U.S. NATIONAL HOUSING AGENCY

A Decade of Housing

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WASHINGTON, D. C.

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The last decade has witnessed two great emergencies in which the plight of home owners and home seekers called for dramatic action on the part of their Government. We are now faced with a third housing crisis.

The first was the depression, when millions of American families were threatened with the loss of their homes. That crisis was met -- and the remedial legislation which the Congress enacted made home ownership easier and safer for American citizens in the future.

The second emergency was a product of war, when the greatest mass migration of free workers in history resulted in a shortage of housing in hundreds of war industry centers. In this case, the Government took on an urgent job of vast proportions, in which construction was severely handicapped by the shortage of materials and manpower -- but a job which had to be done if war production was to reach its peak.

The present housing emergency, the result of an accumulated housing need which is nation-wide, affects particularly veterans and their families displaced as a result of the war, and once again the Government is acting to meet this situation. Beyond this is the continuing job of making available good homes for millions of other American families at prices they can afford to pay -- a job which will call for all the housing resources of private enterprise and Government.

The Depression Housing Crisis

The story of the manner in which the Government met the housing crisis during the depression can be briefly told. In 1933, foreclosure had risen to the rate of more than a thousand a day. Real estate and mortgage values had collapsed. Troubled investors were demanding the return of their savings from financial institutions. Needing cash, banks and other mortgage holding institutions were compelled to foreclose on defaulted home loans. To combat this situation, the Congress created the Home Owners' Loan Corporation in June 1933.

Between 1933 and 1936, the HOLC refinanced the loans on homes of more than a million distressed American families, mortgages which were in arrears on the average nearly two years. They were given a new chance to save their properties through low-interest loans, payable over a period of 15 years. By taking over $3,000,000,000 in defaulted mortgages, the HOLC helped stabilize the home mortgage market and checked the downward spiral of property values.

In exchange for frozen mortgages, the Corporation disbursed nearly a billion dollars to banks and trust companies and hundreds of millions to savings and loan associations, finance and mortgage companies, insurance companies and individual mortgage holders. Many financial institutions were saved from insolvency.

HOLC Saved Home Owners

The HOLC has saved its own borrowers alone some $600,000,000 in interest and its influence in lowering interest rates has benefited millions of other families. Four out of five of the home owners it aided were able to avoid foreclosure and almost all the properties the Corporation was forced to acquire have been sold to other home seekers.

At the end of 1945 the Corporation was more than three-fourths liquidated, with its $3,500,000,000 total investment now down to $853,951,000. It was able to announce that its final liquidation is assured without a dollar of cost to the government instead of the half a billion to a billion dollars in losses widely predicted when the HOLC was launched upon its lending venture during the depression. When the Corporation's affairs are wound up, the U. S. Treasury will also receive a moderate return on the capital it provided.

The HOLC also gave new life to the Federal Home Loan Bank System, which had been established in 1932 to provide a credit reserve for savings and loan associations and other home financing institutions. The System had been powerless in the face of the crisis, but with the worst burden of frozen mortgages lifted by the HOLC, it began to function through its 11 regional Federal Home Loan Banks and brought new liquidity and order to the home financing field. Federal charters were granted to new savings and loan associations established in communities which lacked adequate home-financing facilities or to existing state-chartered associations which desired such status and could qualify. Both Federal and state chartered institutions were given access to reserves which enabled them to expand their operations when there was a demand for home-financing and which could protect them and their investors in time of stress. Since its establishment, the Bank System has advanced $1,751,000,000 in credit to its member institutions, of which $172,669,000 was outstanding on May 31, 1946.

Congress took another step to restore public confidence in home-financing institutions with the establishment of the Federal Savings and Loan Insurance Corporation in 1934. It insured the funds of investors up to $5,000 each in all Federal savings and loan associations and in state chartered associations which applied and qualified for the insurance protection. Today the funds of about 4,500,000 people are safeguarded through this insurance and a steady flow of savings to finance home ownership has been assured. Associations totalling 2,486, representing aggregate assets of $6,462,376,000, are insured by the Federal Savings and Loan Insurance Corporation.

The Government Helps Provide New Homes

A major attack upon the depressed home building industry came with the National Housing Act of 1934 and the establishment of the Federal Housing Administration. The FHA stimulated home building and helped stabilize the mortgage market by insuring mortgage loans made by private lending institutions at low interest rates and amortized over a long period of years. It also insured loans for improvement and repair of properties.

Home ownership was brought within the means of a great many more families than ever before. The FHA insured loans up to $16,000 if they did not exceed 80 percent of the value of a property and if the loan was amortized over a period of not more than 20 years. It insured loans of not more than $5400 up to 90 percent of the value of a new house with repayment over a period of 25 years. Under the Veterans Emergency Housing Act of 1946, certain loans for as much as 90 percent of necessary current cost are eligible for insurance. The maximum interest rate under the FHA plan is 4 to 4 1/2 percent, plus 1/2 of one percent for mortgage insurance. Loans are repaid in monthly installments which include principal, interest, taxes and insurance.

Before the depression, mortgage loans usually ran for only a few years and it was not uncommon for the interest rate to be 7 percent. Second and third mortgages were used extensively, with high interest rates; renewal fees were costly and the large down payments required often made it difficult for a family of modest means to start on the road to home ownership. Under the FHA plan, a family building a home valued at $5,000 can make a down payment of $500, borrow the remaining $4,500 on a single mortgage and repay it almost like rent.

FHA also insures mortgage loans on large scale rental projects. These loans may be as large as $5,000,000 and are made to limited dividend corporations and other properly constituted bodies.

In conducting its mortgage insurance operations, the FHA has developed standards which have resulted in better homes, more stable neighborhoods, and the development of a secondary mortgage market permitting the easy flow of mortgage money from one end of the country to the other.

The FHA has helped to provide or improve homes for more than 7,000,000 families. It has insured more than $9,127,900,000 in loans, including 5,000,000 that totaled to more than $2,135,900,000 for property repair and improvement; 1,700,000 loans amounting to more than $5,192,000,000 for the purchase, construction or refinancing of homes and rental projects; and loans amounting to $1,800,000,000 on homes for 450,000 war workers. As of March 31, 1946, approximately $4,300,700,000 of these loans had been repaid.

An Attack on the Slums is Begun

While these programs were in operation, the problem of slum clearance and the provision of housing for the under privileged in cities was being attacked. The Public Works Administration, established by Congress in 1933, inaugurated a program primarily aimed at stimulating employment in the building and heavy industry trades through the clearance of slums and the construction of low-rental housing projects. As a housing program, this was experimental and tentative, but it put thousands of men back to work and provided living quarters for more than 21,000 families.

Four years later, in 1937, Congress passed the U. S. Housing Act and established the United States Housing Authority in response to widespread demand for a broader program to provide decent housing for low-income families and to eliminate slums. The USHA was a financial agency designed to aid communities by making loans to local public housing authorities and providing subsidies to help make up the difference between rents that low-income families could afford and economic rents. The authorities, composed of local citizens, are parts of local governments. They plan, build, own, and operate their projects. This program has provided living quarters for more than 105,000 low-income families.

The rent subsidies contributed jointly by local and Federal governments constitute the total public cost of low-rent housing. The Federal share during 1945 was $7,414,000 or $6.03 per dwelling unit per month. The local share, amounting to at least one-fifth of the Federal contributions, was made largely through tax remissions. The total cost of the program to the Federal Government from its inception to December 31, 1945, was $46,790,040.

Aids to Rural Housing

The depression caused serious maladjustment in rural areas of the country. Thousands of farmers and other rural families, such as miners and timber workers, were unemployed and forced off the land on to relief. The subsistence Homesteads Division of the Department of the Interior initiated 33 projects to provide adequate homes and gardens for part-time industrial workers in rural sections. The Resettlement Administration developed farm projects and three suburban communities known as the Greenbelt towns, near Washington, Cincinnati, and Milwaukee, as part of the work relief program. In 1937 this entire program, along with a program of loans for low-income farmers, became a function of the Farm Security Administration. This agency continues to administer the farming projects and the loan program. By 1942 it had been responsible for the construction or rehabilitation of about 38,000 homes on projects or on individual farms purchased under its farm ownership loan program.

When the Federal Public Housing Authority was established in February 1942, the 31 subsistence homesteads projects and three Greenbelt Towns were transferred to it from FSA, since the FPHA was given jurisdiction over all non-farm public housing provided with the aid of Federal funds.

These programs of the Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, the Federal Housing Administration, the United States Housing Authority, the Farm Security Administration, and other agencies, aided many million families. Homes were saved, savings were protected, home ownership was brought within the means of more families, low rent housing was launched for the underprivileged in slum areas, millions of men were put back to work.

War Brings Another Housing Crisis

Soon after the start of the defense emergency in 1939, the nation faced another housing crisis. As new munitions plants were built and peacetime industries expanded, workers began migrating to key production centers. Home building was concentrated in those areas and at first kept pace with the need. But when war came in December 1941, the shortages of critical materials and the imperative need for housing for war workers brought decisive Government action.

The various Government agencies which had been established to combat the depression and stimulate home building were brought into the National Housing Agency, established by executive order of the President in February 1942. Operations were streamlined through three major units -- the Federal Housing Administration, the Federal Home Loan Bank Administration, and the Federal Public Housing Authority -- and housing was drafted for war. Strict controls had to be placed on materials used for housing, because the same materials were needed for direct production of weapons for war, and housing was limited almost entirely to meeting the needs of migrating war workers.

This move brought hardships to the housing industry; it meant restrictions and regulations in what always had been a free market. It meant denying the privilege of building a home to many who, with war incomes, were able to pay for one for the first time in their lives. It forced suspension of the low-rent slum clearance program. And yet not enough materials could be supplied to give even all war workers good homes. Nevertheless, an epic job was done to take care of four million war workers who migrated from all parts of the country to take jobs on production lines.

Communities Help Take Care of Newcomers

War housing programs were carried out in 1,200 communities. Nearly two million war workers, hundreds of thousands of them with families, were taken care of in existing housing -- largely through "Share Your Home" drives conducted by War Housing Centers and carried to success through community support.

Whole towns were built to provide living quarters for vitally needed war workers. Vanport, Ore., a city of some 40,000 population, was built with public funds in a little less than a year. It provided homes for workers in the shipyards of Portland and Vancouver. This city, the second largest in the state, had its own police and fire stations, school, library, stores and theater. Midwest City, Okla., a town of 1,400 homes for war workers, was built with private funds for workers in a nearby cargo plane plant and a repair depot of the Army Air Service Command. These are only two examples. War housing needs varied from a few houses in some smaller communities to scores of thousands in other areas.

Wherever workers could not be taken care of through the existing housing supply or through conversion of existing dwellings into additional units, new housing was scheduled. If there was reasonable belief that the housing could be absorbed after the war, privately-financed housing was programmed. Builders and home-financing institutions were given added protection through special FHA mortgage insurance to take care of wartime risks. Where private enterprise could not meet the need, publicly-financed housing was built -- almost all of it, in the last two war years, consisting of temporary structures to be removed after the war. In all, more than 1,900,000 quarters for war workers and their families were provided through new construction and conversion, since July 1940. When the war housing job ended, more than a million units had been provided by private financing at an investment of approximately $5.6 billion, much of it protected by FHA insurance. Public financing had supplied over 840,000 units at a cost of $2.3 billion.

The Veterans Emergency Housing Program

Through the war housing program, a core of the building industry was kept active in meeting imperative demands and in preparation for the postwar job. On October 15, 1945--two months after the war ended--WPB Order L-41, the war measure which restricted non-residential construction and limited residential building to quotas established by the National Housing Agency, was lifted, and sales price ceilings and priorities for materials were abolished. The result was a boom in non-residential construction, chiefly at the expense of home building. War-curtailed building materials producers and distributors were not yet ready to meet the tremendous demand. Many home builders found themselves unable to compete for scarce materials against commercial and industrial builders. Residential construction declined accordingly.

Meanwhile, the nation's long-standing housing shortage became a housing emergency. As of October 1, 1945, 1,200,000 families were living doubled up with other families. More men were leaving the armed forces in one month than the largest number of houses America had ever built in one year. Vacancy rates in most cities and towns had dropped to all time lows. It was estimated that something near 3 million new dwelling units would be needed by the end of 1947 just to keep the shortage from getting worse.

On December 31 of that year, Title V of the Lanham Act was amended to provide $191,900,000 to aid in providing re-use war housing to communities and educational institutions for veterans accommodations. (Another $253,727,000 was appropriated under the same act on April 9.)

With the plight of home builders steadily growing worse, the government began to restore controls over housing at the turn of the new year. The Civilian Production Administration issued Priority Regulation 33 on January 15; this established a priority system (to be known as "HH priorities") covering 11 critical materials applicable to the construction of veterans' housing costing $10,000 or less or renting for $80 or less a month per unit. Subsequent amendments raised the number of building materials under HH priority ratings to include almost every type of scarce material.

To coordinate these individual approaches to the housing emergency, and to launch a full-scale attack on the veterans' housing problem, the Office of the Housing Expediter was created by Executive Order 9686 on January 26, 1946. The Housing Expediter became Administrator of the National Housing Agency on February 6.

The Housing Expediter was authorized to formulate plans and programs to provide for an increased supply of housing for veterans of World War II, coordinate the activities of other executive agencies to carry out such plans and programs, recommend needed legislation to the President, and consult and cooperate with other national and local agencies, organizations, and industries to solve the housing emergency. On February 7, the Housing Expediter submitted the Veterans Emergency Housing Program to the President, who approved it the following day. The program aimed at placing under construction 2,700,000 homes and apartments by the end of 1947--1.2 million in 1946 and 1.5 million in 1947. The first year's goal included 700,000 conventional houses, 250,000 permanent prefabricated homes and homes assembled on the building lot from prefabricated parts and materials, and 250,000 temporary units (200,000 temporary re-use war housing and 50,000 trailers). The goal for 1947 included 900,000 conventional homes and 600,000 permanent prefabricated homes and homes assembled on site from prefabricated parts and materials.

The Veterans Emergency Housing Program called for:

Sales and rental preference for veterans, servicemen, and nonveteran hardship cases.

Expanded production of building materials and prefabricated houses by use, wherever necessary, of: premium payments, to boost production beyond normal levels by underwriting such abnormal costs as extra shifts, opening of closed plants, new machinery, and other devices needed for getting more production; guaranteed markets for new materials and prefabricated housing, whereby the government would purchase up to 90 per cent of all production that could not be sold on the open market; priority and allocation assistance to building materials producers in obtaining raw materials and equipment; and adjustments of wages and prices where they were impediments to production or recruitment.

Priorities and allocation to home builders for equipment and materials.

Channeling the bulk of materials into good low-priced housing.

Control of building materials and new home prices.

Postponement of all deferrable, non-essential construction in 1946.

Recruitment of 1,500,000 additional workers.

Insurance of mortgages on low-priced homes up to 90 per cent of necessary costs.

Funds for 200,000 temporary public housing units.

Community participation in all phases of the program.

Federal aid to communities in developing home sites.

Passage of the General Housing Bill to effect progressive reductions in housing costs.

The Veterans Emergency Housing Program as thus conceived, was by far the most ambitious home-building program ever undertaken. It called for building in 1946 alone three and one-half times as many homes as were built in 1945; building 70 per cent more in 1947 than in 1946; increasing production at a rate in 1946 that took five years to achieve from 1920 to 1925, the year of peak housing production.

The program launched its first attack upon lagging production in materials, and the diversion of scarce materials to high-priced homes and non-residential construction. The first order issued under the new program was Veterans Emergency Housing Program Order 1, on March 26. It called for deferment of new, unessential, non-residential construction to ease the strain on the many critically short building materials and thus make more of them available for veterans' housing, restricted all new housing to that covered by priorities at $10,000 or less, and required authorization to start any major construction work.

At the same time a campaign for enlistment of community aid was started. Taking a cue from the housing committees appointed in a small number of cities, the Housing Expediter sent letters to the mayors of the major population centers of the country beginning on March 26, requesting them to establish emergency housing committees. These committees were to plan and direct all phases of the local attack on community housing problems. They were to be representative of veterans, local government, builders, materials suppliers, financial, real estate, minority, and other business and public interest groups. As of October 30, 687 such committees had been organized.

To aid construction of both rental units and moderately-priced housing, a channeling order was issued on April 21, requiring 25 per cent of all HH authorizations reserved for rental housing, and 50 per cent of both rental and sales construction to be priced at or below local dividing lines. These dividing lines are based on the local current cost of producing a minimum acceptable two-bedroom house, as determined by FHA standards.

To break one of the building industry's chief bottlenecks--lumber--the National Housing Agency reached an agreement with the Department of Agriculture on May 16 to (1) build access roads to hitherto inaccessible government timber stands and thus increase our lumber supply, (2) obtain Forest Service preference for bidders

for National forest timber whose output would result in maximum production of materials needed for the Veterans Emergency Housing Program, and (3) overcut timber beyond normal yield for an emergency period in certain localities of the South and West. The construction or improvement of almost 2700 miles of access roads under this agreement was expected to add more than 2 billion feet of timber to the nation's lumber supply by the end of 1947. By September 30 about half of the roads had been started and a substantial share completed.

The Veterans Emergency Housing Act, passed by Congress on May 22, reaffirmed the powers granted the Housing Expediter by the President. It: (1) authorized $400,000,000 for premium payments to stimulate production of critically-needed materials; (2) restored Title VI of the National Housing Act to operation by adding a billion dollars to the amount of home mortgage loans made by private lending institutions which the Federal Housing Administration may insure under this Title, while permitting the Federal Housing Administration to insure mortgage loans up to 90 per cent of the "necessary current cost" on the property involved, including land; (3) authorized the Housing Expediter to guarantee markets for prefabricated houses and new types of materials; (4) provided $15,000,000 for the building of access roads; (5) permitted the sum of $5,400 for a mortgage loan on a single-family house, with a provision that it could be raised to $8,100; (6) ordered preference on all new construction built with FHA-insured mortgages under Title VI occupancy to be given to veterans and servicemen; and (7) authorized the Housing Expediter to control exports of housing materials. One of the major provisions which the Housing Expediter had requested in his February 7 report to the President--ceiling prices on old housing and on building lots in urban areas--was not included in this bill.

The first premium payment plan authorized under the Veterans Emergency Housing Act became effective June 1. It set up a system of incentive payments to manufacturers of structural clay products--one of the most critically short building materials; under it producers would be paid $5 for each 1,000 standard brick equivalents manufactured over established quotas. By November 1, sixteen premium payment plans were in effect, covering the major critical building materials.

By mid-year it was apparent that authorized non-residential construction was draining an undue amount of critical building materials away from home building. At the request of the Housing Expediter the Civilian Production Administration ordered its field offices on May 30 to reduce the dollar value of non-housing construction authorizations by two-thirds for at least the next 45 days to keep building in line with materials supply. Permitted non-housing construction was subsequently curtailed twice. Other actions followed swiftly in June: Minimum construction standards and inspections by the Federal Housing Administration were established for all HH priority housing; production of every sawmill was brought under Government control to boost construction grades of lumber and flooring reserves by more than 4.25 billion feet; $2 million was made available to the Secretary of Agriculture for constructing access roads; an emergency distribution system for steel was set up. By the end of the month some 1,900 local apprentice training programs for homebuilding workers had been placed in operation.

July, August, and September saw further amplification of the Veterans Emergency Housing Program. In July, 26 Army and Navy installations were turned over to the program through the War Assets Administration, 21 materials were ordered set-aside for housing, Army and Navy nail supplies were drawn upon to supply home builders, and super-HH priorities were established for a 30-day period to rush completion of 100,000 temporary housing units during the next three months.

The major action of August, however, was the announcement of the "big push" to get more materials into veterans' housing, so that more homes could be completed before winter set in and more new home construction get under way. The "push" consisted of (1) setting aside a much greater proportion of scarce building supplies for housing; (2) adding many critical building items to the list of materials under priority control; (3) obtaining stricter compliance by closer inspection of the sale of building materials, and (4) cutting the volume of non-housing construction sharply with a more rigorous review of the essentiality of such construction. "Set-asides" were increased to make it possible for priority holders to obtain needed building materials more rapidly. This was done not only by increasing the proportion of material which must be held by dealers for priority orders, but also by requiring the dealer to hold this materials until a priority order was presented. Heretofore the dealer had been required to "set-aside" this material for only 21 to 30 days for priority orders, after which time he could sell to any purchaser.

During September rental housing and disposal of surplus Government property were given prime attention. On September 4 announcement was made of approval by the Commissioner of Internal Revenue to an NHA proposal to allow builders and owners of multi-family rental projects to step-up the rate of depreciation for tax purposes. On the 13th, Housing Expediter Priority Regulation 4 announced that special assistance would be provided to builders, contractors, utilities, and producers of both materials and factory-built homes in obtaining surplus Government materials and equipment from War Assets Administration.

October saw the signing of the first guaranteed market contracts with three firms producing prefabricated housing (a fourth was signed in November and several others are being negotiated), and the further expansion of priority procedures for channeling scarce building materials into the Veterans Emergency Housing Program.

By November 1, a recapitulation of the results of actions taken by the Veterans Emergency Housing Program showed both a sharp increase in building materials and a near record-breaking rate of homebuilding. While the obstacles encountered by the program--work

stoppages in basic industries, the time required to obtain needed legislation, uncertainties about the fate of price control during crucial early stages of program and failure of prefabricated housing to meet anticipated production goals--made it clear that the original goal of 1,200,000 homes and apartments under construction by the end of 1946 would not be reached, the record was impressive.

By November 1, the home construction record of the Veterans Emergency Housing Program for the first 10 months of 1946 showed:

Total Units begun in Ten Months		882,200
New Permanents	579,900	
Conversions	51,100	
Trailers	36,200	
Temporaries	191,600	
Other Public Bodies and Schools . .	23,400	
Total Units Completed in Ten Months		500,400
New Permanents	341,200	
Conversions	50,400	
Trailers	36,200	
Temporaries	69,100	
Other Public Bodies and Schools . .	3,500	

It was apparent that the total number of housing units of all types put under construction during the full year of 1946 would reach the 1,000,000 mark, with all the original volume goal of the program substantially achieved or exceeded, except that for factory-built houses.

Building materials production showed sharp increases: monthly lumber out-put in August was over 3.45 billion board feet--a record since 1929--while in October gypsum board and lath rose to an all-time high of more than 326 million feet. Cast-iron soil pipe was up 22 per cent, cast-iron radiation rose 25 per cent, and plumbing fixture increases ranged up to 42 per cent over September. Many of these production increases were due to such government aids as materials allocation, price adjustments (over 250 in 1946), priorities assistance for raw materials and equipment, and premium payment plans.

For example, when the premium payment plan for merchant gypsum paper liner went into effect last June, monthly production of gypsum board and lath was about 240 million square feet. In October it had risen to the all-time high figure given above. When the premium payment plan for peeler logs (used in plywood manufacture) was introduced in June, the monthly output of softwood plywood for the first quarter was a little over 100 million square feet. Estimated October Production was 145 million square feet, and representatives of the industry stated that they had accumulated log inventories that would enable them to maintain production throughout the winter. Other materials under premium plans also showed significant increases.

Imports of lumber from Canada and Mexico rose and held at peak levels, and by October lumber imports were nearly three times as high as exports. During July, August, and September imports of lumber suitable for use in housing were five times greater than exports of such products.

Labor recruitment also showed substantial increases. Almost 450,000 residential construction workers were added to the labor force between October 1945 and October 1946, an increase of nearly 270 per cent. The Apprentice Training Service reported 77,099 workers apprenticed to building trades in September, as against less than 25,000 in April.

Thus, by the end of October, homebuilding had risen from the low wartime level to one of the highest levels in 20 years. Production of most building materials during the postwar months of price control had increased at unprecedented rates to record or near-record levels; even the removal of price controls on building materials on November 4 was less serious than it would have been without such production in nearly every field of building materials.

Decontrol of building materials prices and the broader effects of relaxing wartime controls, however, obviously required a complete review of the housing program. This review was under way near the close of the year, with the role of future government action in the veterans' housing field to be determined.

The Continuing Job

The Congress in providing for reuse of war housing and in passage of the Veterans Emergency Housing Act has taken two important steps toward providing housing accommodations for veterans of World War II. Further legislation is needed to help provide homes at sales and rental prices veterans can afford and to provide the tools necessary for a continued high level of home production aimed at good homes for all Americans.

Even after the present emergency is met, there will be a continuing demand for homes. The NHA has estimated that at least 12,600,000 non-farm dwellings alone will be required in the first 10 postwar years to meet the needs of new families and to make substantial progress in the replacement of sub-standard structures. That means that at least one and a quarter million houses and apartments must be built each year -- far more than the highest home production in the housing boom of the twenties. Housing in this volume also would make a major contribution to employment and full production.

Substantial reductions must be made in home-building costs. Technological improvement through research and the development of new materials and methods of construction, together with community planning. offer an effective means of lowering building costs and accelerating a well-rounded housing program.

The reforms in home mortgage financing that grew out of the depression will continue to make a substantial contribution to home ownership. Resumption of the public housing program halted by war would provide more decent housing for low-income families. Extension of the mortgage insurance system and new Federal aids to enable private enterprise to serve a larger portion of the market, both for rental and sales housing; a program to enable cities to clear slum areas for redevelopment; provisions for rural housing -- all are needed to do the full housing job.

Such Federal housing tools, along with improvements in construction methods, building materials and equipment, the new approaches to volume production through utilization of industrial resources, and the experience with large-scale projects gained as a result of the war and the present Veterans' program. should help to provide the impetus for a program of better housing for all American families.

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At the end of 1945 the Corporation was more than three-fourths liquidated, with its $3,500,000,000 total investment now down to $853,951,000. It was able to announce that its final liquidation is assured without a dollar of cost to the government instead of the half a billion to a billion dollars in losses widely predicted when the HOLC was launched upon its lending venture during the depression. When the Corporation's affairs are wound up, the U. S. Treasury will also receive a moderate return on the capital it provided.

The HOLC also gave new life to the Federal Home Loan Bank System, which had been established in 1932 to provide a credit reserve for savings and loan associations and other home financing institutions. The System had been powerless in the face of the crisis, but with the worst burden of frozen mortgages lifted by the HOLC, it began to function through its 11 regional Federal Home Loan Banks and brought new liquidity and order to the home financing field. Federal charters were granted to new savings and loan associations established in communities which lacked adequate home-financing facilities or to existing state-chartered associations which desired such status and could qualify. Both Federal and state chartered institutions were given access to reserves which enabled them to expand their operations when there was a demand for home-financing and which could protect them and their investors in time of stress. Since its establishment, the Bank System has advanced $1,751,000,000 in credit to its member institutions, of which $172,669,000 was outstanding on May 31, 1946.

Congress took another step to restore public confidence in home-financing institutions with the establishment of the Federal Savings and Loan Insurance Corporation in 1934. It insured the funds of investors up to $5,000 each in all Federal savings and loan associations and in state chartered associations which applied and qualified for the insurance protection. Today the funds of about 4,500,000 people are safeguarded through this insurance and a steady flow of savings to finance home ownership has been assured. Associations totalling 2,486, representing aggregate assets of $6,462,376,000, are insured by the Federal Savings and Loan Insurance Corporation.

The Government Helps Provide New Homes

A major attack upon the depressed home building industry came with the National Housing Act of 1934 and the establishment of the Federal Housing Administration. The FHA stimulated home building and helped stabilize the mortgage market by insuring mortgage loans made by private lending institutions at low interest rates and

amortized over a long period of years. It also insured loans for improvement and repair of properties.

Home ownership was brought within the means of a great many more families than ever before. The FHA insured loans up to $16,000 if they did not exceed 80 percent of the value of a property and if the loan was amortized over a period of not more than 20 years. It insured loans of not more than $5400 up to 90 percent of the value of a new house with repayment over a period of 25 years. Under the Veterans Emergency Housing Act of 1946, certain loans for as much as 90 percent of necessary current cost are eligible for insurance. The maximum interest rate under the FHA plan is 4 to 4 1/2 percent, plus 1/2 of one percent for mortgage insurance. Loans are repaid in monthly installments which include principal, interest, taxes and insurance.

Before the depression, mortgage loans usually ran for only a few years and it was not uncommon for the interest rate to be 7 percent. Second and third mortgages were used extensively, with high interest rates; renewal fees were costly and the large down payments required often made it difficult for a family of modest means to start on the road to home ownership. Under the FHA plan, a family building a home valued at $5,000 can make a down payment of $500, borrow the remaining $4,500 on a single mortgage and repay it almost like rent.

FHA also insures mortgage loans on large scale rental projects. These loans may be as large as $5,000,000 and are made to limited dividend corporations and other properly constituted bodies.

In conducting its mortgage insurance operations, the FHA has developed standards which have resulted in better homes, more stable neighborhoods, and the development of a secondary mortgage market permitting the easy flow of mortgage money from one end of the country to the other.

The FHA has helped to provide or improve homes for more than 7,000,000 families. It has insured more than $9,127,900,000 in loans, including 5,000,000 that totaled to more than $2,135,900,000 for property repair and improvement; 1,700,000 loans amounting to more than $5,192,000,000 for the purchase, construction or refinancing of homes and rental projects; and loans amounting to $1,800,000,000 on homes for 450,000 war workers. As of March 31, 1946, approximately $4,300,700,000 of these loans had been repaid.

An Attack on the Slums is Begun

While these programs were in operation, the problem of slum clearance and the provision of housing for the under privileged in cities was being attacked. The Public Works Administration, established by Congress in 1933, inaugurated a program primarily aimed at stimulating employment in the building and heavy industry trades through the clearance of slums and the construction of low-rental housing projects. As a housing program, this was experimental and tentative, but it put thousands of men back to work and provided living quarters for more than 21,000 families.

Four years later, in 1937, Congress passed the U. S. Housing Act and established the United States Housing Authority in response to widespread demand for a broader program to provide decent housing for low-income families and to eliminate slums. The USHA was a financial agency designed to aid communities by making loans to local public housing authorities and providing subsidies to help make up the difference between rents that low-income families could afford and economic rents. The authorities, composed of local citizens, are parts of local governments. They plan, build, own, and operate their projects. This program has provided living quarters for more than 105,000 low-income families.

The rent subsidies contributed jointly by local and Federal governments constitute the total public cost of low-rent housing. The Federal share during 1945 was $7,414,000 or $6.03 per dwelling unit per month. The local share, amounting to at least one-fifth of the Federal contributions, was made largely through tax remissions. The total cost of the program to the Federal Government from its inception to December 31, 1945, was $46,790,040.

Aids to Rural Housing

The depression caused serious maladjustment in rural areas of the country. Thousands of farmers and other rural families, such as miners and timber workers, were unemployed and forced off the land on to relief. The subsistence Homesteads Division of the Department of the Interior initiated 33 projects to provide adequate homes and gardens for part-time industrial workers in rural sections. The Resettlement Administration developed farm projects and three suburban communities known as the Greenbelt towns, near Washington, Cincinnati, and Milwaukee, as part of the work relief program. In 1937 this entire program, along with a program of loans for low-income farmers, became a function of the Farm Security Administration. This agency continues to administer the farming projects and the loan program. By 1942 it had been responsible for the construction or rehabilitation of about 38,000 homes on projects or on individual farms purchased under its farm ownership loan program.

When the Federal Public Housing Authority was established in February 1942, the 31 subsistence homesteads projects and three Greenbelt Towns were transferred to it from FSA, since the FPHA was given jurisdiction over all non-farm public housing provided with the aid of Federal funds.

These programs of the Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, the Federal Housing Administration, the United States Housing Authority, the Farm Security Administration, and other agencies, aided many million families. Homes were saved, savings were protected, home ownership was brought within the means of more families, low rent housing was launched for the underprivileged in slum areas, millions of men were put back to work.

War Brings Another Housing Crisis

Soon after the start of the defense emergency in 1939, the nation faced another housing crisis. As new munitions plants were built and peacetime industries expanded, workers began migrating to key production centers. Home building was concentrated in those areas and at first kept pace with the need. But when war came in December 1941, the shortages of critical materials and the imperative need for housing for war workers brought decisive Government action.

The various Government agencies which had been established to combat the depression and stimulate home building were brought into the National Housing Agency, established by executive order of the President in February 1942. Operations were streamlined through three major units -- the Federal Housing Administration, the Federal Home Loan Bank Administration, and the Federal Public Housing Authority -- and housing was drafted for war. Strict controls had to be placed on materials used for housing, because the same materials were needed for direct production of weapons for war, and housing was limited almost entirely to meeting the needs of migrating war workers.

This move brought hardships to the housing industry; it meant restrictions and regulations in what always had been a free market. It meant denying the privilege of building a home to many who, with war incomes, were able to pay for one for the first time in their lives. It forced suspension of the low-rent slum clearance program. And yet not enough materials could be supplied to give even all war workers good homes. Nevertheless, an epic job was done to take care of four million war workers who migrated from all parts of the country to take jobs on production lines.

Communities Help Take Care of Newcomers

War housing programs were carried out in 1,200 communities. Nearly two million war workers, hundreds of thousands of them with families, were taken care of in existing housing -- largely through "Share Your Home" drives conducted by War Housing Centers and carried to success through community support.

Whole towns were built to provide living quarters for vitally needed war workers. Vanport, Ore., a city of some 40,000 population, was built with public funds in a little less than a year. It provided homes for workers in the shipyards of Portland and Vancouver. This city, the second largest in the state, had its own police and fire stations, school, library, stores and theater. Midwest City, Okla., a town of 1,400 homes for war workers, was built with private funds for workers in a nearby cargo plane plant and a repair depot of the Army Air Service Command. These are only two examples. War housing needs varied from a few houses in some smaller communities to scores of thousands in other areas.

Wherever workers could not be taken care of through the existing housing supply or through conversion of existing dwellings into additional units, new housing was scheduled. If there was reasonable belief that the housing could be absorbed after the war, privately-financed housing was programmed. Builders and home-financing institutions were given added protection through special FHA mortgage insurance to take care of wartime risks. Where private enterprise could not meet the need, publicly-financed housing was built -- almost all of it, in the last two war years, consisting of temporary structures to be removed after the war. In all, more than 1,900,000 quarters for war workers and their families were provided through new construction and conversion, since July 1940. When the war housing job ended, more than a million units had been provided by private financing at an investment of approximately $5.6 billion, much of it protected by FHA insurance. Public financing had supplied over 840,000 units at a cost of $2.3 billion.

The Veterans Emergency Housing Program

Through the war housing program, a core of the building industry was kept active in meeting imperative demands and in preparation for the postwar job. On October 15, 1945--two months after the war ended--WPB Order L-41, the war measure which restricted non-residential construction and limited residential building to quotas established by the National Housing Agency, was lifted, and sales price ceilings and priorities for materials were abolished. The result was a boom in non-residential construction, chiefly at the expense of home building. War-curtailed building materials producers and distributors were not yet ready to meet the tremendous demand. Many home builders found themselves unable to compete for scarce materials against commercial and industrial builders. Residential construction declined accordingly.

Meanwhile, the nation's long-standing housing shortage became a housing emergency. As of October 1, 1945, 1,200,000 families were living doubled up with other families. More men were leaving the armed forces in one month than the largest number of houses America had ever built in one year. Vacancy rates in most cities and towns had dropped to all time lows. It was estimated that something near 3 million new dwelling units would be needed by the end of 1947 just to keep the shortage from getting worse.

On December 31 of that year, Title V of the Lanham Act was amended to provide $191,900,000 to aid in providing re-use war housing to communities and educational institutions for veterans accommodations. (Another $253,727,000 was appropriated under the same act on April 9.)

With the plight of home builders steadily growing worse, the government began to restore controls over housing at the turn of the new year. The Civilian Production Administration issued Priority Regulation 33 on January 15; this established a priority system (to be known as "HH priorities") covering 11 critical materials applicable to the construction of veterans' housing costing $10,000 or less or renting for $80 or less a month per unit. Subsequent amendments raised the number of building materials under HH priority ratings to include almost every type of scarce material.

To coordinate these individual approaches to the housing emergency, and to launch a full-scale attack on the veterans' housing problem, the Office of the Housing Expediter was created by Executive Order 9686 on January 26, 1946. The Housing Expediter became Administrator of the National Housing Agency on February 6.

The Housing Expediter was authorized to formulate plans and programs to provide for an increased supply of housing for veterans of World War II, coordinate the activities of other executive agencies to carry out such plans and programs, recommend needed legislation to the President, and consult and cooperate with other national and local agencies, organizations, and industries to solve the housing emergency. On February 7, the Housing Expediter submitted the Veterans Emergency Housing Program to the President, who approved it the following day. The program aimed at placing under construction 2,700,000 homes and apartments by the end of 1947--1.2 million in 1946 and 1.5 million in 1947. The first year's goal included 700,000 conventional houses, 250,000 permanent prefabricated homes and homes assembled on the building lot from prefabricated parts and materials, and 250,000 temporary units (200,000 temporary re-use war housing and 50,000 trailers). The goal for 1947 included 900,000 conventional homes and 600,000 permanent prefabricated homes and homes assembled on site from prefabricated parts and materials.

The Veterans Emergency Housing Program called for:

Sales and rental preference for veterans, servicemen, and nonveteran hardship cases.

Expanded production of building materials and prefabricated houses by use, wherever necessary, of: premium payments, to boost production beyond normal levels by underwriting such abnormal costs as extra shifts, opening of closed plants, new machinery, and other devices needed for getting more production; guaranteed markets for new materials and prefabricated housing, whereby the government would purchase up to 90 per cent of all production that could not be sold on the open market; priority and allocation assistance to building materials producers in obtaining raw materials and equipment; and adjustments of wages and prices where they were impediments to production or recruitment.

Priorities and allocation to home builders for equipment and materials.

Channeling the bulk of materials into good low-priced housing.

Control of building materials and new home prices.

Postponement of all deferrable, non-essential construction in 1946.

Recruitment of 1,500,000 additional workers.

Insurance of mortgages on low-priced homes up to 90 per cent of necessary costs.

Funds for 200,000 temporary public housing units.

Community participation in all phases of the program.

Federal aid to communities in developing home sites.

Passage of the General Housing Bill to effect progressive reductions in housing costs.

The Veterans Emergency Housing Program as thus conceived, was by far the most ambitious home-building program ever undertaken. It called for building in 1946 alone three and one-half times as many homes as were built in 1945; building 70 per cent more in 1947 than in 1946; increasing production at a rate in 1946 that took five years to achieve from 1920 to 1925, the year of peak housing production.

The program launched its first attack upon lagging production in materials, and the diversion of scarce materials to high-priced homes and non-residential construction. The first order issued under the new program was Veterans Emergency Housing Program Order 1, on March 26. It called for deferment of new, unessential, non-residential construction to ease the strain on the many critically short building materials and thus make more of them available for veterans' housing, restricted all new housing to that covered by priorities at $10,000 or less, and required authorization to start any major construction work.

At the same time a campaign for enlistment of community aid was started. Taking a cue from the housing committees appointed in a small number of cities, the Housing Expediter sent letters to the mayors of the major population centers of the country beginning on March 26, requesting them to establish emergency housing committees. These committees were to plan and direct all phases of the local attack on community housing problems. They were to be representative of veterans, local government, builders, materials suppliers, financial, real estate, minority, and other business and public interest groups. As of October 30, 687 such committees had been organized.

To aid construction of both rental units and moderately-priced housing, a channeling order was issued on April 21, requiring 25 per cent of all HH authorizations reserved for rental housing, and 50 per cent of both rental and sales construction to be priced at or below local dividing lines. These dividing lines are based on the local current cost of producing a minimum acceptable two-bedroom house, as determined by FHA standards.

To break one of the building industry's chief bottlenecks--lumber--the National Housing Agency reached an agreement with the Department of Agriculture on May 16 to (1) build access roads to hitherto inaccessible government timber stands and thus increase our lumber supply, (2) obtain Forest Service preference for bidders for National forest timber whose output would result in maximum production of materials needed for the Veterans Emergency Housing Program, and (3) overcut timber beyond normal yield for an emergency period in certain localities of the South and West. The construction or improvement of almost 2700 miles of access roads under this agreement was expected to add more than 2 billion feet of timber to the nation's lumber supply by the end of 1947. By September 30 about half of the roads had been started and a substantial share completed.

The Veterans Emergency Housing Act, passed by Congress on May 22, reaffirmed the powers granted the Housing Expediter by the President. It: (1) authorized $400,000,000 for premium payments to stimulate production of critically-needed materials; (2) restored Title VI of the National Housing Act to operation by adding a billion dollars to the amount of home mortgage loans made by private lending institutions which the Federal Housing Administration may insure under this Title, while permitting the Federal Housing Administration to insure mortgage loans up to 90 per cent of the "necessary current cost" on the property involved, including land; (3) authorized the Housing Expediter to guarantee markets for prefabricated houses and new types of materials; (4) provided $15,000,000 for the building of access roads; (5) permitted the sum of $5,400 for a mortgage loan on a single-family house, with a provision that it could be raised to $8,100; (6) ordered preference on all new construction built with FHA-insured mortgages under Title VI occupancy to be given to veterans and servicemen; and (7) authorized the Housing Expediter to control exports of housing materials. One of the major provisions which the Housing Expediter had requested in his February 7 report to the President--ceiling prices on old housing and on building lots in urban areas--was not included in this bill.

The first premium payment plan authorized under the Veterans Emergency Housing Act became effective June 1. It set up a system of incentive payments to manufacturers of structural clay products--one of the most critically short building materials; under it producers would be paid $5 for each 1,000 standard brick equivalents manufactured over established quotas. By November 1, sixteen premium payment plans were in effect, covering the major critical building materials.

By mid-year it was apparent that authorized non-residential construction was draining an undue amount of critical building materials away from home building. At the request of the Housing Expediter the Civilian Production Administration ordered its field offices on May 30 to reduce the dollar value of non-housing construction authorizations by two-thirds for at least the next 45 days to keep building in line with materials supply. Permitted non-housing construction was subsequently curtailed twice. Other actions followed swiftly in June: Minimum construction standards and inspections by the Federal Housing Administration were established for all HH priority housing; production of every sawmill was brought under Government control to boost construction grades of lumber and flooring reserves by more than 4.25 billion feet; $2 million was made available to the Secretary of Agriculture for constructing access roads; an emergency distribution system for steel was set up. By the end of the month some 1,900 local apprentice training programs for homebuilding workers had been placed in operation.

July, August, and September saw further amplification of the Veterans Emergency Housing Program. In July, 26 Army and Navy installations were turned over to the program through the War Assets Administration, 21 materials were ordered set-aside for housing, Army and Navy nail supplies were drawn upon to supply home builders, and super-HH priorities were established for a 30-day period to rush completion of 100,000 temporary housing units during the next three months.

The major action of August, however, was the announcement of the "big push" to get more materials into veterans' housing, so that more homes could be completed before winter set in and more new home construction get under way. The "push" consisted of (1) setting aside a much greater proportion of scarce building supplies for housing; (2) adding many critical building items to the list of materials under priority control; (3) obtaining stricter compliance by closer inspection of the sale of building materials, and (4) cutting the volume of non-housing construction sharply with a more rigorous review of the essentiality of such construction. "Set-asides" were increased to make it possible for priority holders to obtain needed building materials more rapidly. This was done not only by increasing the proportion of material which must be held by dealers for priority orders, but also by requiring the dealer to hold this materials until a priority order was presented. Heretofore the dealer had been required to "set-aside" this material for only 21 to 30 days for priority orders, after which time he could sell to any purchaser.

During September rental housing and disposal of surplus Government property were given prime attention. On September 4 announcement was made of approval by the Commissioner of Internal Revenue to an NHA proposal to allow builders and owners of multi-family rental projects to step-up the rate of depreciation for tax purposes. On the 13th, Housing Expediter Priority Regulation 4 announced that special assistance would be provided to builders, contractors, utilities, and producers of both materials and factory-built homes in obtaining surplus Government materials and equipment from War Assets Administration.

October saw the signing of the first guaranteed market contracts with three firms producing prefabricated housing (a fourth was signed in November and several others are being negotiated), and the further expansion of priority procedures for channeling scarce building materials into the Veterans Emergency Housing Program.

By November 1, a recapitulation of the results of actions taken by the Veterans Emergency Housing Program showed both a sharp increase in building materials and a near record-breaking rate of homebuilding. While the obstacles encountered by the program--work

stoppages in basic industries, the time required to obtain needed legislation, uncertainties about the fate of price control during crucial early stages of program and failure ofprefabricated housing to meet anticipated production goals--made it clear that the original goal of 1,200,000 homes and apartments under construction by the end of 1946 would not be reached, the record was impressive.

By November 1, the home construction record of the Veterans Emergency Housing Program for the first 10 months of 1946 showed:

Total Units begun in Ten Months		882,200
New Permanents	579,900	
Conversions	51,100	
Trailers	36,200	
Temporaries	191,600	
Other Public Bodies and Schools	23,400	
Total Units Completed in Ten Months		500,400
New Permanents	341,200	
Conversions	50,400	
Trailers	36,200	
Temporaries	69,100	
Other Public Bodies and Schools	3,500	

It was apparent that the total number of housing units of all types put under construction during the full year of 1946 would reach the 1,000,000 mark, with all the original volume goal of the program substantially achieved or exceeded, except that for factory-built houses.

Building materials production showed sharp increases: monthly lumber out-put in August was over 3.45 billion board feet--a record since 1929--while in October gypsum board and lath rose to an all-time high of more than 326 million feet. Cast-iron soil pipe was up 22 per cent, cast-iron radiation rose 25 per cent, and plumbing fixture increases ranged up to 42 per cent over September. Many of these production increases were due to such government aids as materials allocation. price adjustments (over 250 in 1946), priorities assistance for raw materials and equipment, and premium payment plans.

For example, when the premium payment plan for merchant gypsum paper liner went into effect last June, monthly production of gypsum board and lath was about 240 million square feet. In October it had risen to the all-time high figure given above. When the premium payment plan for peeler logs (used in plywood manufacture) was introduced in June, the monthly output of softwood plywood for the first quarter was a little over 100 million square feet. Estimated October Production was 145 million square feet, and representatives of the industry stated that they had accumulated log inventories that would enable them to maintain production throughout the winter. Other materials under premium plans also showed significant increases.

Imports of lumber from Canada and Mexico rose and held at peak levels, and by October lumber imports were nearly three times as high as exports. During July, August, and September imports of lumber suitable for use in housing were five times greater than exports of such products.

Labor recruitment also showed substantial increases. Almost 450,000 residential construction workers were added to the labor force between October 1945 and October 1946, an increase of nearly 270 per cent. The Apprentice Training Service reported 77,099 workers apprenticed to building trades in September, as against less than 25,000 in April.

Thus, by the end of October, homebuilding had risen from the low wartime level to one of the highest levels in 20 years. Production of most building materials during the postwar months of price control had increased at unprecedented rates to record or near-record levels; even the removal of price controls on building materials on November 4 was less serious than it would have been without such production in nearly every field of building materials.

Decontrol of building materials prices and the broader effects of relaxing wartime controls, however, obviously required a complete review of the housing program. This review was under way near the close of the year, with the role of future government action in the veterans' housing field to be determined.

The Continuing Job

The Congress in providing for reuse of war housing and in passage of the Veterans Emergency Housing Act has taken two important steps toward providing housing accommodations for veterans of World War II. Further legislation is needed to help provide homes at sales and rental prices veterans can afford and to provide the tools necessary for a continued high level of home production aimed at good homes for all Americans.

Even after the present emergency is met, there will be a continuing demand for homes. The NHA has estimated that at least 12,600,000 non-farm dwellings alone will be required in the first 10 postwar years to meet the needs of new families and to make substantial progress in the replacement of sub-standard structures. That means that at least one and a quarter million houses and apartments must be built each year -- far more than the highest home production in the housing boom of the twenties. Housing in this volume also would make a major contribution to employment and full production.

Substantial reductions must be made in home-building costs. Technological improvement through research and the development of new materials and methods of construction, together with community planning. offer an effective means of lowering building costs and accelerating a well-rounded housing program.

The reforms in home mortgage financing that grew out of the depression will continue to make a substantial contribution to home ownership. Resumption of the public housing program halted by war would provide more decent housing for low-income families. Extension of the mortgage insurance system and new Federal aids to enable private enterprise to serve a larger portion of the market, both for rental and sales housing; a program to enable cities to clear slum areas for redevelopment; provisions for rural housing -- all are needed to do the full housing job.

Such Federal housing tools, along with improvements in construction methods, building materials and equipment, the new approaches to volume production through utilization of industrial resources, and the experience with large-scale projects gained as a result of the war and the present Veterans' program. should help to provide the impetus for a program of better housing for all American families.