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NATIONAL PUBLIC HOUSING CONFERENCE

Broadening the Base of Public Housing

Broadening The Base of Public Housing

Addresses Delivered at the Ninth Annual Meeting
of the
NATIONAL PUBLIC HOUSING CONFERENCE
Washington, D. C., January 26 and 27, 1940

A MESSAGE FROM THE PRESIDENT

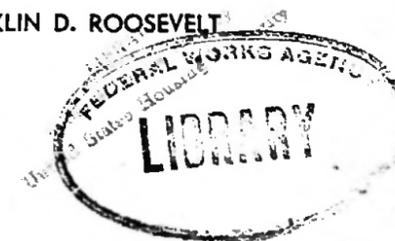
Once again it is with a very real sense of satisfaction that I extend greetings to the National Public Housing Conference at its Ninth Annual meeting. Each of these conferences, particularly over the past five years, has been a marker in the development of a more adequate national housing policy for the lowest income third.

Beginning with the first PWA projects, and extending to the projects of local authorities assisted by the United States Housing Authority now opening every month, the public housing program has progressed consistently toward lower rents, lower income groups served, lower construction costs, increasing decentralization and community responsibility, and above all, the needs of a larger number of families are being met. Last year, for the first time in about half a century, the slum areas in our country as a whole commenced to shrivel rather than to expand. Through public and private endeavor, this tendency should continue until decent housing for the lowest income third becomes the established rule rather than an almost non-existent exception.

I am especially gratified by the vital interest now being shown in improving housing conditions in rural areas. The projects which the United States Housing Authority is helping to develop in widely scattered farm localities with the cooperation of the Department of Agriculture justifies the manifest interest of your Conference in this challenging problem this year. The program for helping urban families of very low income to obtain release from the slums, though still young, will be given even better balance by the development of the still younger program to help rural families afflicted by the same evil conditions. Joined together, the rural and urban housing programs together should continue to grow.

FRANKLIN D. ROOSEVELT

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RESOLUTIONS

Adopted at the Ninth Annual Meeting of the
NATIONAL PUBLIC HOUSING CONFERENCE,
Willard Hotel, Washington, D. C., January 26 and 27, 1940



1. Any sound attempt to deal with the vast and serious problem of improving housing conditions for families of low income must be based on a long-range and uninterrupted program. We urge the House of Representatives to act favorably and speedily on S-591 which has already passed the Senate and which would authorize the USHA to contract to make additional loans and subsidies to local housing authorities for low-rent housing projects.

2. Many years of low farm income have caused rural housing to deteriorate in all sections of the country. Regionally, the problem has risen to crisis through dislocation of population, loss of markets for staples and sweeping changes in land ownership. The problem is so varied and the need so urgent that it should be attacked experimentally on many fronts while a long-range program is being worked out.

We recommend that all government agencies now concerned with rural housing shall go forward with their present and projected programs, and that the President shall be authorized to appoint a Rural Housing Commission which shall report to Congress on the problem as it exists throughout the country and recommend a permanent method of handling it.

3. The action of the State of New York in adopting an independent program of making loans and annual contributions to local authorities in that state is a splendid example of intelligent understanding by the legislature and state officials of the enormity of the housing problem and one of the ways of dealing with it. The nation needs a greatly expanded Federal program. At the same time, and for many years to come, it needs and will need supplemental programs by states and municipalities. We recommend that the state legislatures and officials study the constitutional and statutory precedents upon which the independent program of New York State is based, and initiate and enact appropriate legislation in each state to attain similar ends.

4. For the benefit of families in the next higher income groups than those being served by subsidized public housing projects, Federal, state and local loans amounting to 100 per cent of the total cost of a project, but no subsidy, shall be provided to cooperative tenant societies for the erection and management of dwellings, for their own members, under the supervision and control of local housing authorities, and title to which shall be vested in the city in which a project is located.

5. We urge Congress to reject the provisions in the "Independent Offices Appropriation Act, 1941" by which it would be made unlawful to admit aliens as tenants in public housing projects. By economic circumstances, immigrants who come to the United States looking forward to citizenship and the blessings of equal opportunity are most likely to be forced into the degradation of our slums. Shall we by statute close the avenue of escape that is held open to citizens, and thus gradually convert the slums into a crime-breeding, disease-breeding concentration camp for aliens from which, in practical effect, it would be unlawful to remove them? It is not by such a course that Americanism is built, either among natives or the foreign-born.

Such legislation would likewise paralyze the effort of the government to deal with the acute health and housing problem involving seasonal alien labor, which comes at the insistent invitation of American employers and is condemned to a housing standard perilous to many western communities. The argument on which this discrimination is based, that citizens alone are entitled to government aid, is fallacious. The public housing program is not a largess to citizens but a defensive move by the nation against the deteriorating effects of economic under-privilege, and the remedy must be applied wherever the problem is found.

MARY KINGSBURY SIMKHOVITCH

President, National Public Housing Conference

A Foreword

THIS year has seen substantial advance in public housing. The fact that subsidy is the big essential for low-rental public housing has at last sunk in. Enmity to government subsidy has rapidly disappeared as it has become recognized that only with governmental aid can rentals be realized that low-income families can afford to pay. Loans may come from government or private funds, but grants can only come from public bodies — federal, state or local. Subsidy is the one essential for low-rental housing.

When we get to the income levels immediately above the public housing limits we have another story. Loans at a very low rate of interest will meet the needs of this vast group. It is not too early to begin to delve into this problem, and to plumb whatever difficulties there may be which must be solved either from a legal or an organizational point of view.

Undoubtedly public expenditure at this time will and ought to be carefully scrutinized. But as Sir Raymond Unwin has so often said, expenditure on public housing is a bargain. Perhaps no other public expenditure is so rich in return of health, good social behavior and the normal satisfactions of family life.

All over the country now there are the beginnings of this good, new housing, replacing the disgraceful slums we have avoided looking at so long.

Every good low-rental project has a propagandist value worth all the conferences in the country put together. To see is to believe. But as yet there are countless thousands who have not seen. That is why our Executive Committee is planning to conduct a country-wide housing tour during the coming summer. We believe that this will be a justly popular journey of which many will take advantage.

As we face the coming year we must first, be sure that Congress provides the subsidies which will be necessary to continue the low-rental program. Second, help states to follow the example of New York State of having a state program of loans and grants to supplement governmental action. And third, initiate such action as may be necessary to secure for these great groups, which are economically just above the public housing level, the chance to secure the low interest credit essential to meet their housing needs.

I was reading a Psalm the other day and was greatly taken with these lines —

"Except the Lord build the house,
Their labor is but lost that build it."

These houses going up now all over the country seem to me to speak not only of common sense and economic wisdom but also of a spirit which will not rest till every family in this land has a chance to live in decency and in hope.

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JACOB CRANE

Assistant Administrator, U. S. Housing Authority

JANUARY is an appropriate month to look forward and also an appropriate month to look back. Janus, the Roman God for whom the month was named, had two faces, which enabled him to look in opposite directions at the same time. I propose in this talk to look forward, to outline for you certain things which I consider that we who are engaged in this program must do in the next two years. However, out of deference to Janus, may I spend a few minutes reviewing the record of the past two years.

Two years ago we were faced with certain crucial problems. It was clear that development costs had to come down; that a livable minimum standard for the design and construction of housing projects had to be developed; and that rents had to be reduced to such a point that they would come within the income limits of poor families. (I should like to mention here that the public housing program is generally reaching incomes below \$1,000, incomes which lie in the lowest income third, rather than incomes up to \$1,500, as intimated in the opening paragraph of the call to this conference.)

It seems to me that over the period which has intervened between 1938 and the present day, the public housing movement has made considerable headway towards accomplishing these and other objectives. Net construction cost (which is the cost of building the house and installing such non-movable equipment as plumbing, heating, and electrical wiring) now averages in the neighborhood of \$2,800 per family dwelling unit. We have reduced standards in design and construction to what we consider to be a reasonable minimum. And shelter rents now range from \$6 to \$16 per family per month. In the special case of Puerto Rico, shelter rents are set as low as \$0.25 per family per month in a new type of self-help housing project.

So much for our past record.

What are to be our immediate objectives for the next two years?

If the public housing program is to mature and expand as it properly should, we must come to grips with certain problems which still confront us. This morning I should like first to outline these objectives for you, and then to discuss certain steps by which we hope to accomplish them.

First of all the USHA must simplify its present administrative system in order to assure more complete autonomy for the local housing authorities in designing, building and operating their projects.

Second, each public housing project must be made an integral part of comprehensive plans for general city rebuilding.

Third, the actual per family dollar cost of the subsidy must be further reduced. This item is most fundamental.

Fourth, in a number of ways the technique of housing design must be further advanced.

Fifth, we must greatly increase our knowledge of management.

Sixth, the present housing program must be expanded to include rural housing.

The Next Two Years

Rather than to discuss the innumerable details of planning and executing housing projects, I want here to outline my personal opinions on these immediate central objectives in the program. They constitute in fact the framework within which the planning and development of projects must be carried on.

The much-discussed problem of greater autonomy for local authorities is ripe, some may say over-ripe, for complete solution. The other day the chairman of a local authority telephoned to me to congratulate me on the fact that we are decentralizing the program. He said he was most happy to report that the USHA advisers had left the decision on an important question entirely up to his staff—the question of whether or not peep-holes should be provided in apartment doors!

Seriously, however, it is the intent of the Act that, provided they fulfill certain specific requirements, the local authorities shall have full responsibility.

To accomplish this is more difficult than would appear at first glance, but I can assure you that we in the USHA have had this objective constantly in mind.

The recent organization of seven USHA regional staff units is a device intended to decentralize responsibility and authority and at the same time to make it possible for the USHA advisers to deal with particular local problems realistically and at close range.

We are revising and simplifying basic documents and reducing essential procedures to a minimum. I am sure that many of you will be glad to hear that the entire system of making formal application for USHA assistance is at this moment being completely revised and enormously simplified.

As standards become crystallized we have ready for issuance a new and more specific edition of our Summary of Standards and Requirements. The purpose of this Summary is to make it possible for local authorities to see, easily and quickly, just what conditions must be met in order to comply with the Act. In this way innumerable questions of project planning and project administration are taken out of the realm of controversy and left to the discretion of local authorities within the specific written conditions which derive from the Act.

At the same time a minimal cost index and other cost standards, based on our experience thus far, have been prepared to establish a level of costs which can be achieved. Using the minimum standards and the cost index as a basis, the local authorities are completely free to meet the requirements of the Act as they see fit, according to their particular local conditions. The grounds for misunderstanding and misinterpretation are thus immeasurably reduced, both for the local authorities and for the central authority.

Then, too, to establish and record a method for applying the terms of the Act obviates the possibility of personal dictation by the members of the USHA staff. And, at this point, let me draw attention to one of the functions of the USHA which is to give advice (and I mean advice, not orders) to local authorities whenever they ask for it.

It is evident, I think, from what I have just said, that the local authorities for their part must see to it that they are ready to assume this increase of responsibility, ready with responsible members and with experienced and responsible staffs. Needless to say, the officers and personnel of public housing agencies must be incorruptible and above suspicion in developing their programs. The fact that this operation is and must be open to public inspection at all times in itself constitutes a partial safeguard against the misuse of public funds.

A working method for decentralization can be accomplished, with the USHA and the local authorities each doing all they can in their own province to bring it about.

Now for the second point: that public housing projects must be considered as an integral part of general plans for the rebuilding of our communities. One of my chief reasons for entering the public housing business is that I believe public housing can be a very powerful instrument for intelligent city building and city rebuilding. After two years, however, I think it is quite apparent that this potentiality has not yet been fulfilled. USHA documents are full of the principles of the relation of housing to city planning.

A few notable local authorities and local planning agencies have succeeded in coordinating their work to good effect. The USHA employs a panel of city planning consultants to assist its own staff and the local authorities. Nevertheless, most local housing authorities are still developing their programs without taking advantage of the benefits which a broad, long-range plan would provide for their cities. Of course, the assurance, or at least a growing feeling among people in general, that the public housing program may be taken for granted—that it has some continuity—is needed before any real integration of housing and city planning can take place. The next two years must show a considerable advance in this direction.

Now, let me speak about the matter which I consider to be the most fundamental of all. The dollar cost of the subsidy must be further reduced—that is, the dollar cost of the subsidy per family rehoused. Everybody wants to see the slums destroyed and to see in their place houses which will be an asset to our communities and which will enhance the health and dignity of our people. Only the blindest kind of optimism would lead to the conclusion that poor families can be moved from slum houses into decent houses without any cost, without public aid. Indeed, Congress recognized the necessity for public aid in passing the Act, and in the financial aid which the Act provides. But, it is the duty of the USHA and local housing authorities to see that the funds which Congress authorized for annual subsidies are very carefully conserved.

With the heavy and ever-increasing demand for public aid from public funds, the limits of permissible subsidy are narrow. And in any event, the cost of the subsidy must be reduced to the lowest practicable figure. A subsidy is justifiable only as a measure to counteract widespread economic unbalance and to permit an otherwise idle construction industry to put impounded capital into use for housing. As low incomes increase, and as we achieve a better balance in our social economy, it is certain that subsidies will approach ever nearer to the vanishing point—to accomplish this is our long range objec-

tive. Meanwhile, the immediate and absolutely primary responsibility of the USHA is to study every possible method by which the actual dollar cost of subsidy may be reduced to a minimum.

For the past two years I have constantly felt the urgent necessity to accomplish this reduction.

At the present time, as you will hear from the Administrator of the USHA, all the projects are reaching very low incomes, and very few require the full statutory subsidy.

Our immediate objective is to reduce the actual net cost of the Federal subsidy to the range of five dollars to nine dollars per family per month, and we (the local authorities and the USHA) are doing exactly that these days. I believe this to be the major achievement in the program thus far. At the same time it remains the constant major objective in all planning and executing of projects.

As knowledge and understanding of the problem of planning large-scale housing increase, the projects are becoming increasingly efficient and economical in many ways. Project floor plans and site plans are greatly improved. The problem of tenant maintenance is beginning to work itself out satisfactorily. The six-story, eight-story and ten-story type of project developed by the New York City Housing Authority indicates a new and important trend. In most communities the prevailing use of row houses instead of apartment houses works both for economy and for greater livability. These and many other items represent concrete results of the past two years of work by local authorities, the USHA and other agencies.

However, there still remain important explorations to be carried out in such fields as heating, site engineering, utility combinations, the standardization of equipment and other elements, types of flooring, systems of refuse disposal, the use of twin houses and single houses and in the design of community facilities. Not only must technical research into such matters be pushed forward, but the channels for the quick and wide dissemination of findings must be improved.

Closely related to the problems of design, but widening into the problems of human relationships, we are just entering the complex and puzzling phase of project management. We have still to crystallize methods by which tenant families can have, and can feel confident that they have, secure tenure of occupancy for a period at least long enough to allow them to raise their children in decent houses and decent surroundings. We must devise ways the new housing can actually improve the health, self-respect and earning capacity of these families; and ways through which the life of the housing colony can become an integral part of the larger neighborhood and community to which in fact it belongs, ways through which the housing colony can demonstrate the future forms of interesting, inexpensive social life which will some day characterize our communities.

As public housing buildings and sites should give some indication of the nature of the physical structure of our future cities, in the same way, the management must simply and unpretentiously visualize in some measure the social organization of the community of the future. Moreover, our immediate objective of low rents and low subsidies cannot be maintained without sensible and satisfactory human relationships within the projects and within their neighborhoods.

Thus housing management deals more fundamentally with human aspects than with physical aspects of public housing. Local experience is rapidly enriching our understanding and knowledge of these problems. Local authorities are combing the country for management staff people equipped in outlook and in personality to enter the management field. A series of regional conferences is being held for the exchange of ideas and experience. The next two years will be busy ones in the management field.

It is seldom realized that housing conditions in rural areas are often far worse than conditions in urban slum areas. The rural slum is not so easily recognized. But lack of sanitary facilities and structural deficiencies often make rural dwellings a real menace to the health and safety of the families occupying them.

The United States Housing Act directs the USHA to enter the field of rural housing. A great deal of ground work has been done. The first series of rural projects

C. F. PALMER

Chairman, Atlanta Housing Authority

THE constructively detailed talk by Mr. Crane permits me to generalize a bit on this broad subject of "How to House."

First, we certainly need more laws, but let us recall that "Nature has given woman so much power that the law has wisely given her little."

When the last Congress apparently took to heart that remark by Dr. Samuel Johnson it manifested the belief the whole housing program might be carried on by the charm and native ability with which you ladies are so richly endowed. Congress knows because it has encountered your winsomeness through your leadership in this National Public Housing Conference during the last nine years. But for the Congress to expect you to carry on without additional funds and legislation is asking too much, even of you ladies.

And carry on they want you to. Not a single voice on The Hill asked that housing be stopped. All agreed it should continue. But many wanted it done some other way. No two of the dissenters agreed on what other way, but just some other way.

The reason it is well for us to recall these facts is because the Congress is not entirely unlike many of us. All of us want housing to go ahead. So do all of our legislators. A few of us have cracked-brained ideas on how it should be done. So have some of our legislators.

But there is one difference. None among us is insincere. That cannot be said about a few in the Congress. Some there are, on The Hill, who would mislead their fellow law-makers.

Examples are the politicians who shouted on the floor of the House of Representatives near the end of the last session, "England tried out this plan and England came to the conclusion that if it followed the program to its logical conclusion it would empty the British Exchequer." and another "statesman," "Well, England adopted it, as you have heard, and within three years they stopped it. Why? Because a catastrophe was impending for the Exchequer."

has already been started in about fifteen different states.

From the Department of Agriculture and the Farm Security Administration the USHA is receiving invaluable advice and assistance in developing the rural program. By January, 1942, there should be great progress to report on this additional major phase of planning and executing low-rental housing programs.

Here then, in the planning and executing of the program, are six major problems which I consider must absorb much of our imagination and energy during the next two years. In my opinion, each of them is fundamental to fulfillment of the purposes of the Act. Public housing today is emerging as an enterprise of great magnitude and great significance. Public housing, at very small cost, in fact at great social profit, is reaching toward its objectives: to advance the dignity of American life; to realize the vast potentialities of the American people; and to strengthen the fabric of the American Democracy.

How To House

Here's how wrong they both are. Public housing has been in England since before the turn of the century. As of April, 1939, the Ministry of Health, England, reports since 1919.

Houses with subsidy—1,525,696

And here's what Rt. Hon. Walter Elliot, Minister of Health, reported November 25, 1938 (his November, 1939, report not yet available): "The loans which my predecessor or I sanctioned for housing purposes amounted to £36,000,000 (\$180,000,000) in the financial year 1937-38, as compared with £33,500,000 (\$167,500,000) and £25,000,000 (\$115,000,000) in each of the two preceding financial years—during next year we may expect progress to be expedited very greatly by the increased subsidy for the abatement of overcrowding"

As enlightened housers who know such true facts as the foregoing it is our duty to correct these deliberate mis-statements. I say deliberate mis-statements because no man should be in the Congress who would use such untruths when the facts are readily available.

Exchequer stop it in England? Not by a long shot. In fact, right up until the declaration of war on September 1st, slum clearance continued. Then construction stopped that destruction might start. They reasoned, why tear down any more slums right now when Hitler may do it for us anyway?

The return of peace means the return of public housing. That's why we should enlarge our program. It helps keep us out of war. It helps us preserve peace.

Next among these few misleaders in our Congress are those with ridiculous arguments. Chief among them is the one who said, "I leave it to the judgment of every sound-thinking individual, not only on this floor but in the United States, if it is good, sound business to raise \$4,380,000,000" (he gets his figure by multiplying by sixty the \$73,000,000 gross annual subsidy to service both the present \$800,000,000 plus the additional \$800,000,000, contemplated) "for the purpose of paying back a \$1,600,000,000 loan."

He better talk to a few railroad and public utility men. For example:

In 1924 the Baltimore and Ohio Railroad Company offered \$30,000,000 of Refunding and General 5% bonds due in the year 2000. By maturity the company will have paid out \$114,000,000 in interest on these bonds. Nearly four times the principal! In 1916 the American Power and Light Company offered \$43,000,000 of 6% Debentures due in 2016. Before maturity the company will have paid out \$258,000,000 in interest on this issue, or exactly eight times the principal.

I'm for interest, but maybe this Congressman is against it. If so, why not follow the lead of the Isle of Guernsey and issue money against housing instead of against gold (they did against some commercial shops) and then each year burn up the currency taken in for rent just as they did? It worked so well the British Bankers made them quit! How's that for self liquidation? No threat of runaway inflation as with the French Assignats, either, and no interest.

Of course, I don't advocate it! That Legislator might want to, though. And he calls our program too liberal by taking sixty times the annual subsidy in order to decoy his associates up to some astronomical figure.

That type of misleader seems to be so fond of arithmetic why doesn't he try, for a change, multiplying by sixty the total cost of the annual free services in the Congressional Barber Shop? I'll bet he uses those free services plenty. Multiply by sixty just his share of the gratuities and it will be a pretty penny.

Yes, in finding How to House we encounter the need to correct mis-statements in the Congress until such time as these mis-leaders wake up to the fact that housing is not a political issue.

That Liberals and Conservatives are all for it in the enlightened countries of the world, was evidenced by Sir Kingsley-Wood, then head of Housing for England, when he said, "There are no political barriers where housing is concerned."

Our legislators will grasp that fact. Let's hope they do at this Session of Congress. They will eventually, so why

NICHOLAS H. DOSKER

Administrator, Louisville Housing Commission

MOST of the mistakes of our early efforts at Public Housing were the result of our American weakness of attacking a great problem too hastily without proper study and research. Splendid as are most of our PWA Housing Projects, and excellent as is the character of the accommodations they provide for the higher brackets of the low income group, they nevertheless should have been built at the end, instead of in the beginning of a National Housing Program.

It was unavoidable that USHA-Aided Housing should have been influenced in its early stages by the existing PWA Program. Therefore, some of the earlier efforts under the USHA, fine as they are, still do not reach down low enough into the low income group. The present policy of planning USHA-Aided projects which will provide decent shelter without frills to the lowest brackets of the low income group, at rents they can afford to pay, will,

not now!

But let's be critical of ourselves as well as of the Congress. Sometimes I think we housers resemble Russians in one respect. The Russians have perfected disorganization.

We also are so disorganized we still do not use the many improved tools in our hands although, generally speaking, housing thus far in America is more than acceptable. We are told it tops that done in the early stages of any other nation.

But here are our weaknesses. First, we are continuing the construction methods of the Pharaohs. Often improved materials and methods which will lower costs are by-passed for one reason or another. Sometimes political expediency is pleaded. Another time capital doesn't want it, or maybe labor objects, regardless of the benefit to housing itself.

In other words we should "Be not the first by whom the new is tried, nor yet the last to lay the old aside."

Secondly, in many projects we furnish too much. I quote from the conclusion of my talk at our Eighth Annual Conference in New York last January. "Given too much, the former slum dweller lacks incentive to climb above public housing. Furthermore, semi-luxuries will kill housing because our great group of middle class voters will rightly oppose any movement which gives the lower one-third conveniences those who furnish the subsidies do not have for themselves."

Thirdly, we are not employing facilities available to us through other governmental departments. W.P.A. can lower the costs to housing materially. Grading, sewers, and streets are being built so efficiently by this great agency we should get these benefits for our housing just as the cities are getting them for themselves.

As we explore House to House, we should so organize that there will be but one yardstick used, i.e., Housing First! Not private interests first, nor political expediency, nor capital, nor labor, nor real estate first, but Housing First. Because when we put Housing First we find it is the best politics. We find it helps capital, labor and real estate better than they can help themselves.

To sum up: How to House, is to House.

A City-Wide Plan

in our opinion, sell itself to the good sense of the American people. This does not discount the need for better housing for the higher brackets of the low income group. It merely places the emphasis for Federal subsidized housing where the need is greatest. The extent to which low rents will be achieved depends not only upon the close scrutiny of costs by the Local Authorities and the USHA, but in a large degree upon the co-operation given them by labor and the material men.

There is unquestionably an acute shortage of decent standard dwelling units now available to families of the low income groups. But the needs of every community are not the same. A survey is an essential for any well-planned Housing Program. In Louisville we are fortunate in having one and we have moulded it into an elastic, workable, long-range housing program. We call this our Ten Year Plan.

In preparing this Plan our first concern was a complete and detailed study of families now living in sub-standard housing. To aid us in this work, we recently completed two very important surveys, one a Real Property, and the other a Low-Income Housing Area Survey. The housing survey has become our chart and compass in analyzing both our present and anticipated needs in our sincere efforts to bring low rent housing to our needy families. From this survey we learned the number of tenant families, by race, now living in sub-standard housing. The all-important data relating to incomes and rents now paid by these families is also pointed out. We are able to pick out those families which may look to the Local Authority and the United States Housing Authority for aid. Below this group is found that hopeless element of families whose exceedingly low incomes now prohibit our offering them dwelling units at such rentals as they can afford. Even though we are unable at present to offer them assistance, we have at least definitely established the number of such families by race, income and current rents. From this data, and with a continued study of their living habits, it is hoped that some ultimate solution can be found to render assistance to this unfortunate group.

Above the pool set aside for United States Housing Authority assistance, we find a large number of families who, though now living in sub-standard housing, have such incomes that private industry through research and study should ultimately develop low-rent housing for them without the assistance of annual subsidies, capital contributions or local tax exemptions. The middle group, and the upper strata of the very lowest group of families now living in sub-standard housing presents our current problem of service through the Local Authority, along with the financial assistance of the United States Housing Authority.

We now have in Louisville two housing projects built by the Housing Division of PWA which offer dwelling units to families in the upper income brackets of the low income groups coming out of sub-standard housing. Our two projects now under construction, which will offer approximately 800 dwelling units to white families and 800 dwelling units to negro families, are designed to meet the middle bracket and as much as possible of the lowest bracket of our USHA group.

We have just made application for a loan contract from the United States Housing Authority to build two additional projects. A way must be found, and we believe will be found, to build these new projects to serve the lowest bracket of the low income group. In these Projects we expect to serve nobody with an annual income exceeding \$700.00, and we expect to provide shelter rents not exceeding \$8.00 per month for an average 4-room unit. Contemplating this we have secured the services of Mr. Walter R. MacCornack, Dean of the School of Architecture of the Massachusetts Institute of Technology. Under his guidance, and based on a program to be outlined by him and ourselves, we are preparing to hold an architectural competition, under the rules of the American Institute of Architects, to develop an improved, sound but inexpensive type of low-cost housing.

The second part of our extended plan deals with the study of the dwelling units in which these families now live. To prepare for our study a more accurate detailed picture of our sub-standard dwelling units, they were di-

vided into seven groups, ranging from structures unfit for human habitation to those barely sub-standard by occupancy standards.

We know now that ultimately we will be able to segregate these dwelling units into three principal types of neighborhoods. The first, of course, will be such areas as contain structures unfit for human habitation, in need of major repairs or those lacking proper plumbing facilities, or any combination of the above. These are the districts to which we now point as our slum and blighted areas. Generally they are found in contiguous areas. However, we do find single, scattered blocks throughout the city which present in themselves conditions quite as poor as those in our worst slums.

The second type district determined is one which offers a serious future problem, which, if left unchecked, will become the slum of tomorrow. This area is characterized principally as containing many old single family structures which are now being cut up and converted into multi-family buildings. In most cases, these conversions are made without the addition of bathrooms and kitchen equipment, which force the unfortunate tenants to share these utilities which are so important to private use. We do know that unless measures are taken to arrest this wave of conversion and to stop the spread into these neighborhoods of all these factors which are so incompatible to better living, we are actually permitting the development of our future slums.

The third group, very much like the second, except that conditions have not developed to as critical a point, also present one of our future problems. With the knowledge of the families and neighborhoods to be served the basic points of our problem have been brought to light. The co-ordination of these two will serve as part three. When this relationship is studied and planned for a ten-year period with particular reference to our city plan, intelligent results will follow.

In addition to slum areas planned for demolition and reconstruction, there are numerous areas suggested for demolition only. These are the areas we hope to clear when vacant land is used for future development and the equivalent elimination clause invoked. These areas generally are small and scattered and are found principally surrounded by old established industrial developments or adjacent to new fast-growing industry. In such districts we know that existing residential development has no chance to survive, and should be eliminated to provide expansion for future industry.

In part four we concern ourselves with the design and construction of such dwelling units as will meet the rents outlined in Part I, and designed to serve particular income groups.

Part V of our Ten-Year Plan concedes that all of the families in the low income groups, now revealed by our research to be living in sub-standard housing, can not be served by USHA-aided projects. Those with incomes in excess of \$1,500.00 per annum, and many below that limit, can and, we believe, should be decently housed by private capital, either through new construction, or through the rehabilitation of existing structures worth saving.

We believe it to be the duty of the Local Housing Authority to correct, as far as it can, whatever bad housing conditions exist under its jurisdiction. In most cases beyond USHA aid, it can only provide the leadership, and

be the co-ordinating force. But that leadership, if vigorous and intelligent, should be able to make a community so housing-conscious that great good can be accomplished.

Another activity to which we are giving serious consideration is the assuming of leadership in attempting to interest the owners of vacant or partially built up industrial subdivision sites in the building of new, decent, low-cost houses for that part of the low-income group just beyond the reach of USHA assistance, and also for some of those who may be barely within the USHA income limit, but who cannot be accommodated in existing projects because more needy applicants are given preference.

In Part VI we plan a study of existing laws incidental to the execution of our suggested plans. From the study of sub-standard dwelling units referred to in Part II, we expect to prepare such maps as will show the location of structures unfit for human habitation and those in need of major repairs.

All of this Ten-Year Plan may not be accomplished, but we believe that armed with a detailed knowledge of exactly what we have to do to achieve ideal housing conditions in our city, we will actually do a much better job than we would do if we did not set a high goal, the reaching of which would mean real housing progress in our city.

ALLAN S. HARRISON

Director, N. Y. City Housing Authority

MISS ALFRED has asked me to produce some cost figures regarding the feasibility of a scheme for a low rent housing project on a more or less cooperative basis. In this very brief discussion I can refer to capital cost only in a general way, without giving you the component calculation. What we are really interested in is the rent.

The plan, as I understand it, is to have a Housing Authority produce the project and turn it over through a lease to an organization formed for the purpose of operating the project. This operation would, of course, expect to be subject to some supervision and inspection by the Local Housing Authority. This arrangement would presuppose a group of cooperatively united tenants able to convince the Authority that they meant business, and who would entrust the operation of the project to a competent manager satisfactory to the Authority. They should start out by fixing rents on a conservative basis and whatever reductions in operating costs were effected through the efforts of the manager and the members of the cooperative would permit dividends on rent payments, providing a further incentive to economy. Possibly the manager could as a tenant share in these dividends to a large enough degree to make the effort toward economical operation worth his while.

It is assumed that the present State legislation (here I am speaking more especially of the New York State scene) may be interpreted to permit such a venture or that, by future amendment to the present act, such a scheme might be put in motion.

In arriving at capital cost, fireproof construction was assumed both from a standpoint of first cost and economy

We must remember that much must yet be done before our country is sufficiently sold on subsidized public housing to be as enthusiastic about it as we are. The decent housing of the lowest income group, at rents which they can afford to pay, is a program too important to be a football for partisan politics. It is big enough, and broad enough, when properly understood, to demand the support of all thinking persons, regardless of political affiliation. It is a basic philosophy as fundamental as the American Home itself. Its accomplishment represents not only a duty of a great, growing nation to those economic unfortunates whose present living conditions are a by-product of the upward surge of our rapidly growing national economy, but also a duty to our own more fortunate progeny.

There is nothing radical in providing the means for obliterating, as far as possible, the spawning-beds of radicalism, crime, disease and immorality. Yet some of our friends would have us believe that our championship of this worthy cause marks us as "crack-pot sentimentalists," if not potential enemies of the existing order of things.

We may not enjoy the applause of our contemporaries, but I am convinced we will earn and receive the plaudits of the next generation in proportion as we succeed in our efforts to improve the basic housing conditions of today.

Rentals Possible In Public-Cooperative Projects

of maintenance. Such non-dwelling facilities as perambulator rooms, laundries, tenant storage space and play areas were included as well as yard improvements and landscaping, but nothing was provided in the nature of community buildings, craft rooms and the like. Land coverage was taken at 28% and a population density of approximately 75 families per net acre. Land cost was assumed at \$1.00 per sq. ft.

As to maintenance, it was assumed that for the purpose of keeping the rents down to the lowest possible figure, a certain amount of tenant maintenance could be counted on. The rents arrived at include gas for cooking and electricity for illumination and refrigeration. Such other items, as insurance, normal reserves for replacement of refrigerators, ranges, plumbing, heating and electrical equipment, have been provided for in the setup. Amortization of the principal was taken at fifty years and the interest figured at 2½%, assuming the present New York State interest rate.

Now as to rents: You have a general picture of the project and a rough idea of the management and operation scheme. The rent cost has been calculated three ways. In all cases, however, the foregoing premises would apply.

1. Assuming a subsidy covering interest and amortization and complete tax exemption.
2. Assuming no subsidy and payment of taxes only on the value of land and improvement prior to acquisition of the property.
3. Assuming no subsidy and full payment of taxes — that is a tax on the value of land and the new improvement.

In case No. 1 which is really the present public housing program with full subsidy and complete tax exemption, we calculated a room rent of \$6.00 per room per month, which includes gas and electricity. In case No. 2 which provides for no cash subsidy, but a tax on former assessed value of site, we calculated a room rent of \$10.19 per room per month, which again includes the cost of gas and electricity.

Finally, in case No. 3, where there is no subsidy and also full taxes are paid, it was found that it would be necessary to charge a room rent of \$12.79 per month, including gas and electricity. To arrive at the comparable rent in commercial practice, i.e., without gas and electricity—a deduction of about \$1.35 per room per month should be made.

A number of factors might be introduced which would

EDITH ELMER WOOD What Income Groups Need Public-Cooperative Housing

Author and Housing Consultant

THE first answer to that question is easy: "The poor devils who have too much income to get into subsidized public housing and not enough to buy or rent comparably attractive homes from the real estate man."

These families are a varied company: skilled artisans, foremen, clerks, bookkeepers, salesmen, young professional or business people hopefully on their way toward higher income levels, and families of the unskilled category, temporarily better off because they have more than one earner. In Washington there are thousands of small salaried government employees. Every city has its quota, though on a smaller scale.

What incomes do these families have? Generalizing about family incomes on a national scale is a tricky exercise likely to trip up "even the very elect." One constantly hears the "Consumer Incomes" study of the National Resources Committee given as authority for a statement that two-thirds of American families have incomes under \$1500; four-fifths have under \$2000. But (1) the table quoted included single persons as well as families, and family incomes run higher. (2) The figures quoted relate to 1935-36. Figures for today would be substantially higher. The picture becomes, therefore, several shades less gloomy.

There is no sense in planning to build houses which will last for decades on the basis of what family incomes used to be in 1935-36 or even on what they are in 1940. Plans must be based on the best judgment we can form of what they are likely to be during the next few years. From 1935-6 to the present, national income paid out has climbed more than half-way back to the 1929 level. The increase has been something more than 20 percent, and the trend is still upward.

Still another modification must be made. Farm and rural incomes are lower than urban. The current large-scale public housing program of the USHA and the present preliminary scouting of NPHC on behalf of betwixt-and-between families are directed to urban communities. We should therefore, seek figures on urban incomes to guide us.

We shall find them at the same source, the "Consumer

tend to reduce the quoted rents. With fireproof construction it might be feasible to eliminate fire insurance and set up a small fund to take care of damage due to such fires as might occur; a truly cooperative spirit in the matter of the use of the property; participation by tenants in management functions; rents from stores or concessions of some kind, and I am sure other items may be found to reduce costs and, thereby reduce rents. Furthermore the numerous possible variations of the assumptions as to planning and financing will produce rentals at different ranges.

In setting up such a scheme, the most rigid scrutiny of all the components would be necessary and only an unusually careful selection of tenants would make the scheme workable. However, the problem is an interesting one and the time and effort consumed in making a thorough study of it should be considered worth while.

Incomes" study of the National Resources Committee. And we are going to take the liberty of re-grouping them by thirds. Families on relief have been omitted, which compensates—possibly over-compensates—for the income increase in the last four years. This table shows still another modifying factor. Incomes run higher in large cities than in small ones.

Three-Thirds of Non-Relief Urban Families in 1935-36

	Lower Third have incomes less than	Middle Third have incomes between	Upper Third have incomes more than
Metropolises (over 1,500,000 population)	\$1300	\$1300 and	\$2200 \$2200
Large Cities (100,000 - 1,500,000)	1200	1200 and	2000 2000
Middle Size Cities (25,000 - 100,000)	1100	1100 and	1750 1750
Small Cities (2,500 - 25,000)	1000	1000 and	1700 1700

Roughly, but only roughly, the lower third is the domain of subsidized public housing and the upper third of private enterprise. So far as it is able to do so, in justice to itself and to the consumer, private enterprise is urged to operate in the middle third. But its progress there is likely to be slow and near the top. It is, generally speaking, for this middle third that unsubsidized public cooperatives might function so usefully.

It is an income group, as the table shows, which has different boundaries according to size of community. I could show you by another table that it also varies according to geographic section. \$1800 in New York and in Mobile connote very different standards of living. Does it begin to be clear that one cannot safely apply national average figures to concrete local situations?

When it is a question of planning for the housing needs of a specific town, it becomes, not only possible, however, but highly important, to determine these income group boundaries with reasonable accuracy.

It can be demonstrated that the cost of living varies according to size of community and according to geo-

graphic section in much the same way that family incomes do, so that other things being equal, families at the boundary lines between the thirds have a similar status in respect to housing. Pronouncements made in regard to them imply (whether consciously or not) that we are talking about families of average size, which is to say two adults and two children.

Until we reach income levels where there is a substantial surplus above necessities, the standard of living is as much a function of the number of mouths to be fed and feet to be shod as of the number of dollars. Budget experts would say I was understating it in asserting that two adults can live as well on \$1000 a year as two parents with five small children can on \$2000. This big family would be as hard up on \$1500 as the childless couple would be on \$750.

So no intelligently conducted subsidized housing program could have a fixed top income limit good for all

IRA S. ROBBINS

Counsel to N. Y. State Supt. of Housing

AS I understand it, the plan under discussion contemplates loans either by a federal or state agency to a local housing authority for the purposes of building housing projects which would be leased to and managed by so-called cooperative groups. These projects would receive no subsidies and would pay full taxes, operating expenses and interest and amortization on the mortgage.

It seems to me that at the outset there is bound to be some confusion because of the use of the word "cooperative" in connection with this plan. Ordinarily, cooperative societies, and especially those which have engaged in building operations, require the investment of some capital on the part of those who will benefit by its activities. That is certainly true of the well known projects of the Amalgamated Housing Corporation and the Amalgamated Dwellings, Inc., in the City of New York where the tenant cooperators are required to invest one-third of the cost of the project in stock or debentures of the corporation. The plan under discussion today does not call for any substantial investment by the tenants. Those of us who are active in the housing field have been considerably disturbed by the confusion which has arisen over the meaning of words. "Low rent housing" is often confused with "slum clearance," although the two are essentially different. The word "rehabilitation" means, to some people, the redevelopment of a whole neighborhood. To others it simply means the repair or modernizing of an individual house. It is suggested that the term "cooperative" be applied to the corporations which would lease housing projects from a local authority. I hope that an effort will be made to avoid unnecessary confusion between different types of cooperative housing projects.

Before we can come to a final conclusion on the merits of a proposal there must be an analysis of a number of items that are fundamental in any housing scheme. These include the rents to be charged and the income groups to be served from time to time in any one community, and consideration must be given to the different economic

parts of the country, all sizes of cities and all sizes of families. In a given city there will be a graduated series of top incomes corresponding to size and age of family. And since the just-too-much-income families who will want to take advantage of cooperative housing occupy the economic layer immediately above the top limit for subsidized housing, it will also vary with size of family.

In an average city where \$1260 per year would supply the needs of a manual worker with a wife and two children at maintenance level, the childless couple with \$800 or the family with five children and \$1600 would be living at similar levels. It might well happen in such a town the early applicants for housing in a cooperative would include a childless couple with an income of \$1200, a family with two children and \$1500 and a larger family with \$1800.

But beware of announcing nationally valid figures. Because "there ain't no such animal."

Clarifying Amendments Needed

and social conditions in different communities. At the same time we must think through the question of the character of the groups to be accommodated and the extent of their management of the projects. I can see that at some time in the future a local housing authority might have so many public housing projects that it would be glad to have the management of one or more projects taken over by some responsible group. On the other hand, there is always the danger that such a group might mismanage a project and that the wholesale management by the authority itself of all projects owned by it might in the long run be much more efficient and economical.

The sponsors of the proposal under discussion today must be prepared to answer the question whether or not the projects are to be leased to responsible homogeneous groups, such as civil service employees or labor unions or whether they are to be leased to groups consisting of families who have nothing in common except the desire to be well housed at rentals which are reasonably proportionate to their incomes. The possibility of the tenant group becoming a pressure group and the political consequences of renting an entire project to any homogenous group must be carefully weighed.

My chief duty today is to discuss whether or not any legislation would be needed if the plan under discussion were found to be sound as a question of policy. The United States Housing Authority is authorized to make loans to local housing authorities and the Act contains no restriction that the projects of the local authorities must be managed by the agency to which the loan is made. However, in view of the fact that these projects would not be subsidized and would pay full taxes, the rents are likely to be substantially higher than those paid in existing public housing projects. That raises the question whether or not groups to be accommodated are within the "lowest income group." In my opinion, they probably would be within the "lower income groups" and thus be within the present provisions of the law.

However, the whole proposal involves a change of

policy which was never contemplated by Congress at the time of the passage of the United States Housing Act of 1937 and, irrespective of whether or not the plan would be technically legal, it would be sound policy to procure an appropriate amendment so that the administrative officials of the United States Housing Authority would feel free to proceed with the plan if they so desired.

It would also be necessary to amend the state laws under which local housing authorities are organized.

E. R. BOWEN

Tenant Management Has Place in Cooperative Movement

General Secretary, Cooperative League of U.S.A.

ALL America was challenged to action by President Roosevelt's dramatic statement, "I see a nation one-third ill-fed, ill-clothed, ill-housed." We are here assembled to endeavor to formulate further plans to answer the challenge of ill-housing. Recent statistics indicate that the President erred only by understatement. Irving Brant says, "Statistics show that two-thirds of the American people cannot afford to buy or rent a decent new home."

In contrast to the deplorable housing conditions in America, Mr. Brant said, after leading a European Housing Survey for the National Public Housing Conference, "When you put the United States up alongside Denmark, Sweden and Finland, the whole United States will rank as one vast slum." Those of us who have been in Scandinavia recently will confirm this statement.

Why such a contrast between Scandinavia and America? The answer as to why we are a generation behind Europe in housing could be well stated in opposite language to the Swedish Consumers Cooperative slogan, "Modern People Believe in Working Together"—in America we are only beginning to act on the principle of "working together." The Scandinavian people and others in Europe have learned that they can build better homes by working together; that they can pay for them better by working together; and that they can control them better by working together.

Not only has President Roosevelt graphically described our present ill-housing conditions, but he has also expressed the ideal toward the realization of which we are striving, "we are launching an attack on the slums of this country which must go forward until every American family has a decent home." What an ideal to strive for! The eventual elimination of rural slum dwellings as well as urban slum dwellings; or privately owned slums and corporation-owned slums.

A fundamental premise which I would wish to lay down in discussing public-cooperative housing is that housing programs should envision and provide for the possibility of eventual individual or cooperative group ownership. We must think in terms of evolving houses into homes—to convert a house into a home implies and requires the anticipation and eventual realization of ownership. We should build people as well as houses—to do that it is necessary for people to take responsibility—to participate in ownership and control.

The reason is that in most cases the authorities may not lease their projects to any outside group for management. In some states they may be permitted to lease the projects to limited dividend corporations in which a substantial equity has been invested. However, as I pointed out before, the groups to which projects are to be rented under the formula discussed today, would not have any equity investment in the projects. For that reason and for reasons of policy, it would be necessary to amend the state laws to give the local authorities the necessary powers.

Now to get to the practical problem of realizing the ideal ahead for which we strive.

We can classify housing in four general types: public housing; public-cooperative housing; cooperative housing; and individual housing. This session of the Conference is considering the second type—public-cooperative self-liquidating housing.

Public-cooperative housing projects are of varied types. Let me start with a primary type and illustrate by Nova Scotia.

A group of ten miners in Cape Breton started an adult-education discussion group. Every public-cooperative project should start with the education of the people involved. They organized a credit union and later a cooperative store, both of which they and others owned and managed successfully. Then the group started studying housing. An American cooperative leader was enlisted to direct the project. They petitioned successfully for a change in the Nova Scotia Housing Act to make public-cooperative housing possible.

The members of the discussion group began studying architectural journals and books together. Then they drew plans and made cardboard models. They incorporated a housing association and contracted for acreage. The owner had intended the land for a cemetery but agreed that it might better be used to house people above ground rather than below ground. The group prepared building material specifications and got competitive bids for all ten houses. They chose a foreman out of their own members and started digging their own basements after working hours. They poured the cement for all the foundations with a hired cement mixer. They erected the frames, completed the buildings and installed the equipment.

They financed their new homes by each investing \$100 in cash, which they had accumulated through their credit unions and the savings on their cooperative store purchases. The Housing Commission loaned them \$1,500 each. Their own labor completed the remaining investment in homes appraised conservatively at \$2,500 or more. Their amortization payments for their own homes, built under a public-cooperative project, over a 20 year period are less than \$10 per month, which was the amount they formerly paid for rent in company houses. They pay an additional \$2.50 per month into a reserve fund for emergencies.

What have these miners today for the same cost to themselves as before? Before, they lived in old company

houses; now in their own new two-story homes. Before, the street was their front yard and the alley their back yard. Now they have their own cooperative playground for their children and themselves. Dr. Coady, one of the great Maritime leaders, summarizes their accomplishments in the introduction to a new book by Mary Arnold describing this housing project, "Of all the cooperative activities in which people may engage, housing is the best for human beings. It touches them more closely than the rest; it is equally of interest to men and women."

This is what might be called the primary type of public-cooperative housing—where the people do their own building. A second type is similar and calls for initial public financing with or without small equities by the cooperative owners, but with group contracting for labor as well as land and materials.

LEROY BOWMAN

Executive Secretary, Co-op. Housing Federation

THE Cooperative Housing Federation of New York City is a newly organized affiliation of thirty-four cooperative houses and cooperative large scale housing developments. Each one of the affiliated groups is organized on the Rochdale consumer cooperative basis.

Recently the executive committee met and considered the proposal by the National Public Housing Conference of loans for self-liquidating public-cooperative housing projects. The committee voted unanimously to approve the idea of experiments in this direction, and the members will hope that they will succeed.

However, the Cooperative Housing Federation is anxious to draw a distinction between the proposal and Rochdale Cooperative Housing. In the latter there is a distinct and considerable stake in the housing development on the part of each resident. Cooperative housing for them is distinctly investment housing. Obviously public-cooperative housing comes under a different category. We feel that the distinction should be clearly kept in mind whenever public-cooperative housing is spoken of.

There is need for all types of housing in order to meet the shortage that faces us. It is therefore incumbent upon everyone interested in housing to favor every socially desirable scheme to provide more homes. In addition to the need for more houses, there is the obligation on the part of all sympathizers to work together for a better

ROBERT F. WAGNER

U. S. Senator from New York

WE MEET tonight with the full satisfaction of great achievements in the cause of public housing.

Fifty years have gone by since Jacob Riis turned the searchlight of national attention on How the Other Half Lives—in the slums. Society knew then, half a century ago, the lesson it has learned over and over again in the years which have intervened—that decent housing encourages good citizenship, and slums tend toward bad citizenship; that decent housing means better health, and

I would urge the consideration, discussion and support by every American citizen of public-cooperative self-liquidating housing projects. Individual and cooperative owned homes are the front line of defense for democratic institutions in religion, education, government and business. They make for democratic progressiveness in the people and forestall both reactionary conservatism and revolutionary radicalism. Let's lift America out of the slums. Let's re-house America and put our unemployed at work constructively. As Irving Brant says, "The job has to be done . . . it has to be done to save our civilization from ruin." It's up to you and me to do it. I appeal to you to support legislative action and voluntary organization to the end of developing a vast program of public-cooperative self-liquidating housing as one means of achieving the goal of every American family having a decent home.

We Welcome Experimentation

public understanding and for effective legislation.

I believe the proponents of public housing, public-cooperative housing, cooperative housing and investment housing all should present a picture to the public and to public officials that is unified and consistent. This means that each one of us should strive to get the facts if we do not have them, and if we do, to make it clear what place each type of housing takes in the whole picture.

In general, public housing is intended to serve the lowest income groups. Cooperative housing probably is for a group in a slightly higher income bracket; and perhaps investment housing serves a group still better off economically. I think, however, we need much more statistical data on the types of people, the income levels, and the permanence of residence of each of these three kinds of housing. It is one of the first tasks our Cooperative Housing Federation is setting for itself. Probably it will not only make the picture more clear to have this information, but it may serve to mitigate or eliminate any unwise and, I believe, unfounded jealousy and antipathy between representatives of the different groups spoken of.

Above everything else, in a matter so socially desirable, so universally needed, and so difficult to achieve as adequate housing, there should be a minimum of sectarian feeling.

Public Housing Must Move Forward

slums mean more disease; that decent housing reduces the cost of community protection against fire, crime and delinquency, and slums take a heavy toll of life and property and moral values; that decent housing means the American standard of living, and slums represent a mode of living abhorrent to us all.

This was the challenge of the urban slum conditions which I knew in my own boyhood. For decades the challenge went unanswered, while the slums spread wider

and wider their misery and blight. The occasional attempts of public authorities to "regulate" slum conditions, where effective at all, only intensified the horrors of overcrowding. The sincerest efforts of private enterprise proved unable to build any substantial number of decent homes within the slum dwellers' means to pay. After fifty years, the best evidence of the need for a new and more vigorous approach was the slums themselves, more menacing to the well-being of our people and our nation than ever before.

Within the short space of two years, this dismal picture has been transformed into a new and pleasing prospect, a prospect of healthful low-cost homes for millions of American families rescued from the shadowland of the slums. It has been transformed by operation of a single, simple act of Congress, the United States Housing Act. Once the forlorn hope of a few advanced reformers, the United States Housing Authority is now among the most popular of Federal agencies, counting its adherents in every section and in every party, among social workers, labor unions, bankers, teachers, religious leaders, investors and industrialists. Combining Federal aid with local initiative, operating through the normal channels of the private construction industry, this program has the financial sinews, the sound public policy, and the broad humanitarian support to see this job through to a successful finish.

When I watch thousands of families moving from the slums into these new low-cost, low-rent homes throughout the country, when I see the eager, happy faces of their children at play in the sunlit grounds, then I give thanks that our democracy has been wise enough and rich enough to preserve its human resources in this truly democratic way. Then I further resolve to press forward until the blight of the slums is no more, until every humble family, every mother and every child can enjoy the simple comforts and the spiritual solace of a decent American home.

As we move for the necessary extension of this nationwide program, the most fantastic stories are being spread about its cost to the American taxpayer. If we want to find out what the program costs, let us read from the document which surely reflects every item of Federal expenditure—the Budget of the United States.

When we examine the President's budget message for the coming year, what do we find? The construction loans authorized under the program do not enter into the Budget or the national debt at all. These loans require no taxes and call for no appropriations; they are financed through sale of United States Housing Authority bonds to the investing public, on which the Authority now realizes a substantial interest profit.

Read the Budget through from cover to cover, and you will find only two items concerning the United States Housing program. The first item authorizes the Housing Authority to make available, from its own funds, the sum of \$4,500,000 for administrative expenses. In other words, Congress does not have to appropriate a single dollar for the expenses of the Housing Authority, because those expenses will be covered by the earnings of the

Authority in its lending operations. The second and last item in the Budget message pertaining to the housing program is the following: "For the United States Housing Authority, \$15,000,000 will be required out of the general fund of the Treasury, for the payment of annual contributions to public housing agencies in accordance with the United States Housing Act."

In short, the greatest possible cost of the program to the Federal Government next year, the only cost chargeable to the taxpayer and entering into the national debt, is \$15,000,000. Indeed, the House has just found that an appropriation of only ten million dollars will be necessary at this time. In England, with a population less than one-third our own, the national subsidies for all types of public housing last year came to \$75,000,000, notwithstanding a staggering burden of rearmament and the menacing shadow of the European war.

The annual Federal cost of the present Housing program is indeed a modest one—\$28,000,000 at the maximum and about \$25 net for each person rehoused.

These costs represent the Federal pay-as-you-go contribution to bring the rent level in low-cost housing down to the income level of those now living in slum shacks and tenements. The Federal subsidies, together with the substantial contributions by the localities themselves, bridge the gap between vague talk about housing and doing something effective about housing. They represent the difference between good intentions, surveys and blueprints on the one hand, and actually rehousing slum families on the other.

If Federal subsidies are stopped, the whole program stops, and with it ends the hope of millions for a healthier and a happier life. If more subsidies are authorized and the construction loan fund is doubled, the expanded program will rescue two million persons from the slums. At the same time, it would tap a vast pool of idle private capital, and provide a year's work for a million men. These benefits are well within our reach, for the pending bill sponsored by Congressman Steagall and myself has already passed the Senate, and will shortly be considered by the House of Representatives.

When the Housing Authority was first established two years ago, I said at a great dinner meeting held by the National Public Housing Conference: "The fruits of liberalism are stolen only when its guardians go to sleep—only when there is creeping complacency in the face of continuing social injustice."

In the public housing movement today, I find no relaxation of vigilance or complacency of outlook; but rather a militant determination to keep moving ahead, in the full inspiration of the great work that remains to be done. You and I know that a nation-wide slum clearance and low-rent housing program for the lowest income groups has not been completed; it has only been started. The normal expansion of that program has first claim upon our support and our collective efforts. With our ranks swelled by millions of forward-looking citizens, I have confidence in the early attainment of a goal that will enrich our national heritage and fortify our cherished democracy.

NATHAN STRAUS

Administrator, U. S. Housing Authority

TIME is a relative concept. We reckon time not in the abstract, but in relation to something concrete. To a geologist, eight or ten years would probably sound too fractional to be worth bothering about. Yet that comparatively short time spans the entire history of the public housing movement in this country from birth to maturity.

There are some here this evening who can remember, as I do, the ice age of public housing—all of eight years ago.

There are many here who have fought in behalf of public housing for more than two years. They are indeed veterans of the ancient wars, as time is measured in the public housing movement. For such veterans, there are no cash bonuses, but there are the almost equally consoling pensions of "We told you so."

They (that catch-all pronoun which describes the opposition, at the bridge table as on the battle field)—they said, "You will never be able to build homes within the low limits of costs imposed by the United States Housing Act; besides, you will never get your rents low enough so that families in the lowest income group will be able to live in the homes you build, and worse than that, you will never eliminate any slums or areas of blight."

We refused to heed these dire predictions. We made bold to contradict them. We, veterans of the housing movement, said two long years ago, that we would do all those things. It is my pleasure to say to you tonight that we, you and I, together, have done so.

Well, let's play the first record in the symphony of costs. Let's start with a new needle and set the volume control at its loudest. In cities of less than half a million population, the average cost of dwelling facilities per dwelling unit under the USHA program is \$667 less than the \$4,000 top limit imposed by the Housing Act; the average cost of dwelling facilities per room is \$199 less than the limit imposed by the Housing Act. In the larger cities, the average dwelling facilities cost per dwelling unit is \$1,359 less than the limit of \$5,000 imposed by law and the average per room is \$373 less than the limit, \$1,250 per room, set forth in the law.

Let's go on to the second movement in the symphony of costs and get a variation on this same theme. If we subtract the cost of dwelling equipment and other items chargeable to dwelling facilities, there is left "net construction cost." That is the cost of building the house, including plumbing, heating and electrical installation. That "net construction cost" is readily compared with the cost of building by private owners and private capital, because it includes the same items that are included in the figures published monthly by the Bureau of Labor Statistics of the Department of Labor.

Such a comparison shows that, although homes built under the USHA program are constructed for a life of at least sixty years and are built by labor paid the full prevailing wage, the average net construction cost is \$705 less than the same average for private residential construction. Let me emphasize that the comparison I am making is a comparison between the average cost of private residential construction and the average cost of construction

Let Us Look At The Record

under the public housing program of the USHA—and I am making that comparison for the same localities in the same months.

Now as to rents. On November 26, 1938—in the dim, dark ages of public housing time—the *Saturday Evening Post* said:

"In a radio address on September 13, 1938, Nathan Straus, Administrator of the USHA, said that in some parts of the South he believed that the new projects were going to be so economical that rentals for a small dwelling unit might be brought down to pretty close to \$12 a month, possibly be actually \$12. He was very much pleased with his hope. He did not compare it with the approximately \$5 a room program of the Housing Division of PWA."

In other words, ladies and gentlemen, less than sixteen months ago, a rental of \$12 a month for a home was so far beyond the imagination of the editor of that publication that he was inclined to sneer at the prediction.

Yet today there are projects in the South where shelter rents are less than \$7 a home a month, some between \$8 and \$9, some between \$10 and \$11. These, let me emphasize, are not estimates. They are not guesses. They are not hopes. These figures that I am quoting are rents fixed by local housing authorities and now being charged in projects which are open and occupied.

The annual report of the United States Housing Authority to Congress for the year 1939 has just been completed. Those of you who recall the 1938 report may remember that we pointed out then, in January, 1939, that there was every reason to believe that the estimates of rents, embodied in that report, would be substantially lowered when the projects were completed and actual rents, based on actual costs, were set.

When the USHA annual report for 1939 was completed a few days ago, a comparison was made of some of the figures with those in the 1938 report and here is what we found: On 17 projects, for which final rent and income limits have been approved, the actual figures average 16 per cent lower than the estimated rents, as embodied in the 1938 annual report. Achievement has again not only been matched, but has outrun prediction.

Rentals within the financial means of the lowest income group are a reality. In fact, today we are confronted with an interesting question: Should subsidies be used to lower rents still further, so as to give families of small means better housing than they ever had before, at rents lower than they have paid before, or should we be satisfied to equal the rents now paid by these low income families in the slums, which would permit substantial reduction in annual subsidies?

This is a new question, a new challenge to the public housing movement. It is a question for which we must look to the local housing authorities for an answer. The fact that this question has arisen is another indication of the ages that have passed since, two short years ago, almost no one believed that public housing would ever be able to achieve rents low enough even to match those charged in the slums.

Let's change the needle and put on a new record, the record of the effect of the USHA program on slums and blighted areas. Some have feared that public housing could not eliminate the slums. Some have believed that, because not all public housing is built in the slums, the public housing program, while it might provide good low rent homes, would not eliminate the old unfit dwellings. Those who made that prediction may be forgiven because they probably failed to read the provision of the United States Housing Act which requires "the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe or insanitary dwellings, situated in the locality or metropolitan area, substantially equal in number to the number of newly constructed dwellings provided by each project."

Had they read that provision of the law, they would have realized that slum elimination is always an accompaniment of building under the USHA Act. As a matter of fact, more than 12,000 miserable, decaying, foul city tenements and small town shacks have already been permanently closed to human habitation or have been so repaired and improved as to make them habitable and healthful homes. Under the present program of the United States Housing Authority, a total of about 160,000 new low-rent homes will be built and a total of about 160,000 unfit, disease-breeding slum dwellings will be eliminated.

By any measure that can be applied, public housing is an established success. We have applied the test of low construction cost and public housing has measured up to it. We have applied the test of low rents. Public housing has stood that test. We have applied the test of slum elimination. Public housing is eliminating the slums.

Apply any other test and the result is the same. Does public housing interfere with private building, you may ask? Apply the test and you will find that, just as public housing in England stimulated the greatest boom in private residential construction in the history of Great Britain, so today in our own country the vicinity of public housing projects gives every indication of a similar re-

HEINZ NORDEN

President, City-Wide Tenants Council of N. Y.

THIS public housing program that has begun so auspiciously must not stop; it must continue, and the forces that are gathering and that have already gathered to hamper it, to hamstring it, must be defeated. I believe that they can be defeated by such meetings and gatherings and conferences as we have here. We have people here from every part of the country. If we, as a result of this meeting, from the exchange of ideas which we have had here tonight, resolve firmly to return to our communities and to go out and see that public opinion is mobilized, the housing program can continue and the forces that oppose it can be defeated.

I come from New York where we have already made considerable progress on the road, still slight as measured by the need, but so much that we feel that the monuments that have already been erected during the past two years will themselves serve as citadels for continuing this work.

sult. Public housing ignites the spark that stimulates the private building industry.

Can public housing stand the acid test of economy? Is public housing compatible with that scrutiny of every item of federal expenditure toward which Congress and the public is now turning? Yes, because public housing stimulates more employment, confers more benefits on business and on labor, than any other equal expenditure of public funds. How else, let us ask, can \$73,000,000, the amount provided in the pending legislation, be used so as to produce a million man years of work in the regular course of private business. (For all building done under the public housing program is done by private builders, employed by local authorities, after competitive bidding.) Measured by the test of government economy and benefit to business, public housing again comes out on top.

When any enterprise is successful, it is time to go slow in making changes. Progress in wiping out the nation's slums is made only when it is steady, uninterrupted, and cumulative. Let us beware against tinkering with that successfully functioning mechanism known as the United States Housing Act. The real friends of public housing in this country will be wary of suggested changes in that Act, designed to make it a cure-all. Public housing is not a cure-all! it was never meant to be.

The Wagner-Steagall Act was designed to wipe out the slums of America and to provide decent homes for the families of the lowest incomes. It was designed to do this at the lowest possible cost to the taxpayer. The Wagner-Steagall Act is doing all of those things for which it was designed—and at an even lower cost to the taxpayer than was anticipated when the law was written.

Public housing marches on. The doom of the slum is in sight. That day of which President Roosevelt spoke, "When every American family will have a decent home," may yet be seen by some in this room.

As we celebrate the success of the public housing movement with nearly 65,000 new homes under construction, we, who are the veterans of the housing wars, must gird ourselves anew so that this great national movement may continue and grow.

Tenants Want More Housing

I, myself, have now lived on the Lower East Side for five years. When I came there, the tongue of land known as Corlear's Hook was still full of warehouses, it was still full of slums. Today, through the combined work of the municipality and the United States Housing Authority in cooperation with our local Housing Authority, a wide swath has been cut through the Lower East Side.

Old, dilapidated, ramshackle buildings have come down, and the people walk there and marvel, and their hearts are filled with hope. They walk through the lovely new park that has been created there and they see for blocks and blocks where the sheds and the scaffolds and the concrete are rising for Vladeck Homes. The hundreds of Vladeck units with their thousands of Vladeck apartments that are rising throughout the city must make us, as they do make the people who are already coming to live in them, continue this fight.

I speak again about the Lower East Side, because down there we have visions; down there we dream big dreams. We dream not only of housing projects, but we dream of entire neighborhoods rebuilt and rising to fortify democracy which, as we hear all too often at present, is threat-

JOHN ANDERSON

Secretary, Construction Workers Union, D. C.

YOUR Chairman in his opening remarks referred to the fact that only a few years ago housing, Federal housing, government-subsidized housing, was a radical departure from the then well known system of building homes. Yes, I well know how radical it was supposed to be. I belonged to the Carpenters Union at that time, and in 1933 or 1934, I am not sure which it was, I was up on charges for expulsion because I agitated for public housing. At that time the national office of the Carpenters Union considered this radical teaching and considered it foreign propaganda. However, public opinion in the United States wasn't the same as William Hutcheson's opinion, and the result is that we have public housing today.

Contrary to public opinion, a carpenter does belong to that category of the citizenship of the United States that subsidized housing is being built for. A building construction worker's earnings usually run from \$1,000 to \$1,200 a year—if he gets that much because he happens to live in a city where there is any construction at all. In the last few years, it has been nothing unusual for a carpenter or any other construction man to loaf for a year or two because there was absolutely no work to be done.

He has, since the world war, become a migratory worker. Up to that time the construction worker could usually make a living in the town where he happened to live, whether in the East or West or North or South, but since then there have been certain boom towns, certain cities throughout the country where there is construction work. There are plenty of others where there is none, so he is forced to move from one town to another as he is able to find employment or as the work goes up.

This of course makes it impossible to own a home, even if he could build a home and pay for it with the wages which he makes. To buy material and build himself a home on his \$1,000 a year, would be impossible for him because he has to move so often that he couldn't tie himself down to a house. The real estate operators and banks and insurance companies realize these facts, and the result is that it is almost impossible for a construction worker to buy a home on an installment basis, because he knows he is going to forfeit it inside a year, no matter how prosperous he happens to be at a particular time so that he has a couple of hundred dollars for the down payment.

So these workers do belong in the category these homes are built for. They are benefiting from the housing program from the standpoint that it does give them more work. Yes, I must say in plenty of towns if it hadn't

ened by blackout, not only abroad, but is also being assailed in our own country.

It is in that spirit, Senator and Mr. Straus, that I want to join in this plea that the forces that are trying to hamper the housing program shall be defeated, and that the work so nobly begun shall be finished.

Better Organized Industry Is Sought

been for the United States Housing Authority's building program in the last two years, they would have loafed a lot more than they have. But I do believe that it can be increased considerably when we get housing down to what it should be, when we industrialize the housing or the building industry the same as we have industrialized nearly all of the other mass industries in the United States. When we do that, we will find that we can have housing programs large enough, steady enough in every town, so that the construction men will find it possible to live in a given city and find steady employment there during the year. Then they can even own their own homes, or be able to pay the rent they should for the type of home they should have to live in.

The construction men have in the past years built all the palaces, all the swell apartments, all the beautiful homes, all the other building that we have in this country, but they, themselves, have always lived in the slums. There are exceptions, but as a rule they have lived in the cheapest neighborhood, because that is governed by their income.

I think there is only one thing the matter with the subsidy plan of the United States Housing Authority, and that is, it isn't big enough. The program itself should be twice as big as it is now, and perhaps more than that. The C.I.O. Legislative Committee came out with a program of 300,000 units a year for the next ten or fifteen years, hoping private industry would be able to build from six to seven hundred thousand units a year for that length of time. That of course would give the construction workers needed employment, as well as all the other workers that are employed in the manufacturing of the material that goes into the homes of the nation. At the same time, it would take up the slack in the times, it would eradicate the slums and give these people a chance to live as American workers should live, so we can raise the kind of American citizens in the future that we would like to have.

I think that when this plan was first proposed by the C.I.O., it was almost laughed at—300,000 units of Federal subsidized homes, 700,000 units by private industry, was something we couldn't reach. I think it is very possible that we will reach this figure if we get down, as I said before, to industrializing the whole industry so we can do away with this antiquated system of building, laying brick upon brick, tile upon tile, setting up all the other things in the various fashions as we have done for the past 100 years. That can be done in this industry. Then we shall be able to get homes down to where everybody can live like he should.

JAMES DUNDAN

Secretary, Textile Workers Union, Cumberland, Md.

I WAS somewhat surprised this evening on arriving here at the task laid out before me—to bring to you the conditions of those who toil in the textile industry. That is a job that I fear is far beyond my ability. Possibly it could have been done better by someone with many statistics and reports of various researches. But I do feel that in my own humble way, I can bring to you some of the conditions under which those who work in the textile industry live. Conditions in their homes, I am sure, are shown in many of the pictures you have here in your conference.

There are 1,250,000 people employed in the textile industry in this country. Of that 1,250,000, it is safe to say that at least 1,000,000 of those people are improperly housed and living under conditions that are unfit for American citizens.

I am glad to hear from Mr. Straus that some of the appropriations from the Housing Authority have gone into the South where the textile workers of this country are most in need of better housing conditions.

It is needless for me to go into the conditions in the South of the textile worker, one of the lowest paid workers in this entire country, because I feel all of you who have been interested in housing work for the past few years know of the conditions there in the South.

It is well to note at this time that the textile industry is not only in the Southland but in the North. While we are oftentimes spending our time talking of the conditions of the textile worker in the South, we find that in the large majority of cases, the textile worker in the North is little or no better off in regard to housing conditions.

I would like to take you for just a few moments back to a section I am most familiar with. My home is only a little over 100 miles from the City of Washington, in the western part of Maryland—Cumberland, Maryland. Many of you probably do not know of the living conditions, the housing conditions of some of the people that are that close to your National Capital, due to the fact that it is not a great city.

I think it is now time that we consider slums not only in the largest cities in the United States, but in the smaller cities and in the small country towns. In Western Maryland, we find today our textile workers living in homes that were built 100 years ago, homes that their grandfathers and grandmothers were born and reared in. In some communities of 6,000 to 8,000 it is a luxury to have running water in your home. Not more than 10 per cent of the homes in the entire community have a bath, and possibly less than 10 per cent have a heating system in the house.

This is also true even in the City of Cumberland, a city with a population of 40,000 people, where a home with

Better Homes: Right of American Workers

a bath and a furnace and running water is far beyond the expectation, not only of the textile worker, but anyone else who labors in Western Maryland. Those of us who labor not only in the textile mills in Western Maryland, but in the coal mines, the rubber works, the brick and clay works, find that we must live in homes without what are now known to be the necessities of life, without baths, without heat, and in houses, as I have stated, that are as old as 100 years, and not fit for American citizens to live in.

The housing conditions in my own district—and I want to note at this time that we have been endeavoring for the past year to get a housing project there in Western Maryland, and we are hopeful at this time that we will be able to get it—have become so bad that just about a month ago someone undertook to remodel a brewery that was abandoned when prohibition came into effect years ago and has lain idle, with no windows or doors in it, up to the present time. Now it is going to be boxed off and patched up and the young couples in the textile mills will be forced to live in this old brewery.

If you could but see some of the buildings, old dance halls, some not much more than barns, that have been converted into living quarters in our section of the country at the present time, and the hazards to life and health that have been created by people being bundled together! Two weeks ago I visited a member of my organization. The only thing I ever saw before to resemble it was a stock barricade at a county fair. That is just about what it resembled.

I think, though, that you people who have devoted much of your time in past years to this program, especially those of you who have brought about what we have already achieved, know of many of the conditions. I want to say to you at this time that thousands upon thousands of textile workers are looking forward to the continuation of the work after the wonderful progress that you have made, looking forward to the day when they, too, can stand up and say that they are living under conditions that meet the requirements of a democratic form of government. They can feel that this democracy will be preserved and that there is no better form of government anywhere on the face of the earth, and that can be done now.

Much we already owe to Senator Wagner, those of us in labor, for what he has done for us through the Wagner Labor Act and other acts. And this, the Housing Act, I feel can do more for my fellow workers, those workers in the bracket of income that will never enable them to own their own home, than any other single bit of legislation that has ever been enacted in these United States.

EDWARD WEINFELD

N. Y. State Superintendent of Housing

THE role of pioneer is always difficult, sometimes hazardous, but always of absorbing interest. New York State, the testing ground for many theories of social progress, is again pioneering—once more in the field of housing. It first pioneered in 1926 when there was enacted a State law providing for the organization of limited dividend companies and their supervision by a State Board of Housing. The effort was then made to launch a housing program, not by the State but by limited dividend corporations. This housing was intended primarily for the white-collar and skilled worker groups. Evidently, it was not intended to take care of the lower income group, except as an incident to providing for the so-called white-collar class.

Briefly, what the law provided for then was the incorporation of limited dividend companies which were to be restricted to a return of 6 per cent on the investment. These corporations were to be granted tax exemption, which, of course, was dependent upon action by the local government.

As I said, the intention was one, to take care of the so-called white-collar group, and two, by moving up the white-collar group to make available the apartments that had been vacated by them for the lower income groups. There was to be a limitation on the rents charged. In Manhattan the maximum average rents would be \$12.50, and elsewhere throughout the State \$11.00.

The program contemplated under the limited dividend law was never fully realized—certainly not to the extent intended by those interested in sponsoring the law. Some progress was made. Thirty million dollars was invested in the limited dividend corporations, and as a result of that investment 6,000 families are being taken care of. It is evident that families which were taken care of were within the so-called white-collar income groups.

Now, 6,000 families is an insignificant number when one considers the extent of the problem in New York State. Although the program was not an extensive one and reached only a small number of families, limited dividend housing in New York made a most important contribution in the field of housing planning and management.

There have been various estimates as to how great the housing shortage is in the State of New York. It is generally agreed that in New York City alone there are 450,000 to 500,000 families who have not proper, sanitary and safe quarters and, for the State as a whole, the estimate is in the neighborhood of 1,000,000 families. Recalling the figure of approximately 6,000 families housed in limited dividend projects, we can readily see that so vast is the problem that no real progress in its solution was made under the limited dividend corporation law. Certainly, a great percentage of people who really ought to be rehoused and should have been rehoused were not affected at all by the law.

Meanwhile, our housing situation was getting worse rather than better. The adoption of the Federal Public Housing program, while of substantial help, was recognized as inadequate to deal with New York's problem. The Federal program today, despite the splendid prog-

New York State Plan of Housing Assistance

ress being made by the United States Housing Authority, has completed and contemplates projects making provision for approximately 25,000 families. The problem would still remain acute even if the bill for an additional appropriation of \$800,000,000 had been passed last year. A State program was considered essential.

Constitutional questions were raised concerning the power of the State of New York to engage in a program which would permit the use of public funds in order to take care of the needs of the citizen. Fortunately, the Constitutional Convention of 1938 came into session, and there was written into the basic law of our State a provision which permitted the State to lend its credit, and in addition to give financial aid for the purpose of undertaking a slum clearance and low-rent housing program.

Writing a provision into the basic law of the State does not make it self-operative, and, of course, enabling legislation was necessary. That enabling legislation was passed at the last session of our legislature.

I would like to discuss first our constitutional amendment, showing just what the legislature has the right to do, then the law itself, which indicates what it did, and what powers it granted, in order to carry out the intention of the amendment.

The old limited dividend corporations were under the supervision of a State Board of Housing consisting of five members. Under the new law the State Board of Housing was supplanted by an administrative head, the State Superintendent of Housing, who is charged with the duty of carrying out the provisions of the law.

The constitutional amendment provides \$300,000,000 to be used for slum clearance and low-rent housing purposes. In addition there is authorization granted to the legislature to permit the payment of subsidies for the purpose of achieving low rents for low income groups, these subsidy contracts to be made at the rate of not more than a million dollars in any one year. That is, the contracts which may be entered into in any one year are not to call for payments of more than one million dollars in any one year, and at no time may there be outstanding more than \$5,000,000 in subsidy contracts.

In the law, as distinguished from the constitutional amendment, the legislature authorized the state to incur debt to the extent of \$150,000,000. In other words, while it had the power and authority under the Constitution to authorize debt in the sum of \$300,000,000, all it authorized was the sum of \$150,000,000. It incorporated the constitutional provision permitting the payment of subsidies to cities, towns and villages, or authorities, at the rate of \$1,000,000 per year so long as there was never outstanding at one time commitments requiring the payment of more than \$5,000,000.

It happens that the subsidy provision of our law would just about carry the sum of \$150,000,000, but there still remains in reserve under the constitutional provision a sum of \$150,000,000 which, if it is to be released for low-rent housing purposes, will require additional subsidy, and, of course, that, in turn, may require a constitutional amendment.

Of the \$150,000,000 made available, two-thirds is allo-

cated to the City of New York and one-third to other cities, towns and villages or authorities throughout the state.

As to the amount of the loan, the Superintendent in his discretion is authorized to lend up to 100 per cent of the project cost. This differs from the Federal provision, which permits the United States Housing Authority to lend up to 90 per cent. The State Superintendent may lend the entire cost of a project to a municipality or authority.

The interest rate which may be charged by the State is the going rate of interest, which, at the present time, is fixed at two and one-half per cent. There is no additional $\frac{1}{2}$ % charge, such as exists under the Federal law, but there is a charge for the actual cost of borrowing the money. That is, whatever it costs the State to float a bond issue that cost is charged to the municipality. At best, it is a very insignificant item.

The loan is repayable, in equal annual installments within fifty years at rates and at times enabling the State to pay back its indebtedness on the bonds issued for housing purposes.

It is obvious, of course, that lending money at low rates of interest will not in itself achieve the purposes of the Act, and we have the subsidy provision which I referred to. The subsidy may be paid only out of money appropriated by the State from its general funds.

I have already referred to the fact that the State Superintendent may not make commitments on behalf of the State, for the payment of periodic subsidies in excess of one million dollars in any one year, nor may there be outstanding at one time more than \$5,000,000 in subsidy commitments in any one year. There seems to have been some confusion in the minds of many people as to just what is meant by that, and I think perhaps an illustration would clarify it. If I were to enter into subsidy contracts this year, the limit of such commitments is \$1,000,000, payable annually for the life of the project. When I have reached that amount, I have exhausted the power of the State Superintendent to make those contracts in that year. Next year I could again enter into subsidy contracts for another million dollars, and so on through the third, fourth and fifth years, and when we have reached \$5,000,000 there is no authority to make further subsidy payments as long as the State is obligated to pay that amount in any one year.

Obviously, if the contracts entered into one year were to be at the rate of \$500,000 in any one year, that would spread it out over a ten-year period. As in the case of loans themselves, the subsidy payments are allocated on the basis of two-thirds to the City of New York and one-third to the rest of the State.

The amount of the subsidy is limited to the going rate of interest, which at the present time is fixed at two and one-half per cent, plus one per cent of the project cost. This means that the total amount of subsidy payments in connection with a given project is at the rate of three and one-half per cent. That is the maximum.

There are certain conditions which must exist in order for the State to enter into a subsidy contract. The most important one requires the municipality to contribute a subsidy equal to the subsidy which the state grants to any project. That provision, too, is unlike the provision in the United States Housing Authority Act, where you have the ratio fixed at 80 per cent contribution by the Federal Government and 20 per cent by the State.

Part or all of that contribution by the municipality may be by way of tax exemption. That tax exemption may be granted by the municipality only on the improvement. In other words, the existing value of the land and buildings at the time a contract is entered into must be taxed by the municipality and it is given the power to apply tax exemption on the improvement toward the subsidy payment.

Before a loan may be made or a subsidy contract entered into, there are other conditions which must exist before the Superintendent is authorized to enter into that particular loan or to make particular subsidy contracts. One is that the project must conform to a plan for the clearance, replanning, reconstruction or rehabilitation of a sub-standard area. In substance, that provision was intended to meet the requirement in the Federal law for equivalent demolition, but our Act permits greater flexibility in applying that provision.

Other conditions precedent to the granting of a loan or subsidy payments to a project are (1) that the municipality has enacted appropriate zoning regulations to protect the area in which the project is located, (2) that the estimated revenue of the project, including grants, will be sufficient to pay all fixed charges, operating and maintenance costs and depreciation, (3) that the plans and specifications conform to all applicable building laws, (4) that adequate provision is made for recreational facilities within or near the project, (5) that adequate school facilities are near the project or provision therefore has been made, (6) that the occupants of the proposed project will have convenient access to probable places of employment. All the foregoing are required to be found as matters of fact by the State Superintendent before any loan may be granted.

There is one provision of our law which is likely to make some slight difference in the amount of rents to be charged in state projects. You know that under the United States Housing Authority Act the loans are repayable over a period of sixty years, and under what is known as a level payment plan. Throughout the life of the project the combined payments of principal and interest are equal.

Under our law the loan is repayable within fifty years. We have a provision in our State Constitution which requires that the state debt be repaid in equal annual installments. We in the Division are not prepared as yet to concede that this constitutional section relates to principal alone, but if it does, it means that in the early years of a project the interest charges are rather heavy, and as the years go on, obviously they are lessened.

If we were to be held to this interpretation of that constitutional provision, we would definitely have a situation where rents would have to be high in the early years of the project. We have given considerable attention to the question of trying to work out a level payment plan within the State of New York. Whether or not we will succeed in doing that remains to be seen. We have had, of course, the benefit of the advice of our distinguished counsel, Ira Robbins, who has devoted a great deal of time to that particular question because it has so direct a relationship to the rents which may be charged, and we are hopeful that we may be able to work out the level payment plan with the object of being able to reduce rents. We find that there is likely to be a difference of almost eighty cents a month in the room rent to be charged if we can work out the level payment plan.

In a general way I have outlined the features of our public housing law. We have, as I said, \$150,000,000 available for that purpose at this time, that is, for the purpose of low-rent housing and for slum clearance. There are many other features of the law which I will leave to Mr. Tretter to discuss.

We are about to start on our program. We have already received one application for a loan. It is an application for a fairly substantial loan. The City of New York has applied for a loan of approximately \$20,000,000, and it contemplates the erection of the largest project of its kind in the country. Plans call for the housing of some 3,500 families. There are other applications which are in preparation which have been the subject of numerous discussions between representatives of our Division and representatives of various communities, including a number upstate. Very definitely the state program appears to be launched.

If we were to lend in due time the entire \$150,000,000 and if the Federal Government were to receive an addi-

MAXWELL D. TRETTER

Counsel, N. Y. City Housing Authority

NEW YORK CITY is, in a sense, the guinea pig of public housing experiments. This is a result of the recent amendments to the State Constitution, conferring broad new housing powers upon the State Legislature and municipalities.

In New York City there are actually under way today three distinct types of public housing developments. There is the USHA federally-aided program, the characteristics of which are familiar to you. Secondly, the New York City Housing Authority has taken the first steps for a state-aided project in New York City by applying to Mr. Weinfeld, the State Superintendent of Housing, for a loan of about \$22,000,000 and an annual subsidy of about \$660,000 to run for a fifty year period, for what will be the largest single public housing project in the country. And thirdly, even before the housing amendment to the State Constitution and the enactment of the Public Housing Law, the New York City Housing Authority started construction of a city-aided project for 240 families, at an estimated cost of about \$1,500,000.

New York City was the first municipality in the country, and I believe it is still the only one, which has undertaken to provide cash subsidies for low-rent housing without the aid of the federal government or of the State. The development of this city-aided program is due to the leadership of Mayor LaGuardia who sought and obtained from the State Legislature the power to levy a special Occupancy Tax for the purpose of raising revenues to meet these subsidies. The New York City Housing Authority is now selecting sites and preparing plans for an additional ten or twelve million dollars of housing, to be subsidized solely with city funds.

This triple attack upon the slums of New York City is bound to have a very significant effect. Not only will an appreciable number of slums be cleared and a substantial number of decent low-rent dwellings be provided, but also, New York City should serve as a proving ground for the diverse housing methods and principles now being employed in this triple program.

tional allotment, that is, if the appropriation bill now pending to provide an additional \$800,000,000 were passed, and let us say \$80,000,000 of that amount were available to the State of New York, we in New York State would still have a problem to contend with. We feel that the housing problem within our own State, which we do not think is much different from most other states in the Union, will require the combined activities of Federal, State and municipal authorities in an effort to solve it, and we in the State of New York are prepared to go ahead and meet the challenge which is presented by the problem.

As pioneers so far as state activity is concerned, we have during the past six or seven months, from the time the Division was reorganized, concentrated our efforts to be prepared to make a real start in the hope of building a firm foundation which in time will really see the complete demolition of substandard homes and the creation of sufficient homes to meet the needs of our low-income groups.

Federal, State, Local Housing Partnership

It is these variations which I wish to discuss briefly. I do not intend to refer to every type of variation; that would take too long. Some illustrations, however, of a few major elements in each of the programs and an indication of how differently these elements are treated should be of interest to this audience.

But first, I wish to call attention to a major development in housing procedure which is common to all three possible programs in New York—the federal, state and local. I refer to the enabling provisions in the Constitution and the authorizations in the Public Housing Law which permit a city, town or village government to develop a housing program directly and without using the housing authority device. No local government in New York State has as yet taken this step, but it is a development which cannot be overlooked.

This power to eliminate the corporate device of the housing authority as the instrumentality for carrying out the program is particularly relevant in the case of cities. It is so because the Constitution and the housing law confer debt-incurring power for housing purposes to the extent of 2% of the five year average assessed valuation of real property; in the case of cities this debt-incurring power is in addition to the 10% debt margin for other city purposes. The point regarding additional debt power of cities for housing purposes becomes important when we remember that the housing authority device grew up primarily to evade then-existing debt limits.

Of course, in recent years, we have learned to appreciate the authority device as a desirable administrative agency responsible for the construction and operation of a technical, revenue-producing enterprise. But it is interesting to note that as far as debt problems are concerned, the original situation which led to the use of the authority device, for cities in New York State, has been greatly modified.

Now let us compare some of the fundamental features of the federal, state and city programs under way in New York City.

With regard to capital financing, you know the scheme

of the Federal Act which provides that the USHA may lend to the local housing agency an amount not exceeding 90% of the cost of the project; the remaining 10% must be raised by the local authority from sources other than the USHA. In the case of a state project, the Superintendent of Housing may agree to lend to the local authority 100% of the project cost. There is no provision in the State law compelling the local authority to raise any portion of the cost of the project from sources other than the state. Since the lending rate from the state will be very low, the local authorities will undoubtedly borrow the full 100% of the project cost from the state.

As against these two methods of financing, we have the city-aided program, where the procedure is for the city to agree to make the annual subsidy required for the project, but the housing authority borrows no money from the city for the capital cost. We realize that under the USHA program, in order to reduce financing costs, efforts are being made for the local authorities to sell more than 10% or even all of the bond issue to private investors, but it is to be noted that under the city-aided program the city does not commit itself at any time to purchase the authority's bonds. The housing authority sells to private bankers bonds for the total cost of the project. These bonds are guaranteed as to principal and interest by the City of New York.

This, by the way, is the first instance of the use of the guarantee powers of municipalities under the New York Public Housing Law. It should not be overlooked that the powers conferred upon municipalities to guarantee the payment of housing authority bonds is a novel and far-reaching development in the field of public housing finance in this country.

Now, with regard to subsidies: For the purpose of a clear comparison, I wish to repeat the federal scheme which provides, in effect, that the subsidy shall be an annual contribution, in fixed uniform amounts, payable over a fixed period of years, and shall in no case exceed a sum equal to the annual yield, at the going federal rate of interest plus 1%, of the cost of the project. The local government must contribute to the project at least 20% of the federal annual contribution which may be satisfied by tax exemption.

In the case of the state project, the periodic subsidy must also be fixed in annual amounts payable over a fixed period of years, but such amounts need not be uniform. In the case of the state, too, periodic subsidies may not exceed the sum equal to the annual yield, at the going state rate of interest plus 1% of the project cost. But in the case of the required local contribution, there is a distinct variation in that, for a state project, the municipality where the project is located must agree to contribute a subsidy at least equal to the state subsidy. The municipality may meet this dollar for dollar matching requirement by taking credit for whatever tax exemption it grants to the project. The matter of tax exemption will be treated separately in another point.

With regard to city-aided projects, the Public Housing Law simply provides that a municipality is authorized to make periodic subsidies for a project for a period not exceeding fifty years; and if the periodic subsidies are equal to or greater than the principal and interest on the authority's bonds, the city's subsidy contract shall also constitute a guarantee for the payment of such principal and interest.

We come now to the subject of tax exemption. The United States Housing Act does not require a project to be fully tax-exempt, but the USHA, by interpretation of the Act as it relates to the lowest income groups, has made it a condition of federal aid that the project be fully tax-exempt. The Public Housing Law of New York State, as do housing laws of other states, grants full tax exemption to a federally-aided project, with provisions allowing the municipality to make certain charges in lieu of taxes.

Now, a state-aided project under the Public Housing Law is not exempt from local taxes at all. The municipality may, however, by local law, grant tax exemption to a state-aided project but then only to the extent of the increased assessed valuation resulting from the improvement. In other words, the local law may grant only a limited exemption to a state project; the assessed valuation of land and buildings on the site at the time of the loan contract with the state remains on the assessment rolls of the city, and the project continues to pay the tax on the original assessed valuation.

City-aided projects, like federally-aided projects, are fully exempt from tax by statutory mandate, with similar provision for payments in lieu of taxes. The tax exemption in favor of a federally-aided project may not operate for more than sixty years, while the exemptions granted for state and local projects may not operate for more than fifty years from the date the exemption becomes effective.

I wish to cover one more point for purpose of comparison, and that is the general question of tenant eligibility and income limits. Both the United States Housing Act and the Public Housing Law of the State of New York provide for "low-rent housing" for "persons of low income." It is significant, however, that in the Federal Act the term "families of low income" means "families who are in the lowest income group," while in the State Act that term simply means "persons or families who are in the low income groups." The distinction is important since the more liberal provisions in the State law permit a wider range of activity in aid of all low income groups, and not necessarily the lowest.

Furthermore, the Federal Act provides in effect that the dwellings in the project shall be available solely to families whose net income at time of admission does not exceed five or six times the rental, as the case may be. The Public Housing Law of the State of New York again has taken a different approach in the matter of income limit. Although the same ratios of five and six times the rental are used, the State law does not refer to net income at the time of admission. Instead, it makes the dwellings in the project available for families "whose probable aggregate annual income during the period of occupancy" does not exceed the stated ratios. As you know, the USHA has interpreted the term "net income" to include all the income of minor dependents. The State law, on the other hand, defines "aggregate annual income" to mean the income of all adult members of the family "plus a proportion of income of gainfully employed minors, the proportion to be determined by the Authority." The Authority, in this case, means the local housing authority.

The State law goes even further and expressly deals with the problem arising out of increases in the income of tenants. When the increase does not exceed 50% of

the family income at the time of admission, the local authority may permit the family to continue to occupy the dwelling if the authority is convinced that the tenant cannot secure safe and sanitary dwellings from private enterprise. Such a family's rent is raised, however, in proportion to its ability to pay more, and the additional rental charge is prescribed by the local authority. If the increase in the tenant's income exceeds 50% of his income at the time of admission, and the excess income continues for a three month period, the local authority must require the family to move, but a three month period is allowed the family to find new accommodations. The Federal Act is silent with regard to the question of increase in income after admission, and the local authorities in this matter are governed by USHA regulation.

CHARLES V. DOYLE

Executive Director, Pennsylvania Board of Housing

THE public housing program has been progressing rapidly in those communities that are receiving financial assistance from the United States Housing Authority. The problems have been attacked enthusiastically and the projects have been proceeding with as much expediency as possible. The initial impetus has carried forward the work and overcome a great many obstacles. The problem being new, the work in the beginning was all-demanding and absorbed the entire attention of everyone interested but I feel we have now reached the point where, after some years of actual experience, there can be a summation and a retabulation of what has been done, and what other means and methods of contributing to housing can be evolved and secured.

To discuss all these points at length would require a great deal of time—much more time than I would ask at a conference such as this—but the last point, i.e., the further assistance of housing groups is one of great importance and should be given close and serious consideration.

We are all familiar with the present set-up under the United States Housing Authority and we all have knowledge of the mechanics of the Federal Housing Administration, The Home Owners Loan Corporation and the other federal agencies that directly or indirectly assist, insure, supervise or otherwise aid or abet the erection of homes or accomplish the purposes of alleviating distress among poorly housed persons.

In the field of public housing, as undertaken by Local Housing Authorities, it is necessary for the Local Authority to secure a certain percentage of the original development cost and for the local community to contribute a minimum amount of annual subsidy in conjunction with the federal annual grant. In only one instance has a state undertaken to provide financial assistance for its own housing groups, both public and private, and it is with great eagerness that the majority of people interested in Housing are awaiting the practical application of the New York State legislation as it was recently enacted and as it applies to state aid for Housing.

Local Housing Authorities are the creatures of state legislation and the state government adopts a paternalistic attitude in varying degrees over the agencies that it

In this discussion we have touched upon four elements—financing, subsidies, tax-exemption and tenant eligibility—and we have indicated in a general way the different treatment of these elements in the Federal, State and City programs now under way in New York City. There are other variations which I have not attempted to cover. The important thing is that these variations in the approach to our common objective are not merely in a theoretical stage or just a subject for interesting discussion. These methods are actually under trial in projects now being developed by the New York City Housing Authority. Let us hope that from this welter of methods and experiences there will emerge that knowledge and wisdom which are so essential for the success of any human enterprise—and especially housing.

Pennsylvania Lining Up For State Housing Aid

is asked to create. Happily, the present program of operation between the United States Housing Authority and Local Authorities is being consummated without untoward hindrance. However, this consummation is being effected only in the field of public housing and it is my opinion that there is a great deal of study to be done and a great many ideas to be investigated in an endeavor to facilitate means and methods of stimulating housing to be undertaken by limited dividend companies, cooperative agencies or other groups, and the state government appears to be the logical body to formulate and encourage work of this nature.

The experience gathered by Local Housing Authorities should be invaluable in showing the amount of assistance necessary, the nature and kind of such assistance and the most beneficial sources from which such assistance can be derived.

To refer again to the program as being undertaken by Local Housing Authorities with the financial assistance of the United States Housing Authority, we find in Pennsylvania that the annual subsidy contributed by the local community is far in excess of the minimum required by the operative law of the United States Housing Authority. In the case of all projects now being undertaken in Pennsylvania, this contribution is tax exemption, which exemption on projects is mandatory by the state law. The fact that tax exemption implies such a substantial contribution is due to the method of assessment and prevailing tax rates in the Commonwealth.

It would be interesting to analyze and study this contribution in the terms of tax exemption and endeavor to secure a plan whereby its application might make possible substantial rent reduction in projects that do not receive an outright annual federal subsidy. It is important, though, to bear in mind that any studies or any research done along this line must be made on the same basis of financing as is now being utilized by Local Housing Authorities.

The financial structure, as set up, carries with it a very beneficial indirect subsidy inasmuch as the length of time of amortization and the low rate of interest provides funds for the development cost that otherwise might prove prohibitive in securing rentals for low in-

come groups by adding excessively to the annual expense.

Where can the state assist in Housing if it is not making direct financial contributions to the housing program? There are many and numerous methods. It can supervise, encourage, plan, assist, coordinate and by diverse means generally endeavor to secure a comprehensive and common sense housing program in all its phases for the state as a unit.

In Pennsylvania we have seventeen Local Housing Authorities. There are nineteen projects in different degrees of development by ten Authorities. There are three additional projects in the state which were completed prior to the inauguration of the present program. At the present time there are no limited dividend housing companies operating under the Housing Act which act infers that such companies are to do work of a public purpose.

While there are seventeen Authorities in Pennsylvania at the present time, there are in all ninety-six communities that are eligible for Authorities and it is within the power of the state and should be its duty to assist these communities in establishing an agency which will undertake to secure housing within its political sub-divisions; and it is the function of the state to assist these Authorities once they are created and to supervise their operation so that they comply with existing state legislation and that they fulfill the duties and properly execute the powers that have been granted to them.

In the last session of the Legislature in Pennsylvania there were two resolutions introduced requesting a vote on a constitutional amendment to provide state funds for Housing similar to the funds now being utilized in New York State. Unfortunately, these resolutions were not adopted. However, it is a certainty that the supporters of Housing will diligently submit their proposals, opti-

mistically waiting for the day when the state will see fit to render direct assistance to those communities desirous of improving the living conditions of its citizens.

The state can also contribute very valuable indirect assistance by amending existing legislation or enacting new legislation which, while of itself may not directly concern either public or private housing, but which will be of assistance in all branches of the mechanics of dwelling.

This sounds like a very vague statement. However, the implication is that the state can, for example, facilitate such things as condemnation procedure, tenant-landlord relations, real property foreclosures, building code regulations or any of the other matters that indirectly affect home ownership or tenant occupancy. It is interesting to note that at every session of the Legislature there are introduced numerous bills on these unrelated subjects. Most of them have to do with the functions of local government, but, because they are not directly labelled Housing, they arouse little or no interest to persons interested in securing a housing program though they might be of valuable assistance or, on the other hand, they might present serious obstacles in accomplishing a well regulated program.

It is apparent then that the state and the locality must be called on to contribute to the success of a housing program. The amount and kind of contribution is something that can be determined by actual experience and there has been enough actual experience to at least formulate ideas and suggestions and it is from such conferences as this that those ideas and suggestions emanate.

We all sincerely hope that with the cooperation and co-relation of all contributory efforts that Housing will progress steadily and undeviatingly toward the goal of better living which is its ultimate destination.

JOHN CARROLL

Chairman, Mass. State Board of Housing

I BELIEVE I can safely say that the State of Massachusetts was one of the earliest States in this Union to participate in public housing. In fact, the first housing legislation adopted in any State in the Union was adopted in Massachusetts way back some 22 or 23 years ago, sponsored by the late Henry Sterling, an outstanding labor man who has since passed on. The idea of homesteads was the idea that was taught as the practical way to approach our problem at that time. The State of Massachusetts appropriated \$50,000 to assist in demonstration projects.

I believe too little attention is being given to the existence of State Housing Commissions. I know that in many of our Housing Conferences very little has been said about them. They are not given a reasonable place in the picture. I can at least qualify as being impartial, even though I am connected with a State Housing Commission, because I am also a member of an Authority. But I say without equivocation that every State in the Union that is going to go progressively along with the public housing program must have an active State Housing Board, and if we are going to maintain interest in our public housing program we must have State participation. I cannot imagine State participation without a

Loans and Subsidies Sought In Mass.

State Commission, and in the absence of a State Commission, I think the day of State participation is further away.

I believe you will all agree with me, especially those who are familiar with the State of Massachusetts, that without an active State Board we would have very little public housing in Massachusetts under our present legislation. If it were not for the labor organizations of the State of Massachusetts and the active and militant activities of the State Housing Commission in the creation of Housing Authorities, very few would exist today.

Now, in the State of Massachusetts we have \$43,000,000 actively working in the development of projects. Six Housing Authorities are involved. The City of Boston's municipal government has given authorization to the Boston Authority to spend \$50,000,000 in Boston, and I believe that a discussion of just what they are doing, and how they are doing it, would only be repeating that which has been said so many times here today and in previous meetings. However, I will again go back to what the State Board would like to do in the future, based upon its past experience.

Over the past three or four years he have been very much concerned about encouraging rehabilitation, and

since coming to Washington, I have learned that that has been somewhat a problem for many Authorities. In other words, our real estate friends say that in place of building new, magnificent homes for the underprivileged classes of our country, why don't you take these old shacks, remodel them, make them livable and preserve those that are now there. I was one of those who believed that it was very much of a practical thing to do, particularly in the mill towns of Massachusetts, where congestion did not exist and where the structures, or the superstructures I should say, were sound. All that it seemed necessary to do, as I saw it, was to make the inside look like something.

So much was the State Board concerned that they organized and promoted a Limited Dividend Corporation in one of our western cities in Massachusetts. A number of you know about the Chicopee Housing Project, a Limited Dividend Corporation operating it. That was entirely a rehabilitation job, and I am going to tell all of you folks now, for your benefit, that it was a failure. We were one of those who helped develop it.

We were not satisfied with getting one reverse. We thought we would start another one, to see what kind of success we would have. The State Board of Housing in Massachusetts advised the Holyoke Housing Authority to become involved in the rehabilitation of a large number of buildings which were adjacent to one of their factories. They were able to buy land and buildings for about fifty cents a foot. It looked like a practical thing to do from a builder's point of view, and I claim to have some experience in the building business.

The Holyoke Housing Authority accepted the suggestion, and the United States Housing Authority thought it was alright, so they developed plans. They did one thing before they got too far in the development of their plans. They started to check, to take account of stock and find out what it was going to cost to do the job. On the completion of their statistics and figures on costs we had a conference, and they said, "Now, Mr. Carroll, what are we going to do now?"

I said, "We will tear up the plans, tear down the buildings and we will build new ones."

It took the shortest time that I ever recall in any conference to make that decision. There wasn't a dissenting vote in that Authority. It only took the United States Housing Authority one day to make up its mind to the same decision when they got the same set of facts. The Holyoke Housing Authority then bought the entire area and the buildings are now in the process of being torn down. We have figures in on the new project, and they are waiting to start digging holes in the ground to go forward. The cost represented about \$300 per apartment less for the new project than for the rehabilitation of the old one.

Of course, you will probably ask me this question: "What was the reason for the amount of cost involved in the rehabilitation project as against a new one?"

These old buildings are laid out in accordance with the idea of the architect who originally designed them. There was no thought given to orientation, there was no thought given to cross or through ventilation, and when the architect today takes up the cudgels to redesign, he must redesign within the four walls of the old structure. He

has so much lost space in trying to arrange the new living quarters that it almost doubles the cost. The space that is paid for will never be of any use.

So much for the question of rehabilitation. I am now going to finish up with what we think is a very important part of a State Board's activities, whether it be in Massachusetts or any other State in the Union.

Some two or three years ago we thought we should get involved in rural housing. Looking over the scope of our activities, we discovered that there was a large portion of our population living in the rural sections of our State. Common sense dictated that we could not continue indefinitely to promote public housing, only being concerned and interested in those who lived in the cities.

In Massachusetts we suggested to His Excellency, Governor Saltonstall, that he send a special message to the General Court to simplify the approach to the problem of rural housing. We suggested that he so arrange his legislation that the State Board could go in and build in a town, and as soon as the town made up its mind that it wanted to set up an Authority, we would turn the whole thing over to them after we had performed the work, and let them carry the responsibility.

We found, on investigations with the Department of Public Welfare, that the small towns were paying an enormous amount of money weekly and monthly to support and house the underprivileged classes in their towns. In fact, the figures go up as high as \$15 a month for shelter rent to live in shacks. Our idea is to build a modest house, costing anywhere from \$2,000 to \$2,500, maybe less, put those people in those houses, give them an acre of land, and give them an opportunity to enjoy at least a partial subsistence from the soil.

Unfortunately, this bill failed to receive the approval of the General Court.

I note Mr. Straus is very much concerned in rural housing, and I am quite sure the Congress of the United States will look sympathetically upon the idea of enabling us to do something by ear-marking a certain amount of money. In many cases it will mean a revision of legislation in our respective States. However, we must continue to move in the direction of State participation similar to that which exists in the State of New York. We cannot hope to continue to have the Federal Government be Santa Claus all the time in this housing program. Taxpayers in Arkansas are not going to be much concerned about taking care of the slums of Boston and New York. They say, "You created those things yourselves; why not take care of them?" Of course, we will try to tell them differently.

The housing program must include the people in the rural areas. They are as much entitled to respectable homes to live in as we in the cities. The only difference between the slums of the farms or rural areas and the cities, is that congestion does not prevail in rural areas. Otherwise, they are comparable. If you have any doubt about that, ride around the country and see the unsightly houses that humans are expected to live in.

I hope that this discussion, or at least the interest that we have displayed in Massachusetts along the line of rural housing, will make some contribution to the idea of other states progressively doing similar types of work.

LOUIS H. PINK

N. Y. State Superintendent of Insurance

THIS meeting is devoted primarily to public housing, but it is obvious that if a real attack is to be made upon blighted and slum areas and if people are to be adequately housed, private enterprise must cooperate with Federal, State and municipal government. The United States Housing Authority cannot even begin to provide for that 25% of the population which is in need of rentals so low that substantial subsidy is required.

There is perhaps another 25% which can pay from \$20 to \$50 a month and which is not in need of substantial subsidy but requires the friendly concern of government. It is for this group that the financial institutions can accomplish most.

No one knows what the cost of providing subsidized houses for this low income group would be. Many have estimated. It is thought that it would cost one and a half billion a year. There just isn't that much money around. Subsidized housing is necessary. Considerably more money than is now spent should be put into it. But private as well as government resources must be utilized to the fullest extent if real progress is to be made.

The insurance companies and banks are in a position to make a substantial contribution towards the improvement of housing. They can also assist materially in preventing the extension of blight in our cities and even to a lesser degree, in the clearing and rebuilding of slum areas. There are obvious limitations to any help that the financial institutions can give. Our insurance companies and our banks hold the public monies in trust. Neither those who manage the financial institutions nor those who supervise them have any right to gamble or speculate with or in any way imperil the great reservoir of the savings of the public. Our first duty, and that is a solemn one, is to see that these funds are invested in the safest security which it is possible to find. We have no right to aid social and philanthropic movements in which we are interested unless the investment is safe and sound and compares favorably with the best that can be obtained in the investment market.

Within this limitation, which must be clearly understood and scrupulously observed, I believe there is a proper and legitimate field for the investment of a reasonable and limited proportion of the funds of financial institutions in large scale, well-planned, centrally located developments. They must be large enough to produce economies in construction and management and to maintain values even in the face of possible deterioration in surrounding neighborhoods. The rents must be sufficiently low so that there will be a constant and steady demand for occupancy.

Many trends are noticeable today which are not favorable to the improvement of the real estate and mortgage market.

This increase of blight is of immediate concern not only to city governments which lose tax revenues, but to the lending institutions. All of our great companies have very substantial and widespread investments in mortgages in the large cities. Some of these have been converted into real estate. Our companies are vitally interested in maintaining the values of their investments

Banks, Insurance Companies and Housing

so that policyholders may receive everything that is due them. The extension of the blighted areas not only makes it difficult to collect interest and rents in these sections, but has a tendency to detract from the underlying value of all real estate and mortgages in the community.

The great strength of the life companies, and also to a very large extent of the banks, has been the diversity of investment. If one type of investment goes bad others make up for it. We are not dependent alone upon railroads or utilities or industrials or government and municipal bonds, or real estate mortgages—but upon all of the underlying things of value in the country. It is my belief that a small percentage of assets may, with safety and with profit to everyone, be invested in low rental housing located in the central districts of our cities.

While the thought is comparatively new, such investment is not in any sense merely an experiment. There is much in the history of low rental housing which leads us to believe that large scale, centrally located, low rental, carefully supervised developments may offer one of the safest of long-term investments.

The Metropolitan Life Insurance Company invested some seven and one-half million dollars in low rental apartments in Long Island City in 1922, when there was a housing shortage, at a rental of \$9 a room. The property has already been amortized to the extent of some two million dollars out of earnings, and there has been a net average income of about 4% during all of this period. The company is now engaged in the largest and probably the best low-rental development in this country or perhaps anywhere. It is known as Parkchester and is located on the outskirts of New York City. It will cost some \$50,000,000 and will be a city in itself of some 40,000 inhabitants. Every effort has been made to create, not a group of tenements, but a community with ample open space and variety of architecture.

However, this development, fine and desirable as it is, adds to the tendency to move the population out of the cities into the suburbs, creating a more serious situation than ever in the older areas. Such developments in the future should wherever possible be placed where they will do the most good and where they will retain in the city social and economic values which come from healthy growth.

In the City of New York, under what is known as the State Housing Law, we have invested some \$30,000,000 in fourteen low-rental, state-supervised projects. They house 5,907 families. All of the developments have come through the depression in the black. Some, of course, have paid better than others but there has been no failure of any to pay the basic charges. They have earned an average of approximately 4%.

Some twenty large-scale, limited dividend projects in many sections of our country have been built under the Federal Housing Administration, in the financing of which our insurance companies have shared generously. It is too early to pass judgment, but there is every indication that these are safe and wise investments.

The City and Suburban Homes Company, a private limited dividend company, has been in operation in the

City of New York for forty-one years and has paid average dividends of 4.65% during that period. A similar company in Boston, although much smaller, was formed some sixty-three years ago and has paid well over 3%. The Cincinnati Model Homes Company was formed a quarter of a century ago and has averaged 5% dividends. Two limited dividend companies here in Washington have averaged over 5%, one of them for thirty-four years and the other forty-one years.

There is far greater experience in Europe than there is in this country. Our own limited experience but confirms the record for safety and security made by the limited dividend companies and the cooperatives in England, Holland, Sweden, Denmark, Austria and other foreign nations.

There are other requirements which must be met if the insurance companies and banks are to be of real help. The financial institutions cannot clear slums or assemble thousands of separate parcels in order to make a suitable site. They cannot re-plan areas, tying them in with the general city plan, nor can they provide schools, parks, playgrounds and other necessary facilities. This the city must do. It must condemn the area, re-plan it, provide those services which are required, establish playgrounds

HARRY W. LAIDLER

Member, New York City Council

MAY I apologize for interrupting the program and speaking out of turn. Many of us in New York City are tremendously anxious to enact a program which will make it possible, in cooperation with the state, to obtain state loans of \$200,000,000 for low cost housing projects over the next 5-year period. As has been said, the housing amendment to the New York State Constitution has authorized the issuance of 300 million dollars in loans to city housing authorities. The Legislature is now making available for a period of several years 150 millions. Should it pass additional legislation making available within the next 5 years 300 million, two-thirds of that amount could be allocated to the City of New York.

We members of the American Labor party delegation in the City Council would like to have the city borrow 40 million dollars a year for 5 years, or a total of 200 million. The maximum which the state could give to the city in subsidies in any one year is \$667,000. If the city built, with that 40 million dollars, houses that rented at between \$5.00 and \$6.00 per room per month, it would have to supply a subsidy of a little over a million dollars a year. That subsidy could be taken out of the general funds of the city or out of special taxes.

The state has limited the city to definite forms of taxation for that purpose. The city could tax vending machines, patent medicines, cigars and cigarettes, amusements and telephones or could impose an occupancy tax. Salvatore Ninno and I, the two A. L. P. Councilmen, are

which will service the community and cut down the cost of the land by permitting large coverage. The city must do away with unnecessary streets, create super-blocks and contribute the land thus saved to the enterprise. The site cleared and replanned, or such part of it as is not required for other purposes, may be sold to the insurance companies and banks for development. This is the minimum of cooperation that must be expected of the cities if the financial institutions are to lend public funds.

The rents which will be achieved will be considerably lower than those of similar commercial structures but they will also be very much higher than rentals in subsidized projects. The companies will not expect to make any profit. They will be satisfied with a reasonable return. They will manage and operate the projects for the public benefit. If the rents achieved are considered too high, the cities must then give consideration to some practical assistance in the form of tax encouragement, unpopular as that may be.

Here is a partnership which may prove a sound outlet for surplus funds, maintain the values of mortgage and real estate investments in the heart of our cities, provide attractive houses for people of moderate means, prevent the spread of blight and decay and aid materially in the restoration of our cities to normal health.

Telephone Tax As Source of Housing Funds

suggesting that the city impose during the first year, with the view to obtaining a large enough subsidy to utilize a 40 million dollar loan, a tax on telephones. We estimate that a tax of 5 cents per month, or 60 cents a year, on each telephone instrument, would bring into the city treasury about \$900,000, and that this amount, plus the taxes that would be available from the present occupancy tax, would supply an adequate subsidy. We have, therefore, drawn up a bill for the imposition of such a tax, granting exemption from this tax to government units and charitable and educational organizations. Our bill proposes that the telephone company collect the money from the users of the individual telephones and pay the money to the city. The tax of 5 cents a month will be assessed against each telephone in use. Such a tax is not likely to be burdensome, since it will amount during the month to only the cost of a single telephone call, providing, of course, that the user possesses but one phone. In the second and third years this tax could be supplemented by taxes from other sources. I feel that all of us in the State of New York should do our best to utilize to the maximum the loans and subsidies available for the clearing of the slums and the erection of decent homes for the lowest paid income group.

I was delighted this morning to hear the crystal-clear explanation of housing legislation in the state by the Superintendent of Housing and am glad to see the vigorous and efficient way in which the State Housing Administration is "carrying on."

ARTHUR CAPPER

U. S. Senator from Kansas

ONE of the most serious problems confronting many American families is how to obtain decent and adequate housing. I am glad to take part in this discussion today, because the question of housing is so closely tied up with the welfare of America and our form of government.

America was founded on the theory of home ownership. Deep down in the hearts of the early colonial settlers, and of the millions of more recent immigrants to this nation, has been the hope that in this land of wealth and freedom they could find a plot of land they could call their own, and on which they could build a home they could call their own.

Most of them, in the earlier days of the Republic achieved that ambition. This was a land of open spaces. Most people were farmers, and there was plenty of land for them. It could be had for the asking. Lumber was plentiful and cheap. Hard work was the chief prerequisite to home ownership. Usually, their homes were not elaborate, but they were adequate.

Today we have a far different picture. America has become industrialized. Most people live in cities and towns, where land and housing are expensive. Even in the agricultural areas, good land is scarce, and therefore costly. Money, in the rural areas, is even scarcer, and free building materials are no longer available for most farmers.

The result is that a very large proportion of our American families are living today not only in rented homes, but homes that are far below the American standard and often little better than shacks.

The time has come for America to face this problem. It is one we cannot afford to ignore. Bad housing breeds discontent and unrest, which in turn provide fertile ground for the propaganda of foreign dictators and foreign theories of government.

Good housing is the foundation of stability and contentment. Families in decent homes of their own have an appreciation of their American citizenship, they participate in community affairs and have a sense of property ownership.

In short, any sound attack on the housing problem is far-sighted conservatism. It is one of the best ways to combat radicalism.

I am not going to discuss with you folks today the need for elimination of the city slums. That is generally recognized. But I would like to discuss the problem of rural slums — a subject which has been almost ignored in most discussions of housing.

Rural slums are scattered, and therefore hard to visualize. They are less dramatic than the highly concentrated city slums which every railroad traveller sees on entering a metropolis. But in many areas of this country they present living conditions fully as bad as those of the worst city slums.

Almost half of our farmers are tenants, a third of them moving from farm to farm every year. Even if they could afford it, there is little incentive for them to improve their housing, because they probably will be living elsewhere next year. The result is that often a house

The Next Step Must Be Rural Rehousing

goes for many years without attention either from landlord or tenant.

A recent survey by the Bureau of Home Economics, of the Department of Agriculture, of the condition of farm homes in 1934 showed that 75 per cent of the farm homes in the United States were more than 25 years old. Now a 25-year old house, properly maintained, can be in good condition. Probably some of you live in houses of that kind. But a 25-year old house that has had no paint and little maintenance work of any kind, can be a sad place to call a home.

This survey showed that 85 per cent of the farm houses of the nation had no bathrooms; that 91 per cent had no indoor toilets and that 15 per cent didn't even have outhouses. About 70 per cent of the homes were inadequately screened and 27 per cent had no screens at all. More than 82 per cent of the homes needed paint and 40 per cent had no paint whatever.

Those are nation-wide statistics. Many less extensive surveys support those figures. The Virginia Agricultural Experiment Station reports that a third of Virginia's farm operators live in houses valued at less than \$500, which provide the barest of shelter. Counting farm laborers, 45 per cent of Virginia's farm families live in such homes.

Reporting that more than half of Virginia's rural children grow up in such marginal housing, the State Experiment Station commented that doubtless "much of the marginality of Virginia's rural folk traces back, at least in part, to their being reared in a marginal environment."

Bad as these conditions are, there is a significant segment of the rural population living under even worse conditions. They are the migrant farm families in the South and Far West, who follow the crops in search of occasional, seasonal work in the fields.

Thousands of these families have been forced to live in tents pitched along the highways, or rude huts thrown up along irrigation ditches in the west, without any sanitary facilities whatever. Dr. W. W. Alexander, Farm Security Administrator, has said that "the scale of living of a European peasant is luxury compared to that of these families." Incidentally, he has estimated that three million new houses would be needed to house our farm population "with any sort of decency."

Now what have we done to meet this situation?

While we have appropriated millions of dollars for the construction of low-cost urban housing, and the eradication of city slums, we have spent very little for rural construction.

The chief rural housing program has been administered by the Farm Security Administration as an incident to its various activities looking toward the rehabilitation of low-income farm families.

Fortunately, although the Farm Security Administration's program has not been very extensive, it has laid the ground-work for a broad-scale attack on the rural housing problem, by developing an adequate rural home that can be built cheaply.

This agency has built more than 12,000 homes during the past five years, experimenting with prefabricated

housing, and a great many different kinds of construction material. The reasonable cost of its housing is primarily based upon simple designing, which eliminates all frills.

Last year, I am informed, the FSA contracted for the construction of almost 3,000 of its specially designed low-cost farm homes at an average cost of less than \$1,500. It built more than 1,600 Southern farm buildings at an average cost of about \$1,350. These were chiefly five room frame houses, with screened work porches, without bathrooms. But it also built 800 family units on the West Coast for slightly more than \$1,500 with bathrooms.

The Farm Security Administration has found that it can put up these five room homes in the South for less than \$1,500 and in the North for about \$2,500, including profits for contractors and suppliers of material.

But the Farm Security Administration is now virtually out of the housing field except for the construction of homes under the Tenant Purchase program, where it lends money to tenants for the purchase of farms of their own. Under this program during the past two years, the FSA has built more than 2,000 new homes at an average cost of \$1,313.

The Rural Electrification Administration is another agency that has contributed to better rural living in recent years. I am glad to commend its work. Thousands of farm homes are enjoying electricity, running water and some of the other conveniences of modern life, as a result of the lines erected under the REA program.

Recently, also, the United States Housing Authority, which heretofore has confirmed itself to urban housing, has been turning toward the rural field, but I understand that its funds available for such use are very limited.

It is evident that although we have made a beginning in the rural housing field, it is just a beginning. Significant as some of these developments are, we have barely scratched the surface.

Before we can solve this problem we must face the realities of agricultural income. The greatest handicap to adequate rural housing has been inadequate income. It is known to everyone that for several years the farmer has not had his fair share of the national income. Many farmers are receiving less than cost of production. Even back in the so-called prosperity period of 1929, about 1,700,000 farm families made less than \$600 a year, including what they produced for themselves. Families

JERRY VOORHIS

U. S. Representative from California

I AM honored to bring to you the compliments and best wishes of the Governor of California, who regrets he cannot be with you and has asked that I represent him here today.

In the rural housing field we really have six groups of people. First we have the farm owner; then we have the farm tenant; then we have the laborer living on the farm permanently; then we have the migratory worker who has a home some place which he lives in as much as possible; then we have people who have no settled home at all, and finally we have a group of people who might be termed rural industrial workers, people working in packing plants and enterprises of that sort.

with incomes of only a dollar or two a day cannot afford to build decent housing.

In order to provide these families with the housing that goes with an American standard of living, we must either find some way to increase their incomes, or we must offer subsidies. I am convinced it will take a combination of these two methods.

With better prices, thousands of our farmers who have delayed improvements to their homes for the past 10 or 15 years will be able to take care of themselves. But there will still be a great many thousands of farm families who will need help from the government.

We have accepted slum clearance in the cities as a national policy, even though it involves subsidies. Is there any reason why the same policy should not be applied to rural slums, and to the housing of farm families now living entirely in the open?

We look upon city slums as evils that should be eliminated as a matter of public welfare. Isn't it just as much in the interest of public welfare to rid ourselves of rural slums?

The nation needs to remember that a large part of its next generation, its citizens of tomorrow, are growing up on those poverty-stricken farms in homes that contribute to ill-health and disease, not only in the physical sense, but in the social sense.

Our children, at least, have a right to expect more of their great America.

The most alarming situation in this country today is the increase in tenancy. We need a better tenure system. We must develop in tenants love of home, love of land and the desire to protect it.

The conservation and wise use of our rural homes is such a mammoth undertaking, and such an important one, that we need the energies, understanding and best thinking of everyone concerned if we are to be successful in the work ahead. And let me add also that the job is so big, and so vital to the future welfare of the nation, that there can be no room in it for political considerations. It is my fervent hope that the preservation of the rural home in the United States will never be labelled Republican, Democratic or anything else but American. I say the defense of our homes is a protection for our destiny as a nation; it is a defense equally as necessary as armed resistance against foreign invasion. Let's keep up the fight for better, happier farm homes.

Workers On Land Deserve Better Homes

Now, public housing as such is obviously not applicable to many of these groups. Something along the line of public housing effort can help and is in my judgment probably necessary in the case of rural industrial workers or in the case of farm labor, made up of persons who do not live permanently on a certain farm, but who are able to stay or who might be made able to stay for most of the year, at any rate, in one place. For the true migrants, the people who are almost constantly on the move, the only immediate solution that I can see, is the expansion of the general program that the Farm Security Administration has developed and the building of a great many more camps for migratory workers, not only in

California but in other states of the Union as well. This so that wherever we find a considerable group of people moving from place to place as agricultural workers, there may be also places where they have a right to go and stay, and where they can have a clean place and where they can have a chance to maintain a decent standard.

The first aim in the field of rural housing, should be to enable the farmer to improve his own home. Now, the Farm Security Administration and other agencies of government as well, but notably Farm Security, makes loans to farmers. Those loans are made conditional upon farm families following a certain plan of development of their farms. That is, the farmer is supposed to follow a certain plan of crop rotation with the idea of enabling him to build up his farm and his net worth. And I think that on the whole these loans have been eminently successful. The repayments, in the face of the fact that the loans, one might say, are made because there isn't security for them rather than because there is, are remarkable, being currently about eighty per cent.

It has occurred to me, that in connection with such loans, the volume should be very much larger than it is now. I don't mean the volume of individual loans, but the number of loans so made. I don't see why, in conjunction with those Farm Security loans, there couldn't also be one of two plans followed; first, a plan whereby one of the conditions of farm planning should be that a certain amount of money would be spent in the improvement of the home; or, secondly, and probably more desirable (at least at the moment), would be that in conjunction with these loans, that modest grants would be made for the purchase of materials for the improvement of the farm home.

In other words, we already have established a principle that where these loans are made to farm families to enable them to get along, to re-root themselves to improve their farm homestead, that a part of that program could well be made the improvement of the farm home.

Now, I am going to give my customary "spiel" on what is my number one pet peeve about the existing situation. I am still utterly unable to understand why, when a government agency makes a loan to somebody, it has to sell a bond before it is regarded as having any credit to loan. If I were a farmer and I went to a bank to borrow money, and if the bank would loan it to me at all, they would loan it to me on my security or on my character, one of the two. They would not have to sell a bond. They would monetize my security or write up a deposit in my favor which I could draw against.

But a government agency? Oh, no! They are regarded as having no credit. Only the banks have credit. And so, when we make loans to people for the construction of homes or the improvement of homes or for any other similar purpose, before we can make that loan we have got to go out and sell a government bond to a bank and then, having bought it from a private bank, the government agency has credit to loan to people.

In short we have to pay the bank for creating money for the United States of America, and I think it is wrong. Furthermore, if we didn't do that, it would be possible to cut the rate of interest in two and get substantial results in the form of improved farm homes, more building, better housing and all the things that really have

substance to them, instead of paying tribute to a fetish.

After all, the Constitution of the United States, which we are supposed to honor and respect, says that Congress shall coin money and regulate the value thereof.

Now that I have got that out of my system, I won't say it any more, but I want to point out that if you are interested in doing this job, there are a lot of angles to it. The Federal Housing Administration has a program not only of urban loans but also of rural loans. I think it is a very excellent program, except again that I don't see why the rate of interest has to be as high as it is. I am convinced, indeed, that it doesn't have to be, and although I was roundly attacked for offering an amendment on the floor last time to reduce the interest, and told it would completely wreck the program, it wasn't three weeks before the rate of interest had been reduced as a matter of actual policy.

I wanted to just say a word or two about the California problem here, and then I will stop. As I have said, I believe that our principal aim has got to be better homes and more homes owned by those who live in them, and that our effort should therefore be as much as possible toward loans and grants to individuals for the improvement of their homes, and that we should fall back on public effort only where absolutely necessary.

From that standpoint, I think the problem of housing is to a very great extent a problem of the rate of interest. But now there are some sections of the problem that can't possibly be dealt with that way. The problem for farm labor, for migratory labor, particularly for these folks we have in our State of California, obviously requires some other kind of action. We have people far too poor to be expected, under present circumstances, to own a home, or probably to pay much rent on a home. Either they will live in rented quarters furnished by employers or in improvised camps, or camps furnished some other way. Only the best off of them can afford rented quarters. Many of them are former tenants and farm operators utterly unused to paying rent.

Now, what is to be done about this problem? In the first place, the camps of the Farm Security Administration, I think, are good. I think much better are the little homes, a few of which have been built by Farm Security in California, situated on small plots of land which people can rent for a very small amount. I would like to see it made possible for them to buy these homes over a period of time on easy terms. I believe that one solution of the problem of our homeless people might be to enable them to settle down in a region where there is a good deal of seasonal work. There they could make enough off their own little piece of land to make a living by that means, plus the wages they would receive for seasonal labor. This would answer many of the sociological problems that are involved, because these people then would be citizens of a community and not strangers coming from elsewhere.

Above all, I am also told that, through the program of the United States Housing Authority, if local housing authorities were set up to cooperate, rural homes to be rented to farm laborers could be built at very cheap cost. The State of California has before its Legislature at the present time legislation which would set up a State Rural Housing Authority to operate in counties where the Boards of Supervisors determine the need for its operation. This would operate in lieu of a local housing

authority in cooperation with the United States Housing Authority. Naturally, I hope very much that that legislation will pass. I have been asked to represent the Governor of our state here today, and I can speak for him to the effect that he, too, hopes very much that that legislation will be enacted.

I think it is very important that the cooperation of local people should be enlisted to the greatest possible extent. I am sure the Governor feels the same way, that it would be preferable if local, county or municipal housing authorities could be set up to cooperate with the United States Housing Authority to secure the loans and, if possible, to utilize WPA projects and similar efforts to secure the construction of the utilities and other things of that kind, not integral parts of the homes, and thus to cut the cost.

I know that the United States Housing Authority is eager to cooperate in this problem and I hope very much that we can move forward.

This problem is not an insoluble problem, in my

LEON H. KEYSERLING

Deputy Administrator, U. S. Housing Authority

AS I listened to the last two talks, it became clear to me that I would want to say a few things in the beginning rather different from what I had intended.

In the first place, there seems to be some confusion in Washington and out of Washington as to what distinguishes the United States Housing Authority, and the public housing program which denominates the work of the Authority, from other housing programs.

Now, as I see it, the public housing program does not necessarily mean, either on the farm or in the city for that matter, that there cannot be home ownership. In fact, particularly on the farm, we are looking forward, in so far as feasible, to home ownership, and an amendment which was pending before the Congress last year would have facilitated the attainment of this objective.

The real characteristic of a public housing program, as I see it, is simply this: Public housing means public activity. Public activity is the only way of extending public aid or public subsidies, and so long as there are families in the Nation; whether they be in the city or on the farm, who, as Senator Capper so well said, can not possible live in decent housing without public aid, just so long we need a public housing program.

The second thing that I would like to refer to, on the basis of the prior discussions, has to do with the various agencies in Washington engaged in housing activities. I don't think that the rural housing program need necessarily be done by the United States Housing Authority. I think there are four or five agencies already established, and Congress could create others, which might do this job. But I do say this: I do say that the United States Housing Authority at the present time is putting into construction 7,000 dwelling units a month for families in the lowest income third. I do say that at the present time there is no other agency which happens to have the legislation, the framework, to do this job.

I don't think, either, that one can separate the problem of farm housing from the problem of farming generally. But here it seems to me that a very gratifying thing is

judgment, but it is a serious one, particularly at the present time, with economic conditions throughout the country still most difficult. Against that background we must realize that we have to work. We can't separate this housing problem in the rural areas from the general economic problem, and neither can we separate the problem of our migratory homeless people from that general economic problem. We have got to cut down the number of those people, we have got to enable them to live better where they are, in better homes and on better farms, better cared for, and with a better chance. Where we do have necessarily large groups of people attempting to make a living as agricultural workers, there it is up to us, in cooperation with the local people, to provide decent, clean housing and, wherever possible, enable those people actually to re-root themselves in a little home on a small piece of land. For, after all, they are land people, and wherever we can do it we must enable them, over a period of time, to look forward to the ownership once again of a home and a piece of land.

Rural Housing Gets Under Way

the constant, continuing, and ever-improving cooperation between the Department of Agriculture, the Farm Security Administration and the United States Housing Authority in the development of the rural housing program.

The experience of most other countries has shown just as clearly as it is possible to show anything that the housing problem of people on the farms cannot be solved solely by agricultural agencies, and also that it cannot be solved solely by housing agencies. I think that the work which is now beginning, representing the cooperation of the Department of Agriculture and the USHA, gives much better promise for the future, is a much wiser approach to the problem, than for either agency in splendid and proud isolation to attempt to solve a program which is necessarily in part a program of farming and in part a program of housing.

We have the machinery through the United States Housing Authority for public aid to housing. The only question, therefore, seems to be: "Should this machinery be extended to farm areas?"

Whenever I hear the question asked, "Should the program of the United States Housing Authority be extended to rural areas?" I am always tempted to ask, "What possible justification is there for a public housing program in urban areas which does not extend to the countryside as well?"

It seems to me that there are two main reasons for a public housing program, and both of them are simple. First of all, there are more than ten million families in the United States who are ill-housed, and we as a Nation can not afford to have them remain ill-housed. Certainly this problem is worse in rural areas than anywhere else. We have already heard statistics to the effect that about 60 per cent of our rural population is ill-housed as compared with about one-third in the cities, that one family in every two in the countryside has an income of less than \$1,000 a year as compared with one family in every three in the cities. I recently had occasion to take a train

down to my native part of the country, the Southeastern corner of South Carolina. As I looked out of the window as the train rolled along the flat country I didn't need any tomes of statistics to tell me that rural housing conditions are deplorable.

So the need is there in the rural areas as well as in the urban areas.

The second main reason for a public housing program seems to me economic in its general implications. A public housing program affords an unusual opportunity to marshal the forces of idle money, machines and capital, toward the development of a commodity that is needed everywhere, needed badly, and needed all the time.

And here again the challenging nature of this opportunity is as great in the rural areas as anywhere else, where one house in every five is more than fifty years old and where one house in every two is more than twenty-five years old.

I think that if this opportunity should be ignored in rural areas it would have the same effect upon the economic system of the country as if the automobile industry ignored rural areas in the sale of automobiles, or if rural areas had been ignored in the building of the roads, the gasoline stations, and the wayside inns that have followed in the wake of the development of the automobile industry.

To carry this argument a little further, one of the most important things about a public housing program is that it always brings with it a great concomitant stimulation of private home building. England is frequently cited as an example of this, and it was particularly impressive when I found out from Dr. Wood a few days ago, as I find out almost everything from Dr. Wood, that the suburban housing program in England is very striking in this connection. Between the end of the last World War and the end of 1938, about 800,000 dwellings were built in suburban England. Of these, more than 516,000 were built by private industry alone. About 136,000 were built by private industry with public aid, and somewhere around 148,000 were built by local housing authorities, thus indicating again the almost universal experience that a public housing program quickens the pace of private activity.

Now, if these things are true, if both the social and the economic reasons for a public housing program are as compelling in the countryside as in the cities, why not go ahead with it? So far I have heard only one objection, and that is that it is more difficult to do the program in the country. I have never been able to figure out why it should be more difficult. It is not harder to build a house in the country than in the city. On the contrary, it is much easier. It isn't harder to acquire land in the country than in the city. That is easier too. And under the program of the United States Housing Authority, rents can be achieved which meet the need of the lowest income groups in rural areas quite as adequately as in city areas.

It is true that most of the enabling legislation in various states thus far has been more attuned to the needs of city dwellers than to the needs of country people. But it is as easy to pass laws enabling housing in the country as it is to pass laws enabling housing in the city, provided that the people want it as badly.

If the public housing program doesn't go as well in

the rural areas as it has gone in the cities it will be only because the people do not want it as badly. It will be only because there has not developed yet in rural areas that well-informed public opinion, that state of information about what the facts are which is the basis of the development of the program in the cities. It will be only because, in the absence of that well informed public opinion, those groups in city and in country who are opposed for their own special reasons to public aid to housing will be successful in blocking and befuddling the public housing program.

The real problem of all those interested in housing is to develop and build up information about the program. That is the real task of those interested in housing everywhere. But given an informed public opinion, and the demand which will inevitably flow from it, a rural housing program can not only be done but it has definite contributions to make to the welfare of the public housing program and the housing industry in general.

The main problem of the whole housing industry is the problem of building a better house for less money, the problem of cutting down costs. It has always seemed clear to me that the great open spaces afforded greater flexibility for experimentation along this line than the cities, with their pattern-like uniformity and their rather adamant building codes.

I think that without sacrificing in the slightest the firm principle that all the amenities of decent living should be extended to people in rural areas as fully as in the cities, and without using rural areas as an easy field for the degradation of building standards and for jerry-building, our experience has shown that a decent house with all facilities can be developed in rural areas for not much more than half the cost in the larger cities. I suspect that the future will reveal that the rural housing program will contribute quite as much as the urban housing program to the central problem of building a better house for less money.

The same thing is true about the problem of reducing subsidies. It is necessary that the subsidies on public housing come down. Great progress has already been made in that direction, and I don't think very many people know yet that under the present program there is only a cost of about \$20 a year to the Federal Government for each person rehoused. Here again the rural program affords unique opportunities, for two reasons. In the first place, it is easier to build a cheap house in the country, and in the second place it is easier to experiment in the rural areas with economies in maintenance and upkeep. It is easier, also, in rural areas, to introduce the factor of tenant maintenance, which not only means economy but also expands the idea of better housing into the much broader concept of the development of a better way of living.

So with respect to all three of these main considerations—the cutting down of construction costs, the reduction of public subsidies, and the development of housing as the core of a more adequate way of living, I think the rural program has a genuine contribution to make.

Our present legislation is a pretty good vehicle for the development of this rural program. The principle of decentralization, whereby all the projects arise from the impetus and inspiration of local housing authorities, is certainly well acclimated to rural needs. Under our pres-

ent program we have already found it possible to plan—and our planning should lead to achievement if the urban program is any example—for rents or purchase payment charges as low as \$36 to \$50 a year. Charges as low as these, while they won't help everybody, certainly will serve a very low income group even in rural areas.

The only reason the rural program has lagged has been, not the absence of adequate legislation, but the absence of adequate local interest.

When the United States Housing Authority was formed in 1937 there was only one local county housing authority. Today there are thirty-seven. And there is every prospect of rapid multiplication.

There are only three things we need now to get the rural program into full swing, aside, of course, from the local demand.

First, we need to have the housing program expanded by the Congress, because our present funds are committed. Second, we need an amendment, to which I have referred before, which would introduce home ownership as well as rental occupancy into the rural housing picture. And third, we need an amendment which was introduced last year, enabling us, in cooperation with the Department of Agriculture, to operate even in those rural counties where there are no housing authorities and no state enabling legislation. I want again to stress the essence of that cooperation to the success of the program.

There are five rural housing projects going to the President for approval very shortly. I think that these five projects, in addition to the ones which will follow quickly in their wake, represent something that is even more important to the country as a whole than the development of better housing for farmers, which goodness knows is important enough. It has always been a pet idea of mine that many reforms, necessary and desirable though they are, suffer from this handicap that in their

GEORGE S. MITCHELL

Assistant Administrator, Farm Security

An old recipe for getting things done is a combination of effective administration from above and good organization from below. I can't tell you how glad those of us who have worked in rural housing are that there is good organization from below prompting, advising, working for this kind of thing.

Let me give you a few little bits of our experience. It might be helpful, as the United States Housing Authority pushes further into the rural housing field. Lets don't set our costs too high. The first 4,000 houses we built cost an average of \$3,000 apiece. That isn't too high for what people ought to have, but it is a little higher, I believe, than you can get general public acceptance for, at the present time. On the other hand, and this is far more important, please don't let people put your costs too low.

There is no field in which more people are convinced by some inner voice that cheapness is possible than in rural housing. When you first broach this to an audience of farmers, of agricultural experts, of private citizens, of bankers, everybody says, "Sure, give them \$500 houses." It can't be done. You just can't build a decent house that will stand for thirty or forty years—even in the cheapest

immediate impact they benefit only a particular group of the population, although, of course, in their indirect effects they help the country as a whole.

Unemployment insurance in its immediate impact helps the worker. R.F.C. loans in their immediate impact help the business man. Agricultural subsidies in their immediate impact help the farmer. But housing, on the contrary, appeals equally to all groups because it helps all groups equally. It means more employment for labor, greater opportunities for the investment of capital, the development of generally higher standards of demand in housing, more healthful community environments and the release of communities everywhere from the excessive cost of the slums.

For this reason, it seems to me that housing is about the most democratic of all our modern endeavors, because it introduces a type of activity which solidifies rather than divides group interests, and which thus becomes a unifying, progressive force. And this unifying, progressive force is something which America, in the face of world events, surely needs today.

And if this is true, it seems absolutely unarguable to me that this kind of progressive movement can not possibly succeed if it is limited to a particular section of the country or to particular groups. It must draw its inspiration and its incentive from serving the needs of all of the people in all parts of the country. This means not only rural groups, but also such groups as migratory workers, industrial camps, and I could cite great many others. The point is, everybody everywhere needs better housing. The country as a whole needs it. For this reason, I think that the urban housing program and the rural housing program, if they march along together, and only if they march along together, can carry us nearer and nearer to reaching those common social and economic objectives which all the people of the country are seeking to achieve.

Problems In Raising Rural Standards

construction areas in the country—for anything under eleven or twelve hundred dollars. In the North it is going to cost you twenty-four or twenty-five hundred dollars—and that's rock-bottom cost.

Now, when you start building, stick to figures of that kind. Don't let yourselves get entangled in a program of building a whole lot of six, seven or eight hundred dollar houses. A lot of people may say it can be done. I may be wrong, but out of our experience in building 20,000 houses, I don't believe you can possibly do it. You might just as well face the fact that a decent three-bedroom house that will be there forty years is going to cost you thirteen or fourteen hundred dollars any way you build it. The cheapest we have ever had a new farm house built was in Georgia. The house cost \$875. There is no use in aiming at a figure of that kind for the nation as a whole, because you can never make it.

Now, that is all I am going to say about new houses. There is another tremendous field that hardly any of us have really scratched—that is, repair work on farm houses. Take a good solid farm house, even if it was built in poor country twenty-five or thirty years ago.

In such a house, you often have more space and far better timber than you can buy today. Six hundred dollars on a big house that is still pretty firm is worth more to a farmer than \$1,400 spent on a new house for him. You probably can't afford to put a bathroom in the house anyway. The farmer and his wife and family would be more satisfied with a big old house fixed up right than a nice new house that will cramp them for space.

In this repair field, we need to find some way to tie the vast resources of the unused time of farm people to the doing of repair work. Thus far our Federal relief agencies have been afraid to touch this kind of job, and probably from their point of view rightly, because it was to be done on private property. The government can't put benefits in the way of persons who will profit private-

ROBERT HANDSCHEN

Executive Secretary, Farm Research, Inc.

I do not wish to confine my remarks to the need for rural housing. I think there are figures available; our farm people are pretty well aware of them, and you all can familiarize yourselves with them.

I would like to talk to the point, which is, how are we going to pass in this session of Congress the legislation which Mr. Keyserling spoke of? And I would like to talk on what role the farm organizations may have in passing that legislation.

Last summer, when the USHA devised this scheme for getting farm support in the back of their minds, to pass an enlarged urban program and to begin doing something in rural areas, I was instrumental in trying to see what kind of support we could get from farm organizations. Now, we have three farm organizations. Somebody spoke a few moments ago about the fact that it is going to take education and pressure. Unfortunately our farm organizations do not, in the main, have within them that class of people who need this housing most. We have seven million farmers, one million farmers in organizations, and unfortunately, as I say, they come largely from the upper half of your farm population.

We have three and a half million farmers or better in the South, practically unorganized with the exception of the well-off farmers at the very top. In the North the picture is a little better. Of the three organizations, the National Grange, with its main influence in the East, is largely a social and recreational organization. However, it does conduct a legislative program.

The largest organization, the American Farm Bureau Federation, has a membership which is predominantly that of the upper third of your farmers. It has about 400,000 members in most of your states. It is closely connected with the apparatus of the Federal Government. The third organization, the one which I represent, the Farmers' Union, is located primarily in the western part of the country; its incidence is mainly among your family-sized farmers, those in the middle third and some in the lower third.

We have been very interested in a housing program, but up until recently we have thought of that program primarily as a part of an overall national economic program, as part of the problem of putting people back to work, to furnish a market for our food products. Now we are beginning to think of it as an opportunity for

ly from it. I think, on the other hand, we can reach definitions of sub-standard houses, sub-standard net worth, or low income which would, in everybody's opinion, let us use idle labor time on the land, not only for repairs to farm homes and farm buildings but for what is really more needed, repairs to farm land.

There is where you can go into the cheap bracket safely. If you have only three hundred or six hundred dollars to spend, you can do more good with it by repairing existing farm homes and farm buildings, than by trying to build new ones.

Lastly the work does, as Mr. Keyserling said, have to be tied right back into the farm. We must be careful that we don't, in our enthusiasm for housing, put on poor farms good homes which those farms will not support.

Organized Farmers Support Housing Plan

our farm people. So last summer when we started out to see who would support the Housing Bill up in Congress we found out, first, that none of the farm organizations had considered this problem either from an urban or rural standpoint, and had taken any stand upon it. We found out, second, that the leaders, the state leaders and the national leaders of farm organizations, were not informed on the question of rural housing and very little informed on the question of urban housing. We found, therefore, that very few of them, particularly in the immediate political situation, were ready to act.

The situation that we are faced with right now is this. The farmers of the country have two main problems. If you can attach housing onto that, and if you can support their needs, I think we may get this bill passed. The two main problems are, No. 1, to guarantee to our people, and particularly to our small and medium-sized farmers, an adequate parity income; and No. 2, the main problem, is to get some more security for our farm people to preserve the family-sized farm.

Now, on the first point, the farmer is not interested in rural housing to the extent that your city worker is. The farmer feels, generally, that if he got the fair income that he should get, he would be able to build his own house. Therefore he is interested primarily in getting an increase in farm prices and an increase in farm income. Housing comes secondarily to him.

On the second point, on security, our farm people are primarily interested in legislation which will do three things: No. 1, adjust debts; No. 2, give relief aid; No. 3, work to abolish tenancy.

Now, on this score, where is there a possibility for weaving the housing program into this general program? There is a possibility, first, by an expansion of the program of the Farm Security Administration, in particular their tenant purchasing program. There is legislation designed to do that before the Congress now. There is a possibility, secondly, by expansion of some sort, as mentioned by Dr. Mitchell, of a rural WPA allowed to work on private property repairing barns and houses and so forth; and thirdly, we do need some adjustment of our debts or we shan't be able to make any rental payments, even of the type which Mr. Keyserling has spoken of.

Therefore, the proposition which is facing us is this:

We have major pieces of legislation which do not take into account the housing question. We are very serious in saying that the passage of those bills is all-important to American agriculture. We are looking for people to help us back those bills.

On the other side of the picture, housing is perhaps the major answer to our unemployment problem, perhaps to the problem of putting people back to work, of starting the wheels of industry moving. On that side of the picture I must say that we are interested in supporting it, perhaps, but we shall not get over-excited. Therefore,

CECIL OWEN

Publicity Director, C.I.O. Construction Workers Union

RURAL housing is nearly twice as deficient as is urban housing, and the situation in the mining towns and mill towns is bad even when judged by rural standards of housing. Not all those living in rural areas are farmers by any means. There are many thousands of industrial workers, chiefly coal miners and textile workers, who live in small towns and rural areas and who are miserably housed today.

One of the grave weaknesses of current public housing efforts has been the failure to tackle this problem of rural housing. This situation has given some demagogues in Congress an excuse to assail the whole program as solely a big city proposition. It was easy for them to get away with this since the people in their Congressional Districts had never seen a housing project themselves.

The incomes of the workers of these rural areas are so low as to place them definitely in the class that must have public aid for decent housing. The amount of rent that the worker can pay is not sufficient to interest private capital under present conditions. Here is a big neglected field for public housing that, if vigorously carried on, should win it wide support from labor and the farmer.

Housing for miners is a particularly acute problem both because of the dire shortage of dwellings in mining areas and also because the available dwellings are rather generally below decent standards of health and sanitation, especially in the Southern and Western Appalachian coal fields. Hundreds of thousands of ill-housed miners are forced to live in isolated communities in houses built by the coal companies when they were first opened. These company houses, cheaply and carelessly put together and short of any standard of sanitation, mostly without essential plumbing, are unsatisfactory in every respect. The companies, loath to spend any money for repairs, allowed the houses to dilapidate to the point of complete unfitness for further habitation. Northern West Virginia, most of Kentucky and Virginia, central Pennsylvania and, with but a few exceptions, Alabama, have such afflicted areas.

The average rental charged for these mostly inadequate houses totals \$13.90.

The Officers' Report, submitted this week to the Golden Jubilee Convention of the United Mine Workers of America, calls attention to the real need of the miners for public housing projects and recommends that in each district a committee of mine workers be formed to create housing authorities or to cooperate with those already established. These committees are instructed to survey the prospects of initiating low-rent public housing projects in their districts.

the answer that I want to pose to you today here is simply this: If we get interest on the part of people interested in housing, on the part of organized labor and others, in the primary needs of our farm people, they will find that the farm people will cooperate in return in passing the Wagner Housing Bill that is before the Congress.

That, I think, is the picture. If we each go our own way I am sure that neither of us is going to get all we want. I would like to conclude with that statement and let you think it over.

Demands of Rural Industrial Workers

In building houses in the mining communities there is one important change in U. S. Housing Authority policy that would be desirable. The policy of building houses to last 60 years leads to an excessively expensive type of construction. In many cases where coal deposits may be exhausted before 60 years these structures would simply remain as deserted monuments to inefficient planning. It is necessary to reduce the costs of housing in these areas very sharply to around \$2,000 per unit.

Housing projects will be built under the U. S. Housing Authority program in about 170 cities and towns and, although there will undoubtedly be CIO members in many of these projects, certain basic industrial groups such as the miners and the textile workers have been almost completely neglected. There is only a bare handful of projects in which even a few miners may live and not many more for small town textile workers.

The mining town and the mill town present special problems. So far as I know the U. S. Housing Authority has so far made no effective move toward solving the housing problem in those areas. It would seem that a minimum step would be to set up committees to make a special study of housing for miners and textile workers. Serving on these committees should be representatives of the unions who could offer first hand suggestions concerning the housing conditions of their members.

What we have been doing about housing in these past six years is simply in the nature of demonstration projects. This country needs at least 1,000,000 new homes a year to keep abreast of housing demand. Naturally, this cannot be done entirely by government, though government agencies can assist private capital.

We believe the goal of 1,000,000 new homes a year could be obtained by enlarging the USHA program to at least 300,000 homes a year and stimulating private residential construction to at least 700,000 dwellings a year. This stepping up of the USHA program will involve only the annual expenditure of about \$30,000,000 in subsidies.

In 1939 construction started on about 50,000 homes under the USHA program, yet according to the report of the Senate Committee on Education and Labor, the rate at which existing dwellings are becoming absolutely unfit for habitation has been and will continue to be about 300,000 a year. We do not expect that the USHA could be expanded overnight to the 300,000 a year level, but this could be easily accomplished over a period of 3 or 4 years. If the pending legislation passed by a 2 to 1 vote in the Senate last year and now pending in the House, were enacted promptly with an increased authorization for the annual subsidy, USHA could build its production level as high as 150,000 or 200,000 homes in 1941.

