Local politics, planning, land use controls, and real estate development

John McDonald

Abstract

This chapter consists of two parts; the first is a general discussion of the real estate development process, and the second contains three case studies describing how one significant actor in the development process influenced final outcomes. The general discussion begins with a description of the actors – local public officials, developers, professional planners, and citizens. The context in which development takes place is considered next, and the planning process used in the local jurisdiction follows. A discussion of specific policies used to set out the rules for development concludes the general discussion. The three case studies focus on the roles played by an individual real estate developer, a mayor, and a planning official. Donald J. Trump organized the redevelopment of an old hotel into the Grand Hyatt Hotel in New York City; Mayor Richard J. Daley originated the plan for the revitalization of downtown Chicago that began in the 1950s; and Edmond Bacon was the planning official in Philadelphia who influenced various projects to renew the central city. In each case the prime mover in the process had to convince others to agree to the projects in question and to make use of the skills of several types of professionals whose special skills contributed to the final outcomes.

Introduction

The purpose of this chapter is to provide an overview of the entire real estate development process, from setting community goals to seeing actual development on the ground. The chapter focuses on the development process as practiced in the USA. We begin by examining the actors involved and their different motivations – public officials who want to be re-elected, developers who must have vision and persuasive abilities and meet the test of the market, local residents who have their ideas about the nature of a good community, and so on. Then we consider the context in which these actors must function – from central city with declining employment and tax base to suburban boom town. Next comes the formulation of plans and the selection of particular policies to implement those plans. Do the policies selected in fact further the plan? Up to this point the chapter speaks in general terms; it does not delve into the details of development financing or construction.
The final portion of the chapter consists of three case studies to illustrate how actual real estate developments came to fruition. The case studies are drawn from three major, older central cities – New York, Chicago, and Philadelphia. The cases are chosen to illustrate how a real estate developer, a mayor, and a city planner played the leading role in the drama. The developer, Donald Trump, was the driving force behind the creation of the Grand Hyatt Hotel in midtown Manhattan. Richard J. Daley was the mayor who was most responsible for the revitalization and growth of downtown Chicago. Edmond Bacon was the city planner in Philadelphia who influenced through vision and persuasion many redevelopment projects over his 21 years as director of the Philadelphia City Planning Commission, an agency without a large budget or staff. The case studies illustrate how a leader in the development process was able to achieve results consistent with community goals such as expanding employment, enhancing the tax base, and/or improving the quality of life in the city.

The Actors

We shall concentrate on the actors at the local level, the level of a municipality. Those actors include elected officials both at the municipal level and at the level of a district within the municipality, real estate developers and their associates, the citizens of the municipality, the nearby neighbors of a proposed development, and the planners who are employed by the municipality. Each of these actors has a different motivation, and the process of reaching agreement on a development project is a process of negotiation and compromise. These actors and their motives are described in this section in a stylized manner.

Elected officials at the municipal level (e.g. the mayor) have the interests of the entire municipality in mind, and in order to pursue an agenda must have the support of a sufficient number of the city council (i.e. the officials elected at the district level). The mayor bases his or her agenda on the current and expected condition of the municipality, and seeks to build support by demonstrating how success with that agenda is of benefit to a sufficient number of city council members. In an ideal world, mayors seek to improve the municipality by enhancing employment opportunities, the tax base, the quality of public services (schools, crime prevention, and so on), and overall quality of life. The attitude of the mayor towards development projects is based on these objectives.

City council members represent their districts and operate, at least in part, with the interests of the district resident voters in mind. Different districts may have very different interests. One member may represent a high-income neighborhood consisting of home owners, while another may represent a slum where most of the residents are renters. One member in a large city may represent the downtown area, while others represent places that look like suburbs. One member may want to limit development, while another looks to attract pretty much any and all development.

Developers look to make money with projects that meet the market test and the tests imposed by the other actors. They must have the vision to imagine a project that can satisfy both the market and the other actors, and the skill to push the project along to completion. These people are the key actors in the sense that no private development will happen without them. A book by Peter H. Brown based on interviews of over 100 successful developers reveals that, in order to be successful, a developer must have a measure of “vision, tenacity, and the ability to reconcile many voices” (Brown, 2015, p. 37).

The citizens of the municipality vote for the mayor and for the members of the city council. They respond for numerous reasons, but one of those likely reasons is the agenda for development espoused by the candidates based on the goal of improving the community as
noted above. For example, William Fischel (2001) is well known for the “home voter” hypothesis, in which citizen voters in suburbs act to protect their property values by policies that limit housing supply. In addition, the municipality may have public committees (official or unofficial) that take positions on development policy in general and/or particular projects.

The nearby neighbors of a proposed development often tend to have parochial interests in keeping the neighborhood as it is. They worry about something new coming in. Where I used to live, a local college wanted to install a tennis court for its students, with lighting, on its own property across the street from some homes. The home owners banded together to oppose the project, which did not happen. In other communities residents are eager for new developments that provide jobs and/or retailing.

Finally, the planners sit in the middle of the process. The old style of “top down” planning is rare these days. Instead, planners participate in and help to guide more “bottom up” planning. Kaiser, Godschalk, and Chapin, authors of a classic textbook in urban land use planning, depict the role of the planner as follows:

Local land planners must work with many publics. To be acceptable and effective, land use plans must recognize and reconcile the pluralistic interests of these publics with those expressed by governments and markets. It is a major challenge to design a fair and orderly form for expressing and reconciling the interests of those affected by land use decisions. Managing this complex public participation process makes land planning as much an art as a science, especially when planning concerns change so often.

(Kaiser et al., 1995, p. 17)

Another standard planning textbook by Levy (2003) generally agrees with this statement, but then states that there are different styles of planning. The planner’s role is to facilitate the planning process and to aid it with expertise, rather than do a “top-down” plan. The different styles of planning include:

- planner as neutral public servant, says how to and what if, rather than should or should not;
- planner as builder of community consensus – political view of planning;
- planner as entrepreneur when planners run an agency that is task-oriented, such as an urban renewal agency;
- planner as advocate of a particular group or program;
- planner as agent of radical change, neo Marxists.

We shall meet one influential planner who was a combination of advocate and consensus builder.

**Context of development and community goals**

The general goals of improving employment opportunities, increasing the tax base, improving public services, and enhancing the overall quality of life in the municipality receive different emphases depending upon the situation in which the local actors find themselves. Goals may depend also upon other factors, such as the ideological bent of the actor. But surely, actors take account of the status of their relevant area. Urban municipalities vary from large, old, central cities to new, rapidly growing suburbs. They vary from poor to rich. They vary from ethnically diverse to ethnically homogeneous. They vary from centers of industry and business to bedroom communities.
Old, central cities need jobs and a tax base. They need to stop the decline. Growing suburbs need to plan the growth so that a “good” community is the result. Such places have more options than most. Poor municipalities also need jobs and a tax base, but they also likely need improvements in housing and public services in general. Rich municipalities need to balance the status quo with opportunities for development. Ethnically diverse communities need to balance the interests of their various constituencies, while ethnically homogeneous communities may wish to maintain that homogeneity while under pressure to diversify. Centers of industry and business need to preserve the economic base while seeking to enhance it while maintaining and improving the quality of life for residents. Bedroom communities may need a tax base that does not disturb the character of the community.

In simple terms, the job of the developer is to propose projects that fit the situation and meet the test of the market.

Planning to achieve goals

Most municipalities have a plan of some sort that pertains to development. The plan may be as simple as a zoning ordinance with three categories of land use – residential, commercial, and industrial. Such a simple plan at least indicates how much land is to be devoted to commercial and industrial developments and where they are to be located. Municipalities with a simple zoning ordinance also typically have a building code, a housing code, and a capital improvements plan for public facilities. These documents add up to a reasonably clear development plan.

Other municipalities may have a much more elaborate comprehensive plan for development, a detailed zoning ordinance with numerous categories for housing, commercial, and industrial use that includes height and volume restrictions, and detailed performance standards for all types of land use. They may also provide for development incentives, often in the form of property tax reductions and revenue bond programs, or for controls on growth. One study by McDonald and McMillen (2004) found that larger municipalities have more elaborate development regulations and programs, perhaps because larger municipalities can afford the expense of drafting and implementing more regulations.

The question is how these plans are created. Plans and regulations require the approval of the elected public officials. So the question is, “Who rules?” Or, perhaps, in whose interest are the rules made? This question makes the topic fall into the field of the economics of regulation. Does one particular interest group “capture” the regulatory process? If so, which one – and does the answer depend upon circumstances? Numerous scholars have answered this last question in the affirmative.

Ellickson (1977) and Fischel (1985, 2001) argue that home owners can be expected to dominate the politics of small suburbs. Most of the households in small suburbs are home owners who are not transient, engaged in local politics to some extent, and interested in their own property values and in exclusion of people or businesses seen as detrimental to the quality of the community. The home owner voters in poorer suburbs, on the other hand, can be expected to have less interest in controlling development and more interest in promoting development and local jobs. Real estate developers are outsiders who must adapt to the interests of the home owners.

Larger suburbs and central cities contain a more diverse population that includes a sizable group of renters. Ellickson (1977) argued that in such places the issues are more numerous and there tends to be vote trading and log-rolling. In this circumstance, developer interests are more likely to dominate the real estate development rules and policies. In short, the “special
interests” of the developers capture the regulatory process, and local officials are more apt to “sell” favors to developer interests. In addition, voters in low-income neighborhoods may oppose development controls that are seen as restricting them. McDonald (1995) reported that a proposed zoning ordinance for the City of Houston, supported by the business community and passed by the city council, was defeated in a 1993 referendum largely by voters in lower-income African American and Latino areas of the city. Molotch (1976) is well known for calling acquiescence to developer interests as the “growth machine,” but these low-income voters in Houston prevented passage of a zoning ordinance supported by the business community.

**Policies**

Municipalities adopt a set of policies to carry out the plan. Those policies include building and housing codes, a zoning ordinance, and a capital improvements program. Research by McDonald and McMillen (2004) on the other policies selected by suburbs in metropolitan Chicago found that these policies tend to group into three categories; quality development regulations, regulation of lower-class developments, and growth controls. Quality development regulations include architectural review, appearance regulations, and historic preservation, while lower-class uses include mobile homes, adult uses, and group homes. Growth controls come in two varieties, those that limit growth (e.g., limitations on building such as growth boundaries, development impact fees) and those that encourage growth (e.g., property tax abatements, enterprise zones, tax increment financing districts, industrial revenue bonds, etc.). Suburbs with higher incomes tend to adopt quality regulations, while suburbs with lower incomes and higher crime rates restrict lower-class developments. Suburbs with greater potential for growth tend to limit growth, while suburbs with larger minority populations and greater crime rates tend to adopt policies to encourage development.

Zoning likely is the most pervasive policy that municipalities adopt to implement a land use and development plan. It is also a policy that has been studied extensively. Zoning is a municipal ordinance that specifies the allowable use of every parcel of land in the jurisdiction. Zoning does not grow out of the common law of nuisances, but rather from the police power of local government to protect the welfare of the public. Many zoning ordinances also control the density of land use by imposing bulk regulations on structures.

What are the motives for zoning? Is zoning an effective means for reaching the desired outcomes? Zoning ordinances were adopted widely in the USA in the 1920s, and the original motivation was the promotion of the general welfare by separating land uses in order to mitigate the negative external effects of the rapid industrialization of urban areas. As stated in a model state enabling law, a zoning ordinance enables a jurisdiction to

- lessen congestion in the streets; to secure safety from fire, panic, and other dangers; to promote health and the general welfare; to provide adequate light and air; to prevent overcrowding of the land; to avoid undue concentration of population; to facilitate the adequate provision of transportation, water, sewerage, schools, parks, and other public requirements.

(Callies et al., 1999)

In short, a zoning ordinance is an essential planning tool. Plus, an area zoned for residential use is an area into which industry cannot move; in effect, zoning is an insurance policy that costs the individual resident nothing.
However, over time municipalities realized that zoning could also be used to influence the size of the local tax base and demand for public services (i.e., fiscal zoning), and to exclude certain types of uses and people in order to maintain community homogeneity (exclusionary zoning). One can think of zoning as the appropriation of some property rights on behalf of the community. How well does zoning achieve any or all of those objectives? Given that zoning has many purposes, it is impossible to say how well it performs for all purposes.

A zoning ordinance adopted in advance of development guides that development, of course. The ordinance is a map with the street pattern and public land uses, and provides for densities of use consistent with the carrying capacity of the land. However, research by McMillen and McDonald (1990, 1991) shows that suburban zoning adopted in advance of significant development is subject to change as development unfolds. The study examined areas in north suburban Chicago in which the basic transportation infrastructure (rail lines and highways) were built or already under construction. For example, some land tracts initially zoned exclusively for single-family houses were rezoned to include commercial activity, and once some commercial activity is permitted, there is a tendency to rezone the tract exclusively for commercial use. Zoning is seen as adapting to market demand, but in a manner that attempts to anticipate potential conflicts in land use. But another study by McDonald and McMillen (2012) found that zoning is a blunt instrument when it comes to controlling external effects because it imposes simple quantity restrictions on the land market. The list of external effects of non-residential land use on residential land value is long and includes negative (pollution, noise, heavy traffic, etc.) and positive factors (e.g., proximity to employment, shopping, etc.). Suburban zoning ordinances are criticized for restricting commercial uses to the extent that residents must drive a car for simple shopping trips. One basic theoretical result is that a necessary condition for exclusive residential zoning is that the land value of the last plot of land zoned residential must exceed its value in all other uses.

A zoning ordinance in a jurisdiction that is already developed is another story. There are few detailed studies of the impact of the adoption of a zoning ordinance by a large and developed city. A study of land use in Chicago before zoning (1921) by McDonald and McMillen (1998) found that 42 percent of blocks were in mixed use (residential and non-residential), 32 percent were entirely in residential use, and 26 percent were in non-residential use. The zoning ordinance adopted in 1923 assigned virtually all the blocks devoted to one use to that use. Of the blocks in mixed use, 53 percent were assigned to residential use (but permitted the existing non-residential use to remain), and assigned the remaining 47 percent to mixed use. McMillen and McDonald (2002) shows that the value of land zoned exclusively for residential use in 1923 in Chicago increased more in value than did land zoned for other uses, which is consistent with the idea that residential zoning provides insurance against further intrusion of other uses. An empirical study by Speyer (1989) found that home owners in the Houston area are willing to pay more for property in jurisdictions with zoning than for property in the one big jurisdiction without zoning (City of Houston). The referendum on the proposed zoning ordinance for the City of Houston in 1995 was supported by the residents of middle-class neighborhoods. These same groups may still see value in zoning, but no more recent zoning ordinance has been proposed.

Is zoning an effective instrument for fiscal purposes? The basic point is that residential land use, largely because of the demand for public schools, generally imposes more costs on the jurisdiction than it produces in revenues. Commercial and industrial activity produces more revenue than costs imposed. Consequently, jurisdictions are well aware of the fiscal benefits of business land uses. Jurisdictions must balance the fiscal benefits of commercial and industrial use against community quality for residential use. As noted above, jurisdictions with higher incomes tend to restrict development, while jurisdictions with greater minority populations...
and higher crime rates encourage development. Providing little or no land for commercial or industrial use is effective, but setting aside a certain amount of land for commercial or industrial use does not mean those uses will exist. You can keep it out, but bringing it in is another question. Jurisdictions engage in numerous other efforts to attract the desired business development, but some of those policies, such as enterprise zones, simply tend to determine the location of developments that would have occurred in any event.

Another question that is unresolved: Does zoning follow the market? Of course, zoning generally follows the market in that downtown land is zoned for commercial activity, land adjacent to freight rail lines is zoned for industry, and much land in the suburbs is zoned for residential use. The real question is whether zoning alters the land use pattern that would have been produced by the market in a manner that achieves the objectives of the community. Not much is known about this large question. But we do know that real estate developers often request zoning changes when they meet with the planning officials to sell a proposed development, and that sometimes those requests are granted in some manner. Again, zoning is a blunt instrument that needs to be fine-tuned, and developers often are the ones who request the fine-tuning.

Case studies

This section is included to show that leadership in the development process can come from different types of actors as categorized in this chapter. Three case studies are presented to illustrate how a developer, a mayor, and a planning official each took the lead in the development process. In each case the leader had to convince the other actors of the merits of his ideas.

A developer-led project

In 1974, the 27-year-old Donald Trump was attempting to initiate development projects in Manhattan by using property owned by the Penn Central Railroad. The railroad was in the process of liquidating unproductive real estate. His contact at the railroad mentioned that there were four old Manhattan hotels that were available. The Commodore was losing money and defaulting on property taxes owed, but it was located adjacent to Grand Central Station. Trump could see almost immediately that this building had great potential. Developers must have vision to see what could be, but must also have great persistence. The Commodore reopened as a Grand Hyatt in 1980.

Trump (1987) provides the details on how the hotel was redeveloped. The first step was to obtain an option on the property, but to do so at minimal cost. He agreed to take an option to buy the property for $10 million, but subject to his obtaining a large tax abatement from the city, arranging financing for the project, and finding a hotel company partner. He agreed to pay $250,000 for the option (a large sum for him), but stalled for months over minor provisions in the contract. Since he is a developer’s son and worked for his father Fred Trump, he did have some resources at his command. He hired an architect to draw up an impressive design plan to be used to sell the project to the city and the financiers. At the same time he contacted the Hyatt hotel chain out of the blue. He got the old runaround from the Hyatt executives until someone told him to contact A. N. Pritzker directly, since the Pritzker family owned the controlling interest in Hyatt. Trump worked with A. N.’s son Jay Pritzker, and by May 1975 they had put together a partnership deal contingent on obtaining the tax abatement and financing. The idea was attractive to Hyatt because it had no hotel in New York, and because of the contingencies. The final agreement had one other very important provision. Hyatt agreed not to develop any other hotel in the City of New York (except for a small luxury hotel)
unless Trump gave permission. As Trump put it, “The simple fact is that Hyatt would love to build more hotels. By retaining the right to say yes or no, I own something very valuable” (1987, p. 141). The covenant basically was forced on Hyatt by one of the bankers, the people putting up a great deal of money.

With design and an agreement with Hyatt in hand, Trump approached the banks. He could not find financing without the tax abatement, and it was unlikely that a tax abatement would be granted without financing. After several unsuccessful attempts to obtain financing without the tax abatement, he went to the city to be considered for its business investment incentive program. An agreement (subject to obtaining financing) was struck that gave Trump a total abatement of property taxes for 40 years in exchange for payments based on earnings from the hotel in lieu of property taxes. The city’s Board of Estimates approved a version of the deal in May 1976 under a program operated by the State of New York. There was considerable controversy over the tax abatement, but Trump argued that the renovated hotel would provide jobs and spur development in a run-down area of the city. It helped that Penn Central was in the process of closing the hotel by June 1976. Trump acknowledges that the tax abatement saved him millions, and that the project could not have been possible without it.

Trump was now able to secure financing in the amount of $35 million from Equitable Life Real Estate and $45 million from Bowery Savings Bank. Trump had still not paid the $250,000 for his option on the property, but nobody seemed to notice.

Trump paid the $10 million to Penn Central for the property, of which $6 million immediately went to the city for back taxes. As noted above, the Grand Hyatt opened in 1980, and according to Trump, “it was a hit from the first day” (1987, p. 138). Hyatt and Trump each have a 50 percent interest in the hotel, with Hyatt as manager.

What are the lessons from this case? As noted above, the developer must have vision and persistence. The developer must keep several balls in the air at the same time, be able to sell the project using a variety of methods, and have personal skills to deal with the different players. Trump had to negotiate with an architect, a hotel chain, city officials, and financiers. Each has a role to play, and speaks a particular language. The young Donald Trump no doubt learned these skills from his father.

A mayor leads downtown revitalization and growth

Richard J. Daley took office as the mayor of Chicago in 1955. The story may be apocryphal, but it is said that he looked out his office window, saw an old and rundown Loop, and resolved to do something about it. Only one major building, the Prudential Building, had been built in the downtown area since the 1920s. Over the next three years Mayor Daley put in place a series of changes to defend and revitalize a compact downtown core, attract residents to the fringes of downtown, and enhance public transit. The strategy played out successfully over the subsequent decades and helped Chicago in its transformation from an economy based on the production of goods to the provision of services. No one in the 1950s could have foreseen fully the massive changes in the economy of metropolitan areas that would take place. Indeed, the professional planners of the day in Chicago did not. The Chicago Area Transportation Study reports, undertaken in the late 1950s, projected for 1950 to 1980 small population growth of 2 percent for the city of Chicago and a 42 percent increase in manufacturing employment for the metro area. Instead the city lost 17 percent of its population and manufacturing jobs in the metro area declined by 12 percent (and 39 percent in the central city) (see McDonald (1988) for a complete retrospective assessment of the Chicago Area Transportation Study research and plans, and see McDonald (2016) for a detailed history of the economy of Chicago).
Mayor Daley operated with the support of heads of Chicago corporations and developers, which Hunt and DeVries (2013) call the growth coalition. These business leaders formed the Central Area Committee in 1956 to provide a more unified voice for their initiatives. At the same time the mayor brought the urban planning functions in the city under his command. He formed a professional Department of City Planning to work at his direction, initiated a five-year capital improvements plan, and convinced the State of Illinois to authorize cities to form public building commissions, with members appointed by the mayor. Also, he benefited from federal funding for planning work. The Department of City Planning produced the 1958 Development Plan that focused on strengthening the downtown core with office, residential, and institutional developments.

The growth coalition had already advocated a massive change in the old Chicago zoning ordinance that limited the height of downtown buildings and included so many changes as to make it a confusing mess. Mayor Daley pushed for the new ordinance that included provisions for planned unit developments and a bonus system for skyscraper developers. The new ordinance was adopted in 1957, and permitted developers to negotiate directly with the planning staff to produce the massive skyscrapers such as the First National Bank Building, the Standard Oil Building, Water Tower Place, the Sears Tower, and the residential high-rise buildings Marina City and Outer Drive East. Each of these projects required the vision, skills, and connections of a development team, of course. But the policy of the city administration was to facilitate, not to undermine. Dearborn Street in the center of the Loop was one of Mayor Daley’s prime interests, and its rebirth was boosted by new public buildings – the Federal Center and the Daley Center (for local government) are downtown anchors.

One sizable failure of the overall strategy was the inability to acquire the railroad yards to the south of downtown in order to build a campus for the University of Illinois, which was intended to contain office development in central downtown (as well as to provide a first-class public university for Chicagoans). Instead the campus was built on the near west side, requiring use of the urban renewal program for the clearance of a viable ethnic neighborhood. Hunt and DeVries (2013) think that the nasty controversy that ensued took a toll on Daley and made him wary of other big fights. In short, ignoring the interests of an important actor (in this case the local residents) can be costly.

**A planner shapes revitalization of a city**

Edmund Bacon was appointed director of the Philadelphia City Planning Commission (PCPC) in 1949. Mr Bacon was an experienced city planner with a background in urban revitalization, but the PCPC was only advisory to the mayor and had no budget. Knowles (2009) provides several retrospective essays on the career of Edmond Bacon. Over the next 21 years he used his position to formulate and advocate revitalization plans for several major areas within Philadelphia. Bacon’s method for revitalizing residential areas was to involve community members in planning, and the resulting plans were sensitive combinations of retention of the existing neighborhood, historic preservation, new developments built at a “human” scale, and pedestrian walkways. He worked with architects and designers to produce specific plans and models that he used to sell the ideas to public officials and the public in general. He was an early and active opponent of massive urban renewal projects.

The largest of those plans (with accompanying model) was the design for the massive parcel owned by Penn Central Railroad in downtown Philadelphia. Bacon and an architect prepared a coordinated plan for the site in 1952 that included office towers, a pedestrian esplanade, retailing, and transit connections. The railroad had its own development consultant, whose plan differed
from Bacon’s plan. The site was developed as Penn Center (with four office towers) more along
the lines of the railroad’s plan, but some of Bacon’s concepts were adopted. Most importantly,
the development was a coordinated project and acted as a spur to future downtown
development. However, Heller states that, “In the end, though, Penn Center turned out vastly
different from Bacon’s vision and was widely considered a disappointment” (2009, p. 39). In this
case Bacon did use his powers of vision and persuasion with some (but not complete) success.

One of his earliest projects as director was Society Hill, one of the oldest areas of the city that
in 1950 contained tenement housing and a sizable proportion of poor residents. Bacon could
see that historic preservation was a means for attracting middle-class families into the city. Not
much happened on Society Hill until a new mayor, Richardson Dilworth, was elected in 1955.
The new mayor favored the revitalization of Society Hill and gave Bacon a critical ally in the
selling of his plan to other public officials and the business community. The mayor pushed
through the creation of the Old Philadelphia Development Corporation, which would become
the developer of Society Hill. This body received funding from the federal urban renewal
program in 1957, and the city’s redevelopment authority obtained competitive proposals for
redevelopment work. Although he was not directly involved at this point, the winning
proposals followed Bacon’s ideas. Bacon used Mayor Dilworth’s desire for creating a legacy to
push his vision for Society Hill. Ultimately the redevelopment work did include some
placement of residents and demolition of some very old structures that were beyond repair,
but Heller says Society Hill can be “viewed as one of the nation’s most successful efforts at
attracting middle-class families back from the suburbs” (2009, p. 44).

Conclusion

This chapter consisted of two parts: the general discussion of the formulation and implement-
tation of community real estate development goals, and three case studies to illustrate the
process. The general discussion was intended to provide an outline that is filled in for each
development project. It has attempted to include the relevant actors and their motivations, the
factors that define the goals of the community, the nature of the planning process, and the
policy choices that follow. As such it perhaps is a primer for those who would consider being
a player in the game.

The case studies showed how different actors can be the one of greatest influence. The real
estate developer saw an opportunity that no one else perceived, and sold the idea to all of the
other relevant actors. The Grand Hyatt brought jobs and helped to revitalize a portion of the
central city. The mayor saw a run-down central business district and resolved to do something
about it. The strategy of revitalizing downtown beginning in the 1950s was a major factor in
making the Chicago downtown a leader in the newer economy based on the production of
services. And the city planner formulated his own philosophy of urban redevelopment, and
worked hard to persuade the other actors of the validity of his vision. He played an important
role in initiating coordinated downtown development, and Society Hill attracted middle-class,
tax-paying families to the central city. Leadership in the real estate development process can be,
and in these cases, was consistent with important community goals.

References