

Bulletin No. 1  
Reference Material on Public Housing

NATIONAL HOUSING AGENCY  
U. S. FEDERAL PUBLIC HOUSING AUTHORITY  
Region VI

THE FACTS ABOUT PUBLIC HOUSING

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An Orientation Study Outline

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(Rural housing and community redevelopment and other basic outline material to be issued as supplements.)

## FOREWORD

At the Annual Conference of the Pacific Southwest Region of the National Association of Housing Officials held in Las Vegas, Nevada, in December of 1945, FPHM was invited to present a discussion of the background of public housing. At the conclusion of the discussion, the conference requested FPHM reproduce the outline of the presentation made by Frank W. Reso, Deputy Director, FPHM.

This outline has since been extensively used; revised and supplemented by Arthur E. Schroeder, Regional Training Advisor, FPHM, so as to include as much as possible of the documentary reference material which is available on the subject. The nature and intended uses of the outline have also been the subject of extensive consideration by the NMHO Personnel and Training Committee which has commended its use as a basic orientation training document by the membership of NMHO.

The outline is necessarily very brief, indicating merely the scope of information available, rather than attempting to state the complete facts on the subject. If warranted by interest on the part of the NMHO membership, it will be revised and reissued from time to time as changing conditions require and new material becomes available. It is specifically intended that as soon as possible, supplements will be issued dealing with the special fields of rural housing and community redevelopment as they affect public housing.

Regarding local use of this outline, Region VI can profit by the extensive experience of Region IV with a similar undertaking. It was found in Region IV that orientation study by local authority employees was most successful under these two circumstances:

- "1. A recognition by the executive director of the need for such training.
2. The organization of discussion groups led in most instances by the executive director or another responsible official."

We recommend that wherever possible, the outline be supplemented by local community data, thus bringing home the general facts. This will facilitate the use of local experts on economic and sociological data.

As to method, the simplest procedure would be to read the outline by paragraph, either silently or aloud, and then discuss it. The discussion leader should prepare discussion questions for each session.

The use of charts or other visual aids to illustrate points under discussion is desirable. The rate of progress would seem to depend on how thoroughly the question is to be explored, whether outside reading is assigned and, above all, on the quality of preparation by the discussion leader as well as his ability to evoke and direct discussion. Study groups should be limited in size. Meetings should probably be held on official time; not at the end of the work day and limited to about an hour.

At the conclusion of each main section a brief summary or quiz might be given. At the conclusion of the series it would seem well to hold a final roundup, with, perhaps, an outside expert on hand.

Official recognition is recommended for staff members of any study group, in the form of a certificate of completion.

The Regional Training Advisor is available to assist local study groups and will appreciate information about study groups being formed. Your attention is directed to the Regional Office Circular (October 31, 1946) on "Group Discussion Leader's Check List".

## THE FACTS ABOUT PUBLIC HOUSING

Introduction: "Man's age old problem has been to provide for himself and his family three basic necessities of life; food, clothing and shelter. With the advance of civilization, the problem of shelter has become intensified rather than eased. We know most of the historical reasons: the increase in the number of urban centers; uncontrolled speculation in land; huge profits realized from the exploitation of an undersupplied basic need; individual rather than community attempts to solve the problem, when, indeed, there was any attention paid to it at all; failure to realize that a house is an integral part of a neighborhood and a community and that outside environment influences a home just as much as does inside environment. We now know that solving the housing problem is not a matter of providing shelter for 'paupers' but a matter of providing a decent environment for everybody. Providing good shelter is good business, a civic necessity and a moral imperative." (Quoted from speech by Langdon W. Post, Regional Director, FPHA).

LET US LOOK AT THE FACTS!!

### I. THE HOUSING PROBLEM

#### A. What is public housing?

The operation (and usually ownership) of housing by a government agency distinguished from publicly-aided housing owned by private agencies such as limited dividend corporations. A system of public aid to help provide a decent home in a decent environment for families otherwise unable to obtain it.

#### B. Who cannot "otherwise obtain it"?

One-third of the nation by and before 1957--more today.

##### 1. How many living units in the United States?

37,325,470 dwelling units according to 1940 housing census.

In California: 2,340,373 dwelling units.

In Arizona: 147,079 dwelling units.

In Nevada: 36,770 dwelling units.

##### 2. How many substandard units?

"Substandard" is defined as needing major repairs and/or lacking indoor private plumbing facilities. An individual unit may also be considered substandard if the unit is overcrowded in its occupancy or lacks adequate light or air. For the purposes of the following statistics, substandard will include only those units needing major repair and/or without indoor private plumbing facilities. These standards will apply only to urban housing, (21,616,352) of which:

7,288,392 dwelling units were substandard, or 34% of all urban dwelling units.

3½ million were without flush toilets (16%)

4½ million were without private bath (20% or more)

1½ million had no running water (7%)

2-1/3 million were in need of major repairs (11%)

#### California

Total urban dwelling units - 1,679,699, of which 334,447 were substandard (20%)

#### Arizona

Total urban dwelling units - 52,878, of which 20,097 were substandard (38%)

#### Nevada

Total urban dwelling units - 13,907, of which 4,432 were substandard (32%)  
(1940 Housing Census)

In San Francisco about 46,000 substandard units were housing people at an average net monthly rent of \$20 or less (Real Property Inventory, 1939)

### 3. Is there a housing problem other than the replacement of substandard units?

Yes, overcrowding! "Total need by end of 1947 (with at least 1,200,000 families still doubling up) estimated at 3,195,000 homes. This does not take into account the more than 10,500,000 homes which are substandard and which must and can be replaced in a healthy, full production economy." (Wyatt, Veterans Emergency Housing Program. Report to the President. 2/7/46.)

### 4. Who lives in substandard housing?

Families who cannot afford to live in adequate housing; families who are unable to find adequate housing because of the constant shortage of housing; families who are limited to slums or ghettos because of race, creed or national origin.

In 1940, one of every four units occupied by white families were substandard, as were two of every three units occupied by Negro families; two of every three occupied by rural families also were below standard.

Because of any one, or all three, of the above-noted reasons for living in substandard housing, 24% of the non-white tenants were living 1.51 persons or more per room, while only 7.1% of the white were thus overcrowded. (1940 Housing Census)



C. Why must people live in substandard housing and slums?

We have never produced enough housing for all the people.

1. Past construction records in terms of volume and costs.

Volume: Highest year - 1925 - 937,000 non-farm dwelling units  
Lowest year - 1933 - 93,000 non-farm dwelling units  
Average per year for ten years - 1930-39 - 273,000  
For the same period - 1930-39 - Families increased at  
the rate of 600,000 per year

It is estimated that during the first 10 years after the war, construction of a minimum total of 12.6 million non-farm dwelling units will be needed in the U. S. This would be in excess each year of the peak construction reached in 1925.

(NHA Bulletin #1 - Housing Needs)

Cost: For the 3,800,000 families in 28 cities who had an annual family income under \$1500.00, only 40,000 new dwelling units were built between 1929 and 1935.  
(Edith Elmer Wood, Introduction to Housing.)

23% of 12.6 million units are needed at rentals under \$20.00 per month, or a sales price of about \$2,000 but in 1940 only 1% of the FHA loans were in this bracket, and in 1942 only 11% of the houses which had been built in the war areas were in this bracket. Because FHA insurance for housing in this price range was not used, it is reasonable to assume that a high percentage of the houses were not standard.

(NHA Bulletin #2 - Housing Costs)

2. Present construction needs in terms of volume and costs.

Volume: Wyatt program - 2,700,000 low and moderate cost homes by the close of 1947--1,200,000 units by the close of 1946 and 1,500,000 by December 1947.

Cost: Wyatt program indicates that 36% of the families can pay less than \$30 per month for housing, 31% from \$30 to \$50 and 33% over \$50.

H-H Priorities issued in the U. S. from 15 January through 28 June indicate 14.5% of the housing costs \$4500 or less, 8.8% is between \$4500 and \$5500, and 76.7% above \$5500.

(NHA Regional Release)

California:

Between 1946 and 1950, it is estimated that a minimum of 1,600,000 non-farm housing units will be required. This

demand translated into costs and ability to pay would approximate the above indications for the U. S. as a whole.  
(FPHA Region VI Economist's Office)

A recent veteran survey of the San Francisco Bay Area indicated that 21% can afford housing costing less than \$5,000, 13% less than \$6,000, 65% less than \$7,000 and 35% more than \$7,000.

H-II priorities issued in the San Francisco Area from 1 January through 31 August indicate that only 1% of the housing being constructed will sell at less than \$4500, 1 1/4% at less than \$6500. In the \$8500 and above group were 48% of the units.  
(FHA-Regional Office)

### 3. The need for rental housing

In addition to those families unwilling to assume the responsibility of home ownership or unable to do so because of mobility of employment, etc., there are families who should not be encouraged to undertake home ownership. For the most part these families are in the lower income groups for whom a decent house, well constructed, cannot be built without heavy subsidy. However, in their desire for decent housing many of them have purchased homes costing up to triple what should be allowed in their budget for housing. (If there is stability, of employment, income and health of the wage earner, the housing investment should not exceed twice the annual income.)

Families are being forced into unsound home purchase in order to find decent housing. Rental housing is primarily hand-me-down housing, much of it in rundown conditions and blighted areas. It has rarely been profitable for the private building industry to build for the rental market in the monthly rent groups into which the bulk of the demand falls. The veteran survey mentioned above indicated that 29% of the demand was for rentals under \$40, 70% under \$50 and 90% under \$60. Monthly rentals on the H-II priorities indicate only 11% renting under \$40, 30% under \$50 and 55% under \$60. (see Dorothy Roschman, also John Dean "Home Ownership".)

### 4. Failure of building industry to meet the need unassisted.

#### a. New Construction

Not organized to produce, distribute, market enough housing at prices to meet the needs of all consumers. The building industry is still too much in the handcraft stage of custom building for the higher income consumer only. And in the case of the lower income private home owner much new housing has been deficient for lack of proper neighborhood planning and controls. (Coleman - Public Affairs Committee pamphlet on Housing Problem.)

"Only 19% of the 420,000 new units built in 1938 was available to the 76% of non-farm families having incomes of less than \$2,000, while 81% were built for families with incomes of \$2,000 or more. The number of dwellings built was in inverse ratio to the number of families in each income group." (Source: Monograph #8 - "Toward More Housing" - Temporary National Economic Committee.)

b. Secondhand Housing

In the past 20 years "handed-down" housing has created more problems than it has solved.

"We have been building houses for an increasingly limited few; we have been falling behind in maintenance and replacement of an existing stock of housing; and we find ever increasing numbers who cannot get even second and third-hand housing." (Coleman - Public Affairs Committee Pamphlet on Housing Problems)

"Our present shortage may be attributed largely to two factors; one, the almost complete cessation of building for several years; the other, the uneven manner in which that volume was distributed among the various income groups in the population." (Coleman - Public Affairs Committee Pamphlet on Housing Problem)

5. Rehabilitation of substandard dwellings.

At most 50,000 to 70,000 dwelling units per year can be added to the standard group. Economic soundness questionable thus far because of many problems -- location, design, heavy costs and financing, resultant high rents. (Klutznick quoted in a "A Million Homes a Year", by Dorothy Rosenman) It is likely that this source of supply will be increasingly tapped as time goes on.

6. Comparative income data in re cost of decent housing.

- a. Decent housing today cannot be purchased under \$3,000 and in metropolitan areas it is running close to \$6,000. In California the average GI home loans as of 28 June 1946 was \$6,376; in Arizona, \$3,427; and in Nevada, \$3,409. (Federal Home Loan Bank Review, September, 1946)
- b. The current legislative campaign for 65¢ minimum hourly wage shows continued existence of low wage scales for many workers. (A forty-hour week at 65¢ an hour would mean an annual income of approximately \$1,300)
- c. On the basis of a 40-hour week, the average weekly earnings in manufacturing industries of California for the month of September, 1946 were \$53.09, or an annual income of approximately \$2650. Presumably this reflects the concentration of the more highly skilled worker in manufacturing industries. Average

wages in the community are generally lower. (California Labor Statistics Bulletin, September 1946)

- d. For the first quarter of 1946, families in the United States fell into the following income groups:

Under \$1,000	20%
\$1,000 - \$1,999	27%
\$2,000 - \$2,999	23%
\$3,000 - \$3,999	15%
\$4,000 - \$4,999	7%
\$5,000 - \$7,499	5%
\$7,500 - over	3%

(A National Survey of Liquid Assets, Federal Reserve Board)  
(Based on "spending units")

- c. The Heller Committee of the University of California, in developing its health and decency budget for an employed laborer, his wife and two children in 1945 (1946 data not yet available), allowed \$34.00 a month for rent, including water. This would be roughly the equivalent of a \$3500 to \$4000 house and lot. The total family budget, including taxes and a \$300 purchase of war bonds, required an income of \$3,075.72 or a weekly wage of \$61.50 (based on a 50-week year).

For the white collar worker, allowing for a five to six-room house with garage, a monthly rental of \$49.00, including water was the budget item. The total budget for this family would be \$3,721.80, allowing \$375 for war bonds and \$412 for taxes, or would require a weekly wage of \$75.65.

These budgets are based upon 1945 San Francisco prices.

## 7. Artificial considerations - minority group problems

Restrictive covenants force racial minorities into the oldest housing, the most blighted areas. Regardless of income, racial minorities have difficulty in securing standard housing. Even where the units available to minority racial groups are standard structures, the serious shortage of unrestricted housing available makes these units substandard through overcrowding.

The housing shortage for Negroes (the largest of the racial minority groups) is not new. For example, in Harlem, New York City, before the war, 3,871 persons lived in a single block. If we all lived as close together, the entire population of the U.S.A. could fit into one-half the area of New York City.

Minority groups need more living space, more housing units, and better planned homes and neighborhoods. (Public housing has brought real and enduring benefits to minority groups while thus far, unfortunately, private housing has seldom afforded them new or suitable dwelling accommodations.)

There is not sufficient rental housing constructed for white families; the supply for non-white families is even more inadequate.

In general the minority groups have lower incomes than the white groups and are thus further excluded from standard rental housing or new construction. Statistics from the 1940 census show that Negroes pay more rent for poorer housing than do whites.

In the western states the housing problem for minority groups is even more difficult at present than it was in the pre-war period. Non-white population has increased by 4,557 in Alameda (403% over 1940), by 3,049 in Long Beach (500%), by 28,865 in Oakland (341%), by 2,247 in Sacramento (153%), by 20,102 in San Francisco (63%). And these are very conservative estimates. (FFH - Region VI - Economist's office)

## II. POSSIBILITIES FOR PRIVATE SOLUTION OF THE HOUSING PROBLEM

### A. Increased purchasing power as a solution

The purchasing power for housing can be increased only by an increase in the real wage of the purchaser and, at the same time, by the lowering of the cost of housing. But real wages have been decreasing rapidly.

Whereas average weekly earnings in manufacturing industries in the U.S.A. rose from \$26.64 in 1/41 to \$43.35 in 6/46, the cost of living items have risen faster. In San Francisco, for example, assuming a continuance of rent control but allowing for a 25% increase in price levels between 6/46 and 12/46, it is estimated that by 12/46 a wage earner would require a weekly wage of \$80.38 to support a wife and two children at a level of health and decency. As noted in item 6 above, he required only \$61.50 in 3/45 and, moreover, his weekly wage at that time permitted an annual saving of \$300.

A family's purchasing power for housing cannot be increased unless the prices of other items in the family budget stay at a reasonable level and unless the cost of housing is reduced.

## B. Decreased costs of housing as a solution

1. Monthly cost to own an FHA-insured house and lot valued at \$5,400 on a 25-year loan at 4½% would be about \$32.00 for the first five years and not below \$30.00 until the last payment. This payment does not include insurance, taxes, utilities, maintenance reserves, furniture or equipment.

Let us assume the monthly costs of housing could be cut by reducing any one of the following major items: interest, amortization, taxes, maintenance, and cost of land and construction:

<u>Major item and 20% reduction in each</u>	<u>Resulting Reduction in Monthly Cost First 25 Years</u>
1. Interest from 5% to 4% . . . . .	5.4%
2. Amortization (extend from 25 to 31½ years) . . . . .	1.5%
3. Taxes (from 2½% to 2%) . . . . .	4.4%
4. Maintenance (from \$100 to \$80 per year) . . . . .	3.5%
5. Capital Cost (from \$5,000 to \$4,000) . .	16.4%

Reduction in capital costs is most effective in reducing monthly payments, but other savings should not be neglected. (NHA Bulletin #2)

2. Building methods have not kept pace with rapid technological advances in other industries.

"There is considerable evidence to indicate," says the NHA, "that in relation to the general price level, building costs for comparable houses have actually risen in the last twenty years instead of going down." Other industries have achieved lower costs with greater output, but the building industry restricts its own market, imposing inflexible costs in slack times and rising costs in good times." (Robert Lasch, quoted from Breaking the Building Blockade, p. 57)\*

Although prefabricators by themselves cannot solve the housing supply problem entirely, they can do a great deal, with help, for the families of \$5,000 a year income and higher. A first rate 2-bedroom house, complete with all equipment may become available F.O.B. factory, \$2100. But the house is worth nothing at the plant. It must be moved to a vacant lot, erected, tied in with utility lines, which, with intermediary costs and profits may result in a \$7,000 minimum overall cost.

3. Why high costs?

- a. Technical backwardness of the building industry; lack of organization and responsibility.

- b. High building materials prices continue despite volume; during time of depression prices decline least of all commodities. High cost of materials distribution allows a price spread of at least 100% between the manufacturer and the builder. High material costs are largely the result of no guaranteed or stable market.
- c. High labor costs result from no "annual wage" system nationally. According to 1940 Census, the median annual wage for common labor in the construction industry was \$450 a year, compared with \$717 for common labor in manufacturing; for skilled labor, well below \$1,000. Cessation of construction during inclement weather is partially responsible for the high wage when employed, but on the West Coast, where year-round employment is possible, labor is still worried by "boom and slump" rather than long term high volume production.
- d. Restrictive practices: by builders, materials producers and distributors, labor; antiquated building codes encourage restrictions; all impede technological advance. (20th Century Fund-American Shelter: Problems and Prospects)

#### 4. Approaches to cost reduction

- a. Construction and housing technical research - structural shell represents 60% of house cost.
- b. Land - large-scale development of raw land at limited profit and community redevelopment of blighted land.
- c. Depreciation and maintenance - use of more durable materials, sound community planning, encouragement of functional design, lower maintenance costs through new technology and through group maintenance insurance.
- d. Restrictive practices of business, labor and building code

Remove restrictions to use of new materials and methods, public planning of construction to supplement demand for home construction to assure a more adequate annual stable demand for the builder and for labor; development of performance standards for building codes instead of specified materials. ("American Shelter - Problems and Prospects;" N.H.L.)

#### Summary

"The basic difficulty..... related to the cost of housing in relation to the income of the people ..... We cannot build new houses.... For more than the upper half of the income groups.... less than half the population..... There is a greater lack of new rental housing than there is of housing to buy..... The fact that they must obtain rents which half the people cannot pay means that they are unwilling to invest in new rental housing.... Private enterprise cannot solve the problem, because it cannot build for half the population" What the

Bill (S.1592) does is to provide Government assistance to private enterprise to aid it in getting "down into this group as far as we can by lowering financing costs, by encouraging construction of rental housing, and then to provide sound public housing at the bottom". (Congressional Record, April 11, 1946, pages 3580 and 81, Senator Taft)

### C. Mutual ownership as a solution

Mutual ownership is a form of financing, which does not overcome the basic problems of costs of labor, land, and materials. It is limited in its effectiveness to a middle income family with relative stability of employment who would not require subsidy to meet housing costs.

"In this country cooperative apartment houses for those in comfortable circumstances are not rare and seem to have a good record provided the original financing and the cost of subsequent operation have not been padded. In order that cooperative or mutual ownership housing may become available for families of low income, the investments must be protected by that wide spread of the risk and by those definite standards for buildings and neighborhoods which are fundamental to the success of FHA and USHA. We have recounted how such protection was accomplished in Holland, Denmark and Sweden, either by nation-wide cooperatives or with federal backing, or both. The only steps in the direction of such governmental aid which have been made in America are the N.Y. State Housing Act, the FHA loan to the American Fed. of Hosiery Workers for the Carl Mackley Houses in Philadelphia and the short experiment of mutual ownership for defense housing by FHA." (Housing and Citizenship - Gray p.173.)

## III. HOUSING AS A PUBLIC PROBLEM

### A. Public concern with the problem

#### 1. Public assistance as a solution.

If reduction in costs and increase in purchasing power will not in the near future guarantee adequate shelter for low-income groups, what about subsidy?

A subsidy is financial aid directly or indirectly granted by government to an individual or corporate enterprise deemed productive of public benefit.

Types of actual and proposed subsidies considered necessary parts of "American way of life."

To business industry and banking - railroads, merchant marine, public roads, aviation, tariffs, etc., agriculture - tariffs, land, research, insurance, premiums and purchases.

To postal system - until 10 years ago, operated at a loss to the Federal government.



To education - childless couples and unmarried persons, also parents sending their children to private schools, share costs of public schools.

To welfare - widows, orphans, physically or mentally handicapped.

To housing (actual and proposed) -

to the builder - tax exemption, cheap money, insurance.

to the owner - insurance for lender's equity, reduction of interest rate, extension of amortization period, improvement of city planning, regulations, materials research. (HOLC, FHA, State legislation).

to the renter - rent certificate plan?

The rent certificate plan has been proposed by the National Association of Real Estate Boards to substitute public assistance rent relief grants to low-income families for low rent housing by public agencies.

Ultimately subsidizes landlord; is subsidy to substandard housing in public service that is not repaid in taxes; high cost to local government; forces families to go on relief rolls.

(See "The Rent Certificate Plan" Publication No. W204 - NAHO - September 1944.)

"The D-day of housing construction will be at hand when lowered building costs produce soundly conceived homes at prices which can be met by a country of well-paid workers. Until that day comes there will be no way of providing for all those who must, for everyone's sake, be taken out of hovels, shanties and tenements, except through the use of public funds."  
(D. Rosenman in "A Million Homes a Year")

AND "The job cannot now be done without subsidy. The experience to date by private builders, including insurance companies that have experimented in this field, indicates that for most metropolitan areas the probability of profitably producing private housing in the near future at rentals within the reach of the lowest fourth of the income scale is slight. The children in the larger families of low income are among the chief sufferers from lack of adequate low cost housing and represent a problem that bears directly on the quality of citizenship in the next generation." (Report of Post-war Economic Policy and Planning Committee of the House of Representatives, 1945)

## 2. Public responsibility for decent, safe and sanitary housing.

"There may be other fields in which the social minimum should apply, but I would start with these three basic necessities; food, shelter, health. Whatever causes the shocking inequality in distribution of food, shelter, and health, the nation has a direct and many-sided interest in at least narrowing the range of inequality--in guaranteeing that variations shall take place above a certain level deemed essential to the general welfare." (Robert Leach, NAHO Journal of Housing, June 1946)

A decent dwelling unit is not enough—it must be in a decent neighborhood. In the final analysis, government — local, state or federal, has the responsibility for insuring the best planned community environment for the house.

3. Public interest in decent, safe and sanitary housing.

a. Hidden subsidy cost of bad housing: Has been measured:

Boston, 1935 - City Planning Board study showed average municipal expense in non-slum areas was \$10.81 per capita; in slum areas, \$43.24.

Indianapolis - Income \$38.56 vs. Expense \$61.85 - in slum areas.

Cleveland - \$51.10 vs. \$61.22 - in slum areas.

Birmingham - 5/6 of income in four good areas vs. expense of three times income in 22 blighted areas.

Philadelphia - Crime cost per capita: citywide, \$5.36 vs. \$14.56 in slum areas.

(Reference and source material on Economic and Social Costs of Good and Bad Housing - compiled by FPHA, PHA - Washington, D. C. - 6/45)

b. High tax delinquency in slum and blighted areas.

St. Louis - 25% to 40% in slum areas vs. 2% to 5% in non-slum areas.

Cincinnati, Milwaukee, Detroit, Peoria, Cleveland, Cambridge, New York City - same pattern.

Denver tax revenue per capita for city \$30.25; slum areas to be cleared, \$4.10. (Source: see reference under 3.a above)

c. Social Effects of Bad Housing

Areas of bad housing and high rates of disease, delinquency and crime coincide.

Tuberculosis is shown to be most prevalent in overcrowded homes. Highest rates of digestive diseases are found in homes without private inside flush toilet. Home accidents are most numerous in homes renting for less than \$10 monthly. Common communicable diseases of childhood are most frequenting homes with more than 1.5 persons per room. (U.S. Public Health Service, National Health Survey, 1935-36) and ("New Light on Relationship of Housing to Health," by Rollo H. Britten, American Journal Public Health, February, 1942)

Infant mortality - in eight cities - related to room density; 52 per 1,000 when 1 person per room - 135.7 per 1,000 when 2 persons per room and over.

(Quoted in pages 125-130. Slums and Blighted Areas in the U. S. by Edith Elmer Wood, Government Printing Office)

## Juvenile Delinquency and Truancy

School truants, juvenile delinquents, and adult offenders tend to be concentrated in slums. From 1900, Chicago areas studied showed several changes in racial make-up of the population, but rates of delinquency continued high throughout. Thus, one-fourth of all juvenile delinquents came from 10.9 percent of the juvenile population crowded into 6 percent of the city area. Concentration of people in the slum neighborhoods is more than twice the average for the city, and the concentration of truancy among inhabitants is 2½ times the city average.

(Slums and Blighted Areas in the U. S., pages 10-13, quoting "Delinquency Areas"; a study of the geographic distribution of school truants; juvenile delinquents and adult offenders in Chicago, by Dr. Clifford E. Shaw, 1929).

### 4. Definition of "slum" and "blighted" areas

"The term 'slum' means any area where dwellings predominate, which by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health or morals." (U.S. Housing Act - Section 2-1937)

"Rural housing is often more unseemly than urban, though the shabbiness and wretchedness is less concentrated and therefore shows less obvious dramatic contrast with our vaunted 20th century standards." (Rosenman)

### What is a blighted area?

"Blight" is a broader term. It may apply to an area wholly commercial or industrial, which slum cannot.....it is on the downgrade. (E.E. Wood -- Introduction to Housing).

### 5. Origins of slums and blighted areas

- "1. So-called temporary housing (such as was built following San Francisco and Chicago fires)
2. Speculative building of shoddy quality and poor planning.
3. By assuming Negroes, foreigners, miners, factory workers, laborers or any other group of human beings do not rate either plumbing or privacy and erecting for their use long rows of extremely cheap and small wooden shells of houses in damp or smoky or otherwise unpleasant locations where land costs little.
4. By permitting the continuing use of homes whose design violates health requirements unknown at the time they were built.
5. By action of time coupled with neglect of former good housing.
6. Neighborhood changes - invasion of business or industry, etc." (E. E. Wood)
7. (To which we add, the fact of continuous undersupply of new housing for all who need it.)

6. Regulation by government as a control of housing quality

Building codes, dwelling use laws and zoning ordinances generally piecemeal, negative, not retroactive, not enforced and often could not be for lack of other shelter; can't increase the supply simply by regulation.

Prewar demolition of substandard houses never exceeded sixty thousand per year, and from 1930 to 1940, averaged twenty thousand per year, nationally. NHA Bulletin #1.

(Compared with census figure of 10,000,000 (plus) substandard dwellings, it would take 500 years to remove 1940 substandard housing at past rate of demolition)

B. Public activity here and abroad

1. Some highlights of U.S.A. housing history to 1932.

- |  |  |
|--|--|
| Investigations into problem since  | - 1834, New York City  |
| 1st tenement house law   | - 1867, New York City  |
| Housing Cooperative started  | - 1871, Boston   |
| Repair and management of old bldgs   | - 1869, Philadelphia, Octavia Hills Ass'n.   |
| Petitions to Congress from many parts of the country for Federal study of housing in city slums  | - 1890   |
| Voluntary limited dividend - 4%  | - 1904, Washington D.C., under Congressional Charter.  |
| First City Planning Commission ("First public housing project in the Western hemisphere was built in 1910 in Buenos Aires, Argentina, by the municipal government.") (Cities of Latin America, Violich, p. 135.) | - 1907, Hartford   |
| California Committee on Housing and Immigration  | - 1913, Excellent annual reports and surveys.  |
| First zoning codes   | - 1915-16, Berkeley, Calif., New York City; Columbus, Ohio   |
| Amendment to Massachusetts constitution permitting the state to engage in public housing   | - 1915   |
| Semi-municipal housing   | - 1919, Milwaukee - 105 small houses built and sold at no cost to taxpayers, (Business interests withdrew their support, ending the experiment.) |

Tax exemption to private builders - 1919, New York City - No controls. No low income reached. Cost taxpayers millions, but houses were built.

California Veterans Farm and Home Purchase Act - 1921, 20,000 homes - cash purchase by state, low interest-long amortization - 80,000,000 bonds issued (averaged \$4,000 per house)

1st legally limited dividend and 1st State Board of Housing. Governor Smith tried to obtain state credit for housing - 1924, New York State - 11 projects-low land coverage - good standards of design and amenities - also demonstrated impossibility of reaching low income even with partial tax exemption.

National Conference on Home Building & Home Ownership (and organization of National Public Housing Conference) - 1931, Focused attention on problems and gathered together those interested

Philanthropic & Lt'. Dividend - Russell Sage - Euhl - Metropolitan - Prudential, etc.

Summary: All adds up to:

- 1) Regulation-(ineffective by itself.)
- 2) Inability to reach ill-housed low-income families simply through lowered interest rates or taxes.
- 3) Facts and pressure to really do something.

(E. E. Wood - Introduction to Housing)

## 2. Some highlights of European housing history to 1939.

Europe is part of our culture, but older. We will meet new friends in old clothing, so to speak, and also compare progress made.

### a. Pre-World War I

Government investigating committees and charities working in slums, spotlighted problem.

Evolved limited dividend societies.

Beginning of idea of large scale planning. 1902 - Garden City - Letchworth (England).

Key law put on books in England and Holland.

Permissive in England.

Much accomplished in Holland, Mandatory in Holland-land  
purchase local initiative  
central financial assistance

1. By 1914 under permissive laws, "coops" and public utility (housing) societies had built only about as many modern low rent dwelling units in Europe as the USA built in 1938.

World War I aggravated problems and increased the pressure of public opinion.

- b. Post-World War - 1919-39. Europe built 7<sup>1</sup> million low rent homes with some government assistance. (Loans, grants, low interest rates, no profit, large scale building.) (Slum Clearance secondary because of shortage of houses. Little direct government construction.)

Both England and Sweden believe their housing programs were major features in pulling them out of the world depression. Also slashed expenses for unemployment relief. And proved health and happiness benefits in providing new environment for thousands of children and adults; also Belgium, France, Switzerland, Germany, Austria, Russia, Denmark, Italy.

- c. Specific Story of England - 1917-1939.

4,000,000 new dwellings constructed, including 1<sup>1</sup> million with public aid. Half the battle was won when all political parties agreed on national program. (And then, in 1924, industry, labor and government reached a "gentleman's agreement" to stabilize production and costs.)

- 1) The Building Stage

- a. Housing Town Planning Act of 1919 - low rent housing made the responsibility of local government.  
- slum land price fixing (demolition by owners)  
- compulsory town planning.  
But central government share of costs was too high under system of council rents to cover operating deficits with local government required only to contribute value of small local tax.
- b. So - 1922 and 1924 Acts of Parliament required local share of subsidies - actual planning and carrying out left to local authorities.
- c. Stabilized costs were achieved through voluntary gentlemen's agreements and/or government stimulation and leadership between industry and labor on basis of volume and long term program.

## 2) Clearing England's Slums:

Compulsory repair, by owner or by government, was made on 750,000 units. But many of those "made fit" just had plaster repaired or vermin exterminated. Still 4 million substandard left in 1939. (A rocket bomb destroyed the last 1666 Great Fire "temporary" structure.) (From '30 to '39 - 270,000 slum dwelling units demolished.)

## ALL STOPPED IN 1939! WORLD WAR II

Summary: For 1 1/2 million decent new homes for low income families, England and Wales were paying in 1938, \$75,000,000 national and \$17,500,000 local annual subsidy. National and local loans and subsidies - private construction - graded rents based on local slum rents. Main criticism--NOT ENOUGH UNITS FOR LARGE FAMILIES.

(See Modern Housing - Catherine Bauer)

(Reed & Osg - New Homes For Old)

## 3. Public assistance through the U. S. Federal Government.

### a. 1st Phase - Loans

1933 - Home Owners' Loan Corporation - saved 1,000,000 homes from foreclosure through refinancing - for first time on single mortgage up to 80% appraised value generally - 15 years at 5% interest. (later 4 1/2%)

The Federal Government was called upon and did step into a crisis condition. It thereby, "bailed out" mortgage banking in order to save individual and private home ownership. Two significant benefits resulted; the single mortgage was substituted for the former first, second and third mortgage system and long term financing was instituted.

Federal Home Loan Bank Act - discounts and loans (like Federal Reserve eased home financing credit)

Reconstruction Finance Corp. - loans to private limited dividend corporation - only 1 project - Knickerbocker Village, New York City.

1933 - National Industrial Recovery Act - (plus PWA Funds) - \$3 billion, \$500 million for public works - included 150,000,000 for federal slum clearance projects.

Federal Emergency Relief Adm. & Public Works Administration - 500 applications for limited dividend developments - only 7 approved and built (approximately 5,900 dwelling units completed). Others rejected because unsound economically, or did not otherwise meet standards set.

b. 2nd Phase - Direct Construction (Since the 1st phase was unproductive of low rent housing)

1934 - Work Relief and Speed

No local bodies - (except advisory committees)  
PWA (under H.I.R. Act) - 50 projects - 21,611 units - 37 cities - \$127,000,000 - 45% write-off on development costs under George-Healy Act. Average \$5.10 per room shelter rent. More than half on cleared slum sites. Nearly half for Negroes. Good quality construction. Costs critically high in some cases. Constructed directly by PWA.

No local bodies. Federal Court challenge in Kentucky upheld by U.S. Circuit Court of Appeals. (Condemnation of land for public housing, not a public purpose for the Federal government.)

Provided valuable experience and pioneering in major principles of public housing. Principal lessons; housing planning and administration best accomplished by community as local responsibility; Federal role most effective in extending financial and technical aid. (Took England 50 years to work out reasonably effective technique for clearing slums and rehousing)

FEPA - Department of the Interior - Resettlement Division - Built and later turned over to FSA - 15,000 units in a limited farm and suburban program, based upon "subsistence homestead" concept. 100 units at El Monte, Calif. Built "greenbelt" communities.

1934 - National Fact Finding - Real Property Inventories - 62 representative cities - at least one in every state - of all sizes and types - to collect market information for the building industry. Done by unemployed white collar workers, including large number of engineers and architects under Bureau of Foreign and Domestic Commerce. Excluded largest cities and the towns under 10,000. Also Civil Works Administration - under Department of Agriculture, farm and rural survey - lead to a realization of the need for basic facts and figures. Decennial census now includes these data.

1934 - National Housing Act - Rehabilitation and new purchase and rental housing insurance by FHA - 9 billion dollars in nearly 7 million loans under all titles. On new construction FHA insured 80% (later 90%) on up to top loan of \$5400 on \$6,000 value. Over \$6,000 value, 90% on 1st \$6,000 and 80% on balance. Insurance on maximum loan of \$16,000 on up to 4 units, except under rental housing title. (FHA instituted the single long term mortgage-it also forced down general mortgage interest rates.



c. 3rd Phase- Local Projects and Federal Aid-Private Construction

- 1935 - FWA prepared model Local Housing Authority bills. New York Act passed - New York City Housing Authority and Cleveland Metropolitan Housing Authority established. (Chairman, New York City Housing Authority - Langdon W. Post)
- 1936(- Congressional hearings on Wagner-Steagall Bill and others.
- 1937( Public Campaign on. Growth of local citizens housing councils. From report of Senate Committee on Education and Labor .... "no immediate aim of the American people is more widely supported and more persistently voiced than the desire to attack the social evils of the slums and to provide decent living quarters for the under-privileged in urban and rural areas".

By the time USHA Act (Wagner-Steagall) passed (11/37), 29 states had already adopted enabling legislation permitting establishment of LHA.

In the five years following ten more states had adopted similar "enabling legislation".  
(In 1938 New York State's "Little Wagner Act")  
By 1940 in California, 7570 units had been approved for construction as low rent housing, in 23 developments.  
In Phoenix, Ariz. - 604 units in 3 developments

C. Establishment of a permanent policy for public assistance in low rent housing.

1. The United States Housing Act of 1937. (Public Housing on a permanent basis.)

Introduction

Made possible by growth of Local Authorities permitted under state enabling legislation modeled by FWA. At this writing 41 states have adopted same - excluding Mo., Minn., Ia., S.D., Ohio., Wyo., Utah. Main provisions of this legislation authorize the creation of an LHA, give it corporate powers, tax exemption, provide for cooperation with other local governmental bodies. In Arizona only, the LHA is an administrative agent of the city or county government, not a corporate entity.

- a. Bills leading up to the U.S. Housing Act of 1937:

Wagner Bill of 1935 - proposed to legalize FWA Housing Division as a permanent agency.

Wagner-Willbrogden Bill of 1936 - proposed to permit 45% capital grants, payable annually as annuity-authorized demonstration projects-and setting up of local authorities.

- b. Wagner-Steagall Bill of 1937 became the U.S. Housing Act of 1937. (P.L. 412 of the 75th Congress).

As enacted by Congress:

Annual subsidy - tied to federal interest rate  
Capital grant alternative  
Loans to local authorities - decentralized construction.

No demonstration projects or direct federal construction.  
Equivalent elimination requirement. For each unit built, one substandard to be demolished.

LHA must demonstrate need for low rent housing.

LHA must restrict occupancy to eligible families from lowest income group.

10% local participation in capital financing. 90% is limit of federal loan.

Cost limitations - LHA to build within same, and operate economically and without profit.

Loans could not exceed in any one state ten percent of total amount appropriated by federal government.

Required local annual contribution equal to at least 20% of federal annual contribution or subsidy.

Prevailing wages to be paid construction workers.

Construction loans up to \$500,000,000 authorized - and annual subsidy up to \$20,000,000. By amendment of 1938, increased to \$800,000,000 and \$28,000,000.

A work relief, low rent housing, slum clearance measure. Emphasized local initiative, federal assistance, private construction. The first statement of permanent national policy on low rent housing. In Region VI, eight developments were completed under P.L. 412.

c. Organization of U.S. Housing Authority:

A federal aid program - partnership of federal and local governments similar to several others (Public Roads, Social Security, TVA, Dept. Agric.) Does what localities cannot do alone or without the tax resources of the federal government.

Decentralized program grew out of earlier and exclusively federal program of PWA and the Resettlement Administration.

In this partnership the LHA's build and operate, the USHA (FPHA) loans, makes annual subsidy and advises.

Joint interest in having sound projects: location, planning, construction; low construction and operating costs; sound management - low rents, eligible families, good maintenance, good community relations.

d. The Local Housing Authority:

Why an LHA and not a city department or bureau? Local unit debt limits and administrative limitations.

Creation and composition of? Usually 5 members including chairman appointed by mayor or county board. No salary. Paid executive secretary or director. Makes formal decisions through adopting resolutions.

Powers and duties of? Include: to acquire property for slum clearance and construction of low rent housing using power of eminent domain if necessary; to develop and manage low rent housing; to issue bonds and other obligations to finance project construction; to rent dwellings in low rent projects only to families of low income; the right to tax exemption; the duty to operate without profit; the right to make payments in lieu of taxes consistent with achieving or maintaining the low rent character of the project.

(As of this writing, in the state of California there are 67 active LHA's and 6 inactive, covering 83% of the state's 1940 population.)

## 2. The War Housing Emergency.

Why? World War II a war of production, requiring labor and the immigration of labor. War labor required shelter to insure production. World War I history had demonstrated same thing. Private capital was not expected to assume risks of providing temporary housing. Nor did time permit.

Governmental Aid took two forms.

### a. Aids to private ownership

Title VI, FHA

Priority allotments.

Stimulation of FHA loans for alterations

### b. Direct federal construction - uncoordinated efforts until WPA in 2/42.

P.L. 671 - identifies war housing amendment to USH Act.

Permitted direct building by Army, Navy, USHA; in 1941-2. Deferred or waived equivalent elimination.

Changed USHA occupancy provisions to permit housing war workers regardless of income at a fair rent based on value. (Thus obtaining priorities for critical building materials necessary to complete construction.)

To speed financing and hence construction, 100% financing by federal government permitted.

P.L. 671's must now be converted to low income-low rent use, and permanently financed. (39 developments in this region.)

P.L. 412W - identifies use of 412 low rent projects by war workers (Higher incomes and rents.)

P.L. 781 - Army and Navy Housing.

P.L. 9 - Temporary shelter. (trailers)

P.L. 849 - 1940 - The Lanham Act. Lanham of Texas.  
(and supplementary appropriations)

Permanent - demountable - temporary apartments - portable units - trailers - trailer parks.

Projects owned and built by federal government, or by LHA as agent.

An expendable investment (though FDU's have had substantial annual net income) - incomes and rents higher than USHA units - rents comparable to similar private dwellings' rents ie. "fair value". Rent adjustments permitted down to level of operating costs. Temporary housing required to be dismantled after the war emergency is declared ended by the President.

(P.L. 849 until 1942 assigned funds to FWA and FWA used USHA, FSA, Division of Defense Housing, Mutual Ownership Division of FWA, TVA, etc.)

Executive order 9072 - the establishment of NEA (& FPHA) -2/42

### 3. The Post-War Emergency

Title V - Lanham Act (& Moad Resolution & amendment.) Placed veterans and servicemen on a parity with war workers for admission in war housing.

Moad-Lanham Resolution - amending Title V - provided for reuse of surplus temporary housing for veterans and servicemen with cooperation of local communities.

2nd Moad-Lanham amendment - provided for reimbursement of local communities - to speed program. Educational institutions also included.

Title passes to local bodies who provide land, operate and manage projects, dispose of temporary buildings after the emergency. No new construction. Federal government appropriated about \$450,000,000 for 200,000 reuse units. (Construction costs reduced that estimate.)

### 4. Facts about the program under the U. S. Housing Act - Nationally

- a. 1) Local Responsibility. Before a low-rent housing project is undertaken in any community, state must adopt enabling legislation and city government must create a public housing agency, approve the project, and provide local contributions. Local housing authority surveys need for low-rent housing project,

borrows capital funds, acquires site, prepares plans through private architects, and constructs project through private contractors. Local authority owns and manages projects which provide housing for low-income families drawn from slums.

2) Local Organization for Low-Rent Housing. Forty one states, with a total population of 120,000,000, have low-rent housing laws .... 448 cities and 368 counties have active local housing authorities.

3) No Competition with Private Enterprise. Localities seeking assistance for public housing are required to demonstrate that it is not possible to fill need with decent existing housing; that public housing will not compete with decent housing provided by private capital; and that local determination of public housing need leaves a rental gap of 20% between the top of low-income market and the lowest rents at which private enterprise is providing a substantial supply of decent housing, in order to leave way free for private capital to move into lowest possible markets. (S. 1592 writes these requirements into law. Warner-Ellender-Taft Bill)

4) Local Demand for Additional Projects. Applications for Federal aid toward development of local public housing programs have been filed with FPHA by 335 urban localities and 282 rural counties. These applications cover a minimum 3 year program of 360,099 urban and 141,472 rural dwelling units, or a total of more than 500,000 dwelling units. Applications come from communities in 37 states and 3 territories. Applications do not represent full program that local authorities were expected to request under S. 1592 because: they cover a three rather than a four-year period; they do not include programs of some existing authorities who are awaiting bill's passage before filing applications; nor do they include programs for authorities not yet created or in states which have not yet passed legislation.

5) FPHA Assistance. FPHA pays annual contributions to local housing authorities to aid in achieving rents low enough to rehouse families living in slums. It loans a portion of capital funds, although increasingly local authorities are borrowing their capital funds from private investors. (The financing amendments in S. 1592 were intended to enable local authorities to borrow 100% of the capital funds from private investors.) FPHA reviews local actions to assure conformity with statutory requirements and with minimum standards, and furnishes technical advice.

6) Low Incomes of Families Admitted. Admission to public housing is limited to families who have incomes too low to pay for decent and adequate housing provided by private enterprise in locality. Incomes of all families admitted to

low-rent projects throughout country averaged \$17.21 a week, since the inception of program. Average income of families admitted in 1940 was \$14.92. In 1941, after a general wartime rise in income levels, average income on admission was still only \$23.83 for entire family.

7) Low Rents. Rents are set at approximately same level as the rents being paid by low-income families in slums. Gross rents (shelter rent plus cost of utilities) paid by families at admission to low-rent projects averaged \$19.11 a month for the entire country, since the inception of the program. They range from \$22.34 average in the larger cities to \$14.55 average for Negro families in South.

8) Serves Low Income Veterans Increasing numbers of low-income veterans are being admitted to existing low-rent public housing. During last three months of 1945, over 65% of all families admitted to low-rent projects were low-income families of veterans or servicemen.

(S.1592 would have required preference to low-income families of veterans. Local Authorities have adopted this as a policy.)

9) Rise in Tenants' Incomes and Rents after Admission. When incomes of tenants in projects go up, local housing authority increases rent proportionately. Whenever a family's income increases to a point where family can afford decent private housing, it is required to move out of project. However, during war and present housing shortage, it has been impossible for some of these higher-income families to find decent private housing and housing authorities have not been able to turn them out of the projects. These families pay economic rents, up to OPA ceilings, and do not receive the benefit of a Federal subsidy pending their moving to private housing as soon as it becomes available.

10) Rehouses Families from Slums. Admission to low-rent housing is limited to families living in substandard houses or who have been displaced by slum clearance projects (except that this provision is waived for low-income veterans who would otherwise be compelled to move into slums).

Of dwellings formerly occupied by low-income tenants:

58% were structurally a menace to health and safety

62% had no inside private toilets

69% had no private bath

40% had dangerous or inadequate cooking facilities

64% had dangerous or inadequate heating.

49% had inadequate daylight or ventilation

Each former dwelling failed to meet at least four of nine standards of this kind.

11) Slum Elimination. As required by law, a slum dwelling is eliminated for every new dwelling built. Against requirement for elimination of sub-standard dwelling units equivalent in number to the 117,000 P.L.412 low-rent units built, a total of 102,000 substandard units have already been eliminated and balance will be eliminated as soon as present housing shortage permits. (Strictly speaking, the USH Act launched a low rent housing, not a slum clearance program)

12) Local Contribution and Tenants' Payment. Tenant pays major share of monthly cost of public housing through his rent. In 1944, his payments amounted to 65 % of the cost. That represented the extent of tenant's ability to pay, based on his income. Remaining 35% of cost was met by local community and Federal Government. Local community's contribution, met by partial tax exemption, was \$5.51 per dwelling unit per month, or 15% of total cost. Federal Government's contribution was \$7.19, or 20% of total. Federal and local contributions served to close gap between what low-income family could afford to pay in rent and cost of decent housing.

13) Federal Contribution. In 1944, public housing cost the Federal Treasury a monthly average of \$7.19 per family, or less than \$2 per person rehoused. Contributions paid that year represented about 60% of the maximum contracted for, since the annual contributions system is based upon paying amount actually needed. Based upon payment of maximum contribution in a year when it may be needed, maximum monthly cost to Federal Government would be \$11.83 per family, or about \$3 a person rehoused.

14) Low Development Costs. Total development cost per dwelling units has averaged \$4,649 in urban communities; this includes not only cost of construction, equipment, land and site improvements, but also cost of old slum buildings and their clearance. Cost of dwelling facilities (covering the cost of construction and equipment of dwellings and applicable local authority overhead) was kept well below the statutory limit of \$4,000 for cities under 500,000 population, and \$5,000 for larger cities. While these costs largely reflect prewar levels, they are indicative of economy which was observed in building decent durable housing under prevailing wages and with a long-term life expectancy. (S.1592 included some revisions of cost limitations which would enable rehousing of larger families and which may permit construction at present higher cost levels.)

15) Scope of Present Program. Under present Act more than 194,000 dwelling units are provided for under contracts with local authorities, at a total estimated development cost of \$895 million. They include units currently operated as low-rent housing, war housing built with low-rent funds which are being reconverted to low-rent use, and deferred projects whose development will be resumed when circumstances permit.

	<u>Projects</u>	<u>Dwelling Units</u>	<u>Development Cost (millions)</u>
Active low rent	384	118,000	539
War housing financed with low-rent funds, pursuant to Public Law 671	202	53,000	263
Deferred low rent	167	23,000	93
Total	753	194,000	\$895

16) Total Federal Cost of Low-Rent Housing. While maximum contracts now authorized provide for \$28,000,000 per year, amount paid is the amount actually needed in each year. Taking present low-rent program as a whole, total cost to Federal Treasury for six years from inception of Annual contributions payments has been \$43,409,000. This represents sum total of the Federal annual contributions paid to local communities from 1939 through June 1945. This system of annual contributions represents a pay-as-you-go policy in which subsidies are paid each year for benefits received in promoting general welfare during that year. (S.1502 proposed that period for annual contributions be limited to 45 years, in contrast with present maximum period of 60 years. This 25% reduction in period of annual contributions would be made possible through the financing amendments in this bill which would enlist local private capital at lower interest rates.) (See FPHA Region VI Circular, 4/29/46) (Nat'l Office issuance.).

The low-rent housing legislation has stood up under numerous court challenges in many states. (except in Ohio, tax exemption denied).

b. Social Effects of Rehousing

1) Study under auspices of Newark, New Jersey Housing Authority, shows decrease in public housing projects of communicable diseases, tuberculosis, fatal home accidents, and fires, compared with city wards of population type similar to that in the projects.



In the two-year period of the study, it was found that the yearly rate of new tuberculosis cases reported was 3.3 out of every 1,000 persons between 15 and 40 in the three projects investigated, compared with a rate of 6 out of every 1,000 persons in three city wards in which there are housing conditions similar to those in which the rehoused families formerly lived. Furthermore, the rate for the projects decreased in the period studied, whereas it increased for the wards. The study estimated that the greater number of tuberculosis cases in the wards cost the community about \$365,000 per year.

Infant mortality rates averaged 34.7 per thousand births in the projects. In the wards it was as high as 40.6 per thousand.

Communicable diseases affecting children under 15 years, in the wards was 163.5 per thousand, compared with 111.2 for the projects.

Fire calls in seven projects numbered 7.8 per 10,000 persons; in the city as whole the rate was as high as 29.3.

-- Source: A Study of Some Social Effects of Public Rehousing in Newark, conducted by Dr. Jay Rumney. Also; FFHA Bulletin, October 1, 1944. Federal Public Housing Authority.

2) In summary, the decrease in disease and accidents in the housing projects, compared with the wards was;

Infant mortality - - - - -	16%
Communicable diseases - - - - -	28%
Tuberculosis - - - - -	50%
Fatal Home Accidents - - - - -	100%

-- Source: Federal Public Housing Authority Chart 15, "Effect of Low-rent Housing on Tenants' Welfare".

3) Philadelphia public housing projects showed a tuberculosis death rate (per thousand) of .32% compared with a city rate of .598%; pneumonia deaths in projects .17%, city rate .536%; criminal offenses in projects 3.12%, city rate 33.18%; and juvenile delinquency in projects 1.27%, city rate 2.84%.

-- Source: Homes for War Workers and Families of Low Income; a report of the Philadelphia Housing Authority, July 1941 - June 1943. Also: Editorials, Philadelphia Evening Bulletin, Dec. 7, 1943; Dec. 3, 1943

4) In Cincinnati, Ohio a 1940 study was made of the families in a public housing development and the adjacent slum area and the entire city. In the new homes, the juvenile delinquency per 1,000 population was 1/7th of that in the adjacent tract. The number of criminal offenses committed in the new homes per 1,000 population was less than 1/3 of that in the adjacent tract. There were no fires per 1,000 dwellings in the project, compared with 18 in the adjacent tract. Deaths from pneumonia per 1,000 population the project were 1/7th of that of the adjacent tract and less than 1/3 of the entire city. Deaths from tuberculosis per 1,000 population in the project numbered less than half of those in the adjacent tract and somewhat less than that in the entire city. The infant mortality per 1,000 population was 1/5 of the adjacent tract and less than 1/3 of the entire city.

-- Source: Tenth Annual Report, Cincinnati (Ohio)  
Metropolitan Housing Authority, Dec. 1943

5) Records of illegitimate births, compared for Smithfield Court, Birmingham, and the area before the project, was built show nineteen illegitimate births in the area compared with none reported since the project was built.

-- Source: 1940 Annual Report, Housing Authority of  
Birmingham, Alabama

6) "Most families in Terrace Village formerly lived in slum or poor areas but, given the opportunity to live in better surroundings, are tending to rise to the level of the community. Some are not able to do so, but these people can be isolated and treated individually according to need. For example, William Jones and his two brothers missed about forty days of school each semester after their mother died in 1936. The father, formerly a good worker, became discouraged and became more and more negligent. The Public Health Nurses assisted the school in getting a W.P.A. housekeeper in the home for a limited period of time, but it was evident we were losing out. Then came a change when the family moved into Terrace Village; the transformation was slow and for a time we feared too much damage had been done, but finally a good home and a good community helped to bring back the pride of home life that had been there formerly. We feel now that success is possible. Note that teachers, public health nurses, W.P.A. housekeepers, recreation leaders, and others were active, but we didn't see results until a decent home was acquired.

-- Source: Citizens Look at Public Housing, A  
Symposium Published by the Pittsburgh Housing  
Ass'n., quoting Mr. Morgart, Principal, Herron  
Hill Jr. High School.

7) Twelve percent of families that moved from low-rent projects have left to buy their own homes.

-- Source: FPHA Report S-560, Reasons for Families moving from war and low-rent project, 3 months ending December 31, 1943.

8) Housing Authority of Omaha, Nebraska, Annual Report 1943-44;

Fifty of our tenants were able to purchase homes during 1943 and many more rented homes or apartments so that they could move out of our projects. During the first six months of 1944, thirty-five of our tenants purchased homes.

9) Birmingham, Alabama Housing Authority Annual Report, 1942:

Fifty-one low income residents felt their financial condition sufficiently improved to justify home ownership. As soon as these families were able to take the next step in self improvement, they left the housing communities and thus made available apartments for other low-income families living in substandard dwellings.

10) Detroit, Michigan Housing Commission, 9th Annual Report, 1943;

Twenty-nine families moved out of Browster Homes into homes purchased by themselves. At Charles Terrace, 13 tenants built or bought their own homes. At John W. Smith Homes, 6 purchased their own homes.

11) "The three low-rent government housing projects have been quick to demonstrate the positive effects upon healthful living which good housing offers .... the housing project is becoming the generator of healthful living, immediately influencing the lives of its residents as well as those in the surrounding areas. Of the families included in this study, 15 to 20% had better health as a result of improved living conditions..."

-- Source: Miss Theresa K. McGrath, Family Society, New Haven, Conn., quoted in the Fourth Annual Report of the Housing Authority of New Haven, 1941-42, on her case study of 30 families living in Elm Haven Project.

12) Manchester, England, Infant Mortality, 1935

	Population	Infant Mortality Rates
Low-rent housing estates	92,714	61.2
Twelve slum areas, Five years average before clearance	37,700	120.4
City	776,028	71.2
(Housing and Citizenship - Gray P.62)		

c. PILOT Facts (Payments in Lieu of Taxes)

e. g. Nationally - PILOT for low rent housing program in 1944 were 56% greater than the full taxes collected from the sites when they were acquired by LHA's for slum clearance and project construction.

When the sites were acquired delinquent taxes totalled more than \$1,700,000, the equivalent of assessed taxes on all this property for a year and four months.

And Federal subsidy in 1944 for low-rent housing was the lowest on record - \$7.19 per family per month. (Due to increased incomes from war work.) (FPHA National Office)

5. The record of public war housing - 1940-45 - (See "Public Housing, The Work of the FPHA pages 5-12)

6/40 - Low-rent housing funds made available for housing defense workers, Lohan Act, Public Law 249 and Public Law 671 - shift to direct Federal construction with maximum use of local authorities as agents for construction and management.

2/42 - NHA et al created by Executive Order

to meet for speed and economy

1/45 In 700 war production areas, 706,000 units provided by or under jurisdiction of FPHA.

Entire towns were built.

Obstacles - and the record. (see page 9, "Public Housing, The Work of the FPHA)

The job of LHA's - managed 58% - built 41% as Federal agents. Economy - well within Lohan Act cost limits. (see page 10, above reference)

Types of construction - permanent, demountable, temporary, portable, trailers.

How the job was done - NHA-FPHA-LHA-private architects, engineers, contractors, labor.

Community facilities.

The tenants - Eligible immigrant civilian war workers - nine-tenths immigrant - rest of the others were admitted because their former dwelling was unavailable or was below decent standard - 14% Negro occupancy.

What they paid and got - normal rents (comparable)

War housing paid taxes - carried normal tax load - paid return to Federal government

Finally - great experience for building industry in site fabrication and large scale production. Stimulated factory prefabrication.

SUMMARY: Federal role has been indirect in peace time through use of mortgage insurance for privately owned housing and use of subsidy to increase supply of low rent housing.

Federal role in wartime and in post war emergency has been direct and indirect, construction, finance, management.

#### IV. THE FUTURE OF THE PROBLEM

##### A. New and converted permanent housing in Region VI.

###### 1. Summary of "Shelf" Applications for new, permanent, low-rent housing

	<u>UNITS</u>	<u>EST. DEVELOPMENT COST</u>
Arizona	2,789	\$ 18,249,500
California	29,148	147,812,050
Nevada	140	560,000
	<u>34,057</u>	<u>\$166,821,550</u>

Arizona - 13 localities  
California - 30 localities  
Nevada - 1 locality

Total 44

Arizona	13 LHA's
California	20 "
Nevada	1 "
	<u>34</u>

###### 2. Need to convert "671's" to low rent. (39 developments.)

##### B. Public housing growing pains (Dorothy Rosenson's, "A Million Homes A Year")

###### 1. The local housing authority

Failure to learn housing facts of community and inform local government and populace.

Isolated activity instead of a community clearing house of housing information and service.

Should assist private enterprise and obtain its cooperation.

Public did not and does not understand enough about how LHA operates and what the costs and limitations are.

Inadequate interpretation of minimum income, continued occupancy and tenant eviction back to slums.

Technically - Can increase family livability (as per FPHL study of "1000 Families") and reduce too high density (for which land costs have been mainly responsible).

In general, good site and community planning and design, although many LHA's have not been interested enough in city planning.

###### 2. The FPHL - New Requirements and New Attitudes

(See "FPHL Requirements for Urban Low-Rent Housing and Slum Clearance")

a. LHA is now of age and ready to do job intended by State and U.S. Housing Act.

- b. FPHA will limit its reviews to determining compliance with minimum requirements rather than assuming responsibility for design and other standards chosen by the local housing authority.
- c. FPHA has found the means to ease the way at several points:
  - 1) Preliminary loan innovation
  - 2) Expanded concept of PILOT
  - 3) Tremendously increased store of technical and operating experience to offer

### C. Housing and planning

The integration of public housing in community planning and redevelopment.

"In all this discussion (of community redevelopment) we see certain points standing out in clear relief: (a) The prevalence of blighted urban areas and the magnitude of their total effect on the social and economic well-being of the nation seems to warrant governmental participation -- local, state and federal -- which would require special agencies for handling real property -- in the case of the federal government possibly only with advisory powers. (b) If government must participate, it must also establish safeguards against the recurrence of blight. (c) These safeguards may be had through the municipal planning agency, in determining the areas in need of rehabilitation and through the municipal agency which is to review the merits of each project, and also through the federal agency which may make federal loans. (d) In the rehabilitation of blighted areas, a general write-down in assessed values of the land will usually be necessary. The revaluation should be based on returns from the property when put to its most efficient use, and the purchase value appraised on a uniform basis, which probably would exclude prior income based on inefficient use, or use contrary to the public good, such as overcrowding. (e) Private interests should share with the municipal and federal governments in the write-down of the values; and local financial institutions, particularly those having an equity in properties in the area, might well, in self-interest, advance loans at exceptionally low interest rates (if secured by bonds, then at rates comparable to the rates of Housing Authority bonds). (f) From the point of view of urban rehabilitation and orderly growth, there should be a restudy of the activities of local housing authorities to determine whether or not the authority might to advantage be made responsible for the total housing situation."

(Housing and Citizenship, Gray, pp. 167-8)

See "Blighted" - California State Reconstruction and Recomploymnt  
Commission Pamphlet No. 10 - January 1946 (42 pages) (Includes photos)

D. The need for an integrated national housing and planning policy

See Regional Circular dated April 29, 1946 and other available summaries for provisions of the 1946 Wagner-Ellender-Taft Bill. Designed "to establish a national housing policy and provide for its execution".

A national housing policy should be mature and long range. Should provide for maximum employment in and stabilization of the building industry, reduce building costs, reach all levels of need. In some respects, the problems facing public housing or housing for the lowest income group, are basically those facing the building industry as a whole. From here on, the provision of decent housing for any and all of the nation's family should be closely related to proper community and neighborhood planning and redevelopment.

The wage earner has generally been able to obtain food and clothing, occasionally needing government aid to obtain even them, but his purchasing power has not brought him the commodity of adequate shelter. The cost of adequate shelter has generally been beyond his ability to meet.

The total amount of decent, safe and sanitary housing which has been constructed to date under U. S. Housing Act of 1937 and its Public Law 671 amendment is less than 1% of the nation's total existing housing supply.

Selected Bibliography Used or Recommended for Use  
in Connection with the Orientation Outline

**THE GENERAL HOUSING PROBLEM:**

Pamphlets or Bulletins:

1. Houses for Tomorrow - T. R. Carskadon, 1945 - Public Affairs Committee - pamphlet no. 96, 10¢
2. Housing Needs - FHA Bulletin No. 1 - November 1944 - U. S. Government Printing Office (Supt. of Documents) - 10¢
3. Housing Costs - Same as (2) above.

Book:

4. A Million Homes a Year - Dorothy Rosenman - 1945 - Harcourt, Brace and Company, New York:  
(and see "Housing and Citizenship" and "Breaking the Building Blockade" below)

**THE VETERANS' EMERGENCY SHELTER PROGRAM:**

Pamphlet:

1. Veterans' Emergency Housing Program - Report to the President Wilson W. Wyatt, 2/7/46 Reprint 3/5/46 - FHA

**PUBLIC HOUSING:**

Pamphlets or Bulletins:

1. Public Housing - The Work of the Federal Public Housing Authority 1946 - FPHA
- \* 2. The U. S. Housing Act of 1937, as amended by P.L. 671, FPHA U. S. Government Printing Office
- \* 3. Requirements for Urban Low Rent Housing and Slum Clearance - FPHA 5/1/45 (and revisions)

Books

4. Housing and Citizenship - George H. Gray - 1946 - Reinhold Publishing Company (\$7.50)  
(Just published - the best single source for history of public housing here and abroad as part of the general housing and planning problem - critique of all aspects of public housing program.)
5. Introduction to Housing - Edith Elmer Wood - 1939 - U. S. Government Printing Office - 55¢
6. Slums and Blighted Areas - Edith Elmer Wood - same as above.  
(These last two are still regarded as most useful for the beginning student)

**PLANNING AND REDEVELOPMENT**

Pamphlet

1. Blighted - California State Reconstruction and Reemployment Commission January 1946 - Pamphlet No. 10 (621 J Street, Sacramento 14, Calif. 32 pages) (free)

Book

2. Breaking the Building Blockade - Robert Losch - 1946 - University of Chicago Press - 1946 (\$3.00)

\* Distributed to all LEA's by FPHA



