

THE PURPOSE AND CREATION
OF THE
UNITED STATES HOUSING AUTHORITY

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THE PURPOSE AND CREATION OF
THE UNITED STATES HOUSING AUTHORITY
(Outline)

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The Purpose And Creation Of The United States Housing Authority

"Ever since the turn of the century housing has been a major problem of America's communities."¹ In order to maintain our high standard of living, it has become necessary to eliminate the slums from our communities and to give the poorer people a chance to raise their own standards. By so doing, we are able to maintain the high standards of living of the nation as a whole, and to make our country a better place in which to live.

To demonstrate the need for controlled housing, "a survey of 64 American cities made by the Department of Commerce in 1934 disclosed that:

- 18.1 per cent of all dwellings either needed major repairs or were unfit for habitation.
- 16.7 per cent were more than 40 years old.
- 20.6 per cent rented for less than \$15.00 per month.
- 16.8 per cent were overcrowded.
- 8.1 per cent lacked gas or electricity.
- 5 per cent had no running water.
- 13.5 per cent had no private indoor water closet.
- 20.2 per cent had neither bath tub nor shower."²

This last fact in itself shows the need for controlled housing, for how can people be anything but a detriment to their community if they do not have the facilities for keeping their bodies clean?

Delinquency and crime are far more prevalent in the slum areas than in the better sections of a community. The slum children have no place to play, except in the streets and alleys — gathering-places for gangs. Having neither space nor organized playgrounds in which to work off their excess energy, slum children often become involved in activities which may land them in reform schools or even in penitentiaries.

1. U.S.H.A. Publication, Housing and Your Community, p.1.

2. Department of the Interior, U.S.H.A., Purposes, Powers and Functions of USHA, #28107 h (August 1938), p.2.

Discovering the need for controlled housing, the average taxpayer might ask, "That is all very well, but how much ~~will~~ a program such as this cost, and who is going to pay for it?" The answer to this query is relatively simple.¹ The slums annually cost the taxpayer as much as, if not more, than building new houses. For example, the need for police and fire protection is much greater in the slums than in other sections of the city; diseases emanate and spread rapidly in slums, thereby causing epidemics throughout the city. Medical aid in the form of public clinics must be provided to reduce this evil. Do not all these things cost the taxpayer money?²

A typical example of the potential spread of disease is demonstrated by the fact that the Syracuse, N.Y., Housing Authority, while in the process of demolishing a slum area, discovered that nearly a million and a half rats infested that section; an average of two hundred rats per former occupant! The cost of exterminating these vermin was figured to be around \$500 per block.³

Besides being expensive, slums, even with relief subsidies appearing, do not help business as greatly as does a program of public housing. A program of such controlled housing provides for greater employment in the various trades and industries which contribute supplies and the actual building of new homes. The people are thus happier because they are given clean, decent homes to live in near schools and playgrounds. No more do their children have to play in streets and alleys and grow up to a life of delinquency and crime.

In 1930 conditions in England were so bad that the government saw the need for housing and decided that either the slums would have to be abolished or society would perish. It was this logic that propelled the great rehousing

1. Cf. p. for further information on costs.

2. Nathan Straus, Business and the Low-Cost Housing Program, #30514 H, p.2.

3. United States Housing Authority, What The Housing Act Can Do For Your City, (Washington, D.C. 1938) p.38.

movements in Great Britain, Holland, Switzerland, Sweden, and France.

Nathan Straus, the Administrator of the United States Housing Authority, mentioned the following points in his speech introducing the U.S.H.A. to the United States Chamber of Commerce;

"English experience has demonstrated the noncompetitive character of public housing. In the seven years just elapsed, 1930-1937 England with a population only one third of ours has constructed 403,000 dwelling units homes for families of public housing, or on a population basis about $4\frac{1}{3}$ times as much annually as we contemplate under the Wagner-Steagall Act. But despite this --- in fact because of it, in the view of competent economists, England has built 1,447,000 homes, or $3\frac{1}{2}$ times as many, by private enterprise during the same period. ...I believe that by raising the standards of demand it actually stimulates private construction."¹

The United States Housing Authority was designed to rehouse the dwellers of the slums.² The plan of the U.S.H.A. is to build houses with minimum standards of decency and thereby enable the allotted funds to house as many people as possible in standard, decent homes, rather than a few people in ideal homes.³

The government took over this job because private industry could not profitably rehouse the slum dwellers in decent homes. Private industry, in order to accomplish this feat, would have to put up a large sum of money at low interest for the initial cost. The return of this amount could not be realized for a long period of time. The labor hired would have to be more skilled and higher paid than ordinarily would be the case, because the job would have to be completed within a time set by contracts.

In 1937 Mr. Straus was appointed Administrator, or head, of the U.S.H.A. by President Roosevelt. Mr. Straus had been president of two large private corporations. He felt that it was his duty to serve his government if he was so

1. Nathan Straus, Business and the Low-Cost Housing Program, op.cit., p.5.

2. Ibid., p.2.

3. Ibid., p.6.

qualified. He believes that "the wise projection of a housing program offers almost unlimited possibilities, in quickening the rate and widening the scope of general economic recovery."¹

The United States Housing Authority does not go to some city, tear down old houses and build new ones. The city, county or state form Local Housing Authorities, provided for by Act of Congress.² These local authorities determine the need for housing in their territory. They make a report which must be approved by the city, county or state governments as to the amount of housing needed, the place, the type of houses, etc. This report is then presented to the U.S.H.A. in Washington, D.C. and, if approved, a contract is signed between the Federal Government and the Local-Housing Authority. In accordance with the U.S.Housing Act, the local authority must pay at least 10% of the cost of the project, while the U.S.H.A. loans up to 90% of the cost. This loan is to be repaid within sixty years and must include a small interest charge.

The amount of rent to be charged for the individual dwelling unit is a composite figure determined by the consideration of the ability of the tenant to pay, and also the amount that must be charged in order for the local authority to repay the U.S.H.A. loan. Any difference in the above considerations is made up by the annual subsidy from the U.S.H.A. to the local authority. The local authority, in order to get the federal subsidy must contribute \$1.00 for every \$5.00 from the U.S.H.A. This arrangement makes the project a joint responsibility of both the Federal and the local governments.³ The local authority's share may be in the form of cash or tax exemption — usually the latter. By tax exemption the local authority contributes money towards public housing which, without this

1. Ibid., p.2.

2. Ibid., p.4.

3. Ibid., p.4.

program, would seldom be collected because of the financial conditions of the slum dwellers.

To generalize, the United States Housing Authority loans the Local Authority up to 90% of the cost of building a project, and then gives them the money to pay it back. This gives the local authority the benefit of the project's rent for upkeep and maintenance, bettering the community and it costs the Federal Government a little every year for sixty years. This also lightens the load on the taxpayer because his family is safer, his city cleaner, and the cost to him is almost the same if not less than it was when the slums had predominance.

The chart on the following page shows the position of the United States Housing Authority in regards to the other Federal Agencies in the field of urban housing as of 1938.

President Roosevelt made a speech to the Congress in 1937 informing the members of Congress of the need for rehousing the low-income families and for the removal of slums. Later that year the Congress passed the Wagner-Steagall Act, or as it became commonly known, the United States Housing Act of 1937. The opening paragraph sets forth the purpose of the act in the following manner:

AN ACT

To provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe, and sanitary dwellings for families of low-income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes.¹

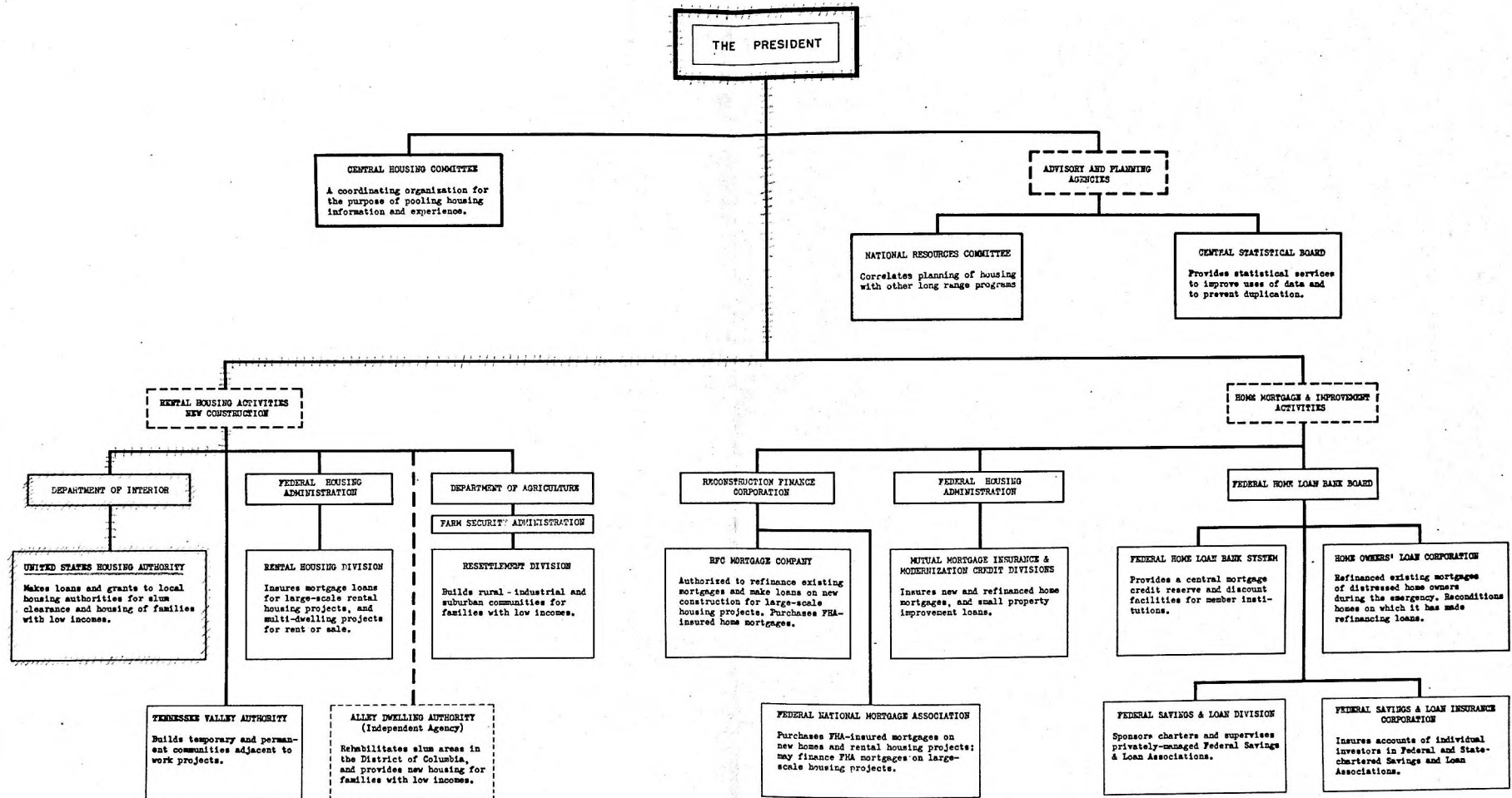
A declaration of policy follows in the Act:

DECLARATION OF POLICY

Section 1. It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit as provided in this Act, to assist the several

1. The United States Housing Act of 1937 as Amended, p.1, U.S.G.P.O.1938.

FEDERAL AGENCIES IN THE FIELD OF URBAN HOUSING : 1938



States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income, in rural or urban communities, that are injurious to the health, safety, and morals of the citizens of the Nation.¹

According to Nathan Straus, Administrator of U.S.H.A., the following provisions are the most important of the U.S.H.A. Act of 1937;²

- "(1) Construction costs-excluding land-are limited to \$1,000 per room in cities of less than half a million population and \$1,250 per room in larger cities.
- (2) A number of slum dwelling units must be eliminated equivalent to the number of new dwelling units constructed under the Act in any locality - although this may be postponed in case of a housing shortage or emergency.
- (3) Apartments in the new buildings may be rented only to the lowest income families."

Mr. Straus said in his opening address, that now that the United States had adopted a rehousing plan that we could, for the first time, take our place among those nations of the world which have resolved to end the slums, as a matter of self-respect. He also brought forth the point that the U.S.H.A. was not an emergency program, an unemployment relief program - even though it would tend to reduce unemployment. Mr. Straus hoped to have 100,000 dwelling units built in three or four years. He said that if even this was done, a great step toward making America a better place in which to dwell would have been taken.³

Three years after this report was made, the United States Housing Authority had authorized and actually seen completed 84,927 dwelling units,⁴ and by June 30, 1941 there were 132,650 dwelling units with many more nearing completion.⁵ A growing interest in the work of the U.S.H.A. is shown by the fact that in 1940

1. Ibid., p.1.

2. Nathan Straus, Business, op.cit. pp.4-5.

3. Ibid., p.6.

4. Carmody, First Annual Report of the Federal Works Agency for the Fiscal year 1940, p.348.

5. J.B.Blandford, Jr., Annual Report of the United States Housing Authority for the Fiscal Year 1941, p.70.

there were 480 local authorities;¹ while one year later there were 623 local authorities.² By June 30, 1941 there were 537 individual projects under the jurisdiction of the USHA.³ The rate of increase of these projects is seen by the statistics of 1939 and 1940. In 1939 there were 163 projects containing 64,575 dwelling units;⁴ in 1940 there were 413 projects containing 84,927 dwelling units;⁵ and in 1941 there were 537 projects with a total of 132,650 dwelling units.⁶

The following cities are typical examples of the many in which the USHA has been able to give aid and assistance in removing the redolent slums. They are average American cities, probably among the first twenty or thirty in population. Buffalo, New York, is situated on Lake Erie in western New York State. It has several steel mills, a large importing business of lake-transported goods such as wheat and iron. Pittsburgh is in the center of the coal-mining region of Pennsylvania and is host to many steel mills. It has a great deal of river trade since the Monongahela, the Allegheny, and the Ohio Rivers meet in the heart of the city.

Before the rehousing program began in Buffalo, it was estimated that between thirty and fifty thousand families lived in serious^v substandard houses. By substandard is meant houses with inadequate facilities for sanitation, lack of running water, overcrowded homes, or homes badly in need of repair. The number of families thus concerned was from 25% to 35% of the total population of the city.⁷ Three projects have already been completed in Buffalo having a total of

1. Carmody, Report of 1940, op.cit., p.344.

2. J.B.Blandford, Jr., USHA Report of 1941, op.cit., p.56.

3. Ibid., p.56.

4. Straus, Annual Report of the U.S.H.A. for the Fiscal year 1939, p.4.

5. Carmody, Report of 1940, op.cit., p.343, p.353.

6. J.B.Blandford, Jr., USHA Report of 1941, op.cit., p.56, p.70.

7. United States Housing Authority, That The Housing Act Can Do, op.cit., p.55.

1613 dwelling units.¹ This means that one thousand six hundred and thirteen families have been moved from dirty, disease ridden, insanitary homes to clean, new homes with modern sanitation and sewage disposal. The children in these families have a chance to grow up without encountering the many dangers of slum life that formerly had threatened them.

In Pittsburgh there were sixty thousand families living in slums and blighted areas. This was about 40% of the total population of the city!² By June 30, 1941 there were four projects in Pittsburgh containing 3,075 dwelling units.³ Three thousand and seventy-five families were given a new start in life with a brighter outlook for their children's future. The city of Pittsburgh lies in a valley of the Appalachian Mountain Range. Because of all the industries in the vicinity, there is a continual haze of smog, (soot and smoke combined with fog), which is always settling and making living conditions in the city very filthy. The local housing authority has built ~~their~~ rehousing projects on the tops of nearby hills, thereby giving the people living in them a beautiful view, fresh, clean air, and, generally speaking, a much brighter outlook on life.

Recently, "all the powers and functions of the United States Housing Authority were transferred to the Federal Public Housing Authority, a unit of the National Housing Authority by Executive Order of the President"(Feb. 24, 1942)⁴ Although the administrative organization has been changed somewhat, the primary purpose and function of this agency is still concerned with the rehabilitation of the slum dwellers of the cities of our country. This report is by no means conclusive, and the author recommends further study and investigation of this highly interesting and important subject.

1. J.B.Blandford, Jr., USHA Report of 1941, op.cit., p.84.

2. United States Housing Authority, What The Housing Act Can Do, op.cit., p.35.

3. J.B.Blandford, Jr., USHA Report of 1941, op.cit., p.89.

4. Ibid., title page.

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