

Excerpts from the 1938 Federal Housing Administration Underwriting Manual: Underwriting and Valuation Procedure Under Title II of the National Housing Act.

<https://www.huduser.gov/portal/sites/default/files/pdf/Federal-Housing-Administration-Underwriting-Manual.pdf>

PROTECTION FROM ADVERSE INFLUENCES

932. This feature has a total weight of 20 points, which indicates it is one of the most important features in the Rating of Location. Protection from Adverse Influences is concerned with more than zoning and deed restrictions. These are of great importance, but they do not represent all of the protection which is or may be afforded a location. Where little or no protection is provided from adverse influences, the Valuator must not hesitate to make a reject rating of this feature.

933. *Zoning.* Protection in the form of zoning restrictions is becoming more general. One of the best artificial means of providing protection from adverse influences is through the medium of appropriate and well drawn zoning ordinances. If the provisions of an ordinance have been well worded and drawn from a thorough knowledge of existing and probable future conditions in the city, and if the ordinance receives the backing of public approval, an excellent basis for protection from adverse influences exists. If an ordinance has been drawn with little or no real understanding of its purpose, or without a desire to promote an orderly city growth, or if it lacks public approval, the chances are that it will offer little protection from adverse influences. Even when an ordinance is ably executed, investigation must be made to determine whether infractions of the zoning law are permitted. If the law may be changed readily, or if the provisions themselves are not strictly enforced, such conditions cannot be expected to afford much protection from adverse influences. Greater importance is attached to zoning protection in and near large metropolitan centers, than in places having smaller populations and less rapid rates of growth. Absence of zoning may be a proper basis for rejection in the former case, but would not necessarily cause rejection in the latter case.

934. *Restrictive Covenants.* Deed restrictions are apt to prove more effective than a zoning ordinance in providing protection from adverse influences. Where the same deed restrictions apply over a broad area and where the restrictions relate to types of structures, use to which improvements may be put, and occupancy, better protection is afforded. Where adjacent lots or blocks possess altogether different restrictions, especially for type and use of structures and occupancy, the effect of such restrictions is minimized. A location lying in the path of business expansion is often unprotected from the business encroachment even though deed restrictions for residential use may be present. It must be realized that deed restrictions, to be effective, must be enforced. In this respect they are like zoning ordinances. If there is a probability of voiding the deed restrictions through inadequate enforcement of their provisions, the restrictions themselves offer little or no protection from adverse influences. In other words, if a property is so situated that its logical use is other than for residential purposes, it will very likely be put to its highest and best use in the course of time, even though it is restricted to residential use.

935. *Natural Physical Protection.* The geographical position of a location may afford reliable protection from adverse influences. If a location lies in the middle of an area well developed with a uniform type of residential properties, and if the location is away from main arteries which would logically be used for business purposes, probability of a change in type, use, or occupancy of properties at this location is remote. The degree of immunity offered to a location because of its geographical position within the city is to be considered. Natural or artificially established barriers will prove effective in protecting a

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neighborhood and the locations within it from adverse influences. Usually the protection from adverse influences afforded by these means includes prevention of the infiltration of business and industrial uses, lower class occupancy, and inharmonious racial groups. A location close to a public park or area of similar nature is usually well protected from infiltration of business and lower social occupancy coming from that direction. Hills and ravines and other peculiarities of topography often make encroachment of inharmonious uses so difficult that protection is afforded. A high speed traffic artery or a wide street parkway may prevent the expansion of inharmonious uses to a location on the opposite side of the street. However, if a high speed traffic artery passes directly through a desirable neighborhood area with similar development on each side of the artery, the noise and attendant danger constitute an adverse influence, rather than a protection. The same holds true for the presence of railroads, elevated or surface lines, and other means of transportation.

936. *Surrounding Homogeneous Neighborhood.* When a neighborhood has been solidly developed in accordance with accepted good housing practices, such a development alone usually constitutes good protection from adverse influences. But many solidly developed neighborhood areas present conditions which are far different from that which is regarded as good housing practice. Little protection is offered to such a neighborhood because of the probability that new and more attractive competing neighborhoods may be developed. The solidly built up neighborhood where good housing has not been provided is readily subject to change in occupancy. Narrow streets, excessive lot coverage, inadequate light and air, and poor circulation within the neighborhood area, as well as the intermixture of types, price levels, and a general absence of architectural attractiveness in dwellings, represent adverse influences in themselves

937. *Quality of Neighboring Development.* The quality of dwelling construction is significant, inasmuch as unsubstantial, flimsy construction is subject to rapid deterioration which hastens the lowering of class of occupancy. The same result may be expected for locations whose properties present freakish architectural designs. The rating will be adversely affected if the neighboring development consists of old, obsolete dwellings. The presence of overimprovement or underimprovement in the neighborhood constitutes a condition which may adversely affect location ratings. Areas surrounding a location are investigated to determine whether incompatible racial and social groups are present, for the purpose of making a prediction regarding the probability of the location being invaded by such groups. If a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally contributes to instability and a decline in values.

980 (1). *Protection from Adverse Influences.* The Valuator should realize that the need for protection from adverse influences is greater in an undeveloped or partially developed area than in any other type of neighborhood. Generally, a high rating should be given only where adequate and properly enforced zoning regulations exist or where effective restrictive covenants are recorded against the entire tract, since these provide the surest protection against undesirable encroachment and inharmonious use. To

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be most effective, deed restrictions should be imposed upon all land in the immediate environment of the subject location.

980 (2). Carefully compiled and fully enforced zoning regulations are effective because they not only exercise control over the subject property, but also over the surrounding area. However, they are seldom complete enough within themselves to assure a homogeneous and harmonious neighborhood.

980 (3). Recorded restrictive covenants should strengthen and supplement zoning ordinances and to be really effective should include the provisions listed below. The restrictions should be recorded with the plat, or imposed as a blanket encumbrance against an lots in the subdivision, and should run for a period of at least twenty-five to thirty years. Recommended restrictions should include provision for the following:

- a. Allocation of definite areas for specific uses such as single or two-family houses, apartments, and business structures
- b. The placement of buildings so they will have adequate light and air with assurance of a space of at least ten feet between buildings
- c. Prohibition of the resubdivision of lots
- d. Prohibition of the erection of more than one dwelling per lot
- e. Control of the design of all buildings, by requiring their approval by a qualified committee, and by appropriate cost limitations or minimum square foot ground floor areas
- f. Prohibition of nuisances or undesirable buildings such as stables, pig pens, temporary dwellings, and high fences
- g. Prohibition of the occupancy of properties except by the race for which they are intended
- h. Appropriate provisions for enforcement