

Excerpts from FHA Underwriting Manual (1936)

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.