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UNITED STATES HOUSING AUTHORITY

Questions and Answers

# Questions *and* Answers

*The Program of the*  
UNITED STATES HOUSING AUTHORITY  
*—its Record to Date*



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*" . . . we are launching an attack  
on the slums of this country which  
must go forward until every American  
family has a decent home."*

FRANKLIN D. ROOSEVELT

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Before

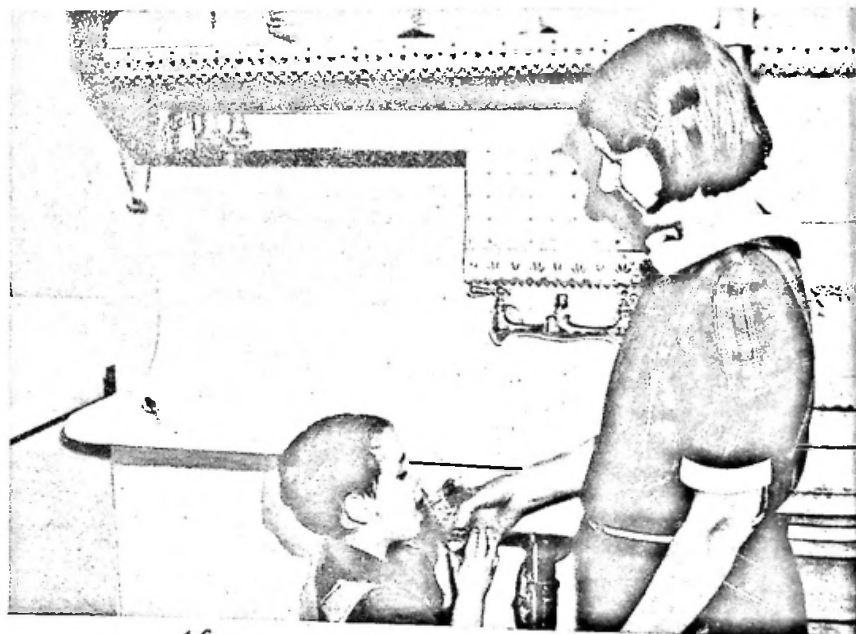
After



These four sets of parallel photographs show four slum sites and the four low-rent housing projects under the USHA program completed on these sites.



*Before . . .* When Mrs. C. . . . . and her five children lived in this Cedar Street house in Buffalo, she struggled with poor kitchen facilities. There was no installed heating equipment.



*After . . .* Mrs. C. . . . . 's kitchen (in the Lakeview Project) has transformed housekeeping duties. Her new home is well-heated, and equipped with modern conveniences.

## *Why did Congress create the United States Housing Authority?*

The United States Housing Authority was established in 1937 after years of Congressional hearings showed two simple facts: first, about one-third of all the families in this country were living under conditions that were impairing health, safety, and morals; second, neither private nor public machinery existed to help these families obtain decent, safe, and sanitary homes.

The program of slum clearance and low-rent housing was begun by Congress:

Because there was a shortage of decent shelter within the means of families in the lowest income group.

Because it was necessary to protect our children from the blight of slum conditions which increase infant mortality.

Because communities needed relief from the excessive cost of crime, disease, and delinquency traceable to the slums.

Because it was desirable to provide employment for labor in the construction field where the unemployment problem had been the most difficult and the most constant.

Because much capital was lying idle and the USHA program provided a new opportunity for sound and useful investment of funds.

Because the low-rent housing program would produce permanent community assets and thus build up the durable wealth of the Nation.

Because the program would add strength to American democracy by providing low-income families with healthful and comfortable homes in which to rear their children.



*Jacksonville, Fla.*—Next door to the Durkeeville Project, many new private homes are being built.



*Milwaukee, Wis.*—Privately built homes rapidly filling vacant lots across from Parklawn Project.



*Washington, D. C.*—A row of privately constructed houses near Langston Housing Project.

## *Does the public housing program compete with private enterprise?*

The program does not compete with private enterprise because, under the law, the only families who can live in public housing projects are those whose incomes are so low that private enterprise does not build decent, safe, and sanitary dwellings within their means.

The only families admitted to any USHA-aided project are those who have been living in the slums because they cannot afford to pay for decent housing.

Before the USHA agrees to help any project, extensive studies are made of family budgets, and housing conditions in the community where the project is to be located. Unless rents in the proposed public housing project are far below the lowest rents at which decent homes are available in the community, the project is not approved by the USHA.

The facts about home building in the United States tell the whole story.

This country needs about 900,000 new homes a year for the next decade or so. Of these, one-third should be for the top-income third, one-third should be for the middle-income third, and one-third should be for the lowest-income third.

Private enterprise is now building at the rate of about 360,000 homes a year for the top-income third. In this group there is obviously no problem.

Private enterprise is now building at the rate of about 60,000 homes a year for the middle-income third. For this group there is a tremendous need unfilled from any source.

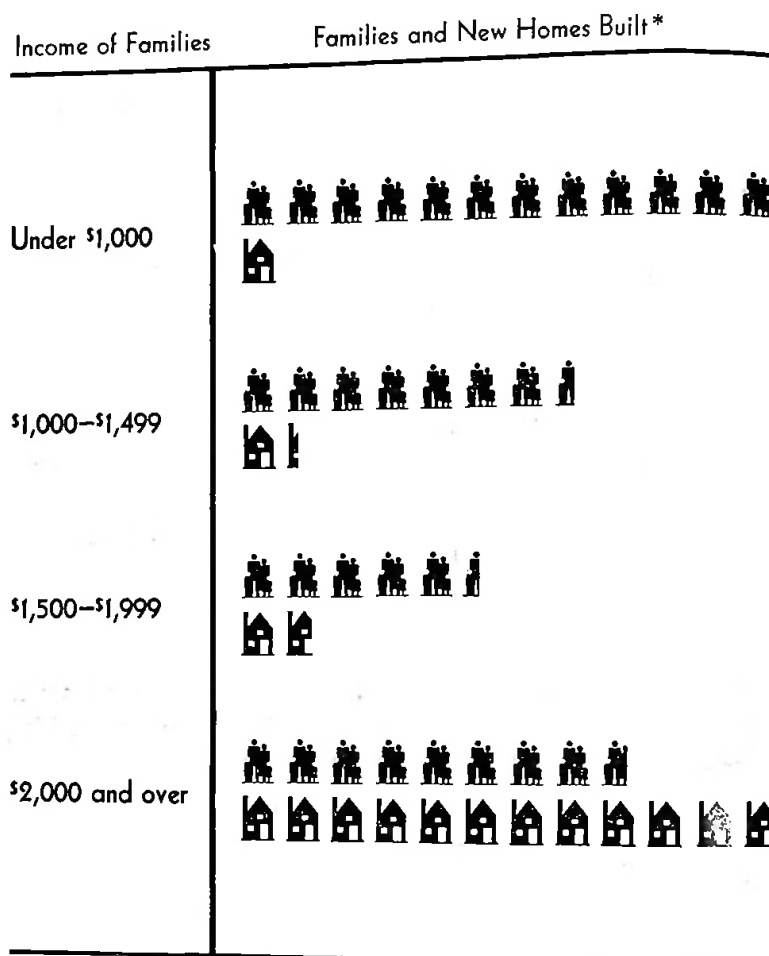
Private industry is not building at all for the lowest-income third. For this group the USHA program is now providing about 60,000 homes a year.

These being the facts, it is clear that the development of a public housing program strictly limited to families in the lowest-income third cannot conceivably compete with private enterprise.



## Urban Residential Construction for Families in the United States

BY INCOME GROUPS



Each  Represents 500,000 Families

Each  Represents 100,000 Units

Sources { Figures on income derived from "Consumer Incomes" in the United States, 1935-1936, National Resources Committee.  
Figures on housing units built in all urban places estimated from building permit data published by the Bureau of Labor Statistics, and cover years 1929-1938.

\* Dwellings with permit values of less than \$650 excluded.

## Does the public housing program help business?

Economists, businessmen, educators, and men in public life agree that the revival of home building is basic to complete economic recovery. Public housing helps business. It alone can serve the lowest-income third. It also develops techniques and standards which immediately set in motion the forces of private home building.

This is not mere theory. In England and Wales, since 1918 more than one million new dwelling units have been built by local housing authorities. During that period, private industry, unaided by the Government, has built more than 2,200,000 dwellings, the greatest boom in building construction in the history of Great Britain.









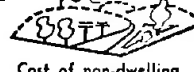
*Public housing helps business because a large part of it is in fact private industry.* Materials are bought entirely from private concerns. Private building contractors, architects, and engineers are employed on all projects. Laborers and artisans are employed in the normal channels of the private home building industry.

Public housing helps business because every dollar spent directly upon the program means other dollars spent in the mines and factories which supply building materials, and still other dollars spent by the businessmen and workers whose incomes are increased by the housing program.

Public housing helps business because it helps relieve business of that portion of present taxes necessary to pay for the evil consequences of the slums, and because business is among the first to benefit by the sound rebuilding of the community from which it draws its livelihood and prosperity.

And above all, public housing helps business because the prosperity of business is linked with the welfare of the country, and both depend upon good homes for the people of America.

# WHAT ARE HOUSING COSTS?

Net Construction Cost	Dwelling Facilities Cost	"Over-all" Cost
 Cost of building the house, including the cost of plumbing, heating, and electrical installation	 Cost of building the house, including the cost of plumbing, heating, and electrical installation	 Cost of building the house, including the cost of plumbing, heating, and electrical installation
	 Cost of dwelling equipment	 Cost of dwelling equipment
	 Architects' fees, local administrative expenses, and carrying charges	 Architects' fees, local administrative expenses, and carrying charges
		 Cost of land
		 Cost of non-dwelling facilities

This is comparable with cost of private building, since these are the items included in the building permit averages for private construction published by the United States Department of Labor, Bureau of Labor Statistics.

This is comparable with these statutory dollars and cents limitations:

Cities under 500,000:  
 Per room . . \$1,000  
 Per dwelling unit . . 4,000

Larger cities:  
 Per room . . 1,250  
 Per dwelling unit . . 5,000

This is the entire cost of new housing but does not include the cost of slum buildings to be torn down. Comparable with the cost per home of new private large-scale rental developments.

## Are the homes built economically?

The local authorities and the USHA have concentrated on the problem of cutting costs and have had their efforts rewarded with outstanding records of low costs.

First of all, a record has been set in low "net construction costs." This is the cost of building the house, including plumbing, heating, and electrical installation. The average net construction cost per home of the 163 USHA-aided projects under construction by December 31, 1939, was \$2,821 contrasted with \$3,448 average for private homes built at the same time in the same localities. In many communities, the average net construction cost per home in projects erected under the USHA program is less than \$2,000.

And second, low "over-all costs" have been achieved. "Over-all costs" include the house, the plumbing, heating, and electrical installation, dwelling equipment, architects' fees, carrying charges, and land improvements, as well as the land itself — in short, the entire cost of a new house. On the first 163 projects assisted by the USHA, the average over-all cost of new housing was \$4,486 per home, while \$5,005 was the average over-all cost per home of new housing in *private* large-scale rental housing projects.

In some localities, the USHA is now assisting in the development of more and more homes with over-all costs of less than \$3,000.

The low cost of USHA-aided projects contrasted with the average cost of private dwellings is especially significant when one takes into account that no USHA-aided project is jerry-built, that every one is constructed with labor paid the prevailing wage, that the majority of the projects are on relatively expensive slum land and that they generally include some community facilities and play spaces for children.



*Before . . .* This dingy, airless, four-room apartment (on East 11th Street, Manhattan) was home to the six members of the B . . . . . family.



*After . . .* Now the B . . . . . family enjoys life in the sunny, well-ventilated apartment in the Queensbridge project of the New York City Housing Authority.

## *Is the program rehousing only families with low incomes?*

In the first 13 projects opened since the USHA program started, the average monthly shelter rent for a home ranged from a low of less than \$7 a month in Austin, Tex., to a high of about \$17 a month in New York City. These rents are within the means of families with average annual incomes ranging from about \$550 a year to about \$1,050 a year.

Even in the largest city, with the highest income levels and living costs, the largest family residing in any project assisted by the USHA has an income of less than \$1,400 a year. Some of the projects now being planned for the small communities and for rural areas will have rentals so low that the average income of families rehoused will be less than \$300 a year.

The overwhelming majority of the breadwinners of families in the USHA-assisted projects are employed in normal private industry. Yet rents in most of the projects are low enough even for families employed by WPA or on home relief. The proportion of WPA workers and home relief families admitted to a project rests, as do most other matters, within the discretion of the local housing authority.

Some of the early experiments in public housing, before the USHA was established, raised the question in people's minds as to whether public housing would really benefit families in the slums, families in the lowest-income third. With the United States Housing Act there was firmly written into the law the principle that the only families to be helped would be those "in the lowest income group" 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."

With the opening of USHA-assisted projects in various parts of the country, this principle is becoming a reality.



*Before . . .* Six out of seven of these Griffith Street shacks in Youngstown, Ohio, had no private toilets or bathing facilities. Three out of four were substandard.



*After . . .* The Westlake Project, photographed from the same spot as above. Every home has a modern sanitary bathroom. Construction is fire-resistant throughout.

## *Are the slums being cleared?*

Last year, for the first time in half a century, the slum areas of American towns and villages stopped growing and began to shrink in size. The reason for this is the provision of the United States Housing Act which requires that one slum dwelling must be eliminated for every new home built under the program. The USHA never signs a contract to assist a local project which does not include a binding obligation on the part of the locality to eliminate an equal number of slum dwellings or obsolete shacks.

It is important to note that, while the law permits this elimination to be accomplished by "effective closing, or the compulsory repair or improvement of unsafe or insanitary dwellings . . ." practically all of the arrangements made with the localities provide for the actual destruction and removal of the slum buildings.

More than half of the housing projects built under this program are being erected on slum sites. This means that the slums on these sites are torn down before the new houses are built.

In the case of less than half of the projects, the communities have been faced with such an acute housing shortage that they have decided to build the new housing first on vacant land and to demolish the slums after the families have been moved into the new houses. This postponement of the slum elimination is permitted by the law in the case of a housing shortage. *But in every case, there is a binding agreement with the community to insure that, after the new homes are built, the slums must go.*

By the end of 1939, death warrants for a total of 129,931 unsafe and insanitary homes had already been signed. Funds now available will provide about 160,000 new homes and eliminate about 160,000 slum dwellings.



*Before . . .* Cromwell's Alley was one of the worst slums in Charleston, S. C. Kerosene lamps made these wooden hovels a serious fire hazard.



*After . . .* Robert Mills Manor has replaced Cromwell's Alley with 140 well-built, attractive homes. All dwelling units are provided with electric lights.

## *How does the USHA work?*

Every slum clearance and low-rent housing project assisted by the USHA is initiated, built, owned, and managed by a local housing authority established under State and local law. The USHA builds no projects.

The USHA does two different jobs.

One job is public assistance – to pay annual contributions or grants-in-aid to help bring the rents on completed local projects low enough for families of very low income. In principle, this is the same as public assistance for education, health, maternal welfare, social security, or any other of the prime responsibilities of an enlightened Nation.

Under the law, the USHA cannot pay annual contributions in any one year amounting to more than  $3\frac{1}{2}$  percent of the capital cost of building a project. By persistent economies, the annual contributions on projects have been reduced to about 2.8 percent of the capital cost.

While the law authorizes the USHA to contract to pay these annual contributions for a *maximum* period up to 60 years, the law also requires that they be reexamined periodically so that they may be reduced as the need for public aid declines.

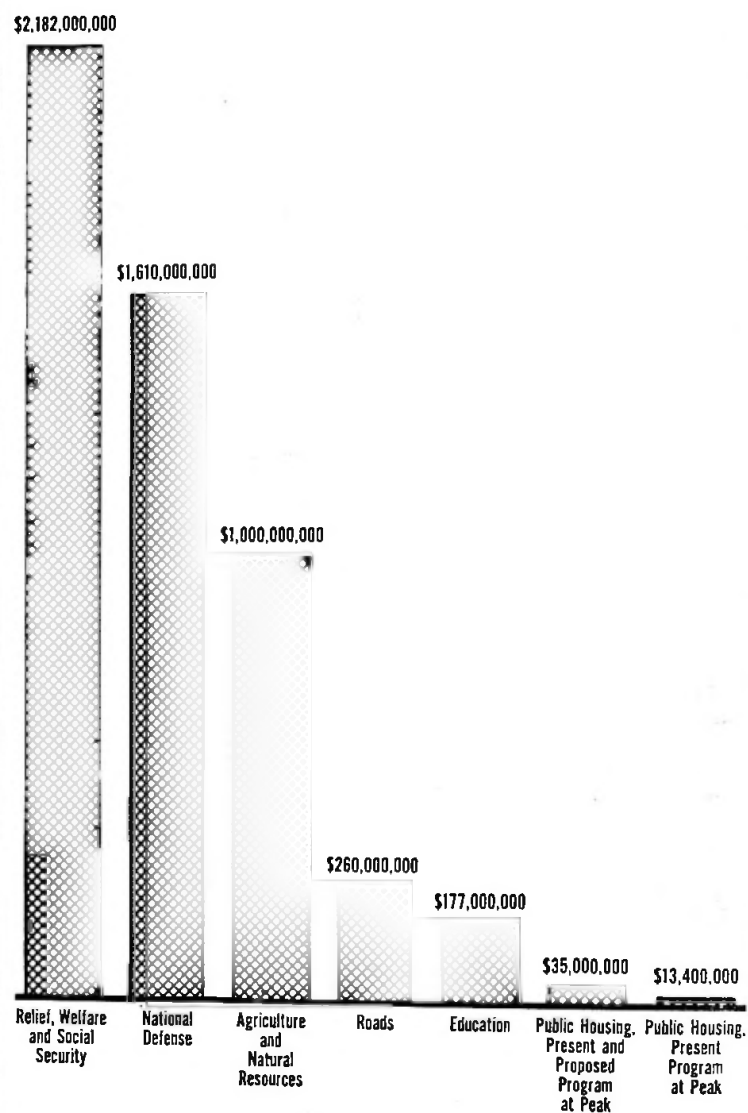
The law provides that the annual contributions from the USHA must be supplemented by annual contributions from the localities. Local annual contributions, in the form of exemptions from local taxes, have averaged about 50 cents for every dollar paid by the USHA.

The second job of the USHA is a strict banking matter. The USHA lends money to local housing authorities by purchasing up to 90 percent of the bonds issued by them to finance construction. The other 10 percent of these bonds are purchased by banks, insurance companies, and private investors. Recent developments justify the prediction that much more than 10 percent of the capital funds for the program will be provided by the investing public.

The USHA also helps local housing authorities in making surveys to determine housing needs, in selecting sites, and in designing projects for economical construction and low operating cost.



### Annual Federal Expenditures for Various Purposes



Sources: All figures, except housing, are for fiscal year ending June 30, 1938, and are derived from Bulletin of Treasury Department, August 1939.

## What does the program cost the Federal Government?

The answer is simple: The whole cost of the USHA program to the Federal Government (aside from administrative expenses) is the amount of the USHA annual contributions made to reduce rents. The net cost to the Federal Government is about \$75 a year for each family rehoused, or about \$18 to \$20 a year for each person rehoused.

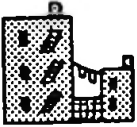










When a housing project is completed, the local housing authority prepares an annual budget which includes the total amounts necessary to pay off all the capital loans with interest and to cover all operating costs, maintenance, utilities, repairs, and taxes. If the project were operated commercially, this whole budget would have to be met by rents. But since families of very low income cannot afford to meet this whole annual budget, the United States Housing Act provides that they shall be helped to do so by annual contributions from the Federal Government and from the communities.

Under the present law, the USHA may contract to make such annual contributions up to the sum of \$28,000,000 a year. An increase of \$45,000,000 a year is proposed in a bill which passed the Senate in 1939. But the *actual net cost* of the program to the Federal Government is far less, for, while the top authorization in the law is based upon USHA annual contributions of about 3½ percent of the capital cost, economies have scaled these down to about 2.8 percent a year. Besides, the USHA earns a profit on its loans, which helps to reduce still further the net cost to the taxpayer.

Some people have been concerned about what the program would cost over a period of 60 years. The annual contributions paid for a number of years yield social benefits for the same number of years. *They can be compared only with the cost for the same length of time of relief and welfare expenditures, agricultural subsidies, aid to aviation, pensions, or maintaining the Army and Navy.\**

\* If you are interested in a more detailed discussion of the cost of the public housing program, ask us for the booklet "What Does the Housing Program Cost?"

## THE HIGH COST OF SLUMS

	 <b>SLUMS</b>	 <b>REST OF CITY</b>
<b>POLICE</b> 	 Each symbol represents \$ 4 per capita	
<b>FIRE</b> 	 Each symbol represents \$ 5 per capita	
<b>TUBERCULOSIS</b> 	 Each symbol represents \$ 1 per capita	

The charts on this page (from Pictorial Statistics, Inc., for *Survey Graphic*) illustrate the high costs of Cleveland slums, in terms of police and fire protection, and incidence of tuberculosis. What is true in Cleveland is true in scores of other American cities. Slums cost the local taxpayer a tremendous sum each year in city services.

## What does the USHA program cost the localities?

There is no capital grant or subsidy involved in the building of a public housing project. The cost of the program to the localities, just as the cost to the Federal Government, is represented by the annual contributions made to reduce rents.

The local annual contributions are generally in the form of exempting the projects from local taxation. Such local contributions have averaged in amount about 50 percent of the USHA annual contributions. Sometimes the projects pay to the locality a small service charge after tax exemption has been granted.

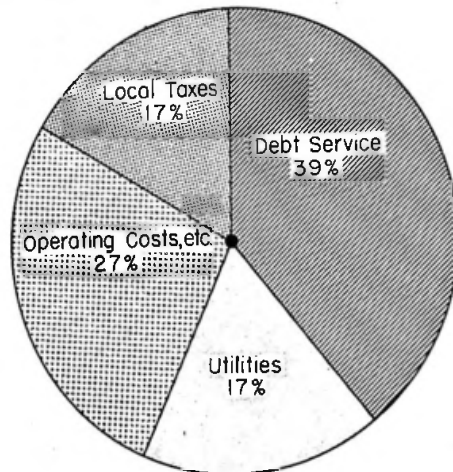
It is, of course, erroneous to say that by tax exemption the locality suffers a loss of revenue equal to the theoretical full taxes on the new projects. At most, all that the locality loses are the taxes previously collected on the slums which have been replaced. Taxes levied upon slum properties are generally very small. Tax delinquencies on slum projects are generally very large.

Slum clearance reduces crime, disease, fires, and juvenile delinquency. The locality is able to cut its budget for police, fire, and health protection. So the theoretical loss of revenue often turns out to be a net gain in revenue.

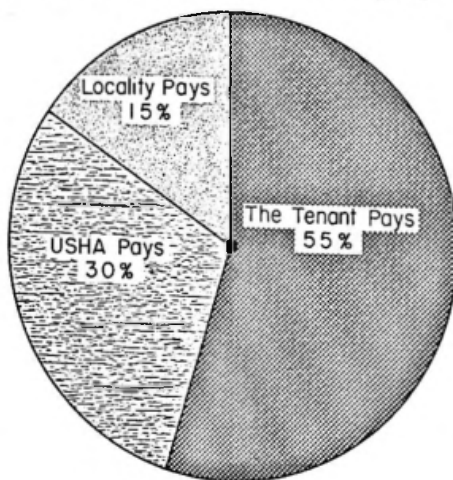
*A public housing program increases business, employment and trade, lifts real estate values, and gives impetus to neighboring private developments. It thus provides more sources of local tax revenue.*

Since housing projects, if undertaken on a large enough scale, mean increased tax income and reduced expenditures, they afford an opportunity for diverting money that would otherwise have been spent upon the slums into more useful channels. Public housing will, in the long run, help local governments to reduce local tax rates and achieve a better balance of their budgets without curtailing necessary municipal services. For these reasons, more than two-thirds of the States have already enacted legislation exempting public housing projects from local taxes.

Breakdown of monthly economic rent of a home built under the USHA program



Who pays the monthly economic rent of a home built under the USHA program



## Who supports the housing program?

After a housing project has been built, it must be sustained by annual revenues sufficient to pay off the capital loans and sufficient in addition to meet current operating expenses, utilities, and taxes. The families who live in the project, the USHA, and the local community share in paying this total economic rent.

The largest share of these annual revenues is the rent paid by the families who live in the project. On the average, about 55 percent of the money needed to maintain and operate each home comes from the tenant. Furthermore, it is expected that, as further economies in construction and operation reduce the cost of housing, an even larger share of the annual cost will be met in the form of rent paid by those who live in the project.

A share of the necessary funds is provided by the USHA. The USHA annual contributions represent about 30 percent of the total annual revenues necessary to sustain the project.

The remaining 15 percent of the necessary funds are supplied by the local community which contributes the amount of the taxes which would otherwise be levied each year on the project.

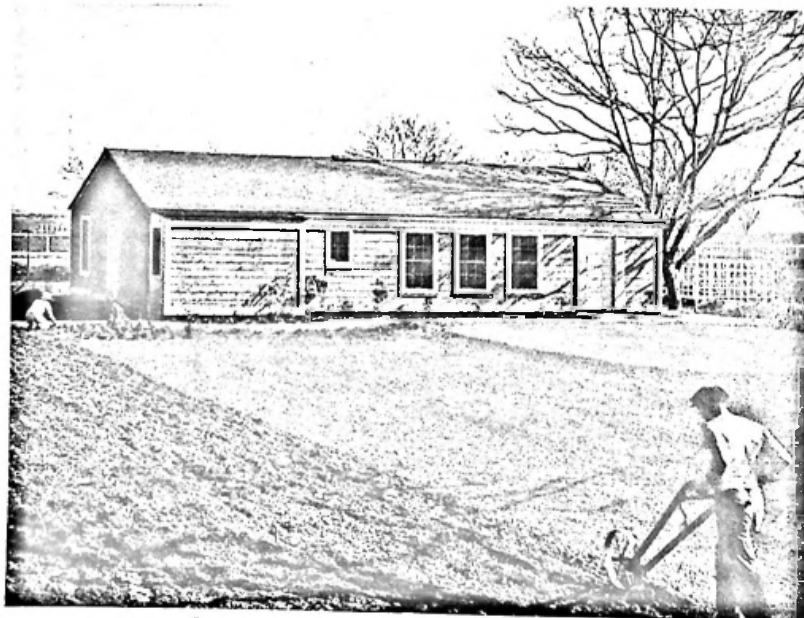
Thus the local community's share is about half as large as the Federal Government's share, but the *local people living in the project and the local community, together, contribute 70 percent of the cost as against the Federal Government's 30 percent.*

Under this contributory system, the USHA plan fairly distributes the cost of better housing.





*Before . . .* In this 2-room shack in Thomas County, Ga., a tenant farmer lives with his family of 5. One of the first USHA rural projects will be in Thomas County.



*After . . .* This is a typical farm house constructed by the Farm Security Administration with whose cooperation the USHA rural housing program is getting under way.

## *What about rural housing?*

From the beginning, the USHA has sought to encourage the development of a rural housing program. By late 1939 a substantial number of rural projects had been proposed, and by early 1940, six of these were under loan contract. They will provide homes for farm families at cash rents ranging from \$36 to \$50 a year, thus making these new homes available to families in the lowest-income group in rural areas. The cash rent is so low because tenants will do the ordinary painting and repairs.

The USHA recognizes, in accord with the law under which it operates, that the justification for the public housing program in cities and towns extends to rural areas as well. In rural areas, contrary to general belief, the proportion of families inadequately housed is even greater than it is for the country as a whole. More than half the families in rural areas have incomes of less than \$1,000 a year.

The framework of the present law is reasonably well adapted to the development of housing in rural areas for owners, for tenants, for sharecroppers, and for wage workers.

Under a pending modification to the Act, *home ownership* as well as rental occupancy could be fostered in rural areas. Under another minor amendment proposed, the USHA, with the cooperation of the Department of Agriculture, could extend aid to farm families even in those areas where there is no State enabling legislation and no local housing authority.

The close cooperation between the Department of Agriculture, including the Farm Security Administration, and the USHA in extending the housing program to rural areas is of vital significance. It assures the integration of the farm home with the entire farm economy. The resources of farm agencies and housing agencies have to be pooled to solve a challenging problem that is in part a problem of housing and in part a problem of the whole farm economy.



TUESDAY JUNE 20 1939

## AN A1 PEOPLE

...and the MINISTER of HEALTH was fully justified in declaring last Saturday that the results of these medical examinations of the militiamen are a striking tribute to the housing and other public health services which have been and are being maintained in spite of the enormous expenditure on armaments. The millions devoted year after year to these social services have not been wasted. They can claim the credit for turning out healthier generations. And these young men, born in 1918 and 1919, have not benefited from these services as much as those younger still. The great developments in pre-natal clinics and school feeding (to mention but two of them) have taken place since their day. The effective drive at slum clearance has been delivered only during the past six years.

In the first World War England found only 36 percent of the men drafted for military service up to "full normal standard of health." In 1939, on the other hand, 83 percent of the men called were so classified. Two decades of the British public housing program had intervened. "The millions devoted year after year to these social services have not been wasted," comments the London *Times*.

## *What has been done in other countries?*

The most successful public housing programs in the world have been initiated and carried on in Great Britain, Holland, Switzerland, Sweden, Norway, and Denmark.

In England, the public housing program is universally accepted and nonpartisan. In England and Wales, more than 4,500,000 people have been rehoused with public assistance since 1918. The terrific burdens of the present war have not deflected the British Government from its aggressive slum clearance and low-rent housing program. The last Budget of the English Government contained a sum of approximately \$80,000,000 (at normal exchange rate) for annual contributions to local housing authorities. With a population three times as great, the proposed Budget of our Federal Government for the fiscal year 1941 included only \$15,000,000 for annual contributions to local housing authorities.

It is occasionally stated that the British have discarded the type of public housing program now being carried forward in this country. Just the reverse is true. Through 20 years of experience, England finally evolved its present successful system, upon which the United States Housing Act is closely modeled. The construction and ownership of housing projects by local housing authorities, with annual contributions from the central government and from the localities to keep down rents -- these are the salient features of the successful English program.

UNITED STATES HOUSING ACT

April 1940

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