



# 8

## Fixing Cities

Jacobs opens *Death and Life* with the bold statement that “This book is an attack on current city planning and rebuilding,” but in the next breath announces that “It is also, and mostly, an attempt to introduce new principles of city planning and rebuilding” (Jacobs, 1961: 3). While strongly opposed to the remaking of cities or attempts to construct cities, Jacobs does offer positive recommendations for fixing and improving existing cities. This chapter looks beyond the ambitious, large-scale, utopian visions of twentieth-century urban designers to smaller-scale plans to rebuild and their consequences.

Jacobs attacks the wholesale reconstruction of cities à la Howard, Le Corbusier, and Wright because projects of such scale and scope create border vacuums, release cataclysms of money, and impose pretended orders that undermine the vibrant complexity at the heart of a living city. And market-process economists criticize sweeping economic planning because it inhibits the ability of markets to cope with scarcity, diversity, and imperfect knowledge. Thus, from the point of view of Jacobsian and market-process approaches, when top-down planning shrinks the domain of individual initiative, it substitutes at the margin the limited mind of a planner for a multitude of resourceful minds of limitless complexity,

thereby hampering the spontaneous creativity that can most effectively solve social problems.

Top-down urban planning works best when the imposed designs are limited to interventions that complement rather than replace private (individual or collective) initiative, improve plan coordination, and, in the case of land-use, permit ordinary people to adjust to changes in the demand for and supply of floor space. Ideally, the consequences of these limited interventions should be predictable, so that we can design and execute our plans with a reasonable expectation of success. This can happen the more modest, general, and stable are the aims of central planning. Jacobs argues that planning should take place at the level of effective governance closest to the actual users of an urban space. This is often the neighborhood or district, where motivated and resourceful people with locality knowledge live and work, the ones most directly affected and sometimes best equipped to do the job (Jacobs, 1961: 418), even if some solutions require the cooperation of or assistance from higher levels of governance.

In part because of Jacobs, there is much less emphasis today in the United States on comprehensive urban design and planning in the manner of Le Corbusier et al. Still, urban planners are as active as ever,<sup>1</sup> as local planning authorities have moved to micromanage specific uses of space. Moreover, as I will discuss in the next chapter, recent movements have to some extent revived the ambitions of an earlier generation of planners and envision a scale and degree of urban design that, while differing in architectural style and apparent sensitivity to public concerns (Pennington, 2004), retain much of their hubris (Grant, 2011).

Local governments' interventions into spontaneous social and economic forces may be more limited than the constructivist planning of Moses and Haussmann, but they also encounter unintended consequences, which raises the question of whether and to what extent the criticisms Jacobs and market-process economics level at large-scale central planning also apply to smaller-scale or more piecemeal urban interventions.

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<sup>1</sup>Although far more modest in scale, much to the regret of some urban planners who lament: "For who, if not the planner, will advocate on behalf of society at large?" (Campanella, 2011: 147).

The answer lies in acknowledging that even at the local level the fundamental problems of knowledge and incentives remain. Like the extreme forms of Cartesian constructivism, proponents of local interventions also tend to ignore the spontaneous complexity of the neighborhoods and districts they seek to regulate (Ikeda, 1998, 2004). Even limited forms of intervention are prone to serious, unintended consequences that policy-makers cannot adequately foresee or want, owing to knowledge and incentive problems (Ikeda, 2015). What those unintended consequences are depend, as they always do, on the details of the case. But there are general conclusions or *pattern predictions* that Jacobsian social theory and market-process economics can help us to reach concerning public housing policies, rent ceilings, and building and zoning regulations. These, too, have been proposed to combat the messiness and hardships that accompany urban dynamics described in previous chapters. I will analyze these policies and their possible consequences here.

I first tackle policies Jacobs herself explicitly criticizes. I then assess other common urban interventions from a market-process perspective and consider whether and the extent to which Jacobs might agree or disagree with that assessment. In the final section I address post-Moses policies that Jacobs does not comment on but do so from the Jacobsian-cum-market-process framework—what I will refer to as “Market Urbanism”—developed so far.

## 1 Urban Interventions That Jacobs Criticizes

I begin with zoning ordinances. Strictly speaking, zoning and the specification of private land-uses, at least in the United States, are distinct from urban planning per se, which deals mainly with physical infrastructure and the separation of private land from public land. But zoning regulations are “urban interventions” and thus subject to a critique of urban planning broadly considered. It certainly does for Jane Jacobs.

## 1.1 Functional Zoning

Alain Bertaud points out that Le Corbusier's lasting practical impact on urban planning has been at a smaller scale than his Radiant City.

Le Corbusier's influence was felt less through the design of new cities and more through land use regulations and the design of public housing. Practically all housing projects built in the Soviet Union and in China before 1980 were based on norms with foundations in Le Corbusier's concepts. (Bertaud, 2018: 75)

So while the grand utopian plans of Le Corbusier et al. have fallen out of favor (i.e., outside the Middle East and Asia), elements of those plans on a smaller scale continue to influence planners in Europe and North America. Chief among them is functional zoning, sometimes referred to in the United States as "Euclidean" zoning, in which municipal authorities physically separate land-uses by functions they deem incompatible, such as residential, commercial, and industrial uses. This is a common form of zoning practiced in many countries, although according to planning expert Sonia Hirt (2015) nowhere as rigidly as in the United States with its fixation with detached, single-family housing.

Functional zoning is partly a response to the environmental problems that arise from the congestion and messiness of urban life we have discussed. The purely economic rationale for functional zoning is in terms of limiting "external costs" or costs imposed involuntarily on third parties. These include various forms of pollution and conflicts of (often unclear or unspecified) property rights that occur at close quarters.<sup>2</sup>

Germany adopted functional zoning in its modern form<sup>3</sup> around 1870, according to urban economist William Fischel (2004), while New York City and San Francisco were among the first American

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<sup>2</sup> Any popular microeconomics text such as Landsburg (2014) would give a rigorous explanation of the problem of externalities.

<sup>3</sup> Sonia Hirt makes the case that zoning in some form dates from ancient times (Hirt 2015). Hers is currently the best source covering the history of zoning in the United States in relation to the rest of the developed world, while the best, most thorough critique of zoning in the United States is by Nolan Gray (2022).

municipalities to adopt city-wide zoning measures early in the twentieth century (Dunlap, 2016). One of the purported benefits of zoning by function and various subcategories thereof is that it frees municipal governments from having to deal with nuisances on a time-consuming, case-by-case basis and gives developers and residents a measure of certainty and security via “as of right” development, which could potentially boost the value of their property (Fischel, 2002: 12). At the same time, however, this means that combinations of diverse land-uses—such as mixtures of commercial, residential, and industrial uses—are separated and prevented from complementing one another in a manner that would help generate land-use diversity and granularity. And if such valuable complementarities were desired by the community but contrary to zoning code, they would need to be accommodated by piecemeal, case-by-case exceptions. As these exceptions accumulate over time and zoning regulations become more specific to ever smaller locations, the resulting complications can render development increasingly costly and confusing and compromise the meaning of “as of right.”<sup>4</sup> Indeed, according to a report in *The New York Times* zoning has become so restrictive in New York City that “40 percent of buildings in Manhattan could not be built today” (Bui et al. 2016).

But as urban historians have observed, zoning regulations have often been used as a way to exclude what locals regard as “undesirable elements” (Fischel 2004), especially lower-income families and minorities, who may be unable to reside in a particular neighborhood because they are associated with an excluded business (e.g., laundries, bodegas, poultry shops) or because lower-cost, multifamily construction is banned. Opposition to these uses goes under the banner of “Not In My Backyard” (NIMBY). Although explicitly exclusionary zoning of this kind may be

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<sup>4</sup>In New York City the watershed may have been the “1961 Zoning Code” which according to Salins and Mildner (1992: 71) “not only encouraged developers to clone the Seagram building but created a system of protective or ‘exclusive’ zoning in which each parcel was restricted to one and only one use.” They go on to say, “The amended zoning plan has proven to be so restrictive that over half of all new construction in the city [circa 1992] and virtually all of it in Manhattan now requires some new kind of exception to the established as-of-right land-use rule and has essentially prohibited the residential redevelopment of large areas of the city.”

outlawed, NIMBYism can and does often achieve the same end.<sup>5</sup> In fact, preventing developers, large and small, from building multifamily dwellings in residential areas rigidly zoned for single-family homes (as is the case in most American municipalities) deprives low-income households of one of the most effective ways they have to outbid the rich for the right to live in a particularly desirable location: dividing a single plot of real estate into multiple units each selling at a lower price than a single-family home (Gray 2018).

Recall that it is precisely this sort of zoning by function that Jacobs strongly objects to and not only for its discriminatory impact. Forcibly separating diverse land-uses means that, in the case of business districts, fewer of us will use public spaces there outside business hours, or during business hours in the case of residential districts, both of which result in fewer “eyes on the street.” This in turn makes us feel less secure in public space and discourages mingling at different times of the day. Jacobs’s unequivocal opposition to functional zoning is one of the centerpieces of her critique of the urban policies of her day.

Jacobs experienced the organic, “semi-lattice” dynamics of a healthy community growing up in her hometown. In her biography of Jacobs’s early years in Scranton, Pennsylvania, Glenna Lang gives us a superb description of spontaneous urban development without zoning:

Scranton’s outer city developed without large-scale plans or zoning restrictions. Like all the city’s neighborhoods, Green Ridge grew organically over time. Even the earliest developers of Green Ridge, as they laid the groundwork for the kind of neighborhood they envisioned, varied the size of the lots they plotted and the restrictions they placed in the deeds. In an unplanned process, the many other individuals seeking opportunity in Scranton – like the Olvers and the Judickis – who bought the lots and put up houses, spontaneously fabricated a neighborhood by enlarging the city’s grid with adaptive anomalies as they saw fit to encompass a lively mix of land-uses, buildings, and people. (Lang, 2021: Loc. 1045)

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<sup>5</sup> In terms of its economic consequences, exclusionary zoning tends to raise the cost of housing and doing business because it constrains the mobility of urban dwellers and prevents sellers and buyers of land from using floor space as they value it the most.

Jacobs argues that the segregation of people and land-uses undermines one of the four principal generators of diversity, namely, having “mixed primary uses” in a neighborhood, which ultimately dampens the social and economic vitality of a city. The valuable synergies, the effective pools of economic use, are less likely to form with sufficient quantity, variety, and proximity to promote successful experimentation. This is obvious in the bland residential suburbs of our cities (Kunstler, 1996). (Exceptions to this may perhaps be found in the legendary Jobs-Wozniak collaboration in a suburban garage that gave birth to Apple Computer.)

Jacobs does, however, advocate other forms of zoning. For example, she believes zoning is needed to limit the scale or dominance of a street by a single land-use to forestall the creation of border vacuums, a version of what we today call “form-based zoning” (Jacobs, 1961: 37)<sup>6</sup>; to prevent the excessive repetition of particular land-uses in a given location in order to promote land-use diversity and visual intricacy (Jacobs, 1961: 252); and some form of what we call today “performance zoning” (Kendig, 1980) that is mainly aimed, as in traditional “good neighbor” regulations, at minimizing dangerous spillovers. As Jacobs argues in her last book, *Dark Age Ahead*:

Zoning rules and tools neglect performances that outrage people. What are actually needed are prohibitions of destructive performances (Jacobs, 2004: 153)... Any enforceable code depends upon specific standards; an effective performance code must, too. Obnoxious levels of mechanical or amplified sound can be specified as decibels from a building or its outdoor property. (Ibid: 154)<sup>7</sup>

At the same time,

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<sup>6</sup>Chapter 9 examines versions of form-based zoning that are taken much further and to which Jacobs would and did in fact object (e.g., some versions of the “New Urbanism”).

<sup>7</sup>Jacobs lists the following as the kinds of nuisances such a code might cover:

“1. Noise from mechanical sources 2. Bad smells and other forms of air pollution; also water pollution and toxic pollution of soil 3. Heavy automotive through-traffic and heavy local truck traffic 4. Destruction of parks, loved buildings, views, wood-lands, and access to sun and sky 5. Blighting signs and illumination 6. Transgressions against harmonious street scales” (Jacobs 2004: 154).

The object of a good performance code should be to combine the greatest degree of flexibility and adaptability possible with the most germane and direct protections needed in the close-up view. (Jacobs, 2004: 157)

Importantly, Jacobs does say: “How an enterprise confines sounds within its premises would be no concern of the code” (Jacobs, 2004: 154), so the policy should avoid mandating specific remedies but instead respect our autonomy and resourcefulness.

Unfortunately, some municipalities have expanded the meaning of “performance” to cover building appearance, minimum setbacks, floor area limits, etc., that don’t aim at hazardous performances. Thus, the same criticisms of functional zoning would apply to performance zoning (Kendig, 1980). Performance zoning ought best stick to limiting clearly dangerous practices.

## 1.2 Rent Regulation and Inclusionary Zoning

In the United States, regulations to cap residential rents below market levels, “rent control,” are rare today outside of California, Oregon, New Jersey, Minnesota, and New York, although individual municipalities may still practice it. While the immediate goal of rent regulation is to keep residential rents below market levels, they range from hard caps to controlled increases over time. Like zoning, most developed countries practice some form of rent regulation.

To fully appreciate the consequences of rent regulation requires a good grasp of how market prices provide feedback to buyers and sellers and reflect the relative scarcities of resources, which we covered in Chap. 2. As we have noted, at least by the time she published *The Nature of Economies* in 2000, Jacobs’s understanding of the incentive and feedback roles of prices in a market economy is quite evident. For example:

Common sense tells us that if a town’s truck factory expands its workforce to five thousand jobs from a previous three thousand, the town will enjoy expanded sales of clothing and groceries; more schoolteachers are needed, and another half dozen doctors. Maybe rents and house prices rise, stimulating residential construction. (Jacobs, 2000: Loc. 740)



Also evident is her understanding of the consequences of fiddling with market prices in an attempt to achieve particular outcomes through direct intervention. This fictional dialogue from her *The Nature of Economies* on the distortionary effect of subsidies applies equally to direct price manipulation:

“Price feedback is inherently well integrated,” said Hiram. “It’s not sloppy, not ambiguous. As [Adam] Smith perceived, the data carry meaningful information on imbalances of supply and demand and they do automatically trigger corrective responses. So data and its purport and responses are all of a piece. But – and this is a very big but – the data themselves, prices, can be false, and of course that makes the inherent integrity count for nothing – go haywire.” “Costs are a major ingredient of prices,” Murray put in. “Costs can be falsified, and if so, then prices will be falsified too.” “Yes, subsidies falsify both costs and prices,” said Hiram. “And as I indicated in passing earlier, lies of that sort warp development.” (Jacobs, 2000: Loc. 1628–1635)

And this passage about the former Soviet Union:

“But the successor economy in post-Soviet Russia is as cavalier about costs and prices for quite different reasons,” said Murray. “Change in the political system there hasn’t restored price feedback controls. Russian enterprises still ignore cost accounting. Their people don’t know how to do it, and they don’t seem to learn, because they evidently don’t understand its importance as guidance to what they’re doing well and what they’re doing badly.” (Jacobs, 2000: Loc. 1649–1652)

Although she admitted that in the special circumstances of World War II rent control might have been tolerable, she clearly recognized the impact it had on the supply of floor space: “New York City failed to abandon rent controls instituted after civilian construction was halted during the Second World War; then, as anachronisms, ironically, rent controls depressed construction” (Jacobs, 2000: Loc. 1728–1729).

And from her last book:

Rent controls helped check the avarice of profiteering landlords. Evictions for inability to meet rent increases diminished or halted. But otherwise, on balance, rent control was counterproductive, because *it did nothing to correct the core problem, the lack of new or decently maintained affordable housing*, the missing supply that was a legacy of fifteen years of depression and war. (Jacobs, 2004: 142; emphasis added)

Echoing this sentiment, journalist Matt Iglesias argues:

Rent control is, at its best, a regulatory policy that aims to manage scarcity. Many US cities developed housing scarcity during World War II as part of the legacy of the Depression-era collapse in homebuilding paired with wartime restrictions on civilian construction. A giant global war was a perfectly good reason to implement anti-building regulations, and rent control was a perfectly good response to the regulation-induced scarcity. But modern-day scarcity-inducing regulations are not defeating Hitler. They are, at best, maintaining people's privileged access to in-demand public schools. (Iglesias, 2018)

This is also consistent with her views on the basic limits of urban planning, for example, beyond the indirect influence on urban vitality of the siting of public buildings.

In city downtowns, public policy cannot inject directly the entirely private enterprises that serve people after work and enliven and help invigorate the place. Nor can public policy, by any sort of fiat, hold these uses in a downtown. But indirectly, public policy can encourage their growth by using its own chessmen, and those susceptible to public pressure, in the right places as primers. (Jacobs, 1961: 167)

And the following seems to express her attitude toward public policy in general:

Public policy can do relatively little that is positive to get working uses woven in where they are absent and needed in cities, other than to permit and indirectly encourage them. (Jacobs, 1961: 175)

Her view of public policy beyond these enabling interventions is correspondingly guarded:

Given enough federal funds and enough power, planners can easily destroy city primary mixtures faster than these can grow in unplanned districts, so that there is a net loss of basic primary mixture. (Jacobs, 1961: 177)

This attitude would also apply to the more recent attempts to impose rent regulation via so-called inclusionary zoning, which Jacobs does not directly discuss. While traditional rent regulation targets existing dwellings city- or district-wide, inclusionary zoning typically applies to a subset of new housing construction in a specific location. While it appears different, inclusionary zoning has many of the same consequences as traditional rent regulation, especially if it is mandatory.

### 1.2.1 Mandatory Inclusionary Zoning

The term “inclusionary zoning” may be somewhat misleading since it doesn’t refer to zoning in the traditional sense of separating land-uses according to function, but instead to ordinances aimed at achieving greater socioeconomic diversity in a particular location through a form of price regulation. It is called inclusionary zoning because the intent is to include historically excluded groups in areas where high-income households tend to predominate.

More specifically, inclusionary zoning (IZ) entails setting aside a percentage of new housing, typically between 10% and 30%, to be offered at below-market rates, usually between 80% and 120% of median house prices, depending on the market in that location. Because abiding by IZ practices, other things equal, means developers earn lower revenues on those units, private developers tend not to provide them voluntarily. Therefore, authorities will either make IZ mandatory or offer developers incentives, typically by relaxing density or floor-area-ratio (FAR) restrictions, to make up some of the lost revenue. The former is “mandatory inclusionary zoning”; the latter is “voluntary inclusionary zoning.”

Under mandatory inclusionary zoning (MIZ) a developer cannot build new housing unless a certain percentage of units are offered at below-market rates. Sometimes MIZ policies may offer to offset the resulting loss in revenue from the lower prices by relaxing maximum-density limits. Alternatively, in some cities developers who do not comply must pay into a fund. Like traditional rent regulation, however, MIZ mandates buyers and sellers of housing to trade at rates below what they would otherwise have agreed upon, i.e., it is a legal maximum price above which it is illegal to trade. And like traditional rent regulation either the quantity of subsidized units people demand will be greater than the quantity supplied, or the expected loss of revenue to developers will discourage them from building the new housing. Therefore, in practice, only a fraction of eligible applicants willing and able to pay the below-market rates will benefit.<sup>8</sup>

The winners are the lucky applicants who get the subsidized units (typically via a lottery), while the losers are the far greater number of people able and willing to buy at the regulated price but who cannot because there aren't enough units at that price. Whether the losers' loss is greater or less than the winners' gain depends in part on the relative sensitivity of demanders and suppliers to changes in price. (According to basic economic theory, other things equal, the less price-sensitive demand is relative to supply, the greater the likelihood that losing buyers will lose more than the winning buyers gain.) Moreover, because the overall supply of new construction will be lower than it would have been because of developers' lower revenues, the market price of the unregulated portion of new construction will also tend to be somewhat higher, or the units will be of cheaper quality, or both.

The consequences of MIZ and price regulation are economically the same, although because the mandate falls on new, rather than existing

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<sup>8</sup> As Bertaud points out, "The mismatch between the limited supply and the large potential demand from eligible households is embedded in the concept itself of inclusionary zoning" (Bertaud, 2018: Loc. 6524–6526).

construction, they don't apply city-wide, and so their effects are less widespread.<sup>9</sup>

### 1.2.2 Voluntary Inclusionary Zoning

Rather than a mandate, municipalities may extend incentives to developers to induce them offer below-market set-asides in new construction voluntarily. This is so-called voluntary inclusionary zoning (VIZ). In addition to loosening maximum-density requirements, incentives might also include relaxing building and zoning regulations or even offering monetary bonuses.

Suppose, for example, that easing local restrictions on maximum density and permitting a developer to increase the floor area ratio (FAR) of a new housing construction adds \$1 million to its annual revenue if it, say, adds another story and charges market rates for these extra units. There are, however, at least two major costs that offset that revenue in part or in whole. First there is the annualized cost of constructing and maintaining the additional floor, and second there is the lost annual revenue from the units that have to be sold or rented at the lower, regulated price. If these two costs are less than the added revenue of \$1 million, then it might participate in VIZ, but if those costs exceed \$1 million, then participating would not be worthwhile for the developer, which means no below-market units.

While the goals of VIZ may be laudable, VIZ doesn't induce developers to build more units in total than it would have, although it could increase the amount of below-market housing. Because VIZ is optional and not mandatory, it should be no surprise that fewer below-market units have actually been supplied under VIZ than under MIZ.<sup>10</sup>

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<sup>9</sup>Ironically, if MIZ is applied to all new residential construction across the city, under the same demand-sensitivity assumptions, MIZ could transform a relatively competitive residential market into one that mimics a cartel that is able to get developers to restrict supply collectively in a way they could not on their own. The resulting higher rents or prices sellers receive on the unregulated units might then more than make up for the losses they suffer because fewer units are rented or sold. In such a case, developers might have an incentive to lobby for city-wide MIZ!

<sup>10</sup>In Portland, Oregon, for example, VIZ is likely at least partly responsible for an absolute decrease in the number of new constructions shortly after it was implemented (Renn, 2018).

### 1.2.3 Other Problems with Inclusionary Zoning

Inclusionary zoning, mandatory or voluntary, is often justified by the goal of guaranteeing “affordable housing for all.” This goal could be more easily approached if housing authorities didn’t at the same time set high minimums for the quality of housing, parking space, setbacks, or FAR. Other things equal, this works against housing affordability since higher standards and more amenities mean higher costs of construction and fewer units built on a given construction budget.

Also, like rent regulation, the lower-income households that do obtain subsidized units will be less inclined to move should, for instance, a better job opportunity arise in a distant location, since that would mean abandoning their subsidized dwellings if commuting costs (and income taxes) increase too much (Bertaud, 2018). Thus, like rent regulation, IZ can perversely limit the mobility of IZ beneficiaries and tie them to a specific location.

The problem is compounded by the fact that advocates for IZ commonly demand that low-income households have “equal access” to the same kind of housing units in high-demand, high-value locations, where typically only the relatively wealthy can afford to live or work. There are at least two unfortunate consequences of this policy.

First, where land is expensive and construction costs are high, MIZ means fewer units of all income-levels will be built. Indeed, empirically even VIZ has generated only a small amount of affordable housing compared to what public authorities claim is needed.<sup>11</sup> This may induce authorities to replace VIZ with MIZ, with the unfortunate result that some projects become unprofitable to build.

Second, because poorer households must make their smaller incomes stretch farther than wealthier ones, they may prefer to live in smaller units of lower quality at a different location than those with higher incomes. The subsidy represented by IZ may be a boon to the lucky few who obtain the subsidized units, but the “equal access” policy means that

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<sup>11</sup> See, for example, this report on “Inclusionary Zoning” from The World Bank: <https://urban-regeneration.worldbank.org/node/46>. Accessed 1 June 2023.

they probably end up consuming more house than they would otherwise have chosen with a cash equivalent. If instead of a gift of subsidized housing equal to, say, \$2000 per month, they could receive a cash subsidy of \$2000 per month, or if they were allowed to sell or sublet their units to anyone else, they would have the freedom to spend (or not spend) the proceeds on housing, education, or whatever they want. But under a standard “IZ lottery” system, someone decides that for them.

### 1.3 Housing for Low-Income Households

In Chap. 7 we saw that housing for the poor became a policy issue in late-nineteenth-century London and in the United States especially after World War II (Jackson, 1985: 227–8). Initially a matter of morality and sanitation, by the mid-twentieth century affordable housing became more a matter of rising expectations that accompanied an overall rise in prosperity, and today it is increasingly framed as an issue of social justice in the face of “market failure.”

It is easy to assume that throughout history the majority of those in the poorest segment of society were unable to afford newly built housing that they didn’t build themselves. That, however, has not always been true, and it is not the case even today in some places. The poor can still find affordable dwellings, for example, in trailer parks and long-stay hotels and motels, at least where they haven’t been banned. These are typically very basic and sometimes unpleasant but on the whole better than living on the street or in even worse public shelters. In New York City and elsewhere, however, traditional single-room occupancy (SRO) hotels have been practically regulated out of existence (Groth, 1994). Before then, SROs offered the otherwise homeless the possibility of a relatively secure place to sleep and to store their belongings, as well as an address to use for job applications, despite also offering venues for prostitution and other questionable activities. But basic economics doesn’t say entrepreneurs can’t profitably build cheap, dense, multifamily residences in areas where, other things equal, construction costs are low relative to real-estate costs (Barr, 2016: 142; Bertaud, 2018: 122–6).

SROs are certainly not the safest or most pleasant places for people and their families to live, in the same way that a \$14,595 Chevrolet Spark<sup>12</sup> or an old, used car is probably less comfortable or safe to ride in than a \$77,000 Lexus LS.<sup>13</sup> Relatively cheap, low-quality housing serves an important and increasingly unmet demand. Such dwellings play a similar role as old, worn-down buildings (à la Jacobs) in the long-term vitality of a city by giving low-income households a permanent place to live. Or at least it would were it not hampered by legislators and local stakeholders or “homevoters” (Fischel, 2002).

It is curious that we make this special assumption about the housing market, when for most other products there is usually a segment devoted to low-income consumers, including essential categories. Why are there brand-new, inexpensive cars and smart phones and so little brand-new, inexpensive housing? Why is there a chronic lack of affordable housing in New York City and San Francisco and far less so in crowded Tokyo where the prices have risen at a fraction of the rate (Harding, 2016)?

Later in this chapter we look at some reasons.

### 1.3.1 Jacobs’s “Guaranteed Rent” Method for Subsidizing Housing

Earlier, I mentioned an approach Jacobs offers to the problem of affordable housing. In it Jacobs begins from a different premise from most housing advocates:

What is the reason for subsidizing dwellings in cities? The answer we long ago accepted went like this: The reason we need dwelling subsidies is to provide for that part of the population which cannot be housed by private enterprise.... This is a terrible answer, with terrible consequences. A twist

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<sup>12</sup>The “cheapest new car in 2022” according to *Car and Driver* (2022). [https://www.caranddriver.com/features/g39175084/10-cheapest-new-cars-in-2022/?utm\\_source=google&utm\\_medium=cpc&utm\\_campaign=arb\\_dda\\_ga\\_cd\\_md\\_bm\\_prog\\_org\\_us\\_g39175084&gclid=CjwKCAiA9NGfBhBvEiwAq5vSy34QScPjnbfp6Y0tJHh3GfLjRjz\\_H6oXKBcM-xXO8yKSMLEASv9xJxoCoJsQAvD\\_BwE](https://www.caranddriver.com/features/g39175084/10-cheapest-new-cars-in-2022/?utm_source=google&utm_medium=cpc&utm_campaign=arb_dda_ga_cd_md_bm_prog_org_us_g39175084&gclid=CjwKCAiA9NGfBhBvEiwAq5vSy34QScPjnbfp6Y0tJHh3GfLjRjz_H6oXKBcM-xXO8yKSMLEASv9xJxoCoJsQAvD_BwE). Accessed 13 May 2023.

<sup>13</sup>According to “Lexus LS 2022” *Car and Driver* (2022) at <https://www.caranddriver.com/lexus/ls-2022>. Accessed 13 May 2023.



of semantics suddenly presents us with people who cannot be housed by private enterprise, and hence must presumably be housed by someone else. Yet in real life, these are people whose housing needs are not in themselves peculiar and thus outside the ordinary province and capability of private enterprise, like the housing needs of prisoners, sailors at sea or the insane. *Perfectly ordinary housing needs can be provided for almost anybody by private enterprise. What is peculiar about these people is merely that they cannot pay for it.* (Jacobs, 1961: 323–4; emphasis added)

Jacobs was not being ironic here. Where people cannot afford housing, there is a way to subsidize housing that doesn't make the government a landlord or create a class of persons excluded from markets or create the problems of mobility, etc., I described earlier.

The housing problem is a large and complex topic, and Jacobs's solution offers only one of a number of possible approaches. What is significant about her solution, however, is the implicit social theory behind it. The dominant approach to housing in her day was to gather poor families together in one place, segregated in public housing projects, after bulldozing neighborhoods to make room for them. In this way, housing authorities believed, the problems of the poor could be handled most efficiently. Once "helped out of poverty," they would vacate their subsidized units to make room for others more needy.

Jacobs proposed instead to subsidize private developers, getting government out of the landlord business and allowing greater scope for "private enterprise" by first guaranteeing below-market mortgage rates for construction (1961: 321–37). The catch is that, while landlords could charge market rates for the residential units, they would have to accept tenants from a specific list of candidates who qualify for the program based on income and whether they already reside in that neighborhood in order to maintain neighborhood networks and limit the size of waiting lists. Taxpayers would make up the difference between the market rental rate and what the government determines the tenants could actually pay, based on their reported taxable income. Once their ability to pay matches the market price, the subsidy falls to zero. Tenants would lose the subsidy but could choose to stay, continuing to pay the full market rate out of their own pockets.

There are many presumptions here, but Jacobs's approach attempts to minimize the kinds of disruption to communities and economic development that large-scale housing projects create.

In particular, it is a means of introducing new construction gradually instead of cataclysmically, of introducing new construction as an ingredient of neighborhood diversity instead of as a form of standardization, of getting new private construction into blacklisted districts, and of helping to unslum slums more rapidly. (Jacobs, 1961: 326)

Because her proposal lowers the subsidy as the tenant's income rises then if, say, a better job opportunity arises that is beyond practical commuting distance, the sacrificed subsidy is minimized. Her proposal creates less of a barrier to mobility than rent regulation or means-tested housing projects, even if it is not a purely market solution.

Jane Jacobs's approach is both practical and sensitive to the stigma of poverty, although like most such proposals it would probably have a hard time withstanding the privileging and cronyism that tend to infect all political solutions, even hers.

### 1.3.2 The Need for "Substandard" Housing

As suggested earlier, a living city should in a sense permit "substandard housing" for anyone who wants it. Dwellings such as SROs and trailer parks may not please middle-class sensibilities, but they enable low-income households get off the streets. Today these sensibilities backed by political clout mandate costly minimum-unit sizes and other restrictions that put housing out of reach of many of the poor. As urban historian Robert B. Fairbanks observes, in the early twentieth century "the new emphasis on good housing as a package of neighborhood amenities actually made it more expensive to produce housing for the poor in the 1920s" (Bauman et al., 2000: 39). That is even truer today.

“Section 8” housing vouchers are in some places offered as an alternative to public housing.<sup>14</sup> These vouchers provide “assistance to eligible low- and moderate-income families to rent housing in the private market” where “eligibility for this program is based on a family’s gross annual income and family size.” Like Jacobs’s solution, vouchers tend to take the government mostly out of the landlord business and offer subsidies directly to renters rather than to developers and landlords. Unlike Jacobs’s approach, however, offering vouchers to tenants would tend to increase the demand for housing in general and so drive up housing prices. This, of course, disadvantages tenants who don’t qualify for the subsidy and who then may have to pay higher prices for housing than before.

#### **1.4 The Housing Problem Is Historically a Poverty Problem but Has Lately Become a Policy Problem**

Probably as long as there have been cities, city dwellers have complained about the cost and quality of housing. Part of that is only natural because there will always be a “nicer” house beyond our price range. For nearly all of us, that means that while we could conceivably afford to pay \$1000 a month for an apartment, we would rather spend only, say, \$750 and use the other \$250 for things we deem more important at the margin. Even the richest persons in the world would find some price for a house (or anything else for that matter) too high because there are other things at the margin that they would rather spend the extra money on.

But the inability to find any housing at a price we are able and willing to pay, i.e., a genuine housing shortage, is a different matter. Economists recognize that long-term, chronic shortages of any resource, whether gasoline or housing, are usually due to the failure of prices to adjust owing to regulations that cap prices below the level at which the market would tend to clear. We saw this earlier with rent regulation and inclusionary zoning. Even if there is no shortage in the strict sense, constraints that artificially limit the supply of that resource (e.g., minimum lot sizes and parking requirements and maximum-density regulations) can drive

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<sup>14</sup> See, for example, in New York City, <https://www1.nyc.gov/site/nycha/section-8/about-section-8.page>. Accessed 13 May 2023.

market prices sky high. In communities in North America and Europe, serious problems of housing affordability have become more widespread with each passing year. This is unusual, since throughout history all but the most destitute have been able to afford some permanent dwelling, usually in slums of one kind or another, at a price they are able and willing to pay, although under conditions likely considered deficient by the standards of the middle class in the twenty-first century. Recall the hovels of the working poor in Manchester that Friedrich Engels described.

Instead, the problem of “affordable housing” has been couched in terms of the affordability of “decent” housing at a norm set by planning authorities. Naturally, as real per capita income has risen almost everywhere over the last century, the expectations of what constitutes decent living conditions have risen in tandem, and regulations that impose such standards, whatever the benefits they produce, tend to raise housing costs. But the utter unavailability of livable housing *at any price* for large numbers of “homeless” persons<sup>15</sup> or the exodus of middle-class populations out of expensive cities into more affordable areas appears to be largely a modern phenomenon: “The percentage of the population that can afford a typical home today has been shrinking as the average home size increases—trends that have been continuing for decades... (Bivins, 2019).<sup>16</sup>

Of course, as a city becomes more prosperous through innovative economic development, the rising demand to live there will put upward pressure on housing prices. But for most of human history, supply, sometimes leading sometimes lagging, tends to offset that rising demand over time. Why should the real price of housing persistently rise over time, while the real price of almost everything has fallen? The explanation again lies mostly on the supply side.

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<sup>15</sup> For example, “In recent years, homelessness in New York City has reached the highest levels [in absolute numbers] since the Great Depression of the 1930s.” Coalition for the Homeless (3 December 2019).

<sup>16</sup> See the website of the National Association of Home Builders for the latest data on housing affordability based on their “Housing Opportunity Index,” which shows a secular downward trend in affordability in the United States. <https://www.nahb.org/news-and-economics/housing-economics/indices/housing-opportunity-index>. Accessed 13 May 2023.

Understandably, those who are better off today tend to feel that someone worse off ought to live in what they regard as “safe and decent” dwellings, but they have resorted to legislation to that end. Again, high regulatory standards especially regarding minimum FAR, building setbacks, and lot sizes increase the cost of housing construction and lower the supply. A literature survey by urban economist Emily Hamilton and myself details research showing that housing unaffordability for low-income families in America today is due primarily to overly restrictive land-use regulation (Ikeda & Hamilton, 2015).

What might the more market-based approaches entail?

We might begin by recognizing that the problem of “substandard” housing can be traced directly to the problem of poverty. For instance, Hayek observes:

The housing problem is not an independent problem which can be solved in isolation: it is part of the general problem of poverty and can be solved by a general rise in incomes. (Hayek, 1963: 348)

It is fascinating to relate this to Jacobs’s attitude toward the phenomenon of poverty in general. She quite boldly states that “poverty has no causes. Only prosperity has causes” (Jacobs, 1969: 1751–2). Just as evil is sometimes defined as the absence of good, for Jacobs poverty is essentially the absence of economic development, with no explanation necessary except in this negative sense. Rather than seek the causes of poverty, it is more to the point to discover the causes of prosperity.

As economic historians T.S. Ashton (1963) and Dierdre McCloskey (2010) document, poverty has been the default condition of the mass of humanity throughout history. But today, the incidence of extreme poverty has never been lower. From the World Bank (2022):

According to the most recent estimates, in 2015, 10 percent of the world’s population lived on less than US\$1.90 a day, compared to 11 percent in 2013. That’s down from nearly 36 percent in 1990. Nearly 1.1 billion fewer people are living in extreme poverty than in 1990. In 2015, 736 million people lived on less than \$1.90 a day, down from 1.85 billion in 1990.

In fact, what changed historically and gave rise since the mid-eighteenth century to an accelerating growth in per person real income is the growth of great cities in the West. The spectacular increase in prosperity and decline in poverty parallel the rise in urbanity around the world, and our discussion thus far should help to persuade us that this is not a coincidence.

While living cities and free markets continue to be wrongly blamed for generating or exacerbating poverty, the opposite is true. The relatively poor who arrive in a city seeking opportunities for a better life, and those who lose their livelihood and connections because of those same urban processes, adds to the visible poverty in a city.<sup>17</sup> But if urban economist Edward Glaeser is right, poverty in a living city can in some sense an indicator that it is functioning well:

Cities aren't full of poor people because cities make people poor, but because cities attract poor people with the prospect of improving their lot in life. (Glaeser, 2012: Loc. 1241–3)

Under the right “rules of the game,” including bridging social capital and norms of inclusiveness and tolerance, cities can be places where the poor may effectively strive to better their lives and the lives of their children. In this sense, a kind of dynamic inequality, which includes the relative poverty of such strivers as well as those who have succeeded spectacularly, is characteristic of any living city.

So if the process of urban economic development is working well, if people are free to use their resources and resourcefulness in an environment of tolerance and competition, poverty and poor housing need not be permanent for the vast majority of low-income households. While some of the policies we have covered may be more effective than others for improving the conditions of the least well-off in society, historically, there has been no anti-poverty program more effective than the rise of free, innovative cities. Certainly, some of us benefit from economic development sooner or to a greater degree than others, and some yet lag far

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<sup>17</sup> Recall from Chap. 7 that T.S. Ashton (1963) points out how the descriptions of the working poor by Engels and Mearns, amplified by the greater literacy of a better-informed public, failed to take into account the even more dismal living conditions many were leaving behind in the countryside.

behind. But nothing has enabled the poor to rise out of poverty and to live in better material conditions by almost anyone's standard more effectively than spontaneous urban development.

## 2 Market Urbanist Critiques from a Jacobsian Perspective

The term "Market Urbanism" is relatively new. I will describe it here as an approach that offers market-based policy solutions to the socioeconomic problems facing cities, such as the ones we have been considering. Market Urbanism will be the label I will apply to the Jacobs-cum-market-process framework presented in this book.<sup>18</sup> The following are policies about which Jacobs writes relatively little, but I maintain that the Market Urbanist perspective I use to analyze them is consistent with her own.

### 2.1 Building Codes

Although I am not aware that Jacobs published very much about building codes, I think it is safe to assume that she strongly favored them for the conventional reasons, especially when they serve to protect residents from hazards "behind the walls and beneath the floors." (This is why I placed scare-quotes around "substandard" earlier—dwellings should have this baseline standard of safety, however enforced.) Still, given her firm understanding of economics, I believe she would appreciate the trade-off between increasing quality and decreasing affordability I have underlined and that ignoring this trade-off is itself dangerous.

Among the first building codes in the modern era were those instituted in London after the Great Fire of 1666 and the Chicago fire of 1871, the latter resulting in mandated fire walls between adjacent buildings, as well as improvements in light, ventilation, and sanitation. Other cities followed suit, including New York where "during the first two centuries of

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<sup>18</sup>As we will see in the next chapter, there are differences in emphasis among the proponents of Market Urbanism, and not all of their approaches have an explicitly market-process economics or even Jacobsian foundation, as I am giving it.

New York City's history, building law was concerned primarily with the prevention of fire and disease" (Plunz, 1990: 1), and with limiting the hazards of poor construction and from congested, urban living. Unlike the modern zoning ordinances discussed earlier, these "good neighbor" policies focused mainly on negative externalities and clearly hazardous practices.

Responding to concerns over the living conditions of the working poor, the influential trade journal *Plumber and Sanitary Engineer* held a contest to design an efficient, low-cost, multifamily dwelling that would meet the standards of New York State's Tenement House Act of 1867. The winner was the New York architect, James E. Ware, for what has since become known as the notorious "dumbbell tenement," a design now synonymous with overcrowding, poor ventilation, and inadequate sanitation! While these consequences were surely unintended, nevertheless "such dwellings...promoted both physical and social pathology" (Fairbanks & Robert, 2000: 24) and were finally outlawed by the Tenement Law of 1901 (Fairbanks & Robert, 2000: 26).

Along with the Commissioners' street plan for New York City of 1811, the dumbbell tenement created significant health problems.

By 1865 a total of 15,309 tenements existed in New York City, and the city's population approaching 1,000,000. The new development at tenement densities was beginning to expose some generic problems with the Manhattan gridiron...adopted in 1811.... (Plunz, 1990: 11)

Those problems, which have been decried since the Plan's inception, had mostly to do with the exclusively north- or south orientation of the long Manhattan avenues. Not only did this impede traffic flows along the narrow length of the Island, which would become chronic with the growing number of and accommodation for the automobile, but it also meant that north-facing dwellings would lie in freezing shadows during the winter, while the south-facing would suffer sweltering summers.

This is not to say of course that any plan implemented by a governmental authority is bound to fail; a street plan as ambitious as the Commissioners' will have its problems. But historian Gerard Koeppel



painstakingly documents how private plans offered at the time—some designed and partially implemented by owners of large estates located on what is now Lower Manhattan—would have been superior to the plan eventually adopted and adopted in haste with little serious thought by the Commissioners (Koeppel, 2015). But we shouldn't be surprised: the economic analysis of politics teaches us that inertia and perverse incentives are a feature not a bug when it comes to most political decision-making.

## 2.2 Mobility

If the supply of housing within reasonable commuting distance to where most jobs are significantly lags behind increases in demand, housing costs will rise there and induce us to reside farther away. This becomes a problem when the commuting cost, especially the increased time cost, increases significantly. This is how housing affordability and mobility are strongly linked. Or, as Alain Bertaud puts it, “transport is a real estate issue” (Bertaud, 2018: 143).

A finite stock of buildable land area doesn't necessarily place a finite limit on living space. For instance, Singapore, a city with geographic conditions similar though not quite as extreme as Hong Kong, has adopted the motto, “limited land, unlimited space” (Hamilton, 2020). As long as development is relatively free, the supply of and demand for land will determine whether housing construction takes place upward, when land costs exceed building costs at the margin, or outward when the reverse is true. In Singapore and Hong Kong, it's been upward; on the other hand in Phoenix, it's mostly outward.

Mobility will not be a serious problem if local authorities carefully monitor the use of roads, bridges, transit, and other transport infrastructure that connect us to our workplaces at low time cost and use appropriate methods (e.g., construction, closures, or congestion pricing) to adjust to demand. But this kind of monitoring and adjustment is typically problematic. Costs of commuting will also rise if means of transport (e.g., cars, buses, jitneys, scooters, bicycles, or shared services) are legally

restricted because of pressure from entrenched private and city interests in bus services, licensed taxis, and public transport, all of which have a financial interest in quelling spontaneous competition. As Jacobs notes, for example:

Jitneys were systematically put out of business by municipalities, with the cooperation – to their shame – of electric transit systems, to protect their own monopolistic franchises. (Jacobs, 2004: 187)

Costs of mobility will also rise if the high cost of floor space induces us to move farther away from the centers of economic activity. And this relates to our earlier discussion of how zoning and building codes can raise the cost of floor space and thereby reduce urban mobility. Thus, is mobility tied to land values.

The availability of cheap land on the periphery of a city combined with rising average incomes and common human aspirations has in the twentieth century, especially in North America, led to the phenomenon of so-called urban sprawl. Sprawl is often conceived in a purely geographical aspect, evoking flat landscapes spreading from horizon to horizon. But from an economic point of view, sprawl is not something properly measured in strictly geographic or demographic terms—i.e. the average population density of a given area or the average physical distance needed to travel from place to place. More relevant is the average time cost needed to get from one place to another. For example, compared to Manhattan, Los Angeles is at least half-again as spread out geographically and with a much lower average population density. (However, 20 miles from the center of Los Angeles, we find much denser development than the same distance from Manhattan.) But the economically relevant question is “on average how long does the average trip take door-to-door in Manhattan compared to Los Angeles, car or no car?” Mobility in the living city is critical and should be evaluated in these terms.

This leads us to the next topic for discussion from the point of view of Market Urbanism.

## 2.3 Urban Sprawl

Architectural historian Robert Bruegmann defines sprawl as “low density, scattered, urban development without systematic large-scale or regional public land-use planning” (Bruegmann, 2006: 2). He observes, however, that contemporary urbanists’ negative judgments about sprawl “were still based on assumptions codified in the late 1960s when American suburbs were booming and city centers seemed to be in grave danger of collapsing” (Ibid: 7–8). Economist William T. Bogart’s *Don’t Call It Sprawl* (2006) makes the similar point that the classic period of “there’s no there there” urban sprawl is best understood as a time of transition from monocentric to polycentric metropolitan development between the early and late twentieth century. Nevertheless, urban sprawl has provoked one of the more serious urban-policy responses in modern times, exemplified best by the attempt to deliberately re-densify urban areas by means of establishing “green belts” to confine economic development nearer to the center of a city.

At first blush Jacobs’s attitude toward sprawl may appear less sympathetic than Bruegmann’s or Bogart’s and more aligned with the conventional wisdom when she says: “One advantage possessed by measures to repair sprawl is that sprawl is so clearly wasteful and inefficient” (Jacobs, 2004: 157). This strikes me as a curious way for her to criticize sprawl, given her positive and I think pragmatic attitude, noted in previous chapters, on the virtue and necessity of urban inefficiency. In any case, in a letter she wrote to me dated March 2004, written at almost the same time as the book from which I drew that quote was published—and I am quoting slightly out of context (see footnote)—Jacobs seems to be agreeing with Bruegmann and Bogart, or perhaps demonstrating her characteristic caution, when she writes:

In the meantime, I hope you’ll have a chance to read in *Dark Age Ahead* (chapter 7, I think) my view of suburban sprawl as an awkward interim stage between less and more intensive land use – if interventionism doesn’t prevent natural, self-organized corrections to some interventions of the past. I wish that [Ludwig von] Mises and [F.A.] Hayek had said more about privately initiated and operated interventions, such as those by General Motors and oil refiners which have been and still are, more effective directly,

and influential indirectly than public policy decisions; but, of course, such private interventions would have no force or standing without public policy—and hence citizens’ approval.<sup>19</sup>

(The “interventionism” of which Jacobs speaks in this passage refers to a dynamic in which a particular intervention creates problems that public authorities then seek to solve by subsequent interventions. The dynamics of interventionism are fueled by a combination of imperfect knowledge and perverse incentives set up by the attempt to blend two incompatible aims: to harness the power of spontaneous orders (e.g., markets and cities) and to consciously direct them toward a particular end (Ikeda, 1998, 2004, 2015).)<sup>20</sup>

As historian Kenneth T. Jackson in his 1985 classic *Crabgrass Frontier* has astutely observed:

The stereotype [of the suburb] is real, embodying uniformity, bicycles, station wagons, and patios. It has been sustained because it conforms to the wishes of people on both ends of the political spectrum. For those on the right, it affirms that there is an “American way of life” to which all citizens can aspire. To the left, the myth of suburbia has been a convenient way of attacking a wide variety of national problems, from excessive conformity to ecological destruction. (Jackson, 1985: 4)

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<sup>19</sup> The quoted passage is part of a private correspondence from Jacobs to the author and not from a currently published document or one that Jacobs probably intended to be published. I have largely confined myself to published works to avoid becoming embroiled in controversies arising from informal or off-hand statements Jacobs may have made on different occasions on various issues. I feel justified in including it here because she was responding to a professional inquiry relating to specific articles I had given her to read and to which she is here directly responding. In the paragraph prior to the one from which I drew this quote, Jacobs writes, in part:

Thank you so much for your letter of March 19 [2004] and especially for the two articles you had given me. I found them so interesting and helpful to my own thinking. I see the perils of interventionism much as Hayek and Mises do, and, like Mises, consider that the instability at the end of that road, is ultimately fatal.

<sup>20</sup> I have applied the interventionist dynamic to the case of Robert Moses’s planning in Brooklyn, New York in Ikeda (2017).

The other narrative about the rise of sprawl, one that I believe Jacobs is sympathetic to, focuses on large-scale federal government interventions that shortly preceded and accompanied the rise of sprawl. Jackson documents the dramatic impact of these interventions in *Crabgrass Frontier*:

I seek to determine whether the results of such policies were foreseen by a government anxious to use its power and resources for the social control of ethnic and racial minorities. Has the government been as benevolent – or at least as neutral – as its defenders have claimed? (Jackson, 1985: 191)

He answers in the negative and singles out the Federal Highway Acts of 1916 and 1956, which “moved the government toward a transportation policy emphasizing and benefiting the road, the truck, and the private motorcar” (Jackson, 1985: 191); the Home Owners’ Loan Corporation Act of 1933, which “initiated the practice of ‘redlining’” (Ibid: 197); and the Federal Housing Act (FHA) of 1934, which “favored the construction of single-family projects and discouraged construction of multi-family projects through unpopular terms” (Ibid: 206). The FHA, in particular, like the early exclusionary zoning policies of individual cities, “helped to turn the building industry against the minority and inner-city housing market, and its policies supported the income and racial segregation of suburbia” (Ibid.: 213).

Operating together, these interventions and direct federal funding for infrastructure boosted private suburban development and enabled a greater number of middle-class households to realize their residential aspirations, but not without sprawling unintended consequences.

### 2.3.1 Sprawl, Historically Considered

Bruegmann finds that the phenomenon of sprawl has been around for a very long time — “a feature of urban life since time immemorial” — and that it is a result of wealth and the personal aspirations (Bruegmann, 2006). From Babylon and Ur to Paris and Phoenix, urban dwellers have sought to escape the noise and messiness of city life to the quieter urban fringe, while staying within easy reach of its delights. Only recently,

however, have we had the wealth, gained through rapid economic development, to realize this dream, especially in the United States. In the mid-twentieth century, suburban tract homes and vast housing developments—associated with the likes of John F. Long and William Levitt—sprouted up around urban centers across the country but especially in the American West. America experienced large-scale sprawl sooner than Europe and got richer and multiplied faster than that war-torn and earnestly socializing continent, whose governments spent a great deal of their countries' remaining resources on projects to repair and rebuild burned and bombed-out cities.

Bruegmann emphasizes the more positive side of sprawl in an effort to counterbalance the overwhelmingly negative opinion of sprawl that he finds in the literature.

Because the vast majority of what has been written about sprawl dwells at great length on the problems of sprawl and the benefits of stopping it, I am stressing instead the other side of the coin, that is to say the benefits of sprawl and the problems caused by reform efforts. (Bruegmann, 2006: 11–12)

Like Bruegmann and Bogart (and Jacobs), I think that much of the rationale behind so-called smart growth or more recently “sustainable urbanism,” as well as the New Urbanism that I will discuss shortly, was and largely still is a reaction against a state of affairs that has long since evolved into new urban forms. Indeed, Bruegmann finds that

Whatever validity these generalizations might have had in the late 1960s – and even then they were far from adequate – they were completely inadequate to describe metropolitan areas by the 1990s. [...] Many of the city centers were roaring back. Densities were rising in subdivisions at the urban periphery, many of which were being swelled by working class and minority families. (Bruegmann, 2006: 8)

An example of this trend is the “edge city” of Joel Garreau (1991) that we discussed earlier in the book and which, while it doesn't look much like a traditional downtown (largely because it is new, it tends to lie outside the legal limits of cities), it nevertheless shares the density, diversity, and economic dynamism that has always characterized living cities.

### 2.3.2 Andrés Duany and Elizabeth Plater-Zyberk: “New Urbanism” as a Response to Sprawl

One response to the sprawling state of affairs is an urban-design movement that may be partly inspired by Jane Jacobs called “New Urbanism.”<sup>21</sup> Two of the movement’s prominent leaders are Andrés Duany and Elizabeth Plater-Zyberk, perhaps best known for designing the planned community of Seaside on the Gulf Coast of Florida.<sup>22</sup> It is more accurate to say that they are “Jacobs-inspired” in some aspects of architecture and walkability but with a Cartesian rationalist spin.

Jacobs’s warning about pretended order and antiquarianism should be heeded!

My idea, however, is not that we should therefore try to reproduce, routinely and in a surface way, the streets and districts that do display strength and success as fragments of city life. This would be impossible, and sometimes would be an exercise in architectural antiquarianism. (Jacobs, 1961: 140)

Compare to Duany et al.:

Sprawl repair should be pursued using a comprehensive method based on urban design, regulation, and strategies for funding and incentives – the same instruments that made sprawl the prevalent form of development. Repair should be addressed at all urban scales, from the region down to the community and the building – from identifying potential transportation networks and creating transit-connected urban cores to transforming dead malls into town centers, reconfiguring conventional suburban blocks into walkable fabric, down to the adaptation and expansion of single structures. And rather than the instant and total overhaul of communities, as pro-

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<sup>21</sup>Jill L. Grant argues that New Urbanism “reiterates many of Jacobs’s principles of good community design” (Grant, 2011: 91). However, “a close reading of Duany’s work finds relatively few explicit connections to Jane Jacobs” (Ibid: 95). Grant’s reservations about New Urbanism are also largely my own.

<sup>22</sup>In Chap. 9 I will discuss and critique another pioneer of the New Urbanist movement, León Krier, his design philosophy, and his project in Guatemala City.

moted so destructively in American cities half a century ago, this should be a strategy for incremental and opportunistic improvement. (Duany et al., 2010: 219)

Whew! Top-down planning from the regional level right down to single structures. Indeed, these New Urbanists plan at the scale of Le Corbusier et al., despite the final sentence describing their approach as “incremental” improvement. A better description would be “sweeping incrementalism.” They are skeptical of the market and rely instead on local and regional governments to shape the communities they envision.

The Congress for the New Urbanism, which Duany and Plater-Zyberk helped to found, lays out its basic philosophy in the preamble of its Charter (Talen, 2013):

The Congress for the New Urbanism views disinvestment in central cities, the spread of placeless sprawl, increasing separation by race and income, environmental deterioration, loss of agricultural lands and wilderness, and the erosion of society’s built heritage as one interrelated community-building challenge.

And like most late-twentieth-century planners, New Urbanists abhor sprawl, which the Congress for the New Urbanism offers general principles and specific design principles to combat.

This is a prime example of the constructivist mentality reinterpreting certain Jacobsian insights on urban design without appreciating the underlying social theory, based on the concept of spontaneous order, from which those insights emerge. You cannot build real communities, such as Jacobs’s childhood Scranton neighborhood, at least not in the dirigiste manner of the founders of New Urbanism, with a specific set of outcomes in mind. Duany and Plater-Zyberk, along with Jeff Speck (2010), are quite explicit in their interventionist approach to public policy.

We need sprawl repair because change will not happen on its own. Sprawl is extremely inflexible in its physical form, and will not naturally mature into walkable environments. Without precise design and policy interven-



tions, sprawl might morph somewhat but it is unlikely to produce diverse, sustainable urbanism. *It is imperative that we repair sprawl consciously and methodically, through design, policy, and incentives.* (Duany et al., 2010: 218; emphasis added)

Moreover, what the human mind has done, reasonable government can undo.

From local zoning codes to federal automobile subsidies, there is a long list of regulatory forces that have proved destructive to communities in unexpected ways. Because government policy has played a major role in getting us where we are today, it can also help us to recover. (Duany et al., 2010: 218)

According to the logic of interventionism I cited earlier (Ikeda, 1998), the problems (social, economic, environmental) that comprehensive planning à la Le Corbusier or Robert Moses has wrought, new interventions can undo using a “better” comprehensive, New Urbanist design principles. F.A. Hayek characterizes this attitude as a “pretense of knowledge” (Hayek, 1974), and Jacobs might have agreed with that characterization. Rather than removing the various interventions that have promoted sprawl—e.g., the sort of policies we earlier saw Jackson (1985) identify—New Urbanism proposes adding layers to the regulatory thicket, further entangling market and governmental forces (Wagner, 2009). As professor planning Jill L. Grant cogently observes:

New urbanism projects emblemize the monopolistic control of the master planner who designs projects scaled not for appropriate social or political action but because of serendipitous land-assembly factors, and built not to accommodate time but to freeze it in place with codes and covenants. Jacobs’s vision of the city as adaptive space within which citizens construct their identities and shape their own prospects in a sometimes messy urban context gets lost in the picture-perfect images of new urbanism. (Grant, 2011: 100–1)

Curiously, although New Urbanism is usually tied to a progressive political ideology, which one might associate with a greater willingness to

part with the past and to embrace uncertainty and change, New Urbanists rely heavily on verbs such as “sustain,” “restore,” “preserve,” “protect,” and “conserve.” This, again, is reflected in the preamble to the New Urbanist Charter, which stresses the virtues of communities of the past that have been presumably undermined by “markets.”

Indeed, New Urbanism seems to be quite congenial to the ideals of modern conservatism, especially as articulated by the conservative philosopher and traditionalist Roger V. Scruton, who champions the New Urbanist design philosophy and its devotion to the virtues of the traditional community. Journalist Jeff Turrentine notes how “A new generation of conservative pundits is cheerfully blurring the line between red and blue—by embracing smart growth and New Urbanism” where “left and right amicably agree” (Turrentine, 2015).

And so in 2018 Scruton was appointed the New Urbanism Fellow at The American Conservative (McCrary 2018). While acknowledging Jane Jacobs as a comrade in pointing out the vice of Euclidean (functional) zoning and the virtue of getting back into city center, Scruton goes on to suggest that the decline of city centers is fundamentally a matter of design and aesthetics. In other words, there is a sense in which a city can be, in contrast to the spirit of Jacobs’s social theory, indeed must be, a work of art. Planners and architects collectively create a cohesive social order, much as one might design a comfortable home.

A city becomes a settlement when it is treated not as a means but as an end in itself, and the sign of this is the attempt by residents, planners, and architects to fit things together, as you fit things together in your home or your room, to offer welcome vistas and a friendly patina. (Scruton,, 2012)

But Jacobs’s living city is fundamentally a means, not an end; a becoming or process, not an outcome.

New Urbanism, while in some superficial ways echoing Jane Jacobs, entirely misses her more fundamental point, identified earlier by Jill L. Grant, that a living city depends on social orders emerging spontaneously, with the government first and foremost providing a basic

framework in which individuals have the right to pursue their own plans, so long as they don't infringe on the equal rights of others. And that means the rights of developers, unassisted by government privileges, and their clients are free to decide what kinds of "necessaries, conveniences, and amusements" to trade, including residential, commercial, industrial, and public uses.

For Jacobs, however, this doesn't mean government interventions are unnecessary. For her, certain kinds of limited government interventions—we have seen, for example, subsidies for housing, zoning to limit size and single functions, and regulations to contain negative externalities—can promote economic, cultural, and social development if they don't crowd out individual initiatives that can do a more effective job. As noted at the beginning of this chapter, *The Death and Life of Great American Cities* is "mostly, an attempt to introduce new principles of city planning and rebuilding, different and even opposite from those now taught in everything from schools of architecture and planning to the Sunday supplements and women's magazines" (Jacobs 1961: 3, emphasis added). Her goal is not to jettison city planning but to overhaul it, albeit largely by limiting or eliminating most top-down and large-scale visionary designs and radically reorienting the perspective of policy-makers' urban microfoundations. But the kind of large-scale planning that advocates of New Urbanism argue for, like those of Le Corbusier and Robert Moses, is fundamentally inconsistent with Jacobs's understanding of how a successful city actually works. Despite his association with Cartesian New Urbanism, Scruton himself sensibly writes: "To try to impose a comprehensive vision against the instincts and the plans of ordinary people is simply to repeat the error of the modernists" (Scruton, 2008).

New Urbanists and most other contemporary approaches to urban design and planning do try to give the public a larger say in planning via community meetings and charettes. But from a Market Urbanist perspective, that too confronts serious problems (cognitive and epistemic), which we turn to next.

### 3 Policies Critiqued from a Purely Market Urbanist Perspective

Jacobs doesn't address any of the following topics in her writings, so far as I know. Yet, each is currently an important aspect of urban planning, zoning, and development in the post-Moses era. In this section I discuss these developments from a market-process-cum-Jacobsian perspective.

#### 3.1 Government-Sponsored Community Participation

In the aftermath of the controversial “master builders” like Robert Moses, municipalities began to institute various formal hearings, citizens' boards, and public-review sessions in which citizens are supposed to freely express their opinions on proposed projects. In New York City, for example, this is the Uniform Land Use Review Procedure (ULURP).

The new process was a rebuke to the era of urban planning czar Robert Moses, who for decades had unchecked power to transform New York City through sweeping infrastructure and housing projects. ULURP represented a move away from the Moses-era model of ramming projects through with little oversight, and gave community boards an official say in local changes. (Dunlap, 2016)

The stated intent is to make the planning process more transparent and democratic. Unfortunately, most of the affected public don't actually get to voice their views at these gatherings.<sup>23</sup> Attendees tend to be older and wealthier than the local demographic—a small subset of the relevant public—and don't necessarily reflect the average view of the community.

Given the costs of time and resources, only locals with material interests in such decisions have the knowledge or incentive to attend hearings

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<sup>23</sup> There are many accounts of how in practice “public engagement” tends to be less than helpful or at least not what they appear to be. See, for example, Ruben Anderson at <https://www.strongtowns.org/journal/most-public-engagement-is-worse-than-worthless>. Accessed 13 May 2023.

and oppose or support development interests. Urban historian Thomas J. Campanella correctly identifies the general weakness of this approach:

The fatal flaw of such populism is that no single group of local citizens—mainstream or marginalized, affluent or impoverished—can be trusted to have the best interests of society or the environment in mind when they evaluate a planning proposal. The literature on grassroots planning tends to assume a citizenry of Gandhian humanists. In fact, most people are not motivated by altruism or yearning for a better world but by self-interest, pure and simple. (Campanella, 2011: 146)

Indeed, even if they were entirely civic minded, the effectiveness of this process would still be problematic, since, given their lack of incentive and knowledge, they would be unable to accurately account for the values of those on all sides of the issue. That, of course, doesn't mean the despotic approach of a Robert Moses is better but that "community participation" of this kind is far more limited and its value far more problematic than its advocates seem to realize.

Moreover, absent serious consideration of the market prices for the resources involved, such as floor space, that emerge from the trial and error of the market process, making rational decisions about land-use is at best hit or miss. This is the same calculation problem, outlined in Chaps. 3 and 7, that plagues central planning of an economy under socialism but applied to local planning. As economist Mark Pennington points out:

Whilst offering some improvement on technocratic forms of decision-making such models are neglectful of the co-ordination problems generated by the absence of market prices and the inability of majoritarian procedures to generate the necessary experiments in urban living... The principal difficulty with this particular view of citizen participation, however, is its failure to explain adequately *how* the relevant process of adjustment is to take place *in the absence of market generated relative prices*. (Pennington, 2004: 220; emphasis original)

Any decision concerning a scarce resource entails trade-offs, and trading off land-uses—e.g., for a hotel versus a hospital, a school versus an apartment building, a scenic view versus higher density dwellings, or

greater congestion for more jobs, which ignores market prices, e.g., for land, construction, and transport—would be entirely arbitrary. If you want more green space instead of development, then what's the value of the jobs and housing units are you willing to give up for it?

Pennington takes direct aim at the intellectual foundations of the citizen participation movement, characterizing it as a clumsy and highly inaccurate mechanism to express the genuine preferences of the people who buy and sell floor space and its uses. He identifies the philosophical basis for this the community participation approach in the arguments of the philosopher Jürgen Habermas and political scientist Charles Lindblom. I think this is worth quoting at some length.

The analysis suggests that whilst offering an improvement on technocratic modes of urban governance, participatory planning models are neglectful of the communication and co-ordination functions of market generated prices. Habermasian stakeholder models continue to be driven by a “synoptic delusion” that conceives of social co-ordination as the product of conscious organisation. As such, these models fail to grasp that the inherent complexity and inter-relatedness of many land use issues means that they are beyond the scope of conscious social control. Lindblom's appreciation of “spontaneous order” on the other hand fails to explain how an equivalent to the mutual adjustment facilitated by changing relative prices and the continuous experimentation and substitution between alternatives in competitive markets can be replicated via pluralist political processes. In light of these deficiencies attention should turn to the potential of market processes to generate the necessary competitive experimentation in urban living. Contractual forms of private land use planning based on the estate development model would seem to offer a promising alternative in this regard. (Pennington, 2004: 229)

What he calls the “synoptic delusion” seeks to substitute guesswork and opinion for the complex interplay of market demand and supply. I concur with Pennington's assessment, particularly on the need for planning to rely more heavily on the discovery features of the market process, which may take the form of local covenants and housing associations, and have offered workable if imperfect (but improvable) alternatives. In the following passage, he clearly recognizes how the imperfect knowledge

of the participants, which as we know is a fundamental insight of market-process economics, calls for an institutional framework that facilitates entrepreneurial discovery:

The best way of dealing with the relevant uncertainties, therefore, may not be to deliberately plan for an “optimal” urban form, but to permit a wider variety of experiments in urban living. The latter may allow a discovery process to reveal which particular ways of organising urban areas work best from the subjective view of their inhabitants as signalled by the relative willingness to pay for different types of development scheme. (Pennington, 2004: 220)

This is consistent with a Jacobsian appreciation of cities as effective platforms for trial and error and at odds with attempts to impose efficient or ideal urban outcomes. And because different parties weigh priorities differently or may even hold contradictory designs for land-uses, a rigid “majority rules” approach fails to offer much leeway for experiment and novelty in community problem-solving. From this perspective, markets offer a fairer and more workable solution.

The institution of private property, by contrast, allows multiple minorities the space to try out ideas the merits/demerits of which may not be readily discerned by the majority but from which the latter may then learn. It is only when such projects are put into practice that the relevant information is revealed. A learning process may then be set in motion as previously indiscernible successes are imitated and previously indiscernible errors can be avoided. (Pennington, 2004: 225)

### 3.2 Surveillance City

Can cameras replace eyes?

Facial recognition technology can scan and identify the faces of thousands of city dwellers. The People’s Republic of China, for instance, plans to enhance their “social credit system”—a system “to monitor, assess, and shape the behavior of all citizens and enterprises” (Cho, 2020)—by using this data-driven technology (Canales & Mok, 2022). Private concerns

also use such devices. A recent news item reported that the owners of Madison Square Garden, the famous sports arena in New York City, employed facial recognition to prevent members of a law firm representing a party suing them from entering (Hill & Kilgannon, 2023).

This is an exceptionally complex subject with broad legal, political, and ethical dimensions. My concern here, however, is the narrow question of whether electronic surveillance in cities can do the same job as Jacobs's "eyes on the street" with respect to promoting a feeling of safety in public space, the "bedrock attribute" of a lively city neighborhood.

To briefly outline Jacobs's observation which we covered in Chap. 4, if we find a public space sufficiently attractive to overcome any significant fears we might have of using it then, in addition to whatever originally attracts us into that space, our very presence there will encourage others to overcome an aversion to use it. People attract people; the more eyes, the safer we feel even if no one is paying particular attention to what anyone else is doing. That is because of the human tendency not to want to be seen doing something wrong, whatever that may be, by other people, even if they are strangers.

What gets the ball rolling in this is narrative is something in public space—a job, a residence, a store, a bar, a friend in a bar—that brings us out into it. In a healthy community, formal policing, of which electronic surveillance and policing are instances, tends to work best only if informal monitoring via eyes on the street does the heavy lifting. If instead, community security relies primarily on formal policing, it indicates informal eyes are inadequate to the task and that the community, *qua* community, is not doing its job. And once formal policing becomes the principal enforcer of norms of proper public behavior, we are on a slippery slope. Less reliance on what I have called the "invisible social infrastructure" and greater reliance on formal surveillance (electronic or human) weakens internalized norms of good behavior, and so formal policing becomes more important and so on.

My sense then is that electronic surveillance is inferior to eyes on the street, but why?

First, unlike formal policing by flesh-and-blood people, electronic surveillance is impersonal and delayed (unless, I suppose, the monitor is a



mobile android). Delayed enforcement is less effective than someone firmly telling me to keep off the grass. The impersonality of electronic monitoring means less or no real-time feedback, such as a warning look.<sup>24</sup> Surveillance cameras are often hidden or hard to see, designed to catch the unwary rather than to warn the unwise.

Second, with respect to electronic surveillance, in particular, there is a lack of contextual knowledge—the sounds, expressions, peripheral sights and movement, and circumstances of an action. Knowing an area is heavily monitored—Westminster in London comes to mind—may make us feel safe but not in the same way as (sometimes annoying) passersby with human eyes do. The absence of people can dehumanize the experience of being in public space.

Third, electronic surveillance and formal policing in general treat the symptom and not the cause of insecurity in public, which is the absence of norms of civility and community. In successful cities, electronic surveillance might complement but not substitute for lots of eyes on the street.

Fourth, to be watched by different sets of eyes belonging to strangers at different times and places is a fundamentally different experience from being watched by the same cold set of electronic eyes everywhere all the time.

The safety of the street works best, most casually, and with least frequent taint of hostility or suspicion precisely where people are using and most enjoying the city streets voluntarily and are least conscious, normally, that they are policing. The basic requisite for such surveillance is a substantial quantity of stores and other public places sprinkled along the sidewalks of a district; enterprises and public places that are used by evening and night must be among them especially. (Jacobs, 1961: 36)

Real eyes don't record what they see with perfect, two-dimensional recall, while electronic eyes typically do, for possible compilation later

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<sup>24</sup>This may actually be something in favor of impersonal surveillance when the personal element contains societal biases prejudices and predispositions.

into big data bases.<sup>25</sup> Informal eyes aren't always on the lookout for trouble, quite the opposite usually, which again humanizes that form of monitoring.

Formal surveillance is at best a stopgap. At worst, it can lead to the sort of abuses we see in the People's Republic of China, where government authorities can easily use it to precisely track the activities of its citizens to control their behavior by denying or granting rights and privileges.

Apparently, electronic surveillance has met with some success in reducing crime in the PRC and Hong Kong. (Fictional crime dramas would lead us to believe that it is nearly infallible in identifying or clearing suspects.) But as historian Warren Breckman has written:

The god's-eye perspective is the ultimate expression of the human desire to make the city visible, to see it at a glance, to read it as an intelligible and unified object of human making [...] Rulers of cities have always had an interest in visibility, both in representing their power and in controlling people by *seeing* them. (Breckman (2010))

I am reminded of what Benjamin Franklin is alleged to have said, "They who can give up essential liberty to obtain a little temporary safety, deserve neither liberty nor safety."

### 3.3 Public-Private Partnerships in the United States

In the wake of the massive government-funded projects of the mid- and late-twentieth century, the preferred method of financing mega- and giga-projects popular today in the United States is the so-called public-private partnership (PPP). The Word Bank describes PPP as

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<sup>25</sup>Time has told against it the now-defunct project, but on its website Sidewalk Labs (a subsidiary of Google) says that "Waterfront Toronto [the Toronto municipal agency overseeing the project] will lead all privacy and digital governance matters related to the project and will act as the lead in discussions with the City, the Province, the Federal government and Privacy Commissioners. We are committed to complying with all existing policies, and are prepared to comply with any future policies" (from December 3, 2020, update of Sidewalk Toronto). For more on this failed project see D'Onofro (2019).

a mechanism for government to procure and implement public infrastructure and/or services using the resources and expertise of the private sector. Where governments are facing ageing or lack of infrastructure and require more efficient services, a partnership with the private sector can help foster new solutions and bring finance.<sup>26</sup>

Echoing a common desire on the part of public policy advocates generally, PPPs attempt to combine the incentives and efficiency of the private sector with the borrowing powers of municipal governments in large-scale projects—e.g., housing developments, sports stadiums, and shopping complexes—presumably constructed in the public interest. PPPs have access to funding sources beyond the reach of purely private enterprises such as tax-free municipal bonds and eminent domain—i.e., the use of the government’s police powers to take private property without the owner’s consent with “just compensation” for “public use.” Both municipal bond issues and eminent domain give developers a “soft budget constraint” that allows them to fund projects that private investors find too risky or unremunerative to finance or that stretch the limits of the meaning of “public use.”<sup>27</sup> This can lead easily to overspending on a scale beyond the reach of purely private undertakings and methods of borrowing and to projects that favor special interests, i.e., “cronyism.” Finding a “middle way” between market efficiency and public equity can thus be elusive, especially when post-Moses restraints on government abuse, such as government-sponsored community participation, don’t work as they were designed.

I have pointed out that Jacobsian strictures against unnecessarily imposing border vacuums, visual homogeneity, and cataclysmic money into the urban process apply equally to purely private as well as governmental developments. But the use of public funds and eminent domain means that governmental projects and PPPs tend to be more ambitious in design and much greater in scale than projects that are exclusively funded through ordinary private investment. That is why PPPs are far

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<sup>26</sup> See the World Bank’s explanation at <https://ppp.worldbank.org/public-private-partnership/about-public-private-partnerships> Accessed 13 May 2023.

<sup>27</sup> As, for example, in the case of “*Kelo v. City of New London*, 545 U.S. 469 (2005).” <https://supreme.justia.com/cases/federal/us/545/469/>. Accessed 13 May 2023.

more likely to encounter the kinds of problems discussed in Chap. 3 of trading off too much complexity and spontaneity for greater scale and more detailed design and in Chap. 4 of border vacuums, catastrophic money, and the accompanying vices of visual homogeneity and a lack of granular land-use diversity.

### 3.4 Landmarking and Historic Preservation

Landmarks preservation is the final example of a popular urban policy that I critique from a market urbanist perspective issuing from a Jacobsian social theory. Landmarks preservation is the American version of what elsewhere is called “heritage site” designation. According to the website of the Landmarks Preservation Commission of New York City,<sup>28</sup>

the purpose of safeguarding the buildings and places that represent New York City’s cultural, social, economic, political, and architectural history is to:

- Stabilize and improve property values
- Foster civic pride
- Protect and enhance the City’s attractions to tourists
- Strengthen the economy of the City
- Promote the use of historic districts, landmarks, interior landmarks, and scenic landmarks for the education, pleasure and welfare of the people of the City

While few would deny there is merit in preserving for future generations buildings and sites that have great meaning and historical significance, the pernicious effect of landmarking has been to promote property values (identified as purpose number one, above) which has contributed to the problem of unaffordable housing. In New York City, landmarking has been extended to entire neighborhoods and large districts. According to research conducted by the Furman Center at New York University:

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<sup>28</sup> See the website of the NYC Landmarks Preservation Commission: <https://www.nyc.gov/site/lpc/designations/landmark-types-criteria.page>. Accessed 13 May 2023.

By 2014, 3.4 percent of the city's lots and 4.4 percent of the city's land area were either located inside a historic district or were protected as an individual landmark. However, the coverage across boroughs ranges widely. In Manhattan, 27 percent of lots were designated either as a historic district, individual landmark or interior landmark, and these lots comprised just one fifth of the lot area in Manhattan.<sup>29</sup>

The percentage of landmarked areas has been growing so that as of this writing (2023), according to the Real Estate Board of New York, it now approaches one-third of Manhattan (REBNY).

Although Jacobs is often invoked to justify the landmarking of entire neighborhoods or districts in this manner, there is little published documentation of her support for it. The best written evidence I have been able to find for her support of landmarking on this scale is in a letter<sup>30</sup> in which Jacobs argues for the landmarking of the West Village in Manhattan. On the whole, however, I believe her reference to “taxidermy” in *Death and Life* is relevant here—in this case, large-scale taxidermy for the relatively well-off at the expense of middle- and lower-income families.

Brooklyn Heights in the borough of Brooklyn, New York, might be the birthplace of the landmarks preservation movement in the United States. In an odd way, this movement has Robert Moses to thank, if not for its birth then for its accelerated emergence. That is, landmarks preservation as it applies to entire neighborhoods and districts received impetus as a response to Moses's efforts to construct a freeway, the Brooklyn-Queens Expressway, through the heart of what some call “New York's First Suburb.” And that story exemplifies “interventionist dynamics” applied to urban planning, where the negative consequences of one intervention (Moses's BQE plans) call forth further interventions (landmarking) to address those problems that then create even more problems of their own (less affordable housing) and so on. I should note that in the

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<sup>29</sup> See research by the Furman Center at New York University, summarized here: <https://furman-center.org/thestoop/entry/fifty-years-of-historic-preservation-in-new-york-city>. Accessed 13 May 2023. There is more data and details on the landmarking process at the NYC Landmarks Preservation Commission website: <https://www1.nyc.gov/site/lpc/about/about-lpc.page>. Accessed 13 May 2023.

<sup>30</sup> You can find a transcript of that letter at the website of the Greenwich Village Society for Historic Preservation: <https://gvshp.org/blog/2016/05/05/continuing-jane-jacobs-work/>

case of Brooklyn Heights, the higher real-estate prices generated in part by landmarking then resulted in a call for housing subsidies for middle-income households there.<sup>31</sup>

Landmarking typically freezes the heights of buildings (and usually the associated floor-area ratios) at existing levels, limiting supply and increasing housing prices when the demand for floor area increases. It also adds to the cost of construction and to building renovations of historically significant public exteriors by adding layer of bureaucracy and attendant delays. Landmarking may have laudable intentions, but one of its consequences has been to make real estate more expensive for the less well-off. It does by freezing FAR but also by shifting the demand of better-off buyers who can't afford housing in landmarked neighborhoods to other neighborhoods where housing is cheaper. In turn, other things equal, prices in the latter will rise, making them less affordable to lower-income buyers, who then shift their demand to even poorer neighborhoods and so on. This latter stage contributes to the much-complained-of gentrification of those communities. The public officials and local residents who lobby for landmarking don't seem to see or care about these costs and consequences, and so too much landmarking takes place. Where successfully implemented, landmarking and heritage designation mean stasis replaces dynamism in land-use and in meaningful diversity and vitality in that location.

To paraphrase urbanist Joe McReynolds: Historic preservation may preserve the look of a neighborhood but not its life.

## 4 Concluding Thoughts

If planners hope to avoid the negative unintended consequences of interventionist dynamics, they need to be aware of the knowledge and incentive problems that grow as the scope and design of their projects become more ambitious. It is the trade-off introduced in Chap. 3 and is the

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<sup>31</sup> See my short essay on the landmarking of Brooklyn Heights as an example of this dynamic in Ikeda (2017).

common thread that runs through the Market Urbanist analyses in this chapter. Here is a (perhaps overly terse) summary.

Strict functional zoning tends to reduce housing affordability and urban mobility and hampers the creation of effective pools of use that fuel economic development.

Both Hayek and Jacobs recognize that housing problems stem largely from poverty and flawed institutions rather than some fundamental defect in human nature or of free enterprise and that top-down public housing is not an effective solution. Building codes and inspections should address hazards that are hard to detect, but mandates to keep raising housing quality reduce housing affordability. Banning various forms of cheap housing offers low-income households fewer, not more, options. And while Jacobs doesn't reject rent regulation outright, she recognizes that it distorts price feedback and worsens housing affordability in the long term. Bertaud links housing affordability to mobility.

Jacobs finds urban sprawl problematic but takes a dynamic perspective similar to Bruegemann and Bogart and agrees with Jackson that interventionism in transport and housing greatly accelerated and exacerbated those problems. The New Urbanist response to sprawl is essentially a return to the Cartesian rationalism of Le Corbusier, which could explain why Jacobs voiced faint support for the movement.

Government-sponsored community participation in private development gives special interests a disproportionate voice in community forums and suffers from a lack of feedback from market prices. Developments organized as private-public partnerships typically produce mega- and giga-projects that produce the problems associated with cataclysmic money, border vacuums, and visual homogeneity. And landmarking, sometimes an interventionist response to prior urban interventions, makes the cost of floor space prohibitive for the not so rich and turns older neighborhoods into museum pieces with pricey restaurants.

In the next chapter, we ask what room all this leaves for imaginative planning and design.

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