nest of the former and correcting the latter. This is where the types of industry worth having will be attracted."

The Lincoln City Plan places first emphasis on the maintenance and enhancement of good living conditions. The plan, however, is useless unless it is followed and carried out. The zoning regulations are an integral—indeed the most important—part of this plan. We all agree, I know, that we have been making too many changes in the Lincoln Zoning Ordinance and that about 90 percent of the changes have not been in the right direction. In this connection, the best way to harden Lincoln's future and impede industrial and commercial growth will be to locate industries or commercial uses in any way that will adversely affect living conditions. There is plenty of industrial and commercial land provided in the Comprehensive Plan. There is no practical reason why the plan cannot be followed with only a very few minor changes. To do this will insure maintenance of good living conditions. Frequent zoning changes and particularly those based on speculative pressures soon undermine public confidence and destroy the potential value of the ordinance to protect property values, particularly in the residential areas.

2. In the revised comprehensive plan shortly to be undertaken, new attention will be given to the problem of industrial sites at Lincoln. A detailed study will be made of each industrial area, analyzing it from the standpoints of access, drainage, sewer, water and other basic factors. While this will be of some assistance it will not replace the development of one or more planned industrial districts. These can only be provided by private enterprise.

3. Development here in Lincoln, and elsewhere, indicates conclusively that the good industrial and commercial enterprises will pay their own way and will become an integral part of the community. It is quite obvious, I believe, that both commercial and industrial enterprises are an urban and not a rural phenomenon; they are an integral part of the city. As previously indicated, they should provide a major part of the community's tax base. In discussing the question, "What does industry expect of a community?", Mr. H. Y. Bessett, of the Calumet and Hecla Consolidated Copper Company, stated: "It is my feeling that both community and industry should avoid subsidies in the form of land grants, buildings, etc." Mr. Bessett went on to say, "Generally speaking, the same comments apply to tax exemptions".
The publication of the Tax Institute dealing with "Industrial Location Impacts" included the following interesting statement:

"Louisiana has had one of the most widely publicized tax-exception programs. The state constitution was amended on November 5, 1956, to provide that the State Department of Commerce and Industry, with the approval of the governor, may offer a ten-year property tax exemption of buildings and machinery on a new plant or an addition to an existing plant.

"Fortunately, a scholarly analysis of the results of this provision has been made. In this study Professor William D. Ross concludes:

"Theoretical analysis and empirical evidence presented in this study coincide to support the widely held belief that the industrial property tax exemption will, under special circumstances, serve as the deciding influence upon the decisions of management to develop and to locate a new enterprise in Louisiana rather than in another state. In such a case, the added employment, income, business activity, and the new tax base thereby created in the community where the plant is located and in the state may well offset the direct and indirect costs of the exemption. Only in such a case, however, can an economic justification for the granting of the tax exemption be found. The results of this study indicate that such cases are very few in number, that exemptions cannot be so selectively employed, and that the cost in terms of lost revenue entailed in the granting of exemptions to all firms is great in proportion to results."

It is quite evident from all this that efforts such as that spent on the development and passage of a measure for the tax exemption of industry (such as HB-70) might better be placed in a different direction, such as in the direction of development of a planned industrial district for Lincoln, and in the direction of maintenance and enhancement of good living conditions at Lincoln.

As a final word, those of us working in the field of city planning recognize the necessity for the efficient and economical development and operation of business and industry if the city is to survive—much less expand. The needs for water, sewer, drainage, police and fire protection, a good transit system and efficient traffic flow are very largely directed toward this end. At the same time, we are more and more impressed by the intense competitive industrial growth in the United States. We are impressed by such things as the tremendous trend of industrial growth in the State of California which is locating there only because Florida is a place in which people like to live.
Lincoln will grow only as it is developed and maintained as a good place in which to live. This is our major objective and we ask for your help and support as we endeavor to move toward that objective.