Relocation of People and Homes from Freeway Rights-of-Way—Community Effects

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Currently, increasing concern with the social and economic effects of freeway construction is characteristic of the over-all highway picture. Particular concern with the impact on the community of the displacement of people and homes from the freeway right-of-way is especially evident.

In the location and design of modern controlled-access highways, attempts are made to minimize such displacements. Nonetheless, the relocation of some people and homes is unavoidable, particularly where freeways are projected through urban areas. The effects on the community of this "necessary displacement" have generally been little researched and are largely unknown. The weight that might reasonably be imputed to this factor in the over-all locational and design picture is thus relatively uncertain as well, and the "minimizing" process at least hypothetically deficient.

In California a rather considerable body of empirical data has been gathered on the movements of freeway-displaced owners and the ultimate disposition of their former homes. This paper outlines these researches as measures of community effect, and tentatively evaluates their findings, applicability, and implications for highway planning and design.

IT HAS BEEN estimated that the $41 billion Interstate Highway Program will require the acquisition of 700,000 parcels of land for necessary rights-of-way. A significant proportion of these parcels will be improved and the improvements and their occupants must necessarily be displaced to make way for highway construction.

Two major areas of concern for the effects of this massive displacement exist. Of primary interest is the effect of displacement on people—what action, if any, is being taken to ease the adjustment that must be made after their homes are acquired. The Federal Government recognizes this problem area. President Kennedy, in his message to Congress on February 28, 1961, stated (1):

I urge that the Federal Highway Law be amended to require [similar] assurances of help in finding reasonable housing at reasonable cost for all those displaced from their homes by future Federal-aid highway projects. Such a step will lessen costly resistance to needed highway projects and their proper location. We must not allow needed progress in highways to come at the expense of unnecessary personal hardship to American families.

Secondarily, a less specific but no less important concern has to do with the community at large—what the effect is on the community of right-of-way acquisition and the subsequent displacement of people and their homes.

The purpose of this paper is to relate California's experience with, and summarize its study efforts into, the question of the effects of the acquisition of rights-of-way for freeway purposes on people and the community. The implications these study results may have for freeway planning and design are also categorized.
POST-WAR DISPLACEMENT

California's first freeway project (the Arroyo Seco in Los Angeles) was completed in 1940. Shortly thereafter, an ambitious construction program was brought to a halt by the outbreak of World War II. Freeway planning and right-of-way acquisition for future construction continued, however, throughout World War II. By 1945 a respectable backlog of rights-of-way was vested in the State of California.

California's population had expanded rapidly during and immediately after the war and highway needs in the crowded metropolitan areas were becoming critical. Construction engineers were understandably anxious to begin post-war construction of the many freeways that had been planned and for which rights-of-way had been acquired over the previous five years, but that had not yet been cleared of improvements.

However, an even more serious problem faced the Division of Highways at the time, caused by the same factors; i.e., a lack of construction and an increasing population. The most critically needed freeways were in metropolitan areas and it was in these areas where most future rights-of-way had been acquired but it was also in these same areas where the housing shortage had reached its peak.

The housing shortage had existed throughout the war but it had not been aggravated by right-of-way acquisition because residence units were rented back to former owners or tenants, pending future construction. With the close of World War II the Division of Highways was immediately faced with the problem of vacating and relocating hundreds of persons, to permit clearance of rights-of-way in areas where no suitable vacancies existed.

During this problem period, various groups made recommendations as to the courses of action to be followed. It was recommended, for instance, that public housing projects be quickly constructed to take care of the potential evictees, and that freeway construction be indefinitely postponed until the housing shortage was naturally alleviated by post-war construction. Another alternative suggested was the mass eviction of freeway-housing tenants on the theory that benefits to the community would offset temporary hardships to those displaced.

The first study of the effects of right-of-way acquisition on people and homes was made at this time in an effort to provide factual documentation on the basis of which decisions for action could be made. The study results were later published in a report to the California Legislature in 1948 (2).

BASIC RELOCATION POLICY

Although procedural requirements have varied from time to time since 1945, the basic policy regarding the relocation of people and homes was set forth in early 1946 by the Governor of California. It is still strictly followed. This policy is "no tenant in a residential building will be evicted unless it is established that he has a reasonably comparable place to move, even if it is necessary to delay the freeway construction project."

RELOCATION ASSISTANCE

The action taken by the Division of Highways after a study of all aspects of the complex problem and in implementation of the Governor's policy was the establishment of a sales section within its Right-of-Way Department. The duties of this sales section were to handle and process all phases of the work related to the disposal of houses and the relocation of affected tenants to other housing accommodations (3). The following procedures were adhered to during the removal and relocation process:

1. Purchasers of homes scheduled for removal were required to permit continued occupancy of the tenant in possession for a period of six months after relocation of the residence unit.
2. The purchasers also agreed to move the houses no farther than a specified distance from their original location to minimize inconvenience to tenants.
3. The aid of local municipal authorities, real estate boards, and apartment associations was solicited in screening available housing and making recommendations to tenants when housing was needed.
TABLE 2
RESETTLEMENT OF STATE’S GRANTORS

<table>
<thead>
<tr>
<th>Activity</th>
<th>No of Grantor</th>
<th>Assessed Value (dollars)</th>
<th>Of Improvements Purchased or Retained After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained and relocated own improvements</td>
<td>21</td>
<td>39,070 00</td>
<td>58,602 00</td>
</tr>
<tr>
<td>Purchased improvements from State or received improvements in exchange from State</td>
<td>6</td>
<td>4,300 00</td>
<td>9,921 00</td>
</tr>
<tr>
<td>Purchased new homes</td>
<td>21</td>
<td>30,280 00</td>
<td>52,040 00</td>
</tr>
<tr>
<td>Purchased older improvements</td>
<td>10</td>
<td>14,300 00</td>
<td>47,662 00</td>
</tr>
<tr>
<td>Subtotal</td>
<td>58</td>
<td>87,950 00</td>
<td>168,425 00</td>
</tr>
<tr>
<td>Stayed in area, did not re-invest directly in real estate</td>
<td>5</td>
<td>2,340 00</td>
<td>-</td>
</tr>
<tr>
<td>Moved out of area, stayed in county</td>
<td>12</td>
<td>16,390 00</td>
<td>-</td>
</tr>
<tr>
<td>Moved out of county</td>
<td>8</td>
<td>7,970 00</td>
<td>-</td>
</tr>
<tr>
<td>Whereabouts and activity unknown</td>
<td>3</td>
<td>4,100 00</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>118,750 00</td>
<td>168,425 00</td>
</tr>
</tbody>
</table>

The Oceanside-Carlsbad pilot study permitted these tentative conclusions to be drawn:

1. It is not accurate to assume that both taxpayers and taxable improvements have been completely "written off" the community's tax and economic roster.
2. As a group, relocated improvements will support higher values than those that prevailed in previous locations.
3. Owners will attempt to better themselves by purchasing more valuable improvements with resulting individual and community gains.

It was further assumed that the sequence developed in this study was both reasonable and typical.

The conclusions derived from the Oceanside-Carlsbad study implied that the new home purchases by the displaced owners and the sale and relocation of affected homes would have the effect of completely offsetting the value of rights-of-way acquired. If this implication is valid, it could be hypothesized at this point that the number and value of improvements displaced from a right-of-way area are of little significance from a purely economic standpoint. It would not be unreasonable to draw the conclusion that the more improvements that are removed and relocated and the more owners that are caused to relocate, the more beneficial will be the effect on the community.

The Oceanside-Carlsbad area was originally selected because it was believed to be representative of other areas that would be encountered. The potential significance of the conclusions to be drawn from the data collection made it mandatory, however, that the study results be confirmed in other areas.

ADDITIONAL STUDY EFFORTS

Surveys were started in four separate areas to test the conclusions derived in Oceanside and Carlsbad: San Francisco in the route of the Southern Freeway; in Sacramento within the alignment of the South Sacramento Freeway; and in the Cities of Merced and Modesto (two central California communities being affected by realignment of two sections of US 99).

In the four studies, as well as in Oceanside-Carlsbad, values attributable to land either in or outside the right-of-way areas are ignored. It has been accepted that properly located transportation facilities require the acquisition of the land on which they are to be built, and that the traffic service which the completed facilities render is sufficient justification for the public use of the land areas needed. (This economic justification must be shown to be true, however, before approval to proceed with right-of-way acquisition is granted by the California Highway Commission.)
None of the four freeways under study are fully completed. Data collection must necessarily follow closely on the heels of right-of-way acquisition.

Each of the studies is presently in a different stage. In San Francisco, a minimum of preliminary information has been gathered. Estimates have been made of the number of improvements that are capable of being relocated, and the intentions of owners have been solicited in personal interviews. A projection has been made on the basis of this information, and it will be tested at later stages of the right-of-way clearance operation. One short section of the Southern Freeway which had been cleared at the time of the initial survey provided a small amount of helpful information for use as a preliminary indicator of possible study results.

The owners of 618 residences in San Francisco were interviewed and 457 (74 percent) indicated that they intended to relocate without assistance in other nearby areas of the city. Skilled sales section right-of-way agents estimated that fully 70 percent of all improvements to be acquired were capable of being relocated to other areas of the city.

The interviews were conducted at a time when 130 homes within the route of the Southern Freeway had been acquired. Sixty-one percent had already been successfully relocated. Following rehabilitation 30 percent of these had been sold. It was found that the average selling price after relocation and rehabilitation was slightly higher than the average value of the homes in their former locations.

The San Francisco and Oceanside-Carlsbad studies are significant in that the proportion of all improvements capable of being relocated in each area exceeds 70 percent. The routes of the two freeways lay through areas where the average age of improvements was less than 25 years; these areas, therefore, were more nearly conformed to today's building standards.

**IMPROVEMENT RELOCATION**

The Sacramento, Merced, and Modesto routes lay through areas that, for the most part, contained homes at least 25 years old. The study results pertaining to improvement relocations are significantly different because of this factor.

A total of 1,235 improvements were acquired in the three cities to permit freeway construction. Nearly 45 percent of the total number were relocated in or near the affected community. Individual totals were 47 percent in Sacramento, 37 percent in Merced, and 50 percent in Modesto.

Before-acquisition and after-relocation value totals are presently available only in Sacramento. There it was found that the improvements that were moved were on the average 8 percent less valuable after relocation than in their former location. (The slight depreciation in relative value has been attributed to the lack of landscaping at new sites and the less convenient aspects of the newer areas into which the homes had been moved.)

**OWNER RE-INVESTMENT**

The activities of affected home owners have been more completely documented in each of the three areas. In Sacramento, 358 owners had been displaced from within the right-of-way area. Sixty-eight percent of all owners had re-invested in substitute real estate in the Sacramento area at the time of the survey in 1959. The 358 owners had owned improvements within the right-of-way area valued at $2,938,464. It was found that the activities of the 68 percent who had re-invested placed a total of $2,505,978 back in the real estate market in the area (improvement value only).

Replacement improvements were found to be 25 percent more valuable than were the structures acquired by the State. The improvements were, on the average, 26 percent newer than were former ownerships. Actually, only 7.4 percent of the South Sacramento owners had purchased older homes; 24.3 percent had acquired homes of nearly the same age; and 68.3 percent had taken the opportunity presented by State purchases to better themselves by purchasing newer homes.

Merced has a population of 21,000 persons. State acquisition directly affected the homes of 224 property owners. Of this total, 105 (47 percent) immediately re-invested in alternate properties. An additional 33 percent stayed in the area but had not
re-invested in substitute property at the time of the survey. Improvements assessed at a value of $450,425 for tax purposes were displaced from within the right-of-way area. The activities of the 105 owners who re-invested returned $255,110 in assessed values to the local tax rolls.

The City of Modesto has a population of 36,585. Right-of-way requirements necessitated the purchase of 478 improvements assessed for tax purposes at $514,220. They were owned by a total of 412 grantors. Of all owners, 320 (78 percent) remained in the immediate vicinity of Modesto after relocation from the right-of-way area. Nearly 44 percent re-invested in substitute properties whose improvements were valued for taxing purposes at $407,680.

FOUR CITY TOTALS—OWNER ACTIVITIES

Properties acquired for right-of-way purposes, in the four communities where detailed after-relocation data have been secured, were purchased from a total of 1,080 owners. Of the owners who repurchased in the area, 52 percent obligated themselves to pay taxes on new or substitute improvements assessed for nearly $1,374,000, or 73 percent of the value of improvements formerly owned by all 1,080 owners. Tables 3 and 4 summarize the results of owner relocation and re-investment activities, and show the individual totals in each of the four communities.

<table>
<thead>
<tr>
<th>Location</th>
<th>Owners No</th>
<th>Before</th>
<th>No Re-investing</th>
<th>Percent of Former Re-investing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oceanside-Carlsbad</td>
<td>86</td>
<td>37</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Sacramento</td>
<td>358</td>
<td>244</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>Merced</td>
<td>224</td>
<td>105</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Modesto</td>
<td>412</td>
<td>180</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,080</td>
<td>566</td>
<td>52</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Assessed Value (dollars)</th>
<th>Percent of Former Value Offset</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Improvements Before</td>
<td>Replacement Improvements</td>
</tr>
<tr>
<td>Oceanside-Carlsbad</td>
<td>118,750</td>
<td>109,823</td>
</tr>
<tr>
<td>Sacramento</td>
<td>815,882</td>
<td>601,216</td>
</tr>
<tr>
<td>Merced</td>
<td>450,425</td>
<td>255,110</td>
</tr>
<tr>
<td>Modesto</td>
<td>514,220</td>
<td>407,680</td>
</tr>
<tr>
<td>Total</td>
<td>1,899,277</td>
<td>1,373,829</td>
</tr>
</tbody>
</table>

SUMMARY AND CONCLUSIONS

The Interstate Highway and the California Freeway System Programs require the acquisition of a significant number of improved properties. As a result, nearly 4,500 residence units and almost 15,000 persons are necessarily displaced from the future construction areas each year.

California's post-war experience has indicated that only in times of critical housing shortages do the people affected require assistance in the location of alternate housing accommodations. A long-range planning program, orderly right-of-way acquisition,
and well-planned clearance activities permit owners and tenants alike sufficient time to make their own arrangements without assistance.

Studies of varying depth in five areas of California have indicated the following:

1. Right-of-way acquisition, particularly in small and medium-sized communities, stimulates a rapid growth in new housing facilities.
2. The persons most affected (owners and tenants both) desire to remain in or near the community where they are established.
3. Thus far, it appears that an average of 52 percent of the persons who owned property within the right-of-way areas will re-invest monies received in alternate properties within the same community. Apparently, a sizeable proportion of former owners will take the opportunity presented by right-of-way acquisition to move in with relatives or into rental units, and invest their receipts in financial areas other than real estate. This percentage includes absentee owners who withdraw their investments from the community real estate pool, and former owners who have not been able to find substitute housing to purchase that fits their needs.
4. A widely varying percentage of homes within the right-of-way areas will be movable to other parts of the community. In all the California communities studied, an adequate supply of land for this purpose has been available.
5. It appears that the actions of owners in purchasing new, or older, substitute improvements, when coupled with the relocation of homes from within the right-of-way area, will result in a return to the community of a significant percentage of the taxable value of improvements that were displaced by the right-of-way acquisition, and that the community will actually benefit from right-of-way acquisition for a number of reasons:
   (a) A large percentage of all affected homes are found to be substandard and not capable of being relocated. They are accordingly demolished—in effect, an urban redevelopment program.
   (b) Those homes that are relocated will of necessity be provided with new foundations and as a rule new plumbing and wiring, and nearly always rehabilitated with repairs needed and new paint. Given relocation in an area comparable in location and convenience to their former area, they will be more valuable than in former locations.
   (c) Owners who relocate within the area will attempt to better themselves significantly, thus stimulating new construction and contributing proportionately larger amounts to the community tax base. Results of personal interviews with displaced owners have indicated that betterment is voluntary in almost all cases. The mobility rate of California's population and the rate of new housing starts virtually assure a continuing supply of suitable accommodations in all price brackets for those who wish to re-invest in substitute housing.

Important qualification to direct application of any conclusions or study results were found to be in order:

1. Individual estimates of the number of movable improvements in a given community must be made. The number capable of being relocated is directly affected by the age and condition of the improvements being acquired, as well as by the zoning ordinances of the community affected. (In California, thus far, the availability of land to which improvements may be relocated has not been a limiting factor.)
2. Estimates must be made of the number of absentee owners involved in right-of-way acquisition. This factor appears to have the greatest effect on the proportion of owners re-investing in an area because absentee owners often take the opportunity presented by right-of-way acquisition to invest their receipts in other holdings or other areas.
3. The availability of alternate comparable housing in an area must be estimated before the start of right-of-way clearance activities. The need for, or degree of, relocation assistance that must be given is directly affected by the quantity of comparable housing available in the area.
IMPLICATIONS

Tentative study findings from Oceanside-Carlsbad, San Francisco, and Sacramento have been utilized to assist in alternate route selection of the so-called East-West Freeway in the City of Sacramento (8). Three alternate routes were found to be feasible from an engineering standpoint for a crosstown freeway through a densely populated area of the city. All three routes passed through heavily residential areas near the fringe of the central business district. Several concerns were expressed by the freeway designers and by the people of Sacramento. Among them were those of the potential of the future freeway to affect recreation, fire districts, school districts, adjacent lands, and the community tax base. The Division of Highways completed its estimate of potential effects in January 1960.

The most significant conclusions of the study had to do with the effects of the proposed routes on the community tax base. It was estimated that the least beneficial route affected (net) only 0.65 percent of the total assessed value on the city's tax rolls. It was found that 67 to 76 percent of the total value of right-of-way acquisition would probably be offset by the relocation of homes from within the right-of-way areas and the relocation activities of owners of property within those areas. It was concluded that disturbance to the city's tax base was clearly minimal in the case of any of the routes selected. As a corollary to the study results it was therefore concluded that right-of-way acquisition costs, construction costs and traffic user's benefits should continue to be the guiding criteria in the final route selection.

The three factors mentioned are the basic criteria controlling the selection of freeway routes in California. Basic traffic service initially delimits the area through which a needed facility must be located. Once the general area of route location is selected on the basis of traffic needs, each of the three factors must be balanced against the other. Minimization of right-of-way cost will automatically minimize effect on the community tax base. Such minimization does not, however, automatically minimize the effect of right-of-way acquisition on people. The least expensive route may easily be the one most overcrowded with people who will find it difficult to relocate to other areas.

It has been concluded that proper consideration of normal right-of-way and engineering factors will effectively alleviate concern for the economic effect of right-of-way acquisition on the community at large. The real value of the studies made in this field to date would seem to be in answering questions about the magnitude of effects of right-of-way acquisition on the economy of the community, by means of the tabulations of offsetting factors involved.

It has also been concluded that the critical consideration given to the social effect of right-of-way acquisition on the people directly involved is a vital element in the route selection process. If intelligent estimates at the time of route consideration indicate a potential problem when the time for right-of-way clearance arrives, machinery such as that described in the initial section of this report must be set up well in advance to assist in relocation.

REFERENCES