

## “Sacramento Plan” Pitfalls

COMMUNISM IS HAMMERING a coffin for the private ownership of property in the United States, and planners, politicians, and profiteers are passing the nails.

A ghoulish session occurred during the Eighty-fifth Congress, when a subcommittee of the Banking and Currency Committee considered slum clearance and related housing problems in the light of urban renewal and redevelopment subsidies.<sup>1</sup>

Current redevelopment programs, through the police power of eminent domain, are seizing private property and making the sites available to builders at considerably less than acquisition costs.<sup>2</sup> This writing down of land prices naturally creates a deficit. The loss is pushed off onto American taxpayers who provide government subsidy which makes up the difference. In cases where the taxpayer happens also to be a dispossessed property owner, his forced contribution becomes even more appalling.

At the Washington housing hearings, numerous politicians and planners begged for a billion-dollar expansion of the Federal socialized urban renewal program. So-called business interests added unbusiness-like words, bringing to pass the ironic prophecy of the socialists who say, “Capitalists will dig their own graves.”

The spectacle, of course, fulfills the timetable written specifically for the United States by Communist William Z. Foster and contained in his book, *Toward a Soviet America*.<sup>3</sup>

Shocking though it was, worse may be expected in the present Congress, for the same collectivist forces that jammed the 1958 Congressional hearings picked up portfolios and went on the road to become vocal at various lay and professional meetings and national conferences held throughout the United States. The full force of the practised propaganda is coming to bear upon the Congress each year.

Redevelopment objectives are set forth in two of the national “needs”

<sup>1</sup> *Slum Clearance and Related Housing Problems*—Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, 85th Congress, January 7, 8, & 9, 1958.

<sup>2</sup> Actual practice as set forth in agreements of Community Redevelopment Agency, Los Angeles. Also, *Model State and Regional Planning Law*, Introduction, p. 2, by National Municipal League, 1955, New York (See Bibliography).

<sup>3</sup> For additional quotes from *Toward a Soviet America*, by William Z. Foster, a Communist, see *Congressional Record*, Monday, January 15, 1962, Speech of Hon. James B. Utt in the House of Representatives, “None Is So Blind As He Who Will Not See.”

as pledged by the current Democratic Congress, namely a "bold" housing program, and a "courageous" urban renewal program.<sup>4</sup>

Pressure is renewed to broaden the Federal "residentially related" program. Profiteers who want subsidy to remodel their commercial and industrial areas have been, and still are trying to rewrite the Federal law which stipulates that properties to be redeveloped must be predominantly residential either before or after redevelopment, in order to qualify for Federal subsidy—two thirds of the site acquisition cost.

Urban renewal laws have put bureaucracy into real estate, where politicians are playing Santa Claus to unscrupulous profiteers; taxpayers are standing the cost of property markdowns and of extravagant squanderings.

Standing ready on the sidelines is another shameful scheme of financing that is becoming nationally known as the "Sacramento Plan," geared to operate at State and local levels. "Planners" and politicians are attempting to hoodwink citizens into approving this shakedown which provides the local one-third divvy through tax-allocation bonds, a gimmick that political hucksters promise "won't cost taxpayers a dime."

*Actually, taxpayers pay twice under the "Sacramento Plan."*

The tax-allocation bond financing idea originated in California and appears to be spreading rapidly to other states. The scheme was allegedly introduced at the Washington Banking and Currency hearings by the president of a New York firm, Webb & Knapp, Inc., largest land development organization in the world, and one which has inked substantial contracts in redevelopment projects in Washington, D.C.,<sup>5</sup> and Los Angeles, and claims the doubtful credit of having "redeveloped" the United Nations site.

President of the firm, Mr. William Zeckendorf, said:

"I think the city of Sacramento blazed a brand new trail in city finance. I am told that they got a bill through the Legislature of the State of California which permitted them to issue bonds to the extent of their contribution to the writedown of urban renewal projects . . . the bonds to look to the increased tax revenues from the same space, the same land, to be amortized according to a schedule as forecast."<sup>6</sup>

<sup>4</sup> "12-Point Program of New Democratic Congress," page A-2, *Los Angeles Herald & Express*, Nov. 7, 1958.

<sup>5</sup> Editorial in *The Evening Star*, Washington, D.C., February 16, 1959, questioned favoritism shown to Webb & Knapp, land redevelopers, and cautioned: "It should be remembered that under the rules set up by RLA (District Redevelopment Land Agency) in this case, development rights never were intended to be up for grabs to the highest bidder. . . . It is understandable that RLA officials feel a 'moral obligation' to Webb & Knapp, but it is important that this obligation be documented with facts in any such dollars-and-cents challenge of the expenditure of public funds."

<sup>6</sup> *Hearings, op. cit.* Note No. 1, p. 333.

His description has resulted in the financing gimmick becoming known as the "Sacramento Plan." It exists in the identical language of Article XIII, Section 19 of the California Constitution, and Sections 33950-54 of California's Community Redevelopment Law. A bond sale under this provision was consummated in Sacramento in 1956.<sup>7</sup> It is invokable by any bonding district in California.

In brief, bond holders of community redevelopment tax-allocation bonds will be paid off by the pledging of all *anticipated* increase in tax revenue *expected* by redevelopment. Taxpayers already hooked through the subsidized Federal two thirds will not only be meeting the local one-third cost via tax-allocation bonds, but, on top of all that, are left bearing the cost of running the whole city government and furnishing the "new" neighborhood with municipal services, such as street upkeep, lighting, garbage and trash disposal, and water mains.

The "new" neighborhood's tax contribution, under the "Sacramento Plan," bypasses the municipal treasury and goes to the redevelopment agency. In other words, the taxes are *allocated* to the agency treasury, the city getting nothing.

The "Sacramento Plan" has cast suspicion upon urban renewal in California and, now that the scheme has been given national recognition backed by powerful interests, citizens everywhere should remain on guard to defeat the radical scheme as it raises its ugly head in other states, counties, and cities.

The tentative draft revision of the California Community Redevelopment Law, which contains the "Sacramento Plan," was prepared by the League of California Cities<sup>8</sup> which is affiliated with the Committee for International Municipal Cooperation.

The long, surreptitious history of 1313 was noted sharply in 1954 by the Special Committee to Investigate Tax-Exempt Foundations (Reece Committee, House Report 2681, p. 221; Hearings, Part I, pp. S94-96) which recommended for investigation. The Public Administration Clearing House.

Other features of the League-authored California Redevelopment Law are onerous, such as the fact that taxpayers are denied the right of protecting themselves from unwanted debt. Citizen hands are tied by a provision by which the redevelopment "authority," or agency, is empowered to authorize the bonds in any amount desired, yet apparently is not held liable for the debt created.

In Los Angeles, where a redevelopment project called "Bunker Hill" has been fought fiercely by citizens, the "Sacramento" tax-allocation

<sup>7</sup> Mimeographed release dated July 11, 1958, from Los Angeles Community Redevelopment Agency, explaining application of tax-allocation bonds to Bunker Hill Project, "Bunker Hill Urban Renewal Project—Financial Information."

<sup>8</sup> See MetroChart for League of California Cities' hookup with Committee for International Municipal Cooperation.

gimmick is referred to as the "Hatfield Amendment," meaning the referendum which froze the feature into the state constitution.

In the state of Oregon, voters balloted on the "Sacramento Plan" as ballot measure No. 5 in the November, 1958, election and flatly turned it down.<sup>9</sup>

There is every reason to expect that the "Sacramento Plan" will continue to receive ballyhoo wherever "Planners" and professional politicians gather.

Speakers at the Washington Banking and Currency Subcommittee hearings included officials from municipal leagues, many savings and loan associations, public housing pressure groups, AFL-CIO, mayors, Congressmen, public redevelopment agencies, a nationwide interlock of building contractors and land developers, National Association of Home Builders (NAHB) which maintains an office in Washington, also ACTION (American Council to Improve Our Neighborhoods) which receives aid from the Ford Foundation.<sup>10</sup>

A three-point program to expand the activities of ACTION was announced by one of its top officials, including a "leadership study course" financed by a \$25,000 grant from Ford Foundation.

Illustrating further the far-reaching effect of Ford Foundation influence in this housing and redevelopment field, is the practice of ACTION in circulating a *Fight Blight, Inc.* booklet whose publishing costs have been underwritten by the Fund for Adult Education, still another Ford Foundation adjunct.<sup>11</sup>

Also aided by Ford Foundation,<sup>12</sup> 1313 sent to the Washington Banking and Currency Subcommittee hearings representation from its AMA (American Municipal Association), and NAHRO (National Association of Housing and Redevelopment Officials), which boasts of considerable influence upon Washington legislators.

Another "1313" adjunct, the U.S. Conference of Mayors,<sup>13</sup> spearheaded the drive that brought to the subcommittee a flood of pro-subsidy mail bearing the signatures of mayors from throughout the United States. An idea of the interlocking web of collectivist apologists can be guessed by observing that many of the mayors who wrote, and those who appeared personally, are members and officials of 1313's AMA.

<sup>9</sup> Per Mr. Freeman Holmer, December 23, 1958. Director, Elections Division, Department of State, State of Oregon, State Capitol, Salem.

<sup>10</sup> "Ford Foundation Gives 'ACTION' Aid," from *Detroit Times*, Sunday, October 26, 1958.

<sup>11</sup> ACTION brochure, Fall-Winter, 1956-57, Box 462, Radio City Station, New York 20, N.Y.

<sup>12</sup> Ford Foundation contributes to National Municipal League, 1313 parent body, to support a three-year project to "improve" state constitutions. NML brochure.

<sup>13</sup> See MetroChart. U.S. Conference of Mayors membership link through CIMC (Committee for International Municipal Cooperation).

Still another pro-subsidy mayor sits upon the special ACTION committee that implements the Ford Foundation grant.<sup>14</sup>

The same pro-collectivist forces drew together again at Berkeley in July, 1958, to compare notes upon their progress. Luther Gulick, whose word it appears is weight among many pseudo-liberals, was a key speaker.

Scope of Soviet Activity in the United States (a Congressional Publication) Part 14, page 780, identified Luther Gulick as the War Production Board official who introduced a Soviet NKVD agent to Laughlin Currie who later was identified as having collaborated with agents of the Soviet Intelligence apparatus.<sup>15</sup> Professor Gulick's name threaded through the investigation of the Institute of Pacific Relations.<sup>16</sup>

In September, the same forces, and in some cases, the same personages, checked in at the Colorado Springs Conference of the National Municipal League, parent body of 1313, and promoter of collectivist "metro" government.<sup>17</sup> In fact, one of the NML speeches was dusted off and repeated before another national conference less than two months later.

Next on the junket of collectivist gatherings was the conclave at San Francisco in October, 1958, when NAHRO (1313) marked its twenty-fifth anniversary conference. Elements came from Federal, state, and local governments; HHFA (Housing and Home Finance Agency), an "authority" type body attached to the Federal executive branch.

Also represented was Ford Foundation's notorious Fund for the Republic with its interests in Race and Housing; and AMA, the 1313 adjunct with strings tied to an international branch at The Hague, Holland; also representatives of Webb & Knapp, the largest land redeveloping firm in the world.

It was at the First International Seminar on Urban Renewal held recently at The Hague, that the idea of destroying cities was proposed. "Disposable cities" would be done away with following brief usage, after which the knock-down would be followed by build-up, similar to present urban renewal tax-supported operations in the United States. The idea shocked delegates from many countries, as it was proposed by a professor from Columbia University in New York.<sup>18</sup>

<sup>14</sup> Mayor of New Orleans, deLesseps S. Morrison, *Detroit Times*, *op. cit.*

<sup>15</sup> *Institute of Pacific Relations Report*, Committee on the Judiciary, 82d Congress, 1952, Senate Report No. 2050, p. 148.

<sup>16</sup> Luther Gulick, IPR Hearings, 82d Congress, pp. 432, 857, 4973, 5002, 5050.

<sup>17</sup> Brochure, 64th National Conference on Government, National Municipal League, September 14-17, 1958.

<sup>18</sup> Professor J. Marshall Miller, Columbia University. *Christian Science Monitor*, "This World . . . Town Planning Compared," October 24, 1958; *Indianapolis Times*, October 20, 1958, UP International, The Hague.

## TERRIBLE 1313 REVISITED

Still another national get-together was achieved by the collectivists, again in Washington, D.C. This meeting in November, 1958, was taken over by the pseudo-liberals, in spite of its sponsors, the U.S. Chamber of Commerce.

NAHRO (1313) and NAHB officials were praised from the platform of this conference, National Conference of Metropolitan Growth,<sup>19</sup> and a checklist was circulated from International City Managers Association (1313) that posed questions concerning urban renewal and "metro" promotion.

Luther Gulick reportedly startled the assembled business leaders by his critical remarks about the republican form of American government, when he said:

"If the Devil had looked for a technique to prevent the people who live in a metropolitan area from agreeing among themselves as to how they will solve their metropolitan problems, it is hard to see how a more effective and disruptive instrument of governmental chaos could have been invented than the fractionalization of local governments and local leadership we have now evolved for ourselves in these United States."<sup>20</sup>

The ideology is rampant, of course, in pro-world government circles, and Gulick allegedly repeated it twice for effect.

Gulick really shocked the businessmen, also reporters from the press, by stating that the "metro" undertaking, which includes urban renewal and redevelopment, would cost trillions of dollars within the near future. Urban renewal's "Sacramento Plan" fits into the Gulick-drawn picture.

Seemingly aware that the meeting had been sabotaged by radicals, an official of the United States Chamber of Commerce which upholds competitive private enterprise, jumped to his feet to comment. He said: "Chicago had a fire—and a new Chicago grew from the ashes. San Francisco was leveled to the ground—and a new San Francisco emerged from the rubble. No one had ever heard of national treasury funds for urban renewal in that day and age. The present challenge calls for abiding confidence in the spirit of American voluntary action."<sup>21</sup>

The high-handedness of radical promoters and public officials exploiting unconstitutional features of contemporary urban renewal projects, including the "Sacramento Plan," disqualifies the movement as an action in voluntarism. All storm warnings point to the fact that urban re-

<sup>19</sup> Proceedings of National Conference of Metropolitan Growth (the speeches), sponsored by U.S. Chamber of Commerce, Washington, November 24-25, 1958.

<sup>20</sup> *Ibid.* Speech of Luther Gulick, Institute of Public Administration, New York.

<sup>21</sup> From the address by Arch N. Booth, Executive Vice-President, Chamber of Commerce of the United States, Washington, D.C., *loc. cit.*

newal and its reprehensible and unconstitutional features, if promoted, will help to sink the United States into economic and social bankruptcy.

Signs of citizen revolt against the urban renewal and redevelopment movements are evident, expressed in citizen disgust against urban renewal's mass evacuations of American citizens from their homes, as occurred in Detroit's Corktown,<sup>22</sup> Los Angeles' Sawtelle,<sup>23</sup> and which is currently being attempted at Bunker Hill in California.<sup>24</sup>

Intelligent opposition to redevelopment, subsidy-style, is active in North Tonawanda, N.Y.,<sup>25</sup> and in Benicia,<sup>26</sup> San Diego, and South Pasadena, California. In Arizona, a mimeographed letter written in Spanish is warning Spanish-speaking homeowners of the urban renewal encroachment.<sup>27</sup> In Plymouth, Michigan, a citizen has challenged the city council's request for urban renewal funds; he objected to the Federal government's becoming the mortgager in the construction phase, and reminded that the first plank in Karl Marx's Manifesto is elimination of private property.<sup>28</sup>

Federal government now owns 22 per cent of the land in the United States, more than 50 per cent in California, and substantial percentages in other states.

Further reaction against urban renewal and redevelopment continues. In November, 1958, voters of Arlington County in Virginia *did not approve* a proposed County Redevelopment and Housing Authority.<sup>29</sup>

In New Orleans, Federal urban renewal was tossed out a few years ago; in its place operates a locally sponsored improvement program.<sup>30</sup>

An equally stern rebuke issued from a high tribunal recently: The Supreme Court of Florida declared the Florida Slum Clearance and Redevelopment Law unconstitutional in the case of *Adams v. Housing Authority of City of Daytona Beach*. (Reported in 60 Southern 2nd 663).

<sup>22</sup> Corktown, *Detroit Times*, October 10, 1958, p. 5; second front page, *ibid.*, "Way Prepared for Corktown Industry."

<sup>23</sup> "Bulldozer At Your Door," by Jo Hindman, *American Mercury* (New York), September, 1958.

<sup>24</sup> See Chapter VI, following.

<sup>25</sup> Publication release from Arnold C. James, alderman—Fifth Ward, 363 Division Street, North Tonawanda, N.Y.

<sup>26</sup> Benicia, California, various issues from 1958-60 of the *Benicia Herald*. Mr. Michael F. Walsh, chairman of citizen's committee, 865 West K Street, Benicia.

<sup>27</sup> Letter, December 19, 1958, provided by Mrs. M. Conan, Phoenix, Arizona.

<sup>28</sup> "City Seeks \$638,000 for Urban Renewal," Thursday, November 20, 1958, front page of the *Plymouth Mail*, Plymouth, Michigan.

<sup>29</sup> Letter, dated December 21, 1958, by Jeane D. Simmonds, Clerk to County Board, Arlington County, Virginia.

<sup>30</sup> *Christian Science Monitor*, July 29, 1958, p. 3.

## TERRIBLE 1313 REVISITED

These and other evidences of citizen awakening may serve to slow down the attack upon ownership of private property in the United States. Review of Communist William Z. Foster's book, *Toward a Soviet America*, reveals that the United States is appallingly far down the path on which the trickery of urban renewal, including Soviet-style community redevelopment, is one of the stepping stones.