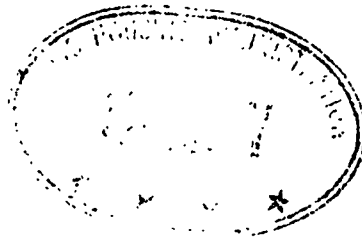


**NATIONAL HOUSING AGENCY  
FEDERAL PUBLIC HOUSING AUTHORITY**

**PUBLIC HOUSING DURING THE WAR**

**The Work of the Federal Public Housing Authority**

**Part One: THE WAR HOUSING JOB**



June 1945

## Part One: THE WAR HOUSING JOB

## I

## THE TOTAL--PRIVATE HOUSING AND PUBLIC HOUSING

After Hitler started his ruthless march across Europe, the United States began what was to become the greatest industrial expansion in the world history. To transform the Nation into a huge arsenal for Democracy, peacetime industries were increasingly converted to producing the weapons of war, and huge new plants were built and others enlarged from coast to coast. This epic war of production began in 1940, after the fall of France; it reached stupendous proportions after Pearl Harbor.

New plants and equipment were only one phase of this war of production. The recruitment of labor in vast numbers was equally essential in order to man the production lines. Only part of the great need for manpower could be met by the ordinary shifting of workers from peacetime employment to war jobs. To close the gap between the unprecedented demands of war plants and the available supply of local labor, millions of workers and their families moved from their peacetime homes to take up essential jobs in war industry areas.

This dramatic migration of labor quickly imposed strains on the housing supply of production centers, large and small, and created urgent needs for additional shelter.

The job of providing housing for these workers has been a major wartime assignment, indispensable to the achievement of the production schedules requires for victory. From the outset, the Federal government brought its resources to bear to meet the challenge and to enlist the cooperation of industry, labor and war production communities.

The Wartime Job of FPHA

Since February 1942 the production and management of public war housing has been primarily the job of the Federal Public Housing Authority, which was set up for that purpose as a unit of the National Housing Agency by an Executive Order of the President. By the beginning of 1945 the FPHA had provided close to 700,000 war housing dwelling units, including some that had been built by other agencies and transferred to FPHA for management. The FPHA program makes up four-fifths of all public war housing provided, totaling nearly 900,000 units. For administrative convenience the remaining one-fifth has been under the jurisdiction of other agencies, principally the War and Navy Departments and the U. S. Maritime Commission.

The FPHA and other public agencies provided war housing only in areas where private investment was not feasible because of wartime risks or uncertainty of future need. But wherever private developers could provide war housing, the policy of the government has been to encourage and help them to do so. As a result, the construction or conversion of a million dwelling units--more than one-half of the 1,900,000 total--was financed by private capital.

Although the principal wartime function of FPHA is to produce and manage public war housing, it also administers the low-rent and slum clearance program created under the United States Housing Act of 1937, as well as other pre-war low rent programs. Some of the U. S. Housing Act funds were diverted to war housing, as explained later. The operation and scope of the low-rent program, which is primarily a long-term, peacetime activity, are described in the second part of this report.

Most of the war housing programs now under FPHA were begun more than a year-and-a-half before this agency was established. The big impetus came in June 1940, when the German panzers flanked the Maginot Line and raced to the French Channel Coast. To the United States, almost overnight, came the grim realization that the national security was imperiled, and that the fate of world democracy depended upon our swift ability to mobilize for defense.

#### War Housing Begins

As a first step in the rearmament drive, nearly two years before FPHA was created, the peacetime housing programs and organizations of the government were called on to meet the rising need for war housing. At first, defense housing was handled on an emergency basis as needs arose, and assigned to the agency that seemed best equipped at the moment to handle them expeditiously and without disruption of normal functions. Thus, the various units of the Federal Works Agency, the Farm Security Administration, the RFC, and the War and Navy Departments undertook to meet various needs.

In June 1940, the Congress authorized the United States Housing Authority to use its remaining funds under the low-rent slum clearance program for housing of defense workers. Funds were also made available for such housing from the President's Emergency Fund and then from appropriations voted by Congress in 1940 and increased in 1941. The Federal Housing Administration and the Federal Home Loan Bank System began to stimulate increased private construction in expanding war areas. Homes Registration Offices were set up, under local support and sponsorship, in more than 200 communities to help migrating workers find shelter. Machinery was established to coordinate these growing Federal activities in the housing field.

After Pearl Harbor, however, it became clear that housing was more than an incidental activity in the war program. The coordinated use of various existing housing operations in the Federal government was felt to be inadequate for the speed and scope of war housing demands as this country threw its full energies into the world-wide fighting fronts and its own defense. A more unified direction of the government's housing operations became essential. As the war housing job was magnified by the drastic step-up in war production schedules, the difficulties of producing housing were multiplied by the tremendous demands for materials and manpower for direct production of war material. War housing policies had to be completely integrated with the overall policies of the war effort.

### The War Housing Organization

The Federal Public Housing Authority was created in response to this need for consolidation of Federal war housing construction. It is one of the three operating units set up as part of the National Housing Agency, which the President established by executive order on February 24, 1942.

The NHA, through its Office of the Administrator, assumed responsibility for all war housing policies, for determining the need for war housing in all localities and establishing the necessary programs, and for integrating the war housing effort with the basic drives for war production and for recruitment of war labor.

The two other operating units of the NHA, the Federal Housing Administration and the Federal Home Loan Bank Administration, were concerned with administering financial aids to private housing and home-financing institutions. The FHA insured mortgages and handled priorities for all privately built housing, and the FHLBA provided a credit reserve for home-financing institutions, insured their investments, and administered the Home Owners Loan Corporation.

Publicly financed civilian war housing was centered in the Federal Public Housing Authority, which thereafter built and managed nearly all housing provided directly by the Federal government as part of its war production program.

### FPHA: Pre-War Roots and Wartime Functions

Though the FPHA arose from a war need, it had its roots in peacetime housing programs that the government had undertaken before the war. The most important of these was that of the United States Housing Authority, which administered the low-rent and slum clearance program under the United States Housing Act. Brought also under this single roof were the non-farm housing projects administered by the Farm Security Administration, as well as the Federally-owned low-rent housing and the Federal mortgages on limited dividend housing which the U. S. Housing Authority had inherited from the Public Works Administration.

To these were added the various civilian war housing undertakings in the Federal government. Functions, projects, and personnel were transferred to a single organization from the Division of Defense Housing and the Mutual Ownership Division of the Federal Works Agency, and from the Farm Security Administration. The FPHA Commissioner was designated to serve as President of the Defense Homes Corporation, which had been formed by the Reconstruction Finance Corporation.

The units built or under construction that were transferred to the Federal Public Housing Authority subsequent to its creation were only the beginning of the mammoth war housing job it was called on to carry out. Eventually the Congress appropriated or authorized more than two billion dollars for war housing, the bulk of which the FPHA constructed and managed along with the peacetime housing it inherited and administered.

#### Need for Speed and Economy

The war introduced new problems and new urgency into the Nation's housing picture. Major adjustments from peacetime standards were necessary in order to carry out the war housing job. Because of pressing demands for materials and manpower for use in direct production of weapons and munitions, construction had to be limited to the most essential war needs. Normal home building, as well as low-rent and slum clearance programs to provide decent shelter for families of low-income, had to be brought to a halt. New methods to effect sweeping economies in use of critical materials were imperative.

Speed of execution was an essential, and war housing needs had to be geared closely into production programs and requirements had to be anticipated as far as possible. Plants springing up in crowded industrial centers, or in virtually townless rural locations, could not produce until they had workers, and workers could not be obtained until there were places for them to live.

Unity of all forces was equally necessary in the housing field as in that of armament production. The cooperation of communities was essential to secure the fullest possible use of existing housing for incoming war workers. Private financing and private building had to be mobilized to the maximum to meet wartime requirements and time schedules.

And in addition, directly fitted into private construction, the Federal government had to assume a large proportion of the war housing job, since private capital could not undertake to build solely for wartime use and beyond the capacity of the future housing market to absorb the product. Much of the Federal investment had to be in housing for which no apparent need would exist after the war. A great part of the government's housing, therefore, was of temporary or demountable character, recognizing that after the war it would have to be either moved or torn down.

It was this Federal construction and management job, largely wartime in type and purpose, that was assigned to the FPHA as part of a nationally unified war housing program. Through the Office of the Administrator, the NHA related local war housing programs to the needs of war industries for migrating labor, as forecast by the War Manpower Commission, war procurement agencies, the War and Navy Departments, war industries and labor organizations. The part of the civilian housing job that it was necessary for the Federal government to undertake was assigned primarily to the FPHA.

#### Overall War Housing Program

In more than 1,000 separate war production areas, the influx of labor made necessary the provision of war housing. In most of those areas the needs of in-migrant war workers have now been largely provided for.

For the war housing program as a whole, about 4,000,000 incoming war workers and their families--comprising a population of at least 9,000,000 persons, or about seven percent of our total population--have received necessary shelter to enable them to do their war job. More than half of these have found quarters in existing housing, largely through the assistance of Homes Registration Offices and the 170 comprehensive War Housing Centers established later in the most crowded war communities.

The rest of the assignment nearly 1,900,000 housing units, has been a construction job of building new housing and of creating new apartments by conversion of older buildings. About 1,000,000 of these units were provided by private capital, with the financial aids and guarantees available **through the National Housing Agency.**

The remainder has consisted of direct Federal construction, with nearly 700,000 units built by the Federal Public Housing Authority or transferred to it for management.

The entire war housing job has been a \$7,000,000,000 program involving a private investment of about \$4,700,000,000 and public funds amounting to about \$2,300,000,000. War housing provided by FPHA called for an investment of \$2,000,000,000.

## II

### THE STORY OF PUBLICLY FINANCED WAR HOUSING

The role of publicly financed housing has been basic to the success of the war housing program. Private builders, using private capital, are carrying a large share of the total load and are producing 64 per cent of the family dwellings and 56 per cent of the total units required. But the strictly emergency share of the job--the area where private financing was out of the question or where local private producing capacity was unavailable--has been up to public housing.

In sheer size, it has been a government housing job of unprecedented proportions. Nearly 840,000 housing accommodations of all types have required government financing: 590,000 family units, 170,000 dormitory accommodations, and 80,000 stop-gap units. Of the total, nearly 700,000 units have been provided by or are under the jurisdiction of, the Federal Public Housing Authority. This includes nearly 50,000 apartments created by the Home Owners' Loan Corporation by conversion of existing structures, and assigned to FPHA for management. The remaining 140,000 units are under the jurisdiction principally of the War and Navy Departments.

The size of the over-all publicly financed program is only part of the story. The complexity of the job is also illustrated by the fact that the program has involved projects in more than 700 war production areas. Part of the job has been construction in metropolitan areas, involving all the problems of fitting large blocks of housing into already highly developed communities. Other large programs have been necessary in cities of medium or small pre-war size that have had a mushroom wartime growth imposing severe strains on public utility systems and community facilities.

The Volume and Type of Publicly Financed War Housing  
Provided or under development as of December 31, 1944

	Total	FPHA
Total	<u>837,400</u>	<u>623,600</u>
Family Dwellings	<u>586,000</u>	<u>527,800</u>
Permanent	196,100	187,900
Demountable	81,400	78,400
Temporary	250,100	233,700
Converted	1,100	600
HOLC Converted	48,300	47,200
Dormitory Accommodations	<u>169,100</u>	<u>90,700</u>
Permanent	2,900	2,900
Temporary	156,900	78,700
Converted	9,300	6,100
Stop-gap (Trailers, Trailer Spaces, or Portable Shelter units)	<u>82,300</u>	<u>75,000</u>
Currently Active	765,300	620,500

The total figures include 32,300 dwellings accommodations that were under development as of December 31. The completed units, which account for 96 percent of the program, include 71,660 units not currently in the active war housing program. Some of these have been moved and re-used in other war localities, and some that could not be

moved have been disposed of. About 15,000 units are being held by FPHA as standby housing in localities where a future war need is probable, and another 35,000 units under FPHA custody, consisting mainly of sites from which trailers have been removed, are in process of disposal.

### Entire Towns are Built

The location of many war plants or ordnance establishments in isolated, undeveloped areas -- for strategic reasons or for accessibility to raw materials--has required the construction of war housing projects complete with stores, schools, infirmaries and recreational facilities. Remote mining camps, hundreds of miles from transportation, have needed war housing. Large-scale recruitment of Negroes for war jobs in communities where housing facilities for them were lacking involved complicated problems of site selection and racial patterns. Trailer sites have had to be equipped in many areas to meet emergency needs during the construction of standard war housing, and a stockpile of trailers and other portable housing has had to be built up for movement to areas where needs suddenly arise.

The location of publicly financed war housing is a good index to a wartime America on the move. Along the West Coast, San Diego has needed 20,500 publicly financed war housing units for in-migrant workers; Los Angeles 21,500; San Francisco and the Bay area 82,200; Portland, Oregon, and Vancouver, Washington, 52,800; Seattle-Bremerton 29,400. In Portland, Maine, there are 3,600 publicly financed units; in Hartford 5,800; in Philadelphia 14,500; in Baltimore 15,400; in Washington, D. C. 29,000; in the Norfolk-Portsmouth-Newport News area, 34,200. Detroit has needed 27,500; Cleveland 7,400; Wichita, Kansas, 6,800; Savannah, 3,300; Mobile, 11,900. And there are hundreds of other areas where publicly financed war housing has been an essential link in the task of attaining peak war production.

Entire new cities have been built to provide manpower for critical war plants. There is Vanport City, which houses many of the workers at the Kaiser shipyards at Portland-Vancouver. With a population of 40,000, Vanport is now the second largest city in Oregon. Every building is publicly financed. It is a temporary town, but it has all the amenities of life that could be provided under the stringencies of war. At Orange, Texas, a town of 8,000 dwellings had to be built, part of it on swampland 12 feet below sea level, to serve an essential shipyard.

### Obstacles - And the Record

The job of constructing publicly financed war housing also had to run the gauntlet of serious wartime operating problems. Shortages of materials and equipment have been an acute problem, requiring sweeping deviations from peacetime construction practices, ingenuity in the use of substitutes and flexibility in making adjustments to meet local situations. Delays in deliveries of materials which held up construction



progress in some areas early in the war, were largely beaten by shifting almost entirely to temporary construction built on standardized plans and by securing blanket priorities from the War Production Board to be applied to projects built on those plans.

Serious engineering difficulties were frequently encountered because of the lack of favorable sites and the need for locating projects near war plants or established transportation lines. Shortages of construction labor in many areas, particularly as younger workers entered the armed services and others took up jobs in shipyards or war plants, also have been a frequent obstacle.

Nevertheless, during 1942 -- a period of rapid plant expansion and rapidly increasing labor migration -- the FPWA placed a total of 185,000 war housing units under construction. In the year 1943, the period of peak war housing demand, FPWA completed a total of 297,000 units. During a single month, September 1943, a production record was set of about 1,150 housing units a day.

By the beginning of 1944, most of the housing required for war workers had been provided--usually in time to give substantial aid in labor recruitment drives. The 1944 job of war housing production was largely in response to battle-front demands for increased production of weapons for the invasion of Europe, and later for the conquest of Germany. The additional war housing required was less than in 1943, but the need was more urgent than ever, and of the 114,000 units produced during 1944 nearly two-thirds were completed in the first half of the year.

#### The Job of Management

The program has also entailed unprecedented management responsibilities. First of all, there was the problem of rapidly recruiting and training competent personnel for the management of hundreds of thousands of housing units during a period of acute manpower scarcity. Then there was the fact that most war housing projects, particularly those requiring extensive community facilities, called for management services going far beyond the traditional functions of tenant selection, rent collection, and repair and maintenance.

These management responsibilities, moreover, were accentuated by the very nature of war housing projects -- housing in-migrant workers coming from all sections of the country and from widely varied social and cultural backgrounds, and subject to wartime tensions and the strains of wartime working conditions. In a sense, the proper management of war housing has been a challenge of democracy to both managers and tenants. This challenge, by and large, has been met successfully.

This job of management, as well as of the development of war housing projects, was greatly facilitated by drawings on the experience of local housing authorities established under the peacetime, low-rent program. These authorities have done 47 per cent of the FPHA building job and are handling 57 per cent of its management assignment. In areas where no local authorities were established, the FPHA recruited its own management personnel and supervised construction directly.

The construction of publicly financed housing for in-migrant workers is now largely complete, but the management responsibility will continue to be of basic importance to the war effort, with the objective of keeping essential war workers on the job and of securing maximum wartime utilization from the investment of materials, manpower and money in war housing.

### Economy in War Housing

Publicly built war housing is strictly a wartime expenditure, justified primarily as one of the means of winning the war. Some of it, particularly that built in the early stages, is of a permanent type and is in localities where it will have permanent utility. But substantially more than half of it was built only for temporary wartime use. This housing, like guns, ammunition and tanks, will have to be written off as a war cost, less whatever recovery, if any, can be found in the reuse and salvaging of materials, now being studied by the FPHA. To have provided housing of permanent utility where only temporary war needs could be foreseen would have been wasteful of public funds and of materials needed so badly elsewhere in the war effort, and would have contributed in many instances to disruption of normal housing markets.

The war housing program has achieved important economies in the expenditure of both materials and public funds. These have been accomplished by shifting to temporary construction, by utilizing substitute materials wherever possible, by converting existing structures, by moving houses to new localities after they have served their original need, and by awarding contracts to the greatest extent possible on a competitive bid basis.

Altogether some 3½ million pounds of steel, copper, zinc, brass and iron have been saved on publicly financed war housing---the savings on temporary construction have been as high as 80 per cent, compared with peacetime construction standards.

In tax dollars there has been a saving of approximately \$600,000,000 from the lower cost of temporary dwellings and from the use of conversions rather than new construction wherever feasible. Through December 31, 1944, the average overall cost of permanent family dwellings, including demountables, has been held to \$4,566. The total

cost of temporary family dwellings has averaged \$2,790, Actual construction costs have well within limitations of the Lanham Act.

The following table shows a breakdown of per-unit costs of FPFA housing on which complete data were available:

What Public War Housing Costs  
Per FPFA Unit as of Dec. 31, 1943

	<u>Family Dwellings</u>				
	Perma- nent	Demount- able	Tempo- rary	Dormi- tory	Trail- ers
Total Development Costs	<u>\$4,727</u>	<u>\$4,242</u>	<u>\$2,797</u>	<u>\$947</u>	<u>\$1,830</u>
Acquisition of Sites	414	80	44	26	14
*Dwelling Buildings and Equipment	3,132	3,094	1,924	544	1,452
Furniture and Furnishings	-	6	104	90	11
Site Improvements	599	776	454	103	255
Non-dwelling Bldgs. Space & Equipment	114	147	182	145	58
Architecture & Engineering	189	102	76	32	28
Administration & Other	156	8	5	2	1
Reserve for Contingencies	123	29	2	5	11

\* Average cost of all types of permanent dwellings are limited by the Lanham Act to \$3,750 a unit, exclusive of land, public utilities, administration and community facilities. The maximum on any particular unit is \$4,500.

Types of Construction

The basic type of construction employed in a publicly financed war project is determined by the nature of the need. During the earlier period of the housing emergency, prior to Pearl Harbor, most of the construction was of permanent type. This housing will be available for long-term use after the war. Later, when it became evident that shifting needs would be encountered, a considerable volume of demountable housing was built. These dwellings, largely of prefabricated construction, are suitable for long-term use but may be disassembled, shipped and set up on another site after the original need has passed.

Since the summer of 1942, however, almost all publicly financed construction has been of temporary type. The decision to shift to temporary structures sprang from two primary conditions. The first was the increasingly acute shortage of materials and labor available for housing construction, and the consequent need for developing a type of construction that would impose a minimum drain upon wartime resources. The second was the recognition that much of the war housing need created by migration into crowded production areas would in all probability be limited to the duration of the emergency and might be subject to the hazards of shifting production schedules even during the war.

These temporary dwellings, involving minimum expenditures of materials, manpower and money are below acceptable standards for permanent, peacetime dwellings. But they are filling a wartime need for decent, sanitary housing without using materials needed so badly elsewhere.

Almost all the accommodations built for single war workers, principally in dormitories, also are of temporary type. Trailer or other portable shelter projects were developed to meet emergency needs pending completion of standard war housing to meet a limited need. As standard housing becomes available, the stop-gap shelter units have been moved to other areas to meet emergency needs.

The construction program has been augmented by the creation, with public funds, of dwelling units through conversion of existing structures, such as single-family residences, warehouses and factory buildings. The bulk of this program, designed to conserve materials and public funds in meeting emergency needs, has been carried out as its contribution to the war effort by the Home Owners Loan Corporation, which had refinanced loans for more than a million distressed home owners during the depression. Larger houses and commercial structures, many of them no longer bringing an economic return, were leased to the Federal government for seven years and converted into apartments for war workers. Management of the completed units has been turned over to the FPHA.

#### How the Job Has Been Done

Publicly financed war housing has been the job of the Federal government, of local housing authorities, of private architects, engineers and contractors, and of labor. Practicing architects and engineers have prepared the plans and private contractors and their crews of skilled craftsmen have done the building.

While the character of the emergency has dictated central control in directing the program, in preparation of standard plans for speed and conservation, and in mass purchases of certain supplies, the FPHA has decentralized actual construction and management to regional offices, the personnel of which was recruited largely from within their respective areas. The regional offices, in turn, have delegated the responsibility wherever possible to the local housing authorities operating the low-rent program.

When the NHA determines public housing will be needed and how much, it makes an assignment to the FPHA, which in turn delegates responsibility to the proper regional office. The FPHA regional office or the local housing authority, if one exists to which the job may be assigned, then selects and acquires the site, in consultation with local officials; retains the architects and engineers for the technical work; advertises for bids and awards the contract; and, when the project is near completion, organizes a management and maintenance staff.

### Community Facilities

The FPHA has used existing community facilities when they were available, but frequently it has had to build new towns, complete with streets, sewer and water systems. It has had to see that schools were available for the education of project children, infirmaries for maintenance of health, community and recreational facilities for morale, and child centers for the releasing of mothers for war work. The Federal Works Agency has built the schools and some of the other community facilities from Lanham Act funds.

The FPHA has also had to interest itself in the community activities so necessary if in-migrant workers were to remain for their important war tasks. It has relied mostly on local governments and private agencies, such as school boards, health departments, home demonstration agents, and Boy and Girl Scouts for sponsoring these activities. Frequently these groups have had the assistance of the Federal Works Agency, Federal Security Agency, the Department of Agriculture and the USO. But if sponsorship was not available from these sources, the FPHA has had to assume the responsibility.

### Something About the Tenants

Occupancy of publicly financed war housing is limited to eligible in-migrant civilian war workers, in accordance with the basic war housing policies agreed upon by the War Manpower Commission, War Production Board, War and Navy Departments, and the National Housing Agency. In addition, by agreement with the War and Navy Department, members of the armed forces performing certain functions are also eligible.

War housing was not originally intended to meet the housing needs of other types of military personnel, or those of veterans or servicemen's families. However, in order to alleviate the acute housing shortage that developed in 1944 for returning veterans and servicemen's families, the National Housing Administrator formulated policies permitting FPHA to rent them war housing units in areas where war production requirements have tapered off. But most war housing continued through 1944 to be required by in-migrant civilian workers performing essential jobs in war plants.

The record of tenants who moved into FPHA war housing during the first half of 1944, which gives a cross-section of the 450,000 families living in FPHA war projects, shows that the lessee in four-fifths of the families is a civilian war worker. Another 18 percent are military personnel, and the remaining 2 percent are principally servicemen's families.

Nine-tenths of the new tenants are in-migrant. Most of the others were admitted because their former dwelling was no longer available or was below decent standards.

Every effort has been made to provide for the housing needs of minority groups employed in essential war jobs. As of December 31, 1944, 14 percent of the FPHA war housing under management was for Negro occupancy. The proportion of units under development that were scheduled for Negroes was considerably larger, in reflection of the growing employment of Negroes in war industries.

#### What they Pay and Get

War housing tenants pay normal rents -- rents based on the value of the accommodations but in no case exceeding rents charged for similar accommodations in the respective communities as approved by the Office of Price Administration. Military personnel pay rates fixed by the Army and Navy.

The rents for various types of accommodations:

Family Dwellings--unfurnished, average \$33 a month. Whether the family lives in a detached dwelling, row house or apartment building, permanent or temporary, it has a complete unit with private bath and kitchen. Sizes range generally from those with combination living room-bedroom to those with three bedrooms.

Dormitories - average \$4 per person a week for furnished single and double rooms. These rents are low enough for workers to support families in homes maintained elsewhere. In the dormitory buildings are central shower, toilets, and if necessary, recreational buildings and cafeterias.

Stop-gap housing -- \$25 per month average, furnished. These are trailers and other stop-gap housing for emergency family needs. They are used widely on construction projects. Central laundries, toilets, and bathing facilities are provided in special utility trailers and other buildings.

In some low-rent projects in which dwellings have been diverted to war use, war workers are paying full economic or prevailing rents, while their neighbors are paying much lower rates for comparable accommodations. These varying rates are in accordance with the prevailing practice in low-rent projects of adjusting rents to incomes.

#### An Occupancy--And Vacancy--Report

War housing in most localities is fully occupied by war workers. An overall occupancy of 29 per cent of all types of active FPHA projects has been attained not only by careful programming, but also by prompt cancelations and outbacks whenever war production changes reduced requirements. Considering that the housing program had to be based on production and employment forecasts months ahead, the estimates have proved to be close to actual demand in most areas.

Inevitably housing needs have not always materialized as anticipated, because of sudden changes in production schedules dictated by the course of the war or because of difficulties in recruiting needed manpower. Housing already built could not be canceled any more than the war procurement agencies could cancel war plants whose peak productive capacity is not now required for the war. So some war housing is vacant.

The main impact of vacancies falls upon the temporary projects, built specifically to meet emergency needs which are in constant fluctuation. These are 89 percent occupied. There are relatively few vacancies in permanent structures, public or private, because they were scheduled in relation to long-term housing needs as well as for war housing purposes. Permanent war housing under FPHA is 97 percent occupied. Dormitory and stop-gap projects, which have a high tenant turnover, have an occupancy rate of 70 percent.

Vacant housing is frequently an asset to the war effort. In the Norfolk-Portsmouth-Hampton Roads area in Virginia, a backlog of vacant houses in 1944 was a major factor in the success of the recent recruitment of urgently needed Navy Yard and shipyard workers, who filled most of the vacancies.

Just as graphic is the story in fifty-four areas around heavy ordnance plants. Of the 52,000 war housing units built earlier in these areas, nearly 7,000 were vacant because of cutbacks in production and downward revisions in employment. These same houses, together with several thousand more under construction, assisted the War Manpower Commissioner in 1944 in a drive for 50,000 workers for expanded ordnance production stemming from military requirements in Europe and the Pacific and from the almost continuous bombing of enemy objectives.

When restricted production and employment schedules in an area are temporary and a later increased need is anticipated, vacant war houses in that locality may be held in standby status to meet probable future requirements.

In congested areas where no further in-migrant need can be foreseen, eligibility requirements have been relaxed to make vacant housing available for military personnel, resident war workers, families of service men, returning war veterans, or the public at large.

#### Moving War Houses

Many war housing requirements are being met by moving the structures to new areas of critical need. Trailers are traveling across the country to supply shelter first in one place, then in another. Several thousand demountable units, built in anticipation of shifting requirements, already have been moved from one locality to another. Some have floated, in entirety, on barges down rivers. Others have been taken apart in panels and shipped in freight cars and trucks to new sites where they have been reassembled. The FPHA has developed methods of moving frame

temporary houses never designed for shipping. It is sawing up walls, ceilings, and roofs, and sometimes the structures as a whole, into sections that can be shipped and reassembled.

### Operating Costs and Income

The FPFA is realizing a substantial net income above operating costs in family dwellings. The small loss in dormitories is due to high turnover and vacancies. Depreciation is not included as a cost since no estimate can be made of the expected life or salvage value of temporary projects, or of the return on permanent projects.

#### Monthly Income and Expense

##### Active FPFA Projects

(Per Dwelling Unit, Year Ending June 30, 1944)

Type of Housing	Operating Income	Total Expense*	Net Project Income
Family Dwellings	\$29.02	\$16.98	\$12.04
Dormitories	12.89	15.05	- 2.16
Trailers	18.14	16.84	1.30

\* Expense includes cost of management and maintenance, utilities, payments in lieu of taxes and vacancy losses. It does not include amortization or depreciation charges.

### War housing Pays Taxes

Public war housing is carrying a normal tax load. It makes to local governments "payments in lieu of taxes," approximating what would normally be assessed against the projects if they were not Federally owned. Deducted from these payments are costs of services or utilities that would normally be provided by the local communities but are supplied by the government. Payments on FPFA projects by calendar years:

1942 - - - - -	\$ 502,250
1943 - - - - -	8,045,360
1944 - - - - -	10,275,060
1945 (Estimated) -	15,000,000

### War Housing Goes Abroad

As a result of its experience in producing war housing in this country, particularly of the temporary and movable type, the FPFA at the beginning of 1945 found itself engaged also in the unique business of producing housing in packaged form to be shipped abroad to our Allies.



Acting as the procuring agent of the Foreign Economic Administration, the FPHA was first given an order to produce some 4,500 barracks for the French Provisional Government, to be produced in panelized form in this country and shipped for erection in France. This, too, was a war need and a necessary part of the Allied war effort, for the ports used by our forces in supporting the drive on the Western Front were urgently in need of dock labor, but were faced with a critical lack of housing for them in the bombed and shelled towns.

The FPHA had recently completed experiments in the production of utility structures from temporary war housing, with a view to the eventual disposition of this material to the best advantage of the government. These structures fit the need for dock workers housing in French, and an order was placed for sufficient barracks to house up to 120,000 such workers.

Since virtually all the temporary war housing in this country was still urgently needed, it was not possible to fill more than a small part of this order from the temporary housing stock that could not feasibly be re-used in this country. The FPHA, therefore, placed orders for factory production of these barracks, in panelized form, to be packaged and shipped abroad.

Early in February 1945, the Foreign Economic Administration placed a second foreign order with the FPHA, this one for 30,000 temporary family dwellings for bombed-out civilian war workers in Britain. Responding to urgent appeals of the British government to meet a critical situation in housing that was impeding the war effort, this country undertook to order panelized two-bedroom dwellings for shipment to Britain.

### III

#### WAR HOUSING AFTER THE WAR

During the war emergency the Federal government has had to go into housing on a vast scale; but there is no intention that the government shall continue as landlord to thousands of civilians after peace comes. This does not mean any discontinuance of the permanent low-rent program. But here the Federal government is not a landlord, but simply provides financial assistance to the local authorities which own and operate the housing.

Congress has provided the means of orderly disposition of war housing as soon as possible after the emergency without depressing the real estate and materials markets. The Lanham Act and regulations of the Surplus Property Board gave this responsibility to the National Housing Agency, which has assigned it to FPHA. Reserves to cover disposition costs are being set up out of rents, and machinery and policies to govern this undertaking have already been established.

### Temporary Housing

The FPFA has a stock of 314,000 temporary family dwellings, dormitory units and portable shelter units. In addition, much of the temporary housing now managed by other Federal agencies will be transferred to FPFA to be disposed of. This housing is to be removed within two years after the end of the emergency. The units are supplying decent, comfortable wartime shelter, but they were not built for long usage and would become the slums of the future if allowed to stand. The only exceptions to this mandate are where the NHA Administrator and the local communities find further use desirable in the interests of orderly war demobilization. All exceptions must be reported to Congress and reviewed annually.

Supplementing its experiments in cutting temporary housing into panels for movement and re-use in the war housing program, which have been described earlier, FPFA has developed techniques to convert temporary housing into structures for non-residential use. Utility buildings, constructed mainly of panels sawed out from temporary war housing, could be used as storage warehouses, farm buildings, barracks, mess halls, emergency clinics, and many similar purposes. Other experiments have shown that the panels can be used to produce decent rural houses. For any of these uses, provided the distance moved is not excessive, the cost would be less than the cost of constructing the buildings from new materials.

It has also been found that, where temporary housing must be torn down by usual methods, the salvage value of the materials will be insufficient to cover the cost of demolition and restoration of the site. Temporary housing, which was provided because it was essential to war production, is of course recognized as a cost of the war. Any expense incurred to remove the buildings and restore the sites will be written off as another element in the price of victory. However, the successful experiments to devise means of increasing the salvage value of the temporary housing promise to increase the government's return from these properties.

During the war, temporary housing that becomes surplus to war housing needs will be transferred to other Federal agencies, to serve war purposes either in this country or in other of the United Nations. Structures not needed for these requirements will be offered to public or semi-public agencies, such as schools and hospitals.

### Trailers

The 35,000 trailers, and other stop-gap units will be disposed of by the Commerce Department, and will be sold or scrapped, according to their condition.

### Permanent Housing

Permanent buildings are in four main classes:

1. The 64,000 war housing units supplied by diversion of low-rent housing and of low-rent funds authorized under the United States Housing Act will be made available by the local housing authorities now operating them to families of low income. The few built directly by FPHA will be made available to local housing authorities for the same purpose.
2. Defense Homes Corporation projects, most of which already are being offered for sale. This is housing for higher-income war workers, comparable to private developments, built by the Defense Homes Corporation to fill a demand that could not be met from the available supply. There are 7,500 family dwellings and 3,000 dormitory accommodations in these projects. The Corporation is headed by the FPHA Commissioner.
3. Demountable houses under FPHA, comprising some 75,000 units for the most part suitable for permanent residential use, either on their present or on other sites, will be offered for sale.
4. The 95,000 other standard permanent units, plus additional units transferred from other agencies, will be disposed of on terms that consider their market value. These houses will not be sold to agencies rehousing low-income families except as specifically authorized by Congress, and unless requested by the local governing body and the local housing authority. Where houses are offered for sale, FPHA will give preference to buyers in the following order: present occupants, war veterans purchasing homes for their own use, other prospective occupants, private investors.

### Converted Properties

Buildings containing the 49,000 conversions by the Home Owners Loan Corporation will be returned as improved to building owners at the expiration of a 7-year lease, but may be turned back earlier on 30 days' notice by the NHA. In the latter case the property owners will receive the benefit of the unamortized part of the conversion costs, which the government will write off as a cost of the war.

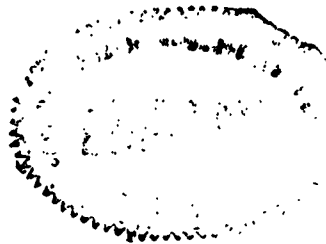
### Community Needs Will Be Considered

The removal of temporary war housing and the disposal of the standard and demountable permanent war housing owned by the Federal government will be carried out by the NHA and FPHA in close consultation with communities and with careful attention to local housing needs, real estate market conditions, and the best public interest. The disposition of war housing also will be closely coordinated with national policies for orderly demobilization and reconversion.

In this manner, the permanent assets in the publicly financed war housing program will be utilized for peacetime housing needs long after the war.

NATIONAL HOUSING AGENCY  
FEDERAL PUBLIC HOUSING AUTHORITY

PUBLIC HOUSING DURING THE WAR  
The Work of the Federal Public Housing Authority



PART TWO: THE LOW-RENT HOUSING PROGRAM

PART THREE: OTHER FPHA HOUSING

June 1945

## PART TWO: THE LOW-RENT HOUSING PROGRAM

## I

## Low-Rent Housing - A Summary

Facts and figures alone cannot tell the story of the low-rent slum clearance program that was launched in 1937 with the passage of the U. S. Housing Act. The facts and figures are an important part of the story. They form the basis for weighing accomplishments against costs, for appraising past activities and directing future plans. They give undeniable proof of the value of decent housing in terms of health and morals and in terms of community expenditures. What they cannot tell is the human side of public housing, the change in the lives of people who move to a decent environment from the filth and despair of the slums.

One Family's Story

Joseph Smith and his wife Anna could tell this part of the story. Before they moved to a low-rent housing project, they lived with their three small children in a light housekeeping room on the second floor of a shabby old building in Pittsburgh, Pennsylvania. In this one room, the five Smiths ate, slept, did the cooking, the dishwashing and the laundry. Their room was dark and as shabby as the building itself. In it were an old kitchen stove, a sink, and two beds. Worn-out linoleum partly covered the stained, splintery floor. The only bathroom in the building was shared with six other families, and the dirty, noisy street below afforded the only play space for the children. Because of their crowded living quarters, the Smiths seldom asked the neighbors in, and they never had parties.

This wasn't the kind of home the Smiths wanted. They had tried to find something better, but there wasn't much choice at \$18 a month, which was all they could afford out of Mr. Smith's earnings of \$80 at the steel mill.

When, in 1942, they moved to Terrace Village, one of the three low-rent housing projects in Pittsburgh, they suddenly had four rooms, instead of one, and a private bathroom with their own towel racks and medicine chest. In the compact, modern kitchen was an electric refrigerator, the first one the Smiths had ever used, as well as a good stove and white cupboards. Laundry facilities were provided in the basement. With two bedrooms, the parents had one for themselves for the first time since their first child was born. Throughout the house the walls were bright and the floors smooth, and Mrs. Smith took great pride in her housekeeping. Mr. and Mrs. Smith soon joined the Tenants' Club, and once a week they had neighbors in for an evening's visit. But Mrs. Smith thought the best part of all was the community playground, away from streets and speeding automobiles.

The house was simple. It lacked unnecessary and costly features -- the clothes closets, for example, had no doors. But it did provide minimum standards for decent, healthful living. And it cost the Smiths exactly \$17.30 a month, a few cents less than they had paid for the light-housekeeping room. Gas, electricity and water cost an additional \$4, and that also was less than the Smiths had been paying for utilities.

### 100,000 Other Families

Although Smith is not their real name, Joseph, Anna and their children are a real Pittsburgh family, and their story is a true one. In its essentials, it is also the pre-war story of more than 100,000 other families who have moved from slums into the 333 low-rent housing projects built in almost 200 communities throughout the country. The projects were built under terms of the United States Housing Act of 1937 (Public Act 412). That Act grew out of the mounting problem of American slums.

### The Pattern of Low-Rent Housing

The U. S. Housing Act recognized that the first step in eliminating slums is to make good housing available to the families who live in them. If a slum was torn down and no new housing provided, the low incomes of the displaced families would force them to move to other slums, which would become even more overcrowded than before. The Act, along with companion state legislation, was therefore intended to help local communities clear slums and build good housing that families like the Joseph Smiths could afford to rent.

Private capital alone had not been able to build good housing at a cost low enough to meet this need. The formula set up by the Act grew out of a conviction that rehousing slum dwellers in good homes called for the combined efforts of Federal and local governments and of private enterprise.

### Low-Rent Housing is a Community Program

The Act considered the community as the central point of the plan. It gave to the local community the job of determining the need for low rent housing, of initiating the projects, and of owning, administering, and managing them in the public interest. To carry out these responsibilities, communities were set up local housing authorities under state law.

The local authorities consist of local citizens usually appointed by mayors on authorizations of city councils. Their members, who serve without pay, constitute a broad section of community life. The major groups represented in the membership of housing authorities in 1944 were: bankers, merchants, real estate dealers, other business men, state or local officials, labor leaders, clergymen, welfare leaders, lawyers, and other professional men. The administrative work of housing

authorities is performed by paid staffs working under executive directors. Through its paid staff, the local authority acts as the community's agent in dealing with the Federal government on the one hand and with private enterprise on the other.

#### Private Construction and Financing

The design and construction of the projects was recognized in the U. S. Housing Act as a function best performed by private industry, with its experience, skill, and organization. Local authorities were to contract for these services, just as an individual would do in building a house.

The authorities also were to look first to private capital for funds with which to build a project, and were to obtain at least 10 percent of the capital funds from private or local sources.

#### Federal Loans and Contributions

For the capital funds not obtainable elsewhere, the authorities could borrow from the Federal government through the sale of long term bonds. Authorized under the Act and subsequent amendments were \$800,000,000 in funds, to be advanced as loans to local communities to finance up to 90 percent of the development cost of low-rent housing projects.

Since the families to be housed could not afford rents sufficient to pay operating costs and also the debt on the housing, there remained the problem of making up the difference between rents within the means of the occupants and the actual cost of the housing. The U. S. Housing Act formula provides that this deficit shall be met by an annual contribution, or subsidy. The local community must contribute at least one-fifth as much as the Federal contribution. The remainder of the subsidy, up to a certain maximum, is to be paid annually, according to the need of each project, by the Federal government out of funds appropriated by the Congress. For this purpose the Congress authorized Federal subsidies not to exceed in total \$28,000,000 a year.

This was the public housing pattern by which the Joseph Smiths and more than 100,000 other low-income families had been rescued from slums and furnished with good housing up to the outbreak of war. The United States Housing Authority was created to administer the program and to see that the local communities using the authorized funds conformed with the requirements and limitations of the Act. The Federal Public Housing Authority took over the functions of the USHA in February 1942.

#### The Public Housing Box Score

When the United States was plunged into war, the initial program authorized under the U. S. Housing Act was only about half completed.

As the Nation turned all its effort, manpower, and materials into war production, some low-rent projects already planned were built to serve war needs, but those not essential for this purpose were

deferred until after the war. The Congress also passed an amendment to the U. S. Housing Act (Public Act 671) making the unused funds available for projects to house war workers, with the proviso that after the war those projects were to become low-rent housing.

At the end of 1944, virtually all the construction authorized under the original low-rent program and the war amendment had been completed, except for the deferred projects. On December 31, 1944, the box-score on the low-rent program was as follows:

Housing Built or Authorized

The number and cost of the different types of projects built or authorized were:

	<u>Projects</u>	<u>Dwelling Units</u>	<u>Development Cost</u>
Low-rent housing, pre-war, (Public Act 412)	333	105,534	\$488,664,000
Low-rent units completed for war use (Public Act 412)	45	11,101	49,727,000
Low-rent Funds diverted to War Housing (Public Act 671)	202	53,079	265,921,000
Deferred Low-rent Projects	<u>167</u>	<u>25,332</u>	<u>105,881,000</u>
Total	747	195,046	\$910,193,000

MAXIMUM DEVELOPMENT COST of all permanently financed projects at the end of 1944 was \$459,000,000. Of this amount \$163,000,000 or 36 percent, was obtained from non-Federal sources, and the remainder was loaned by the Federal Government.

TOTAL COST TO THE FEDERAL GOVERNMENT of the low-rent program from its beginning through 1944 is \$38,775,000, the amount paid in annual contributions.

SLUMS ELIMINATED under the Act, which requires that one slum dwelling be demolished, repaired, or closed for each public housing unit built, total 117,000 units as of December 31, 1944. Completion of the small remainder of slum elimination required at this time was deferred until after the war because of the acute housing shortages.

RURAL HOUSES built under an experimental program under the Act totaled 515 units with 7,891 others contracted for but deferred until after the war. These units are included in the totals given above.



AVERAGE CONSTRUCTION COST for dwelling facilities was \$3,782 per unit for cities of 500,000 population or more and \$3,328 per unit for those under 500,000, compared to maximums set in the Act of \$5000 and \$4000 respectively. Total development cost, including land, clearance of slums on site, community facilities, and all other charges averaged \$4,827 per unit.

THIRTY-NINE STATES, representing 91 percent of the population, had low-rent laws in 1944 implementing the U. S. Housing Act; altogether, 650 CITIES AND TOWNS had set up local housing authorities, and, although many of these had been dissolved because of lack of funds or the intervention of the war, 334 cities, representing 58 percent of the urban population in these states had active housing authorities in 1944. Rural housing authorities, covering 355 counties, had been formed under the experimental rural program.

## II

### HOW LOW-RENT HOUSING WORKS

#### The Problem of the Slums

The depression sharply silhouetted the plight of millions of Joseph Smiths condemned to live and rear families in unsightly, unhealthy, and overcrowded quarters because their incomes were too low to pay the cost of good housing. But the slums were here long before the depression.

For many years, slums had been recognized as incubators of disease, juvenile delinquency, and crime which not only threatened the health and welfare of the people who lived there, but also weakened the structure of society as a whole. As far back as 1834, a sanitary inspection report in New York City pointed out the connection between insanitary, overcrowded housing and the spread of epidemics. Down through the years, evidence of slum-produced evils accumulated as the slums themselves continued to spread.

The problem was not only that of the Joseph Smiths. It had become a community and even a national problem. In virtually every American city and community, older sections had fallen into decay and neglect, poor areas had become concentrations of weatherbeaten cheap housing, jammed together on the land and over-populated. This spread of slums was nation-wide. Its symptoms and its ill effects were peculiar to no locality, but were characteristic of the country as a whole and imperiled the national welfare.

Less recognized, because they were less concentrated and dramatic, were the slums in rural areas. Though the U. S. Housing Act and the program it authorized were aimed primarily at city slums, the legislation also opened the way for a beginning program to remedy bad rural

housing. Rural houses were in many respects of even lower standards than those in the cities. Tumbledown shacks with boarded windows and leaky roofs, unpainted and in urgent need of repair, with no sanitary facilities and with a room or two for a large family, were common in many areas.

### One-Third of a Nation Ill-Housed

Surveys and studies before and since the passage of the U. S. Housing Act have shown the extent and seriousness of slums and sub-standard housing. At the time the U. S. Housing Act was considered, a third of the Nation's homes was estimated to be below the level of decent living standards. Despite the strong revival of home building in the last half of the decade, the Nation's first housing census showed that in 1939 more than 10,000,000 or 38.3 percent of the non-farm houses were substandard by reason of their need of major repairs or their lack of modern plumbing. Over 7,000,000 of these substandard units were in the urban and metropolitan areas of the country. Equivalent standards applied to farm housing would have found only a small percentage adequate. Using standards practical for rural areas and in line with accepted rural conventions, the Secretary of Agriculture told a Senate subcommittee in January 1945 that two-thirds of our rural houses are substandard.

### The Cost of Slums

In dollars alone slums are costly. The City of Boston, in a survey in 1935, found that it was spending \$82 per person and receiving \$34 for its slum and blighted areas, whereas its better residential districts produced \$337 per resident in revenue compared to \$147 in expenditures. Cleveland in 1934 found it was spending from 6½ to 14½ percent of its total expenditures for police, health, fire and social services in slums comprising less than 1 percent of the city's area and 2½ percent of its population. Atlanta, in 1941, reported that its slum areas contributed 5½ percent of the city's real property tax revenues, but cost the city 53 percent of its police, fire, health, and other service costs.

More serious than dollar costs, however, is the incalculable cost of slums in terms of citizenship and human living. Lack of community interest or responsibility and lack of individual initiative and ambition are common denominators of slum environments. The ultimate effects of dirt, ugliness, bad sanitation, and the lack of fresh air, sunlight, privacy, and space in which to grow are not measurable, but certain yardsticks do indicate the serious social consequences of bad housing.

Studies based on a national health survey in 1935 show that the prevalence of tuberculosis increases as the number of persons per room increases, that the frequency of diphtheria, scarlet fever, whooping cough, and other communicable child diseases is much higher in overcrowded housing than in other housing. The Detroit Housing Commission

reported that slum areas accounted for five times as many crimes and 15 times as many criminals, and for 10½ times as much tuberculosis as normal residential areas. Cleveland found that 7.8 percent of its juvenile delinquency and 21.3 percent of its murders came from a slum area with 2.47 percent of the city's population.

In view of the documented evidence of the ill effects of slum housing on our social economy, few persons now question the seriousness of the problem or the desirability of trying to meet it in 1937, after extensive hearings on the United States Housing Act, the Senate Committee on Education and Labor unanimously stated: "There is no immediate aim of the American people more widely supported and more insistently voiced than the desire to attack the social evils of the slums and to provide decent living quarters...for the underprivileged in urban and rural areas."

### The History of Public Housing

The idea of public housing did not spring up overnight, nor was it the product of any one man or any one group of men. Like all other major social advances, it evolved slowly over the years, out of the experiences and efforts of many communities in many parts of the country.

As far back as 1867, just after the Civil War, New York City passed the first tenement housing law, in an effort to check the conditions of insanitation and overcrowding. The first Tenement House department was set up in New York City in 1901. During the next decade or more, several states passed health and safety regulatory laws and the first housing codes appeared in 1917. Massachusetts even created a Homestead Commission with \$50,000 to build suburban houses for sale to workers at cost on long-term loans.

In 1934, the Nation learned, through its first extensive real property inventory, that more than a third of its homes were below standards of health, safety and decency. From community studies all over the country came conclusive evidence that the areas of bad housing were the areas with the highest rates of tuberculosis and other communicable diseases and with the worst records of juvenile delinquency and crime.

### The First Phase - Federal Loans

Aside from the construction of some emergency housing during World War I, the Federal government showed its first interest in housing in 1931, when the National Conference of Home Building and Home Ownership was held. The first Federal financial assistance to housing was provided in the Emergency Relief and Construction Act of 1932, which authorized the Reconstruction Finance Corporation to make loans to private limited dividend companies under state or local regulation. Only one project, Knickerbocker Village, in New York City, was erected. Subsequently, the Public Works Administration made loans for seven limited dividend projects under the National Industrial Recovery Act of 1933.

### The Second Phase - Direct Federal Projects

Starting in 1933, an increasing amount of Federal funds was made available for housing, as one measure for providing employment. In addition to loans for private limited dividend projects, the Public Works Administration, under the National Industrial Recovery Act and the Emergency Relief Act of 1933, launched the first Federally-financed public housing as part of the depression-born work recovery program. The PWA built 50 projects, with 21,611 units, in 37 cities, at a cost of \$127,000,000. Limited farm and suburban programs totaling 15,000 units were undertaken by the Federal Emergency Relief Administration, the Subsistence Homesteads Division of the Department of Interior, and the Resettlement Administration, and were later turned over to the Farm Security Administration.

Because of the immediate necessity of stimulating employment, these were often hurriedly conceived and planned experiments. There was not time to wait until local bodies could be organized and empowered to undertake such activities. The programs did, however, supply valuable experience and led to understanding of some of the major public housing principles.

### The Third Phase - Local Projects with Federal Aid

This early experience showed that public housing was a local responsibility which could best be carried out by the local communities, and that the role of the Federal government should be limited to financial and technical assistance. This principle was embodied in the United States Housing Act of 1937.

The U. S. Housing Act opened the way for the Nation to subsidize good housing instead of slums. In effect, the Act recognized housing of at least minimum standards as a basic necessity for all citizens.

In addition to the stated purpose of stimulating employment, the U. S. Housing Act, for the first time in history, set forth the Nation's housing policy:

"It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit.... to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe and sanitary dwellings for families of low income.... that are injurious to the health, safety and morals of the citizens of the Nation."

### Growth of Legislation and Local Authorities

By the time the U. S. Housing Act was passed, 29 States had already passed laws permitting communities to form local housing authorities and providing the powers they needed to meet requirements for Federal

housing aids. Forty-six such authorities had been established, but only one or two had undertaken the actual construction of houses. In the five years following passage of the Act, local housing authorities increased by more than 13 times the number that had been established in the previous four years, and 10 additional States passed enabling legislation.

The State legislation enables local authorities to acquire land, by purchase or condemnation, to borrow money, and to build and operate housing for low-income families. The acts or the state constitutions grant or permit exemption of the projects from taxation. These statutes have been upheld in thirty-eight states. Only in Ohio has there been an adverse decision, and it was based on the grounds that there was no appropriate act granting tax exemption.

#### How a Project is Initiated and Built

The local housing authority submits an application to the FPHA for Federal loans and annual subsidies. This application includes data showing that the local governing body approves the project and is prepared to do its part in meeting the requirements of the Federal act covering equivalent elimination of slum dwellings, provision of municipal services, and tax exemption. Also included in the application is evidence of the need for the housing and the inability of private capital to supply it, as well as information on tentative site selections, preliminary architectural plans, estimated costs, proposed scale of rents, income range of families to be housed and evidence that the local share of funds for development can be obtained.

These documents become the basis of the loan and annual contributions contract between the FPHA and the local authority. After the contract is signed, the local authority acquires the site, completes plans, and awards the contracts for construction and equipment. It obtains funds as they are needed by temporary loans until the projects are nearly 90 percent completed, when the permanent financing is arranged. Management staffs are appointed and selection of tenants starts as the projects near completion. The first Federal subsidies are received within six months after permanent financing is completed.

#### Private Industry Builds the Projects

Low-rent housing, though publicly owned, is privately built. Private real estate operators appraise the sites and negotiate their purchase. Private architects and engineers prepare the plans and supervise construction. Private contractors build the projects, with materials and equipment supplied by private manufacturers through private distributors.

On the basis of an estimate of more than two man-years a unit, the development of the 105,500 pre-war low-rent housing provided the equivalent of a year's work to more than 200,000 workers on the sites,

in the mills, factories and forests where the materials are produced, and over drafting boards. Under the requirements of the U. S. Housing Act, construction crews are paid prevailing wages and work under maximum hour requirements.

### Capital Cost of Public Housing

Public housing is not cheap construction, but neither is it expensive housing. To guarantee that it would not be "luxury" housing, Congress set definite limits for the costs of building and equipping the dwelling units. That local housing authorities have kept well within these limits is shown by the following table:

	Cities 500,000 or Over	Cities Under 500,000
Statutory Limits, per Unit	\$5,000 (\$1,250 per room)	\$4,000 (\$1,000 per room)
Average Dwelling Facilities Cost per unit	\$3,782	\$3,328

The total development cost, averaging \$4,827 per urban unit, includes, in addition, site acquisition, elimination of slums and other structures on the site and site improvements, non-dwelling facilities, relocation of tenants, and other administrative and carrying items. The total development cost of the 105,500 units, including all charges is \$488,664,000.

### Slum Sites are Costly

All urban low-rent projects are located within the cities, where land is more expensive than it is in the suburbs. Half of the projects have been built on sites previously occupied by slums. For this reason, public housing has had to bear a substantial part of slum clearance costs. Low-rent projects built on slum sites have cost an average of \$800 per dwelling unit more than those built on vacant sites. This difference in cost results in part from the amounts paid for the existing slum buildings and from the cost of demolishing them, and in part from the higher prices per acre which must be paid for the land itself.

Any appraisal of public housing must recognize that a part of its capital outlay has been used for slum elimination and for "writing down" high-cost, blighted urban land to values commensurate with proper use and density. It is now commonly recognized that if private capital is to be induced to participate in urban redevelopment, such costs will have to be written off at public expense. They are not properly a part of housing costs, whether private or public.

### How Public Housing is Financed

During the early stages of construction, the local authority pays the development cost by borrowing money on a short-term basis. Most of

these short-term funds are loaned by private investors, at very low interest rates; the FPFA stands ready, if necessary, to redeem these loans when they mature. If additional short-term funds are required for project development, the FPFA makes direct short-term loans to the local authority, charging the interest rate stipulated in the U. S. Housing Act. This is equal to the going Federal interest rate on long-term bonds, plus  $\frac{1}{2}\%$ , and in total ranges from  $2\frac{1}{2}\%$  to  $3\frac{1}{4}\%$ .

When the project is 90 percent complete, the local authority refinances it by selling long-term bonds. In the loan contract, which was signed before construction began, the FPFA agreed to lend up to 90 percent of the development cost by buying the bonds. The local authority has a maximum of 60 years to pay them off. Payments on these bonds include interest at the stipulated rate, which is considerably higher than the rate on bonds sold to private investors. Hence, it is to the local authority's advantage to sell to private bond-buyers as much as possible. Instead of the one-tenth required by law, local authorities have in fact obtained more than one-third of their long-term financing on the private bond market. Some authorities have obtained as much as 85 percent. By encouraging private participation in the housing program, they have realized substantial savings in interest, thus reducing the over-all cost of low-rent housing. The Federal commitment for an annual contribution helps assure private investors that the funds for payment of their bonds will be available.

#### Who Lives in Low-Rent Projects

The Joseph Smiths are typical of the families for whom low-rent housing projects are built. They are families unable to pay enough rent for good private housing. But since they previously had been paying something for slum housing they are expected to pay about the same amount toward the cost of good housing. Therefore, the maximum authorized subsidy is based on the assumption that the families will be able to pay a substantial part of the actual housing cost.

Applicants must be American citizens. They must be living in substandard housing. (This requirement is waived for returning veterans, who in many cases lack housing of any kind, and who are eligible if they are in the low-income group.) In the selection of tenants, preference is given to families who are living in housing conditions most dangerous to their health and safety, and to families displaced by slum clearance.

#### Low Incomes

The basic requirement of applicants to low-rent housing is that they must be "families of the lowest income group" who---to quote the U. S. Housing Act---"cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use." Rents are set low, to be within the means of this group.

For a family to be eligible, its income cannot be more than five times the gross rent; large families (those with at least three children) may have an income no more than six times the gross rent.

Before the war (1939-40) the average income of families admitted was \$782 a year. This ranged from \$985 in metropolitan districts of more than 500,000 population to \$643 for Negro families in the South. The incomes of more than 90 percent of these families ranged from \$400 to \$1,200 a year. In 1944, as a result of wartime earnings and living costs, average income of families admitted was \$1,237, with almost 80 percent ranging from \$400 to \$1600.

#### Low Rents

Average gross rent, including utilities, paid by the families admitted in 1939-40 was \$18.26 a month. (Shelter rent, which covers dwelling rent but not utilities, is about \$5 less than gross rent.) This varied from an average of \$22.15 a metropolitan districts over 500,000 population to \$13.93 gross rent for Negroes in the South. More than 95 percent of these rents ranged from \$10 to \$26. Gross rents of families admitted in 1944 averaged \$22.15, with 85 percent of these under \$30.

#### Graded Rent System

At first, local housing authorities followed the usual practice of setting definite rents for the units according to size. They soon found that this had the effect of limiting low-rent housing to a very narrow range of the group it was specifically built to serve. On one hand, families with several children or with extremely low incomes could not pay the rental, and, on the other hand, the fixed rental often put such a low ceiling on admittance incomes that it barred many families who could not afford good private housing.

The fixed schedule also was unfair because a family whose income improved slightly would become ineligible for public housing even though it could not afford good private housing and would have to move back to the slums.

To overcome these disadvantages, most authorities established a graded rent system, adjusting rents to incomes and sizes of families rather than to size of units. Thus, by collecting higher rents from those able to pay them, the project could house lower-income families at lower rents than would otherwise be possible within the limits of the available subsidy. An illustration of the graded rent system is the schedule in Butte, Montana, adopted in October 1942. Here a family is assigned to the size of unit it needs, regardless of the amount paid for rent. A wide range of charges is provided for families moving in. A family of four, for example, pays:

- \$11 a month if its income does not exceed \$600 a year;
- \$14 a month if its income is from \$601 to \$750 a year;
- \$18 a month if its income is from \$751 to \$950 a year;
- \$22 a month if its income is from \$951 to \$1,150 a year;
- \$26 a month if its income is from \$1,151 to \$1,350 a year;
- \$30 a month if its income is from \$1,351 to \$1,550 a year.



A two-person family with a net income of \$701 to \$900 pays \$18-a-month rental; a seven-person family including three or more minor dependents, with a net family income of \$901 to \$1,100, also pays \$18 a month.

The two highest rent-and-income brackets are reserved for tenants already in the project -- new tenants are not admitted at these levels. Families, therefore, know that while rents will be adjusted upward as their incomes rise, the rent will still be within their ability to pay and they will not be required to move until their income approaches the level at which they can find decent housing elsewhere.

Incomes are reexamined annually and rents adjusted in accordance with the graded rent schedules. When a family's income exceeds the maximum permitted for residence in the project, it is given notice to move so that the dwelling will be available to another low-income family.

#### The Problem of Wartime Incomes

Most American families have increased their incomes sharply over pre-war levels, and this general wartime rise has of course affected the average income of tenants in low-rent projects. In many cases the principal wage earner is being paid higher wage rates and overtime pay. Tenants' wives have augmented family incomes by taking war jobs. As a result some of the families have gone above the maximum income limit permitted by the project and have thus become ineligible for continued occupancy.

Because the projects are intended to house only low-income families, the clear policy of FPHA and the local authorities is that families whose incomes improve, and who can afford to pay for decent accommodations on the private market, must move out in favor of low-income applicants. In normal times, when private accommodations are available, the immediate enforcement of this policy would not create a serious problem.

The difficulty during wartime has been that the war-boom areas where incomes have gone up most are usually areas with stringent housing shortages. Where no other dwellings are available, it is of course impracticable to insist that the over-income family vacate immediately. After raising the family's rent to the maximum so that it would not be subsidized, it is necessary to permit the family to remain in temporary occupancy until other quarters can be found.

To correct this situation as quickly as possible, local authorities have made a concerted effort to clear the projects of over-income tenants. This drive gained impetus after V-E Day, when shifts in production eased the housing shortage in some areas. All over-income families had, of course, been given notice that they would be required to move as soon as private housing could be located. As a follow-up, real estate boards, rental agents and War Housing Centers are being consulted to obtain lists of vacancies, and tenants are informed when a suitable vacancy occurs.

Tenants eligible for admission to war housing projects are transferred. In addition, where no rental dwellings are available, some local authorities encourage over-income families to purchase homes, and give them information of the kinds of financial assistance available for home buyers.

As a result of these special efforts, many of the ineligible families have been enabled to move out, and occupancy by such families has been reduced to a minimum. As labor and building materials become more readily available and normal home-building is resumed, the remaining part of the problem will be easier to deal with.

### The Federal Subsidies

The \$38,775,000 that had been paid in annual subsidies to December 31, 1944, represents the total Federal cost to that date of the low-rent projects built under the United States Housing Act. Subsidies are an annual charge. They are provided simply because the rents that low-income families can pay are not sufficient by themselves to pay the full cost of good housing, even with long-term, low-interest financing, and therefore subsidies are necessary to enable local housing authorities to rent the homes to the people for whom they are intended.

The amount paid on any project is limited to the going Federal rate of interest, plus 1 percent, on the total development cost. Thus, if the going Federal rate was 2 percent, the maximum subsidy on a million dollar project is \$30,000, or 3 percent.

Because of operating economies and improved incomes, annual subsidies have been substantially less than the maximum. In 1944 the subsidies required for low-rent projects totaled \$8,600,000 or only \$7.19 per unit per month, about three-fifths the maximum the FPHA could have paid under the contracts.

### The Local Contributions

Although the Federal government pays most of the contribution to make possible the low-rent character of public housing, the local community also makes a contribution. The U. S. Housing Act requires that to obtain a Federal annual contribution, the local community must contribute at least 20 percent as much as the Federal Government does. It provides that this requirement can be met by exemption of housing projects from local taxation. The state housing acts or provisions of state constitutions contain the necessary authorizations for this purpose. Thus, instead of collecting taxes on a project and then paying back to the project the local contribution, the communities accomplish the same end by exempting the projects from taxes in the first place. The tax exemption of public housing projects, therefore, provides a direct and simple method for the community to make its annual contribution, without any actual outlay of cash from the city treasury.

This does not necessarily mean, however, that the projects pay nothing for services provided by the city. On the contrary, most projects, although exempt from taxation, make payments in lieu of taxes. The local housing authorities are now authorized to make such payments, provided this does not reduce the local contribution below the required 20 percent of the Federal subsidy.

In many cases, however, the city actually receives more revenue from the property through payments in lieu of taxes than it formerly received from the slums that the project replaced. In Memphis, Tennessee, for example, payments in lieu of taxes made in 1943-44 were \$62,644 compared to an assessed valuation of \$35,549 on the same sites before the projects were built. The city's expenditures, moreover, for services such as fire calls, health and welfare functions, arrests, etc., have been found to be markedly lower for the projects than for slum areas the families formerly inhabited.

During 1943, the FPHA authorized local housing authorities to increase to 10 percent of shelter rent their payments in lieu of taxes. Under the new schedule, 1944 payments in lieu of taxes were increased to \$1,860,000, or \$17.76 per unit. This compares with an average of \$10.56 per unit paid in 1943.

#### The Project Balance Sheet

A clear picture of the annual budgets of the low-rent projects can be seen in a summary of their cash income and expenditures. The projects derive revenue primarily from rental income and Federal contributions. They spend this revenue chiefly for operating expenses, for debt service, and for payments in lieu of taxes.

For the projects with fiscal years ending in 1944 (during the war period when rental income was up), the summary of cash income and outgo per month showed the following:

#### Expenditures per Unit per Month

	<u>Amount</u>	<u>Percent of Total</u>
Operating Expense:	16.50	53
Debt Service:	12.69	40
Payments in lieu of taxes	1.48	5
Utilities not covered by rents:	<u>.64</u>	<u>2</u>
Total Expenditures:	31.31	100

#### Income per Unit per Month

Rents from Tenants, including utilities:	23.84	76
Federal contribution:	7.19	23
Other income:	<u>.28</u>	<u>1</u>
Total Project Income:	31.31	100

### What the Low Rent Homes Are

Local authorities, employing private architects and working within over-all cost limits, determine according to local customs, climate, and need, the type of housing they will have. Thus, a low-rent house in Philadelphia would probably be an apartment in a 3-story, walkup apartment building. In New York, land costs dictate multi-story construction to assure adequate open spaces. In Alexandria, Virginia, it may be a single-story building of attached houses, conforming to colonial design. In many cities it would be a 2-story row house. In Pittsburgh the structure would have plain, modern lines; in California it would likely follow Mission architecture.

Construction budgets allow some margin of flexibility, and authorities have displayed considerable ingenuity in adapting projects to local preferences. Choices must be made between porches, doors on closets, wall plaster, and similar preferred features, since cost limitations consistent with achieving low rents do not permit having all of the desired, though not essential, conveniences.

Wherever they are located, the projects have certain characteristics in common. The housing is of fire-resistant construction and is built for a 60-year life with minimum upkeep. All of the dwellings have private baths, modern kitchens, separate living rooms, and adequate provision for laundry. Unit sizes range up to five bedrooms, but the average contains two bedrooms. Heating equipment varies with the climate.

The low-rent housing is grouped together in projects for economy of construction and management and for adequate planning to create an attractive, healthful environment that is lacking in crowded slums. There are ample open spaces to give all the families adequate light and air and to provide plenty of room for children's play without exposure to traffic hazards.

The projects generally are located where transportation, public utilities, schools, shopping centers, churches and other community facilities already are available. Many of them contain community buildings for meetings and recreational activities, since they occupy former slum sites where such facilities were lacking. These are available to entire neighborhoods beyond the project boundaries and are frequently operated by community service organizations.

### Slums Are Cleared

A considerable part of the community's obligation to eliminate slum dwellings equal to the number of new dwellings, has been fulfilled automatically by clearance of sites for new low-rent projects. The rest is the responsibility of the local communities, through condemnation and other means. Although some slum dwellings have been rehabilitated to minimum standards, most of them have had to be demolished. While the

slum elimination requirement is deferrable on account of acute housing shortages in war production areas, local communities had fulfilled 85 percent of their obligation by December 31, 1944. They had eliminated 102,700 slum units in connection with the present low-rent projects, including 3,200 beyond legal requirements. A remainder of 17,200 units to be eliminated continues as an obligation to be fulfilled after the war for the 105,000 pre-war low-rent units and the 11,000 completed for war use. In addition, 3,200 units have been eliminated on deferred projects, and 11,500 in connection with projects built under the U. S. Housing Act war amendment which waived the elimination requirement. Of the total of 117,300 units eliminated, 53,700 were demolished on the project site, 41,700 were demolished on other sites, 16,800 were brought up to standard through repair, and 5,100 were closed to occupancy.

Thus public housing is a two-way operation. It provides, on one hand, a community asset in the form of housing that promotes the health, safety and general qualities of good citizenship of low-income families. It eliminates, on the other hand, a community liability in the form of slums that are hazardous to life and that breed disease, crime and juvenile delinquency, all economically and socially costly.

#### The Return from Public Housing

The tax bill for public housing must be considered in relation to the high cost of maintaining slums. The material dividend from public housing is the elimination of conditions that make slums a drain on community wealth. By reducing disease, juvenile delinquency, crime and physical hazards in these areas, public housing has made a direct contribution toward reducing the cost of municipal services, and increasing the well-being of the people of the community.

For example, the tuberculosis rate in low-rent housing projects in Newark, New Jersey, according to a study made by the local housing authority for the years 1942 and 1943, was only half the rate in three blighted wards. If comparable reductions could be effected in these slum areas, through such preventive measures as better housing, municipal costs for tuberculosis control, as well as "the suffering and unhappiness involved," would be reduced. Similarly, if the low project rate for fires---three per thousand dwelling units, compared with 11.2 per thousand for the city as a whole---were to prevail throughout the city, municipal outlays for fire protection could be substantially reduced, and loss of life and property averted. These are some of the comparisons, based on annual rates over the two-year period, that the Newark Housing Authority found:

	<u>Low-Rent Projects</u>	<u>Three City Wards</u>
New Tuberculosis cases (per 1,000 persons age 15 to 40)	2.9	5.9
Communicable Diseases (per 1,000 children under 15)	114.2	158.8
Infant Mortality (per 1,000 births)	34.7	41.5

The projects showed the highest figures in one thing---the birth rate. The birth rate in the projects was 113.5 for every 1,000 women 15 to 40 years old, compared with 86.3 in the other areas.

In the three low-rent projects of Philadelphia, there were, over a two-year period, only a tenth as many criminal offenses and a half as many juvenile delinquency cases, per capita, as there were in the city as a whole. Per capita, there were less than a third as many deaths from pneumonia and about six-tenths as many deaths from tuberculosis.

### The Intangible Benefits

These are examples of the broader, intangible benefits which the local communities, the states and the nation are receiving from the creation of a physically, mentally and morally healthy citizenry. Public housing has provided evidence that ill-health, delinquency, and other characteristics of slum living appear with less frequency in families living in good housing, even though these families came from slums. The "coal-in-the-bathtub theory" has been thoroughly disproved.

With only a few exceptions, low-income families have successfully made the transition from slums to their new environment. Except for those who have moved out because of higher incomes, changes in employment, and break-ups of families by death or entry into military service, tenant turnover has been very small. Some families have become public housing "alumni" because their incomes went above the low-income range. Twelve percent of those who moved out in the last quarter of 1943 bought homes.

One of the many responsibilities of public housing management is to help families adapt themselves to their new surroundings. In Philadelphia the success of this effort is reported in the Housing Authority's report of June 30, 1943;

"The cleanliness of the grounds, the good housekeeping and generally excellent deportment and conduct of the tenants and their spirit of cooperation and responsiveness to constructive suggestions, their pride and satisfaction in their surroundings are ample evidence that they appreciate and are making the most of their opportunities to live and raise their families on a plane consistent with the highest levels of social behavior to be found in our better urban communities."

### Public Housing Management

These results have been achieved more through progressive management policies of the local authorities than through mere regulations. Public housing is more than shelter. It is a program to improve the living habits of people and to build wholesome neighborhoods. The management responsibility, therefore, extends beyond the usual requirements of good real estate supervision, and includes positive measures to build community life, individual and group responsibility and initiative, and neighborly cooperation.

Local housing authorities, because they are official agents of the community, are able to coordinate the housing projects with other services, such as the recreation, health, and school programs. Projects offer facilities such as meeting places, clinics, and play areas, and also well-knit centers of community life which these other services can use as an operating base to improve sections where their work is most needed.

### Tenants Share in Management

The most significant values in housing project management grow out of its direct relationships with the occupant families. This means more than a narrow acceptance of the landlord function in seeing that the rules are complied with, the property is protected, and the rent is paid. Tenant associations, democratically controlled, have become a customary institution in most low-rent projects. Through these associations, the tenants themselves formulate many of their own rules for living together, initiate improvements, plan entertainment, carry out war bond and community chest drives, provide for community services and supervision. Some projects, for instance, have their own project or neighborhood newspapers, and projects frequently are the centers for Boy Scouts, church groups, nursery schools, study clubs, and similar organizations.

In many cases, also, the tenants themselves assume responsibility for much of the maintenance responsibilities, keeping hallways and entrances clean, keeping lawns and yards trim and improving them, caring for or repairing community equipment, policing themselves in the protection of property against abuse or defacement. These activities not only develop a spirit of occupant responsibility and pride not often found among renters, but also result in important economies in operation and maintenance of the projects. Custodial care and service can be kept at a minimum with tenant maintenance practices well organized. The Chicago Housing Authority, in its report issued at the end of 1944, found that maintenance costs on its projects were only half that of privately owned properties with which comparisons were made. The report says that "much credit for the lower costs for publicly owned property is due to the tenants themselves. Appreciative of their new homes, they have willingly done a great deal toward keeping the premises clean, and the lawns and gardens cared for."

### Housing for Minorities

Public housing is provided on the basis of need. This means that non-discrimination among races and creeds is a matter of national policy. This policy and the recognition by local housing authorities that the community's worst housing problems often are those connected with minority groups has produced a large proportion of housing for such families. Of the 105,500 pre-war low-rent units, for example, more than one-third are occupied by Negroes.

The pattern of racial occupancy, however, is determined locally by the local housing authorities, usually in accordance with local practices. These patterns, therefore, are of various types. In the South they generally follow the customary practice of separate projects for whites and Negroes. In the North some localities segregate the races and others provide for mixed occupancy.

### Rural Housing

At the outbreak of the war in Europe, the U. S. Housing Authority had embarked on a limited program to provide decent homes for low-income families in rural areas. An experimental formula was developed for subsidizing low-rent farm homes and administering them through rural housing authorities.

When the war suspended further development along this line, 8,400 houses had been placed under loan contract with rural authorities in eleven states, but only 515 of these had been built. The larger part of these contracts is in the Southeastern states. The rural housing units are included in the figures already given on the pre-war and deferred low-rent program.

The houses are sturdily built, and while they do not have bathrooms and other urban facilities not common to farm houses in the areas served, assurance is made that the water supplies and toilets are safe and adequate.

Studies are being made of this experience by the FPHA in order to adapt the U. S. Housing Act formula more directly to farm needs and practices, and open the way to a more effective approach to the widespread problem of rural substandard housing.

### What Public Housing Is -- and Is Not

Public housing, as conceived in the U. S. Housing Act, is not Federally built, operated, and controlled housing. It is housing initiated, built and managed by the local communities with financial help from the Federal government to meet their housing needs for low-income families. The Act limits the Federal function to providing financial aid, seeing that the purposes and requirements of the Act are carried out, and assisting communities, in an advisory capacity, to build and operate their projects at the lowest cost consistent with the purpose of the housing.

Public housing is subsidized housing. Since local communities, with their limited powers and sources of income, cannot bear the full cost of such housing, the Federal government, with its broader powers and revenues, covers the larger part of the deficit.



### Public Housing and Private Housing

Public housing is not intended as a substitute for private housing. It can be built only when and where private capital cannot meet the need. The U. S. Housing Act clearly states that public housing is for low-income families "who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe and sanitary dwellings for their use." Similar provisions are contained in the state laws. The Federal Public Housing Authority maintains in addition that a margin of at least 15 to 20 percent be left between the lowest rents that private housing can attain for good housing in the locality and the highest rents at which families are eligible for public housing. This is done to insure against conflict between the private market and public housing and to leave a non-competitive field in which private housing can seek to produce even lower cost housing than it has yet done.

### The Cost to the Taxpayers

The cost to the Federal government of public housing under the U. S. Housing Act is not represented by all the funds provided by the Federal government. The bulk of these are loans, repaid with interest. The only Federal government cost of public housing is the annual subsidy. Subsidies were first paid in 1941, and totaled \$38,775,000 through 1944. Subsidies paid during 1944 were \$8,857,000.

### Public Housing and Poverty

Public housing is not intended as a cure for poverty or a panacea for all the underlying causes of slums. It is intended to provide a wholesome living environment for families who would otherwise have to live in slums.

The U. S. Housing Act did not undertake to provide free housing for the penniless. Public housing is not like bread lines and soup kitchens set up to keep the indigent from starving. The problem of providing a minimum subsistence must be met through relief, social security, private charity, and employment measures. The problem of replacing slums with good housing begins where the problem of subsistence leaves off.

It is an unfortunate fact that even a family with subsistence means is unable to afford good private housing. In fact, poor families generally pay a larger proportion of their income for slum rents than higher-income families pay for good housing. A Department of Labor survey for the year 1941 showed that non-farm families earning less than \$500 a year spent 27 percent of their income for housing, compared to 18 percent spent by those with incomes from \$1,500 to \$2,000.

The U. S. Housing Act simply supplements rents paid by low-income families so that they can live in decent homes instead of slums. Once a family has at least a subsistence income, even though that be from a relief or pension check, public housing can provide a decent home by adding the subsidy to the limited amount the family can afford to pay out of that income for rent.

## III

OTHER FPFA HOUSINGPWA Housing Projects

When the United States Housing Authority was created, it took over the fifty projects built by the Public Works Administration. These projects were built directly by the Federal government primarily to provide employment, but at the same time to provide good housing for low-income groups.

Forty of these projects are now leased to local housing authorities for operation under the same requirements applying to other low-rent housing. The other ten are operated directly by the FPFA, since they are located in cities that had no housing authorities at the outbreak of the war.

Housing Transferred from FSA

Shortly after the FPFA took over the functions of the USHA, 34 suburban and subsistence homestead projects were transferred to it from the Farm Security Administration in accordance with government policy to consolidate administration of all non-farm housing programs in one agency. These projects totaled 5,410 units.

Three of the projects are the so-called Greenbelt Towns--Greenbelt, in Maryland near Washington, D. C., Greenhills, near Cincinnati and Greendale, near Milwaukee. These were work relief projects started by the Resettlement Administration as examples of model suburban developments for lower-salaried office and professional workers in the city. The income groups served by these projects are considerably above those in the subsidized low-rent program. Studies are now under way for the post-war completion of these developments through private capital and the disposal of the government's interests to the resident groups and the municipality.

The 31 subsistence homesteads were started by the Subsistence Homesteads Division in the Department of Interior as work relief projects, and to provide housing and an economic base for unemployed families. They range from homes with subsistence garden plots near a center of industrial employment to projects for stranded families in former mining and timber areas where efforts were made to develop industries as a source of employment.

These projects are being sold. The homes are being disposed of to the residents wherever possible, and arrangements are being made for private operation of the industries and farm land and for disposal of the community facilities to local or state units.

### Limited Dividend Projects

Mortgages are held by the FPHA on three limited dividend housing projects constructed by private corporations with the aid of government loans. Seven such projects were originally built under the PWA Housing Division's program. Mortgages on four have been sold to private financial institutions. The three remaining are being studied with a view to similar disposition.

### The Low-Rent Program After the War

When the war ends, 64,180 family dwellings financed with funds authorized under the United States Housing Act but used for housing war workers will be available for low-rent use. These include houses which before completion were diverted to war use and others especially built for war workers with low-rent funds. All but 10,912 of these dwellings are owned by local housing authorities. Only the addition of annual subsidy assistance already authorized will be necessary for their conversion to low-rent use. Such of this housing as is owned directly by the FPHA will, where feasible, be made available to the local authorities by purchase or lease.

As soon as wartime building restrictions are relaxed, construction can proceed on more than 25,000 additional low-rent dwellings. Loan and subsidy contracts for these projects had been concluded by the local authorities and the USHA, but their construction was suspended because they were not considered essential to the war effort.

Some of the other permanent family war housing comprising some 130,000 dwellings, is suitable for low-rent use. The Lanham Act, however, forbids disposal of this housing to agencies conducting low-rent and slum clearance programs except by specific approval of Congress.

Before such action could be recommended, there would have to be an official request from the local community for acquisition of a particular project and a showing by the community of its intention and ability to own and operate the project for low-income families through a local housing authority, in accordance with the requirements of the housing act.

Temporary war housing was not built for permanent use and its preservation as any sort of housing would generally serve only to create the slums of the future. Recognizing this, Congress amended the Lanham Act to require the removal of temporary housing within two years after the end of the war emergency, except as it is needed for a longer time for orderly demobilization.

The building of suspended projects and the conversion to low-rent use of war projects built and financed under the United States Housing Act will bring the public housing program to the limit now authorized by Congress.

Late in 1944, at the President's direction, the FPFA notified local housing authorities that it would receive applications for additional low-rent housing needed in their localities after the war. At the appropriate time, these community requests will be made available to the Congress for its guidance.