

Intro

The story of Levittown, NY mirrors that of the forces that shaped postwar America. The development of Levittown is significant not only due to its size and importance to Long Island, or even its effect in alleviating the veteran housing crisis after World War II. It is most significant because it changed the trajectory of urban planning, housing development and even American culture in ways that are still felt today.

Levitt's Position

The Levitts, and Bill Levitt in particular, are a classic example of being in the right place at the right time. They took their good fortune and added a healthy dose of foresight, innovative thinking and the courage to seize their opportunities. Levitt & Sons, their development business, was launched just before the Crash of 1929 but they quickly adapted to the new reality of the Great Depression. This ability to pivot based on good reading of the big picture would become a key feature of their future success. They could have folded during the Depression but instead they plowed forward and that decision proved to be crucial. It allowed them to gain extensive know-how in the home-building business, albeit at a higher end of the market. It also gave their firm the size needed to be able to take on large projects that unlocked economies of scale that were key in making their later concept possible. When their opportunity came to build housing for the Navy, very quickly and very cheaply, they were ready to pounce. They faced significant constraints during this project, which forced them to take responsibility for many of the issues they faced, as the Navy was not in a compromising mood during the war. These very difficulties were what ultimately allowed Bill Levitt to come up with their revolutionary homebuilding techniques and unique business model involving mass-production, reverse assembly line construction and vertical integration. Also, even before and during the war, they had been aware of a major need for housing after the end of hostilities, as captured in this statement: "Housing conditions in cities of 100,000 or more population cannot become tighter... Hence, the present wartime housing problem may survive as a post-war problem or, alternatively, as a post-war opportunity". These innovations and their awareness put them in an ideal position to be the leaders in what became the post-war suburban movement.

Forces Driving the Creation of Suburbia

Suburbia arose from a confluence of several factors. In the early 20th century, major US cities, most of them industrial centers, were often overcrowded, unsanitary and generally unpleasant places to live. People longed to be in more livable areas, but it was implausible for most people of the working class to move away from cities. Virtually all jobs were located there, plus there wasn't much affordable housing outside city centers, with inner-ring or 'streetcar' suburbs being inhabited mostly by members of the upper or upper-middle socioeconomic classes. This was partly due to a lack of practical transportation methods to allow workers to commute to cities from far-afield areas. Streetcars were available and widespread but not particularly fast, so were viable only for areas closer to city centers. Meanwhile, automobile use was still in its nascent

state and was not yet widely affordable, and the highway system was just beginning to take shape.

Also, America was a nation of renters before the war, with a minority of the population having access to homeownership. Financing was less available, with higher rates, shorter terms, and balloon payments the norm. Homes were also more expensive because there weren't yet techniques available that allowed for large scale affordable home construction, except for rental properties or government-sponsored housing.

Demographic, Government, Technology & Economic Picture

It is important to note that demand for housing in all forms had been rising steadily before the war due to natural demographic growth, but virtually none was supplied as the economic slowdown during the Great Depression and the re-orientation of the entire economy to war production during World War II took their toll. Two-thirds of US cities had a vacancy rate below 2% in 1943.

By the time the war came to an end, all the ingredients were in place for a major spurt of housing construction. Returning veterans were ready to get married and start families - there were 2.29 million marriages in 1946 alone, with declining but still historically high numbers for 1947 and 1948. Not surprisingly, a major population growth period followed, known as the Baby Boom. Birth rates skyrocketed. In 1945 8.6% of women of childbearing age had children, this then increased to 102 out of 1,000 in 1946, and 113 out of 1,000 in 1947. Birth rates continued to climb until reaching a peak of around 4.25 million annual births in 1963. This only exacerbated what was already a major housing crunch.

The Federal Government was aware of the dire housing shortage, which many blamed for a significant spike in divorces in 1945, among other social ills. It also recognized a great economic opportunity in helping returning servicemen attain the American Dream by becoming established members of the middle class. To this end, Truman's 'second bill of rights' and the enactment of the Servicemen's Readjustment Act of 1944 (known as the GI Bill) laid the foundation for a jobs and housing boom that accomplished just that. Truman promised all Americans a 'useful and remunerative job' and a 'decent home'. To make this a reality, he called on private industry to take the lead on producing sufficient amounts of dwellings. The GI Bill had the goal of helping veterans gain upward mobility by offering tuition reimbursement for college education, free apprentice programs and a raft of other incentives, while also helping them find adequate housing through government-subsidized loans, home-buying grants and mortgage reimbursements. Additionally, the Federal Housing Authority (FHA) offered further financing assistance for homebuyers which essentially made it possible for veterans to buy homes with no money down, at below market rates, with the entire debt guaranteed by the US Government.

This time was also characterized by major changes in transportation patterns. Streetcars were still ubiquitous, but the age of the automobile was emerging. Cars were being mass-produced and had become affordable for most middle-class families. The first major wave of highway construction had taken place prior to the war with the National Highway Act of 1921, making

relatively more remote areas outside city centers more accessible for commuters. This accelerated after the war, and was kicked into higher gear with the establishment in 1956 of Eisenhower's Interstate Highway System, which poured essentially unlimited amounts of money into building the comprehensive national freeway system which changed the country in a profound way and that we still rely on to this day.

The significant government stimulus combined with growing pent-up demand (FHA estimated a need for 12.6 million new homes between 1944 and 1954) from the previous 15 years, the freeing up of economic resources for civilian purposes, the major influx of new families ready to settle down, and the proliferation of automobiles and highways, created the recipe for a suburban explosion and were a boon for any real estate developer capable of taking advantage of them. That's where Bill Levitt came in.

Levitt Seizes the Opportunity

Levitt was successful because he kept his eyes on the macro picture and then focused all of his attention into finding ways to take the fullest advantage of it. Instead of adapting to or blaming his circumstances, he changed them. It seems that Bill Levitt truly cared and wanted to make a difference, and he considered returning GIs to be a good credit risk to take. He understood what the situation was in terms of demographics and consumer needs, and he dedicated himself to finding solutions that had the scale needed to make a tangible impact on the problem. He understood that the market needed very affordable housing for young families: the average veteran could pay only a median of \$5,500 or \$43 a month to buy a house. This led him to create and refine his 26 step construction method which was intended to allow for building quickly and cheaply. During his time with the SeaBees in the Navy, he constantly asked his peers what they wanted when they got back home in order to better understand consumer preferences. This obsession with solving the problem he saw in front of him gave him a great chance of finding success.

Despite the obvious opportunity, Bill Levitt was the only real estate developer who understood well enough what people wanted, knew how to deliver it en masse and had the know-how to do it, plus the vision to see a future community where others saw only a potato patch. It is worth going more in depth into the specific building blocks of his business model.

Levitt chose to build in a relatively far-afield agricultural area instead of the more central inner suburbs that most other developers targeted, and by doing this was able to secure large enough parcels of land for low enough prices to allow economies of scale to kick in. This was a key part of the equation to build affordable homes, and he did so despite receiving questioning looks from his competitors and relentless criticism from scholars. He created a paradigm shift in the construction business, turning it from an industry dominated by small firms (the average developer built 30 homes a year) to one which resembled the streamlined manufacturing processes of the auto industry and where large scale players dominated the scene (Levitt built an average of up to 36 homes a *day*). His approach to home-building was highly standardized, reminiscent of Henry Ford's famous phrase referring to his mass-produced Model T: "you can have any color you want, so long as it's black". So it was to a large extent with Levitt homes.

This high degree of standardization (identical floorplans, etc) allowed for much faster and cheaper construction using an assembly line-like method which triggered economies of scale benefits, reduced crew downtime, reduced material waste and also allowed for instant FHA financing approval. This was revolutionary because Levitt's business model relied on volume and low cost for producing profits, rather than the higher margins most other developers enjoyed. Other cost and time-saving innovations included the use of slab foundations (as opposed to basements), pre-assembling uniform walls and roofs, combining kitchen and living areas, placing heating coils under floors, putting kitchens and baths back-to-back for savings in plumbing, including high quality appliances with all homes, plus several others. They also broke the mold by hiring only non-union workers despite significant union opposition and paying workers for piece work (as opposed to hourly), though they still paid their workers significantly more than others doing equivalent work due to their sheer productivity. To control their supply chain and reduce dependence on third parties, they integrated their business vertically by purchasing both a lumber mill and a nail factory, another key innovation.

Bill Levitt also demonstrated a deep understanding of human psychology. For example, when faced with an intransigent planning board who denied his requests for zoning changes to allow slab construction (which was widely prohibited at the time), he enlisted an army of potential clients to share testimonials of the hardships they were enduring as a result of the housing crunch. This left the zoning board with no choice but to acquiesce to his petition. He also understood the importance of using the media for his benefit. Furthermore he made effective and widespread marketing in luring would-be residents to his communities, as well as market research to guide his decisions.

Not by accident, the Levitts were very intentional in seeking to build communities, not a collection of homes on a potato field. Abraham (the father), Alfred (the brother) and Bill were aware of the essential nature of establishing viable communities based on human interaction and human needs in order to assure the longevity and enduring appeal of their model. They included shopping, community areas, pools, schools and other community cornerstones in their development. They also took care of smaller details such as ensuring that the landscaping was attractive and well maintained, naming each subdivision to create a sense of belonging among its residents - so that they wouldn't "get lost in the bigness of a city" - and enforcing covenants and restrictions to guard the visual homogeneity and upkeep of the neighborhoods. In their words, they sought to build a "cozy and permanent community", and this was a great example of foresight and was another major factor in their success.

Though Levitt had to build roads, sewers, power lines and other elements of public infrastructure for the Levittown development, a further factor that made the development possible was Levitt's astute use of transportation infrastructure and highways already in place, thus minimizing the investment he needed to make and maximizing the utility of the land he developed.

Finally, though they began offering their new homes for rent only, they had the foresight to offer them for sale soon after, which was a less common practice at a time when America was still a

nation of renters and home ownership was the exception rather than the rule. In doing so, the Levitts helped pioneer a paradigm shift which opened home ownership to the masses, which skyrocketed from 42% in 1940 to 62% in 1960, and is a legacy which continues today.

Levitt's Legacy

Bill Levitt and his firm Levitt & Sons didn't just build Long Island's Levittown. They built dozens of similar developments all around the country, amounting to many, many thousands of decent, affordable homes that would house countless families seeking to achieve the American Dream. He sought to not only build homes, but communities for people, and by all accounts he was successful in doing that. Levittown remains a desirable area where several generations of middle-class families have grown up, raised their kids, accomplished their goals and realized their dreams. He offered people a way out of cities and a way to become contributing members of society. Levittowns in New Jersey, Pennsylvania and numerous other states exist today.

It is around this time that the suburban lifestyle of open, clean and safe communities that afforded plenty of opportunities for leisure, shopping and upward mobility became the "national way of life" and a foundational characteristic of American Exceptionalism that was broadcast around the world as the antidote to Communism during the Cold War. Underlying all this was the homogenous suburban home with a manicured front yard and a white picket fence, kids playing on the streets and mothers watching from kitchen picture windows. This was made possible by Bill Levitt.

But his legacy centers not on what he himself was responsible for building, but the trend which became the foundation for the post-war period of American economic and cultural dominance. Suburban developments became the norm across the nation. An overwhelming majority of housing construction since that period has been suburban in nature, a trend which continues to this day in most parts of the country. Suburban growth accounted for nearly all of US metropolitan area population growth for the next several decades. Even today, America can rightly be described as a nation of suburbs, which hold 52% of nationwide population, compared with only 27% for urban areas. Ultimately, by turning the homebuilding industry on its head and radically changing the standard business model, while also being a driving force behind the suburban movement, he was not only successful, but the leading figure in the development industry during this period.

The Darker Side

The high watermark for urban population in most Northeastern and Midwestern cities was in the 1950 Census. The scales began to tip around this time and the suburban movement started to drain city centers of ever larger numbers of their residents, as people sought less congested living, especially those of the middle and upper classes who had the means to relocate. This trend then accelerated dramatically in the 1960s as racial tensions and white-flight led to significant numbers of people to abandon cities overnight and head for the safety of suburbia. The racial, cultural and even architectural homogeneity of the suburbs served as a psychological safe-haven for whites. In the minds of suburbanites, urban centers took on a reputation as epicenters of everything that was wrong in America, characterized by crime,

dysfunction, moral decay, physical deterioration, crowding, pollution, minority rule and just about any other negative description. They were places to be avoided at all costs, and for many cities this reputation endures. As an example, I have heard from countless people in the Baltimore region, where I used to live, that they “will never set foot in the city again” due to a simplified characterization of cities as illustrated above, most often citing crime, ‘urban youths’, dysfunction plus any other negative epithets. Of course, there is more than a degree of truth to these perceptions, as many cities still struggle with issues resulting from massive population loss and racial segregation. This perception enabled government officials, most notably Robert Moses, to see urban centers as corrupted entities in need of purification and modernization in the form of ideologically based ‘urban renewal’ programs, which demolished entire thriving neighborhoods and replaced them with federally funded freeways, Le Corbusier-inspired apartment blocks or other similarly destructive and counterproductive initiatives which dealt permanent damage to cities and only accelerated their decline.

In this trend, too, Levitt & Sons played a part. Levittown was segregated from the start. When launched, living there was restricted only to veterans, and only those of the ‘Caucasian race’. Bill Levitt himself claimed that “as a Jew, I have no room in my mind or heart for racial prejudice” but then followed up by saying that “but I have come to know that if we sell one house to a Negro family, then 90% to 95% of our white customers will not buy into the community”. In other words, Levitt himself did not subscribe to racial prejudice, but succumbed to what he presumed were the views of his client base for business reasons. The reasoning is very reminiscent of that used for other thinly veiled or explicitly racist policies such as redlining, blockbusting and steering, plus ‘urban renewal’ initiatives mentioned above. I am in no position to offer judgement of these actions, but they undoubtedly played a role in spreading segregation policies which continue to restrict upward mobility for many African-American and other ethnic-minority communities generations later.

Looking Forward

In the present, real estate trends are similarly determined by demographic movements. As birth rates decline and homeownership loses some of its appeal among members of younger generations, suburban housing developments like Levittown are relinquishing their dominant position as the go-to form of new housing in many metropolitan areas. This is exacerbated by the need to go increasingly farther from city centers as available land becomes more and more scarce in inner-ring suburbs. Also, Millennial preferences for urban, walkable living as opposed to auto-dependent suburban living is putting a dent in the appeal of traditional suburbia. Developers are responding to this by placing increasing focus on infill development within urban areas, adaptive reuse of older, centrally located properties, and dense, quasi-urban development around peripheral transit nodes.

Even many modern developments that don’t belong to the categories listed above and are still primarily suburban in character incorporate features like more walkability, town center-like retail areas and a more town-like street grid (as opposed to cul-de-sacs and feeder roads).

Ultimately, real estate development is dependent on the correct identification and interpretation of broad demographic trends and consumer preferences, and being able to adapt those to a local audience. In this respect, nothing has changed since the first slab was poured at Levittown, NY.

Digression: Personal Connection to Levitt

For me, Levitt & Sons has a personal connection. A bell rang in my head after reading about how Levitt homes were built on slabs and the neighborhoods were alphabetically organized. I did some quick research and sure enough... Bowie, MD was a Levitt-built community. I spent a lot of my childhood there because my cousin, who is one of my closest friends, grew up there. Additionally, though I wasn't able to determine who built it, the house where I grew up also sits on a slab and was built in the early 1950s for young veterans - quite possibly imitating Levitt's vision. Needless to say, Bill Levitt made a profound impact, not only on the communities he built but on America as a whole, and the legacy is very much alive today.

Digression: Personal Take on Suburbia

I have been conditioned from a young age to take a critical view of suburbia, and continue to see as an ultimately unsustainable approach to living and to city-building. I strongly believe the future lies in denser, transit-oriented cities that make more efficient use of land and are more livable by relying less on automobiles. Having said that, I recognize the necessity of developments like Levittown at the time, and understand the appeal of suburban living on a personal level, having spent much of my childhood in a suburb built in a similar fashion and around the same time (Bethesda, MD). The need to escape overcrowded, polluted and unwelcoming cities was a real one, and the affordability provided by early suburbs made it possible for millions of Americans to build the lives they hoped for and to live in clean and wholesome communities that were tight-knit and provided an ideal foundation for the Baby Boomer generation. The enduring wide-spread appeal, even entrenchment, of suburban living today is a testament to this. I ultimately consider the choice to live in a suburb to be as much an emotional one as a rational one. My vision is for a combination of both urban and suburban worlds to exist, where the neighborhood feel of suburbs exists in unison with a more dense, walkable and transit-oriented reality, much like the New Urbanism movement of today.

References

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