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BULL W. FATCH

Public Hours

contributions actually paid have been correspondingly low. On the projects included in the original program they totaled only \$5,612,000 in the fiscal year 1947, whereas the maximum amount that might have been paid under the contracts was \$14,535,000. In the same year local contributions to these projects, in the form of tax exemption, were equivalent to a sum of \$6,536,000, or more than the actual federal contribution and over five times the amount stipulated by law, which is 20 per cent of the federal contribution. Federal contributions on the projects in the emergency program, which had not all been converted to low-rent status before the fiscal year 1947, amounted to only \$54,000.

AVERAGE RENTS AND PROBLEM OF OVER-INCOME TENANTS

Monthly rents fixed for 1947, following a re-examination of tenants' income, averaged \$29.96, including all utility services, in the original public housing projects and \$25.88 in the emergency projects. The average income of all families living in the former projects in 1946 was \$1,691, and in the latter projects it was \$2,076. Families admitted during that year had average incomes of \$1,317 in the case of the original projects, and \$1,557 in the case of the emergency projects.

A frequent complaint of opponents of public housing is that families who could afford to pay commercial rents have been allowed to remain in the projects. F. P. H. A. has admitted that nearly 25 per cent of the families living in the projects as of last Oct. 31 had incomes in excess of those permitted for continued occupancy. This condition came about as a result of admitting war workers to the projects and as a result of the general rise in wages, combined with the extreme housing shortage.

F. P. H. A. recently required local housing authorities to make efforts to remove at least 5 per cent of their over-income tenants every month, but the number of over-income families leaving the projects has been about balanced by new additions to the over-income class among present occupants. By an act of July 31, 1947, moreover, Congress forbade local housing authorities to institute legal proceedings to evict over-income tenants, prior to Mar. 1, 1948, if eviction would result in undue hardship, and the date was extended to Apr. 1, 1949, by the rent-control renewal bill passed this year. An amendment to the T-E-W bill, accepted by the Senate, would restore to local housing authorities immediately the right to maintain eviction suits.

EDITORIAL RESEARCH REPORTS

PUBLIC HOUSING.

by

Buel W. Patch

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The completed public housing projects are distributed among 37 states, the District of Columbia, Hawaii, Puerto Rico, and the Virgin Islands.¹⁸ In number of low-cost dwelling units provided under the program, New York State leads with nearly 20,000, followed by Ohio (16,000), Pennsylvania (14,000), Illinois (13,000), Georgia (11,000), Texas (11,000), California (9,000), and New Jersey (9,000). Idaho is at the bottom of the list with 84 dwelling units.¹⁹ Although the program has been predominantly urban, carried out through some 450 local housing authorities in urban areas, about 500 low-rent dwelling units have been constructed by county or regional rural housing authorities in five states (Arkansas, Georgia, Indiana, Mississippi, South Carolina), and deferred rural projects have been contracted for in those states and in six other states (Alabama, Florida, Illinois, Louisiana, Maryland, North Carolina). Altogether, 34 rural housing authorities have qualified for aid under the 1937 act.

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PROJECT COSTS AND AMOUNT OF FEDERAL FINANCIAL AID

Construction costs on the completed public housing projects have been well within the limits fixed by the 1937 act. The average costs per dwelling unit, for projects built under the original program and under the emergency program, was only \$2,881, whereas the act allowed costs of \$4,000 per dwelling unit as a general rule and \$5,000 in the large cities. It has not been necessary, moreover, to extend to local public housing authorities the full amount of federal financial aid made available by the act. Although loans up to 90 per cent of development costs were authorized, loans actually made under the original program amounted to only 62 per cent of project costs, the remaining 38 per cent being financed through loans from private sources.

Annual federal contributions, though usually contracted for at the maximum allowed by law,²⁰ are actually paid only in an amount necessary to cover the cash deficit incurred by local housing authorities after payment of operating expenses and interest and amortization charges. Because rents are adjusted to income levels of occupants, and because income levels recently have been relatively high, annual

¹⁸ The 11 states having no active projects are Iowa, Kansas, Maine, Nevada, New Hampshire, New Mexico, North Dakota, South Dakota, Utah, Vermont, Wyoming.

¹⁹ Not more than 10 per cent of the funds provided under the 1937 act could be spent in any one state.

²⁰ A percentage of a project's capital cost equivalent to the going rate of interest on government borrowings at the time the contract is made, plus 1 per cent. This has worked out in recent years at 3.5 per cent of project cost.

set up the P.W.A. program on a decentralized basis, because most cities lacked authority to establish local housing authorities. By 1937, however, around one-half of the states had enacted enabling legislation, and the new law gave most of the remaining states sufficient incentive to follow suit.¹⁶ U.S.H.A. took over the P.W.A. projects and subsequently leased 42 of them to local housing authorities. F.P.H.A. now directly operates seven of the old P.W.A. projects located in states which have no housing authority laws or in cities which have no local housing authorities.

NUMBER AND DISTRIBUTION OF PUBLIC HOUSING PROJECTS

The financial aid available under the original act was expected to provide for construction of about 200,000 low-rent dwelling units. The program had been little more than half completed when U.S.H.A. was obliged to take up the task of defense and war housing. However, some of the projects built under the emergency program were slated for integration into the permanent program after the war, and they were converted to low-rent status in 1946.

Over 400 separate projects, providing 116,800 family dwelling units, were completed under the original program, and about 200 projects, providing 51,400 dwelling units, were constructed under the emergency program and converted to low-rent status. The P.W.A. projects account for an additional 21,600 dwelling units, making a grand total of 189,800 family dwelling units, accommodating nearly 700,000 persons, now in use.¹⁷ Projects deferred during the war, for which contracts with local housing authorities have been entered into but which cannot be carried out under existing cost limitations, number about 180 and will provide 25,400 more low-rent dwelling units if and when completed.

More than 106,000 slum dwelling units have been eliminated in connection with the 116,800 new units constructed under the original program, and the required additional eliminations will be carried out as the housing shortage eases. Although there was no "equivalent elimination" requirement for projects built under the emergency program, over 17,000 substandard dwelling units were eliminated as a matter of policy in connection with that program.

¹⁶ Formation of local housing authorities is now authorized in all but the following seven states: Iowa, Kansas, Maine, Oklahoma, South Dakota, Utah, Wyoming.

¹⁷ Several of the projects are operated on a non-segregated basis. The question of whether to follow a policy of racial segregation or non-segregation is determined by the local housing authorities.

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PUBLIC HOUSING

LONG-RANGE housing legislation, including provision for federal aid to public housing, is one of the major pieces of unfinished business which President Truman called Congress back to Washington to complete. In his acceptance speech before the Democratic National Convention in the early morning of July 15, when he made the surprise announcement of his intention to reconvene the 80th Congress in extraordinary session, the President referred again and again to the failure of Congress to enact the Taft-Ellender-Wagner bill before adjournment of the regular session on June 20. And in his message to Congress, July 27, listing tasks for the special summer session, he placed action on housing second only to action to combat high prices and inflation. The President urged Congress "not to be distracted from these central purposes" and said of the T-E-W bill: "This is the bill we need. We need it now, not a year from now . . . This Congress can complete action on this comprehensive housing bill in a few days. I strongly urge that it do so."

Failure of the T-E-W bill at the last session made housing potentially an important issue in the 1948 presidential campaign. With Congress reconvened, the issue now will be reconsidered on Capitol Hill. However, if it is not resolved there—and Republican leaders have indicated it will not be—the Democrats may be relied upon to stress the housing question more vigorously than ever when they take to the stump during the weeks leading up to the general election on November 2.

MAJOR PARTY PLATFORM PLANKS ON PUBLIC HOUSING

The controversy over housing is a controversy over those sections of the omnibus T-E-W bill providing for continuation and expansion of the program of aid to local slum clearance and low-rent public housing projects, which was initiated by

the federal government in 1937 and subsequently interrupted by the war. The 1948 Democratic platform makes a direct pledge to "enact comprehensive housing legislation, including provision for slum clearance and low-rent housing projects initiated by local agencies." The Republicans in their platform "recommend federal aid to the states for local slum clearance and low-rental housing programs only where there is a need that cannot be met either by private enterprise or by the states and localities."¹

The qualification in the Republican plank may or may not be significant. There is almost unanimous agreement that the need for slum clearance and decent housing for low-income families cannot be met by private enterprise or by the states and localities unaided. President Truman evidently took that into consideration in interpreting the meaning of the plank, for he said at Philadelphia that "The Republican platform comes out for slum clearance and low-rental housing." And he taunted the Republicans for promising "to do in that platform a lot of things I've been asking them to do, and that they've refused to do when they had the power."

HOUSE-SENATE HOUSING DEADLOCK; STATUS OF BILLS

Federal aid for a renewed public housing program has won Senate approval twice, in 1946 and 1948, but has not been voted on by the House.² The T-E-W bill passed the Senate this year on Apr. 22, two months before the regular session came to an end, but opposition of the Republican House leadership to the public housing features of the measure prevented it from going to a vote on the House floor.

The bill became involved in a tangled parliamentary situation in the closing days of the session. On June 10 three Republican members of the House Banking and Currency Committee³ joined the 11 Democratic members to add the controversial sections of the T-E-W bill [S 866] to a substi-

¹ The platform of Henry Wallace's third party calls for an emergency federal program "to build within the next two years four million low-rent and low-cost dwellings for homeless and doubled-up families." The T-E-W bill provides for construction of 500,000 dwelling units in public housing projects over a five-year period.

² President Truman was in error when he said in his acceptance speech: "Way back four and one-half years ago, while I was in the Senate, we passed a housing bill . . . known as the Wagner-Ellender-Taft bill." The W-E-T bill, predecessor of the T-E-W bill, was introduced on Nov. 14, 1945, and passed by the Senate on Apr. 15, 1946. Truman voted in 1939 for a bill, which passed the Senate but was not taken up in the House, to expand the existing public housing program. He had voted also for the 1937 act which established that program.

³ The Republicans were reportedly Reps. Hull (Wis.), Hardie Scott (Pa.), and Stratton (Ill.).

Advocates of slum clearance and public housing projects have stressed not only the benefits accruing therefrom to the individuals who are given an opportunity to live in healthier and more wholesome surroundings, but the positive savings realized by communities through reduced demands on police, fire, and social services. To the contention that it is no more the function of government to provide housing than to provide food and clothing, it is answered that in normal times decent food and clothing are available at prices within the range of low-income families, whereas private enterprise has not been able to supply decent housing at costs within the means of such families.

In the Senate, Apr. 20, Sen. Lucas (D., Ill.) responded to charges that the pending bill was socialistic or communistic by saying that he was "firmly of the opinion that it is just the opposite, that this kind of a bill is a challenge to the menace of Communism, which breeds easily in some of the slum-blighted areas throughout the country." Lucas added: "The fact that the testimony shows that where these public housing projects have been completed . . . there has been a decrease in crime seems to me to be a complete answer to any question that may be raised, and a logical reason why the federal government should assist society where society cannot help itself."

Public Housing Under Housing Act of 1937

LIMITED federal activity in public housing preceded passage of the United States Housing Act of 1937. Under powers granted by the National Industrial Recovery Act of 1933, the Public Works Administration directly constructed some 50 low-rent housing projects in 35 cities.¹⁵ Although the need for such housing was clearly recognized, the program was initiated primarily as a measure to provide employment and stimulate the construction industry. The experience gained, however, was helpful in formulating the public housing policy embodied in the 1937 legislation.

A cardinal feature of that policy was its emphasis on local participation and responsibility. It had been impractical to

¹⁵ P. W. A. also made loans to seven private limited-dividend housing corporations, but this program was discontinued in 1934 in favor of direct federal construction. See "The Unsolved Housing Problem," *E. R. R.*, Vol. II, 1936, pp. 358-365.

least six million slum dwellings—six million houses in which children ought not to be brought up. The reason for the persistence of the slums is clear. Families of low income who live in substandard housing can afford to pay so little rent that it will not suffice to meet the bare costs of providing and maintaining decent housing and paying taxes on it, let alone providing profit on the investment . . .

Nevertheless, certain opponents of this bill have maintained that no government aid is required for the proper housing of low-income families, and that private enterprise can meet the entire housing needs of the country. The continued persistence of slums is, however, plain evidence that private enterprise is not satisfactorily meeting the whole housing needs of the country.

The committee rejected industry contentions that housing needs of low-income families could be met satisfactorily by a handing-down process with the comment that that process had “all too often worked to provide only indecent housing for those who get it on the last hand-down.”

During Senate debate on the bill, Apr. 20, 1948, Sen. Taft pointed to the provisions restricting the area of public housing and declared that “As the bill is written, there is not the slightest competition with private industry.” Although he acknowledged that there might be a present need for as many as two or three million public housing units, in contrast to the bill’s provision for 500,000 units, Taft said it was his opinion that “If we can take the edge off that need by providing for construction of 500,000 units, the rest might well take care of themselves, through reduced building costs and greater private building operations and the operation of other sections of the program which would result in tearing down unsatisfactory housing.” He was “very hopeful that we might never have to provide more than 500,000 units.”

Taft, like other supporters of the bill, refused to reckon the ultimate cost of the public housing program to the federal government by multiplying the amount of maximum annual contributions by the number of years over which such contributions might run. He insisted that the cost of the subsidy, just as other continuing federal costs, should be considered on an annual basis. “What is the cost of subsidizing such housing? It is \$160 million a year. We do not add the cost for the next 40 years, any more than we arrive at the total cost of maintaining the Army over a period of ten years. If we estimate that the cost for the Army will be \$10 billion a year, we do not then say that for a ten-year period it will be \$100 billion.”

tute measure [HR 6888] introduced by the committee’s chairman, Rep. Wolcott (R., Mich.). The bill, reported in this form by the close vote of 14 to 13, was taken up by the Rules Committee, June 16, and tabled by a vote of 6 to 2. On the following day the Banking and Currency Committee reversed itself and reported a new Wolcott bill [HR 6959] without the controversial amendments. The latter bill passed the House, June 18, by a vote of 319 to 90, under procedure which denied any opportunity for amendment.

To obtain a conference on the separate House and Senate bills, it would have been necessary for the Senate to take up the Wolcott bill, substitute for it the T-E-W bill, and request the House to appoint conferees to meet with Senate conferees and attempt to iron out differences between the two measures. Senate Republican leaders tried to carry out this procedure on the last night of the session but were unable to gain the unanimous consent required for immediate action. When Sen. Wherry of Nebraska, Republican whip, moved to consider the Wolcott bill, Sen. Ellender (D., La.), one of the sponsors of the T-E-W bill, objected. And when Sen. Taft (R., O.) then combined in one motion a proposal to consider the Wolcott bill, substitute the T-E-W bill, and ask for a conference, Ellender again objected. Accordingly, both the T-E-W bill and the Wolcott bill failed of passage before adjournment.⁴

The status of the bills now, upon reconvening of the 80th Congress, is the same as it was when Congress adjourned. The Senate-approved T-E-W bill is still in the hands of the House Banking and Currency Committee; the first Wolcott bill, with the T-E-W amendments, is before the Rules Committee; and the second Wolcott bill, which passed the House, is before the Senate.

Action on public housing in the special session could be obtained by one of several methods of procedure. The Senate could substitute the T-E-W bill for the House-approved Wolcott bill and seek agreement on public housing with the

⁴ Some observers felt that if the conference for which the Senate Republican leaders strived had been held, there was a good chance that the House conferees and the House itself could have been prevailed upon to accept a bill containing public housing features. However, Sen. Ellender’s objections prevented such a last-minute attempt and removed any possibility of avoiding projection of the issue into the campaign.

After Sen. Ellender had objected to Sen. Wherry’s motion, Sen. Johnson (D., Colo.), a supporter of public housing, said: “Within a very few days it is my guess that we are going to have a call from the President of the United States for a special session of this Congress on housing, and those who are responsible for defeating this bill, and the political party responsible, should make themselves known at this time, so that all may know where to place the responsibility for the special session . . . I want to know who is responsible, what senator is responsible, for defeating the bill the majority leader seeks to lay before us.”

House in conference; the House leaders could allow either the T-E-W bill itself or the Wolcott bill with the public housing amendments to go to the floor; or the question could be brought before the House by completion of a discharge petition, filed more than a year ago and to which about 170 of the necessary 218 signatures have reportedly been attached.⁵ Because all pending bills will die upon expiration of the 80th Congress, failure to enact public housing legislation at this session would mean that its supporters would have to introduce a new bill in the next Congress and go through the legislative process again from the beginning.

INTER- AND INTRA-PARTY DIVISIONS ON PUBLIC HOUSING

The only bill relating to housing enacted at the 1948 regular session was a financing measure to provide an expanded secondary mortgage market for home loans, particularly G.I. home loans, and to liberalize existing authority for insurance by the Federal Housing Administration of loans to veterans' housing cooperatives. When President Truman signed the bill, July 1, he pointed to certain defects in the measure⁶ and said it had been properly labeled the "teeny-weeny" housing bill. "The failure to pass decent housing legislation," the President said, "is a sad disappointment to the millions of our people who are so desperately in need of homes and to the many members of Congress who tried so hard to break the stranglehold of the little group of men who blocked a decent housing bill."

Rep. Wolcott retorted that "The President's attitude indicates the administration is committed to the same socialistic tendencies we have been fighting since 1935." Although Wolcott has been one of the leading foes of the public housing features of the T-E-W bill, the record shows that in 1937 he voted for passage of the United States Housing Act, under which federal aid to slum clearance and low-rent housing projects was initiated. Rep. Allen (R., Ill.), now chairman of the House Rules Committee and another prominent foe of the T-E-W bill, also was recorded as voting for the 1937 act.

Other inconsistencies have attended consideration of the public housing question in Congress. The controversy has

⁵ The discharge petition applies to a House bill [HR 2523] introduced by Rep. Javits (R., N. Y.) as a companion to the original T-E-W bill.

⁶ It has been asserted that the provision on loans to veterans' housing cooperatives will have no practical effect, owing to failure to increase outdated construction cost limitations applying to insurance of such loans.

We think that public housing has failed to do what its sponsors have claimed for it; that it has not taken care of the people it should have; it is building political constituencies founded on shelter; it puts a premium on dependency; it is so expensive that it can care for only a fraction of the population; and that if it is continued or extended, it will inevitably produce serious dislocation. It has supported at low subsidized rents many who are employed and are able to pay adequate rent in privately-owned buildings. We don't believe in it; we think that its proponents have hoodwinked the nation by promising one thing and delivering another, and we challenge it as social policy.

In his "Washington Letter" to members of the National Association of Home Builders the day after adjournment of Congress last month, Frank W. Cortright, executive vice president of the organization, mentioned estimates that failure to pass the Wolcott bill would "cost veterans and others at least 100,000 units which would have been built under this legislation." He concluded: "This is most unfortunate, but it is this writer's opinion that it is not too great a price for veterans and the industry to pay for blocking the socialization of housing in this country."

BASIS OF SUPPORT FOR THE PUBLIC HOUSING PROGRAM

The public housing and slum clearance provisions of the T-E-W bill, as they now stand, are the product of long study by committees of Congress. These and other housing questions were investigated in 1944 and 1945 by the Senate and House Committees on Postwar Economic Policy and Planning. The Senate Banking and Currency Committee held exhaustive hearings on the original W-E-T bill in 1945 and 1946, and additional hearings on the T-E-W bill in 1947 and the spring of 1948. A special joint House-Senate Committee on Housing, appointed in the summer of 1947, also conducted an extensive general housing inquiry, holding hearings in 33 cities, and many of its recommendations were incorporated in the T-E-W bill this year through the so-called Flanders (R., Vt.) amendments. All of these committees agreed that the federal government should carry on a program of financial assistance to local public housing projects.

The initial report of the Senate Banking and Currency Committee on the T-E-W bill, Apr. 24, 1947, asserted that "Slums and blighted areas have spread to an alarming extent."

Evidence has been submitted to this committee and its predecessors showing that in urban and other non-farm areas there still exist at

and periods necessary . . . to assure the low-rent character of the housing projects involved." In case of contracts for annual contributions to be paid over a period exceeding 20 years, status of projects to be re-examined at the end of 10 years and every five years thereafter and contracts modified as warranted by changed conditions.¹²

To provide funds for loans to public housing agencies, U. S. H. A. was empowered to borrow up to \$500 million, and the act carried a continuing authorization for appropriations by Congress to meet the annual contributions, which were limited to a total of \$20 million. Projects receiving federal assistance had to meet, among others, the following conditions:

Construction costs not to exceed \$4,000 per family dwelling unit or \$1,000 per room (\$5,000 per dwelling unit or \$1,250 per room in cities of over 500,000 population).

State or locality to make a contribution, in the form of cash or tax exemptions, equivalent to at least 20 per cent of the annual federal contributions.

For all new dwellings constructed, a substantially equal number of unsafe or insanitary dwellings to be eliminated by demolition or compulsory repair or improvement, except that such elimination could be deferred, within the discretion of U. S. H. A., in case of an acute housing shortage for families of low income.

Occupancy of project dwellings to be restricted to families whose net income at time of admission did not exceed five times the rental charged, including the value of utilities (six times for families with three or more minor dependents).

In 1938 Congress raised the borrowing power of U. S. H. A. from \$500 million to \$800 million and lifted the limit on annual contributions from \$20 million to \$28 million. Two years later, when the program was getting into full swing,¹³ advent of the national defense emergency made a change of plans necessary. An act of June 28, 1940, authorized use of low-rent housing projects and of funds previously made available for those projects for defense housing purposes during the emergency. Thereafter, U. S. H. A. concentrated on defense and war housing, and in 1942, reorganized as the Federal Public Housing Authority in the National Housing Agency, it became the central public war housing agency. Under a postwar reorganization order, in 1947, F. P. H. A. was renamed the Federal Public Housing Administration and made a constituent unit of the new Housing and Home Finance Agency.

¹² A third type of financial assistance, providing for capital grants as an alternative to annual contributions, was authorized by the 1937 act but has not been utilized.

¹³ For operation of the program, see pp. 525-528.

Resumption of the low-rent housing program after the war, even to the extent of completing projects already under contract which had been deferred during the emergency, was prevented by the rise in building costs. The 1937 act was amended, a year ago, to permit development of projects at costs above the limits fixed in the statute, provided the local agencies financed the excess and provided contracts with F. P. H. A. were made on the basis of the original limits. Only one project (Milwaukee) was reactivated under this provision. More comprehensive legislation clearly was needed if the program was to be continued.

T-E-W TITLES ON PUBLIC HOUSING AND SLUM CLEARANCE

Title VI of the T-E-W bill, as it passed the Senate, provides for continuation and considerable expansion of the public housing program under safeguards designed to remove any possibility of competition with private enterprise and to assure the low-rent character of projects undertaken. Under the terms of the bill federal assistance would not be available for any new project unless the local public housing agency demonstrated, to the satisfaction of F. P. H. A., that a need for low-rent housing existed that could not be met by private enterprise, and "that a gap of at least 20 per centum has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise is providing . . . a substantial supply of decent, safe, and sanitary housing." In addition, the governing body of the locality involved would have to approve the project.

Maximum family income limits for admission to and continued occupancy of housing projects would have to be approved in each case by F. P. H. A. and could not be changed without its consent. Periodic re-examinations of occupants' incomes would have to be made, and families whose incomes had risen above the prescribed limits would be required to move. Admission would be restricted to families who had been living in slum dwellings, except in the case of veterans' families for a limited period. Certain other preferences for veterans would be set up, and local housing agencies would be forbidden, in selecting occupants, to discriminate against otherwise eligible low-income families whose income was derived in whole or in part from public assistance.

To stimulate private financing of low-rent housing development, the T-E-W bill would repeal a provision of existing

law which requires local housing agencies to apply proceeds of the annual federal contributions in the first place toward payment of interest or principal on federal loans. Instead, the annual contributions would be pledged as security for any loans obtained by the agencies. This and other changes to improve the credit position of the local agencies are intended to enable them to do the bulk of their permanent financing privately and thus in effect limit federal lending assistance for project development primarily to temporary interim financing. In view of these provisions, the bill would not change the present limit of \$800 million on the borrowing authority of F. P. H. A. but would make that sum available as a revolving fund for loans to local agencies. And it would reduce the maximum period for which any federal loans could be contracted from 60 to 40 years.

The maximum term for annual contributions likewise would be reduced from 60 to 40 years. The total amount of new annual contributions for which F. P. H. A. could contract would be raised by annual increments of \$32 million to a final figure of \$160 million. Annual contributions on this scale would be expected to provide for development of 500,000 low-rent dwelling units over a five-year period. No larger number could be contracted for without further authorization from Congress. The bill would place statutory construction cost limitations solely on a per-room, rather than a dwelling unit or room, basis and raise the per-room limit from \$1,000 to \$1,250 (from \$1,250 to \$1,500 in cities of over 500,000 population and to \$2,200 in Alaska). F. P. H. A., moreover, would have discretionary authority, up to Dec. 31, 1951, to permit these limits to be exceeded by an additional \$250 per room.¹⁴

On the theory that slum clearance and public housing constitute separate and distinct problems, and that extensive progress in slum clearance cannot be anticipated through the operation of public housing programs alone, the T-E-W bill makes special provision for federal aid for slum clearance and urban redevelopment. Slum clearance is costly because the price of land in slum areas usually is high and because

¹⁴ Title VII, sponsored by Sens. Young (R., N. D.) and Russell (D., Ga.) and added to the T-E-W bill on the floor of the Senate, would make a maximum of \$262.5 million available to the Secretary of Agriculture, in the course of a four-year period, for housing loans and grants to owners of farms. Annual contributions, payable for 10 years in an ultimate total amount of \$5 million a year, also would be made available. The Senate Banking and Currency Committee, which originally favored such provisions, had recommended that the question of aid for farm housing be referred to the Secretary of Agriculture and the Housing and Home Finance Administrator for further study. A limited amount of public rental housing in rural areas has been provided under the 1937 act. See p. 527.

Some, though not all, of the foregoing provisions were included in the House-approved Wolcott bill, which contained also certain provisions not found in the T-E-W bill. In the course of the regular session both House and Senate had passed separate bills for temporary extension of F. H. A. emergency mortgage insurance operations under Title VI of the National Housing Act,⁹ which was provided for likewise in the T-E-W and Wolcott bills. However, neither of the separate bills was enacted, and all that was salvaged from the general bills in the deadlock at the end of the session were the secondary mortgage provisions in modified form and the provision for special aid to veterans' housing cooperatives.

PROVISIONS OF THE BASIC PUBLIC HOUSING ACT OF 1937

Contrary to popular impression, the provisions of the T-E-W bill dealing with public housing mark no radical departure from established federal policy. They would not involve the government in new or untried undertakings but would merely reactivate and expand a program approved by Congress more than a decade ago. The sections on low-rent housing, which make up Title VI of the bill,¹⁰ are amendments to the United States Housing Act of 1937. That measure, sponsored by Sen. Wagner (D., N. Y.), went through both Senate and House by large majorities.¹¹

The 1937 law set up a United States Housing Authority in the Department of the Interior to administer the slum clearance and low-rent housing program for which it provided. The U. S. H. A. was supplied with funds to extend financial assistance to state, county, or municipal public housing agencies engaging in slum clearance and low-rent housing projects complying with standards and conditions set forth in the act. Two general types of financial assistance were authorized:

1. *Loans* to public housing agencies, bearing interest at 0.5 per cent above the going rate on federal borrowings and repayable in not more than 60 years, in an amount not exceeding 90 per cent of the development or acquisition cost of individual projects.

2. *Annual contributions* to public housing agencies, payable over a period of not to exceed 60 years and "strictly limited to the amounts

⁹ See "Record of the 80th Congress, Second Session," *E. R. R.*, Vol. I, 1948, p. 371.

¹⁰ Not to be confused with Title VI of the National Housing Act, which deals with F. H. A. mortgage insurance.

¹¹ The Senate passed the bill by a vote of 64 to 16, the House by a vote of 275 to 86. Democrats voted overwhelmingly for the bill, but a majority of the Republicans voting in each house opposed passage.

T-E-W Bill and Low-Rental Public Housing

THE T-E-W bill is a general housing measure containing numerous provisions in addition to those relating to slum clearance and public housing. Its purpose is to establish a long-range national housing policy and to coordinate and expand various government aids to private residential construction as well as public housing. The policy declaration carried in the bill states:

The Congress hereby declares that the general welfare and security of the nation and the health and living standards of its people require a production of residential construction and related community development sufficient to remedy the serious cumulative housing shortage, to eliminate slums and blighted areas, to realize as soon as feasible the goal of a decent home and a suitable living environment for every American family, and to develop and redevelop communities so as to advance the growth and wealth of the nation . . .

Elaborating on the policy to be followed in seeking the national housing objective, the declaration states that "Private enterprise shall be encouraged to serve as large a part of the total need as it can," and that "Governmental aid to clear slums and provide adequate housing for groups with incomes so low that they cannot otherwise be decently housed . . . shall be extended only to those localities which estimate their own needs and demonstrate that these needs cannot fully be met through reliance solely upon private enterprise and upon local and state revenues, and without such aid."

The non-controversial sections of the bill aim to promote private residential construction through provisions relating to F. H. A. mortgage insurance operations, provisions concerning the secondary mortgage market, a program of so-called yield insurance, special aids to encourage construction of rental and cooperative housing for families of moderate income and for veterans, and through other means. With the intention of aiding the building industry to meet housing needs more adequately over the long run, the bill provides also for an improved type of federal financial assistance to manufacturers of prefabricated housing and to builders utilizing other modernized construction processes, and for a government research program to assist in reducing housing costs.

preparation of the land for reuse entails demolition costs. Vacant suburban sites are much more attractive to private enterprise for residential projects, while redevelopment of blighted areas even for commercial purposes is often precluded by high land costs. The authors of the bill concluded that the only way to bring about wider participation of private enterprise in redevelopment of slum districts was for the federal government to help local communities write down the differences between land costs and reuse values.

The slum clearance sections, contained in Title V, would make federal loans and capital grants available to local public agencies undertaking approved slum clearance and redevelopment projects. A total sum of \$1,010,000,000 would be provided over a five-year period for loans, none of which could run for more than 45 years, and \$500,000,000 would be provided for capital grants. The loans would be made to help finance land acquisition, site improvement, and other costs, from which eventually would be deducted receipts from sales of land for redevelopment. The locality would be obliged to contribute at least one-third of the net write-down cost, the federal government contributing up to two-thirds through capital grants.

Purchasers of land for redevelopment would be obligated to devote the land only to uses specified in the community's redevelopment plan. Land made available for federally-assisted low-rent housing projects would have to be purchased at a fair value by the local housing agency. The agency carrying out the redevelopment plan would be required to make adequate provision for the temporary relocation of families displaced by the slum clearance project. A Director of Urban Redevelopment would be charged with administration of the federal program under the supervision of the Housing and Home Finance Administrator.

OPPOSITION OF PRIVATE INDUSTRY TO PUBLIC HOUSING

From the beginning, real estate and building industry spokesmen have strongly opposed any federal subsidy for public housing. While not pretending that private enterprise has met the need for decent, low-rent housing, or that it can meet it with new housing, they have maintained that a large volume of private residential construction will lead in time to adequate rehousing of slum dwellers in houses vacated by the purchasers of new homes. Although some opponents of the proposed public housing program have

made the point that it would increase competition for scarce building materials and labor, they seem to fear the program chiefly as an entering wedge that would produce demands for more and more public housing and result eventually in effective government competition with, if not full government control of, the building industry.

Edward R. Carr, speaking for the National Association of Home Builders at Senate hearings on Mar. 28, 1947, suggested that "If you are going to house all the lower income group of the country by this method . . . you are going to have so much of it that it will socialize the business."

I have heard a lot of people say that is poppycock. Half a million units, as called for in this bill, are not going to hurt. I agree that that half million units would not make a great difference, but its extension certainly would. What good would that half million units do, unless you continue the program? According to the statements of all people that are sincerely interested in public housing . . . we have about 10 million families that fall into that category . . . If we stop with a small amount of public housing, then you will not have accomplished the job, and if you go ahead with the whole program, you are going to wreck the housing industry.

Representing the U. S. Chamber of Commerce at Senate hearings on the earlier bill, Dec. 5, 1945, L. Douglas Meredith objected that, under the proposed program, "Housing becomes a social goal, regardless of the ability of a project to sustain itself economically, and the occupants become quasi-wards of government." He said "Builders, landlords, home owners, and investors naturally wonder whether housing has entered an era in which its otherwise bright future is to be obscured by the threat of government competition and the threat of ultimate government ownership and control of all housing."

Others, denouncing public housing as socialistic, have contended that there is no more reason to subsidize housing than to subsidize the production of food, clothing, or other necessities. The program has been opposed also on the ground that it would commit the federal government to large expenditures over a long period of years, that public housing projects would become political colonies whose occupants' votes would be at the disposal of local party machines, and that in general the intended objectives would not be accomplished. On the record of public housing projects already undertaken, Newton C. Farr, speaking for the National Association of Real Estate Boards, said to the Senate committee on Dec. 5, 1945:

been shaping up recently as an issue between Democrats and Republicans, but it actually is an issue which cuts across party lines. This fact is demonstrated pointedly on the one hand by the bipartisan sponsorship of the T-E-W bill, and on the other hand by the split on the issue between Republican leaders in the Senate and Republican leaders in the House.

Although no comparable split developed among Democratic leaders at the 1948 regular session, most senators belonging to the conservative southern wing of the party voted for a motion, Apr. 21, to strike out the public housing title of the Senate bill. In fact, the number of Democratic senators thus recorded against public housing was only one less than the number of Republican senators similarly recorded.⁷ And when the Senate passed the W-E-T bill in 1946, the House failed to take it up despite the fact that the Democrats were then in control, and despite an appeal by President Truman to the House leadership to allow the bill to go to a vote before adjournment.

Division on the issue in Democratic ranks is now overshadowed by the open split on the question between Senate and House Republican leaders. That split was reflected in the wording of the Republican platform plank on public housing. Whether it will be narrowed or broadened by the stand on the issue taken by the party's candidates for President and Vice President remains to be seen. In a press conference at Philadelphia on June 20 Gov. Warren of California, though not going into detail, deplored the failure of Congress to enact housing legislation. Gov. Dewey has not indicated his position on the T-E-W bill, but in New York he has vigorously supported state housing programs, particularly for veterans.⁸ If Dewey and Warren should line up definitely with the Republican leaders of the Senate in support of the T-E-W bill, during the special session, the housing issue would provide a test of their influence with the more conservative elements of their party. Thus the position of the Republican candidates as well as the action of Congress may determine to what extent housing will be an issue in the later stages of the campaign.

⁷ On the motion of Sen. Cain (R., Wash.) to strike out the public housing section, 18 Republicans and 17 Democrats voted yea, and 24 Republicans and 25 Democrats voted nay. No record vote was taken on final passage of the bill. For votes of individual senators on the Cain motion, see "Record Votes in the 80th Congress, Second Session," *E. R. R.*, Vol. I, 1948, pp. 430-433.

⁸ When asked to comment on the T-E-W bill, Jan. 22, 1947, Dewey said he had not read it and added: "I've been busy running the State of New York and building houses, I may say."