

## RATING OF LOCATION

Part II  
226-228

## PROTECTION FROM ADVERSE INFLUENCES

226. This feature has a total weight of 20, making it one of the most important features in the Rating of Location. Protection from adverse influences is not concerned merely with zoning and deed restrictions. These are of great importance, but they do not represent all of the protection which is or may be afforded a location. Where little or no protection is provided against adverse influences the Valuator must not hesitate to make a reject rating of this feature.

227. Protection in the form of zoning restrictions is becoming almost universal. The best artificial means of providing protection from adverse influences is through the medium of appropriate and well drawn zoning ordinances. If the framers of the zoning ordinance have used excellent judgment in establishing areas, and if the provisions of the ordinance itself have been well worded and drawn from a thorough knowledge of conditions existing in the city and those which will most probably exist in the future, and if the zoning ordinance receives the backing of public approval, an excellent basis for protection against adverse influences exists. If the ordinance has been drawn with little or no real understanding of its purpose or a genuine desire to promote an orderly city growth, or if it lacks public approval, the chances are that it will offer little protection against adverse influences to residential properties. Even when ably executed, investigation must be made to determine whether or not infractions of the zoning law are permitted. If the law may be changed readily or if the provisions themselves are not strictly enforced, it should be given little consideration by the Valuator in determining a location's protection from adverse influences. Greater importance is attached by the Federal Housing Administration to zoning protection in and near large metropolitan centers than in places having smaller populations and less rapid rates of growth. Absence of zoning may be a proper basis for rejection in the former case, but would not cause rejection in the latter type of case.

228. Deed restrictions are apt to prove more effective than a zoning ordinance in providing protection from adverse influences. Where the same deed restrictions apply over a broad area and where these restrictions relate to types of structures, use to which improvements may be put, and racial occupancy, a favorable condition is apt to exist. Where adjacent lots or blocks possess altogether different restrictions, especially for type and use of structures and racial occupancy, the effect of such restrictions is minimized and adequate protection cannot be considered to be present. A location lying in the path of business expansion is often unprotected from the business encroachment even though deed restrictions for residential use may be present. It must be realized that deed restrictions, to be effective,

must be enforced. In this respect they are like zoning ordinances. Where there is the possibility of voiding the deed restrictions through inadequate enforcement of their provisions, the restrictions themselves offer little or no protection against adverse influences. In other words the property so situated that its logical use is other than for residential purposes, even though it is restricted to such residential use, will inevitably be put to its highest and best use in the course of time.

229. The geographical position of a location may afford in certain instances reliable protection against adverse influences. If the location lies in the middle of an area well developed with a uniform type of residential properties, and if the location is away from main arteries which would logically be used for business purposes, probability of a change in type, use, or occupancy of properties at this location is remote. The Valuator should consider carefully the immunity or lack of immunity offered to the location because of its geographical position within the city. Natural or artificially established barriers will prove effective in protecting a neighborhood and the locations within it from adverse influences. Usually the protection against adverse influences afforded by these means include prevention of the infiltration of business and industrial uses, lower-class occupancy, and inharmonious racial groups. A location close to a public park or area of similar nature is usually well protected from infiltration of business and lower social occupancy coming from that direction. Hills and ravines and other peculiarities of topography many times make encroachment of inharmonious uses so difficult that protection is afforded. A college campus often protects locations in its vicinity. A high-speed traffic artery or a wide street parkway may prevent the expansion of inharmonious uses to a location on the opposite side of the street. These natural and artificial barriers are of such importance that the Valuator should make a thorough study to determine their presence and reflect such conditions in the rating of this feature. On the other hand, when a high-speed traffic artery passes directly through a desirable neighborhood area with similar development on each side of the artery, instead of offering a protection the noise and danger attendant upon its presence constitutes in itself an adverse influence. The same holds good for the presence of railroads, elevated or surface lines, and other transportation.

230. When a neighborhood with its locations has been solidly developed in accordance with accepted good housing practices such development alone usually constitutes, in the absence of extreme adverse conditions, good protection against adverse influences. But many solidly developed neighborhood areas present conditions which are far different from what is at present regarded as good housing

practice. In these little protection is offered to the neighborhood since there is little doubt that new competing neighborhoods will be developed which will provide more comfortable and enjoyable surroundings. The solidly built-up neighborhood where good housing has not been provided will easily lend itself to a change in occupancy. The Valuator must realize that when making a prediction for a period of twenty years this condition shall be reflected in his rating. It is difficult to over-emphasize the importance of the presence or absence of well-executed neighborhood planning in rating locations. Narrow streets, excessive lot coverage, inadequate light and air, and poor circulation within the neighborhood area, as well as the inter-mixture of types, price levels, and a general absence of architectural attractiveness in dwellings represent adverse influences in themselves.

**231.** The quality of dwelling construction is of some importance, inasmuch as unsubstantial, flimsy construction is subject to rapid deterioration which hastens the lowering of class of occupancy. The same condition holds for locations whose properties present freakish architectural designs. The presence of over-improvement or under-improvement in the neighborhood constitutes a condition which may adversely affect location ratings. Maintenance and repair of neighborhood houses is a clue to the future physical condition.

**232.** Where nuisances are present in a neighborhood little protection is offered to locations close to such undesirable elements. A nuisance may be defined as anything, whether temporary or permanent, which is considered objectionable to any or all of the occupants of residential structures in the neighborhood. In estimating the full import of nuisances which may be present the Valuator must consider whether or not it is probable that the nuisance will be changed or removed. In all instances the rating must reflect the presence of the nuisance to some degree, a heavy penalty being assigned in instances where it is felt that the removal of the nuisance is improbable. Thus the dwelling situated adjacent to a filling station is subjected to the adverse influence of such a nuisance. The rating in this instance should severely penalize the location, perhaps to the point of rejection. A few nuisances may be listed: Presence of billboards, undesirable domestic animals, stables, chicken coops and runs, liquor dispensing establishments, rooming houses, zoos, public playgrounds, schools, churches, mercantile and industrial establishments, cemeteries, homes of an institutional character, offensive noises and odors, and poorly-kept, unsightly properties.

**233.** The Valuator should investigate areas surrounding the location to determine whether or not incompatible racial and

social groups are present, to the end that an intelligent prediction may be made regarding the possibility or probability of the location being invaded by such groups. If a neighborhood is to retain stability it is necessary that properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally leads to instability and a reduction in values. The protection offered against adverse changes should be found adequate before a high rating is given to this feature. Once the character of a neighborhood has been established it is usually impossible to induce a higher social class than those already in the neighborhood to purchase and occupy properties in its various locations.

#### ADEQUACY OF TRANSPORTATION

234. Ready access to places of employment, main shopping districts, and other neighborhoods within the city is a requisite for neighborhood stability. The Valuator does not rate transportation itself but rather the adequacy of transportation for the type of residents occupying the location. Areas developed with low-cost homes where the income level of inhabitants is also low need better and cheaper transportation facilities than an area developed with higher-priced homes where the incomes of inhabitants are much higher. The former will need public transportation facilities. The latter may rely to a considerable degree upon the use of automobiles. The price range of properties near a specific location will have a direct bearing upon the quality of the transportation facilities that will be adequate for the use of the inhabitants. Neighborhoods or subdivisions located on the edge of a city where typical values are about \$4,000 need much more in the form of public transportation than other neighborhoods or subdivisions similarly located but built up with homes of higher value. The occupants of the first area will possess automobiles but it is highly probable that the cost of operation will prove so high that an undue proportion of income must be devoted to transportation.

235. In rating "Adequacy of Transportation" it is necessary to consider the quality and frequency of the service offered by the carrier, as well as the cost to passengers and the length of time required to reach places of employment, shopping centers, and other neighborhoods. Comparisons should be made between similar and competing neighborhoods with different transportation facilities. The highest rating is given to those areas where services and schedules are the best and where costs are the lowest. If comparison is confined to neighborhoods of the same value range, a logical and correct rating of this feature will result.

features when rating such locations. These special considerations will be outlined in succeeding paragraphs.

281. Successful new areas are recognized as the best mortgage-lending areas. To be successful a new or partially developed area must reach a stage of being substantially built up within a period of a very few years. Due to the fact most outlying residential areas will be developed as a result of the decentralization movement rather than as a result of population increases, the economic background of the community assumes great importance, since those communities which will experience a prosperous future will decentralize much faster than those for which a less advantageous future is forecast.

282. With assumptions in combination with certain known conditions as the basis for rating, new and partially developed locations require low ratings, that is, satisfactory areas receive a passing percentage but no high total rating. As the character of these areas is established, ratings can be raised or lowered to reflect the existing conditions. The character of the area becomes evident when a considerable percentage of lots have been improved or when a satisfactory concentration of dwellings is present. The wave system of development, that is, concentration of improvement and building activity in a definite portion of the subdivision until it is established before starting activity in an adjoining section, is an orderly procedure which may greatly reduce mortgage risk. Such a program assures structures of the same age, and if development is halted for any reason the close grouping of homes will increase neighborhood and location stability.

283. **Relative Economic Stability.**—In rating this feature the Valuator considers the combined income characteristics of both occupants and persons constituting the market for the type and price class of improvements contemplated. Since an assumption is the basis for rating high ratings are seldom justified.

284 (1). **Protection from Adverse Influences.**—The Valuator should realize that the need of protection from adverse influences is greater in an undeveloped or partially developed area than in any other type of neighborhood and, in general, a high rating should be given only where adequate zoning regulations or effective deed restrictions exist inasmuch as these provide the surest protection against undesirable encroachment and inharmonious use.

284 (2). Carefully compiled zoning regulations are the most effective because they not only exercise control over the subject property but also over the surrounding area. However, they are seldom complete enough to assure a homogeneous and harmonious neighborhood.



**284 (3).** Recorded deed restrictions should strengthen and supplement zoning ordinances and to be really effective should include the provisions listed below. The restrictions should be recorded with the deed and should run for a period of at least twenty years. Recommended restrictions include the following:

(a) Allocation of definite areas for specific uses such as single or double-family houses, apartments, and business structures.

(b) The placement of buildings so they will have adequate light and air with assurance of a space of at least ten feet between buildings.

(c) Prohibition of the resubdivision of lots.

(d) Prohibition of the erection of more than one dwelling per lot.

(e) Control of the design of all buildings through requiring their approval by a qualified committee and by appropriate cost limitations.

(f) Prohibition of nuisances or undesirable buildings such as stables, pig pens, temporary dwellings, and high fences.

(g) Prohibition of the occupancy of properties except by the race for which they are intended.

(h) Appropriate provisions for enforcement.

**284 (4).** The fact that zoning regulations and deed restrictions exist does not necessarily mean that a high rating is warranted. The type of use permitted by such regulations should be carefully analyzed, for frequently areas are zoned and restricted in a manner that would encourage land use which would greatly decrease its desirability for residential purposes. The Valuator should make sure that the protection provided is appropriate to the best use of the land.

**284 (5).** Some areas in which there are no zoning regulations or restrictions may be considered properly protected because of the favorable situation of the development or the topography of the land. The natural protection afforded in such instances might be sufficient to warrant a good rating.

**284 (6).** Additional protection and stability is afforded by city plans and subdivision regulations that are officially recognized and enforced. Such plans will avoid making noisy, high-speed traffic arteries out of residential streets; will establish barriers between residential and industrial or railroad properties; and assure that the forward growth of the city will be orderly and harmonious. Any undeveloped subdivision falling within the jurisdiction of a city, county, or regional plan shall conform to such plan and regulations. These regulations may be evaded in many States through the sale of property by metes and bounds, for when a subdivision is sold in this

way the plot plan can be changed at the whim of the developer. For this reason it is highly preferable that a subdivision be sold from a recorded plat.

284 (7). A partially developed area that remains long in that condition represents in itself an adverse influence that will make the area undesirable for mortgage lending. The Valuator is cautioned against placing too much reliance on deed restrictions and zoning in such areas. He should look for other factors which will insure early development of the area and thus offer protection against stagnation or slow, unhealthy growth. Among the factors which will offer such protection are the following:

- (a) Situation of development in a path of city growth.
- (b) Contemplated use of land for best purposes, considering such conditions as topography, character of land, and situation of area.
- (c) A physical need for properties of the price class contemplated.
- (d) Combined cost of lot and improvements approximating selling prices and values of completed properties.
- (e) Development planned in accordance with accepted standards of good housing.
- (f) A strong financially capable developer who enjoys the confidence of the market.

285 (1). **Adequacy of Transportation.**—It is necessary to determine the requirements and desires of the prospective purchasers of homes in the new area and to reflect the standing in this regard of the area under consideration in relation to competing areas within the city. In a development for the low income group an increase of a few cents in the cost of transportation may ruin the marketability of otherwise desirable properties. Reliance upon private automobiles alone cannot be considered adequate transportation for any except the higher income groups and even in these groups suitable public transportation facilities greatly increase the desirability of the area.

285 (2). At times transportation facilities to outlying new areas will be planned though not installed. In such instances a low rating is required until the transportation is physically present. A rejection is indicated unless adequate facilities are definitely assured even though planned and anticipated.

286 (1). **Need for Housing.**—There should be convincing evidence of a healthy and active demand for homes of the type contemplated in the particular locality and at the prices asked before a good rating is warranted. For an undeveloped or partially developed area to qualify under this feature it must be found that:

(a) There is a physical need or shortage of homes of the type and in the price class contemplated.

(b) This need originates with a financially capable group of purchasers.

(c) The area is ripe for development and is in a path of city growth.

(d) Sales prices and values approximate reproduction costs of completed properties.

(e) Sales price of the lots and properties in combination with other attractions are such that the development compares favorably with competing areas.

**286 (2).** If the area under consideration fails to qualify satisfactorily in any of the particulars listed above the Valuator should reject when rating this feature. The best way to demonstrate a need for housing is through the actual construction and bona fide sale of houses to financially-capable purchasers.

**287 (1). Appeal.**—In rating the appeal of an undeveloped or partially developed area the Valuator must not only take into account existing conditions and surroundings but must also consider the effect which the contemplated program of development will have on the attractiveness of the area.

**287 (2).** In addition to the regular considerations under "Appeal" special attention should be given to the following factors:

(a) Have care and intelligence been used in planning the street and lot layout?

(b) Are the street lines pleasing?

(c) Has consideration been given to the topography and to natural features?

(d) Have efforts been made to save the trees and to beautify the landscape?

(e) Does sponsorship contribute to appeal?

**288 (1). Sufficiency of Utilities and Conveniences.**—In all cases there must be appropriate and necessary utilities and street improvements installed or definite assurance given that such facilities will be furnished. Due to climate and local custom and conditions street improvements and utilities that might be considered satisfactory in one section of the country may be undesirable in another. No hard and fast rules can be drawn covering the type of improvements. However, the streets should be graded and properly surfaced. There must always be definite assurance of an adequate supply of pure water at reasonable rates.

**288 (2).** If the water is furnished by a private organization rather than from public mains the financial standing of the water company should be carefully investigated. It has been a



practice in some localities for developers to increase the water rates after all the lots have been sold, thereby forcing the lot owners to purchase the system at an exorbitant price.

288 (3). Water supply from wells is seldom satisfactory. The danger of pollution is always great. Little or no fire protection is provided and the cost of the construction of the well and of installing the necessary pumping system is usually as great or greater than the per lot cost of water mains. With very few exceptions and only when the lots are generous in size and when the supply and purity of the water has been certified as satisfactory by the local or state health authorities should water supply from individual wells be considered satisfactory, and under exceptional circumstances only should a high rating be given. In judging the adequacy of a water system the size of the mains and the pressure must be considered.

288 (4). There must be means of disposing of domestic sewage in a manner which meets the approval of the local and state health authorities. Where public sewer mains are not installed or readily available approved individual septic tanks may be used. If the soil is heavy and the drainage is poor septic tanks or cesspools may become a real hazard. Where the cost of extending the city sewers is no greater per lot than the cost of a properly designed septic tank and tile disposal field the extension of the sewer line is to be preferred.

288 (5). An excellent gauge of the appropriateness and the quality of utilities and street improvements is the standards established for dedication and acceptance by the municipality. If the utilities and street improvements are dedicated to and accepted by the city, township, or county, the responsibility for maintenance is transferred from the property owners and there is assurance that the construction is appropriate to the climate and needs.

289 (1). **Adequacy of Civic, Social, and Commercial Centers.**—These elements of comfortable living usually follow rather than precede development. Those centers serving the city or section in which the development is situated should be readily available to its occupants. Schools should be appropriate to the needs of the new community and they should not be attended in large numbers by inharmonious racial groups. Employment centers, preferably diversified in nature, should be at a convenient distance.

289 (2). The development which bases its sales program almost solely upon lower-cost land in order to compensate for its inaccessibility to community and cultural centers, especially when the sales appeal is to the low-income group, will seldom prove successful.