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PUBLIC HOUSING

Weekly News

FROM AMERICAN COMMUNITIES ABOLISHING SLUMS AND BUILDING LOW-RENT HOUSING

Vol. 1, No. 9

Federal Works Agency, U. S. Housing Authority — Nathan Straus, Administrator

October 10, 1939

Ten Million New Homes Needed In 50 Years, Architects Estimate

Public housing problems received prominent attention at the seventy-first convention of the American Institute of Architects, held in Washington, September 25-28. Citing a need for 10,000,000 new homes over a 50-year period, the Institute's committee on housing emphasized the necessity for general reform in the building industry and backed the Federal inquiry into building "rackets."

The housing committee report stated that, "As things now stand, 'free enterprise' has managed in various ways to block reductions in cost as well as many possible improvements."

Other committee resolutions put the Institute on record as favoring the differential renting principle for public housing projects, stressed the value of broad city-planning data as a basis for project planning, and favored collection and publication by a Government agency of all extant housing data. Housing training institutes for architects, to be located in various parts of the country, were likewise approved.

The committee described desirable public housing as "of a Spartan simplicity, yet well organized and attractive in grouping and setting." On the basis of European experience, it was prophesied that such dwellings would not result in "humbling of spirit, loss of courage or pride" on the part of tenants.

Over 700 members attended, together with architects from Canada, India, Sweden, and Venezuela.

Management Conference in Washington Advocates Local Treatment of Problems

Public housing management problems can best be solved by local officials, and local conditions should strongly influence final decisions. These conclusions were reached by the Management Program Conference held in Washington, September 27-29, where 61 project managers, representatives of local authorities, and USHA officials exchanged ideas and offered recommendations for a general management policy.

Delegates were selected as chairmen and the group discussed problems candidly, in the light of actual experience.

Keynote of the conference was struck Thursday, in the afternoon session, by a resolution pointing out the impracticability of "stipulating Utopian standards or even better

than those currently accepted by families of substantially higher incomes." A balance should be struck between the ideal and the practical treatment of management problems, and the local authority should be given the privilege of exercising its judgment. The resolution was adopted and applied to all recommendations made during the conference.

The discussions of the first morning concerned rent differentials and schedules. It was agreed that the USHA program should provide for families in the lowest income group, not those in the highest bracket of the low-income group. Project rents, the conference agreed, should be roughly equivalent to those now paid for substandard housing. This was

(See MANAGEMENT CONFERENCE on p. 2)



Warren Jay Vinton, Chief Economist and Planning Officer of USHA, addresses Management Program Conference in Washington. Facing the camera from left to right are Carl L. Bradt, Director-Secretary of the Detroit Housing Commission; C. F. Palmer, Chairman of the Housing Authority of the City of Atlanta, Ga.; John M. Carmody, Federal Works Agency Administrator; Nathan Straus, USHA Administrator; and Mr. Vinton.

Housing Cost Variations Measured and Analyzed

In a recently published study, (*Differentials in Housing Costs*, National Bureau of Economic Research; Sept. 17, 1939; New York City), David L. Wickens has attempted to measure intercity and regional cost differences and to analyze the factors influencing such variations. With the *1930 Census* and *1934 Financial Survey of Urban Housing* as a basis, the author has presented statistical evidence to show that proportionate differentials in housing values among cities remained "fairly constant" during the interval between these two enumerations.

The study is a considerable contribution to the rapidly increasing volume of literature on housing, and, as such, deserves serious study by those interested in the problems of housing costs. Being of timely interest, an analysis of this nature can be used to advantage by local housing authorities as a basis for further investigation of local construction costs.

The author attributes differentials in residential values within a locality to variations in age, type of structure, materials used, facilities provided, and in land values. Regional differences reflect "underlying economic, social, and physical differences arising from climate, unequal natural resources, varying degrees of industrial and agricultural development, differences in income, and the extent of urbanization, as well as local customs and traditions."

Included in this study are a number of tables showing the regional differences in both values and rents of nonfarm dwellings, according to size of city. These data, based on the *1930 Census*, reveal that the Middle Atlantic States have the most expensive residential areas, with an average value for all houses of \$7,205, and the East South Central States the least expensive, with an average value of \$2,712. The average residential value for the latter region is only 54 percent of the national average as compared to 143 percent for the former region. A similar dis-

Philadelphia Seeks New Homes For 1,500 Families Living on Site of Project

Relocation of 1,500 families now living on the site of a proposed \$8,136,000 low-rent housing project in Philadelphia has been undertaken by the Philadelphia Housing Authority.

Various social welfare agencies, business groups, and real estate offices are cooperating with the authority in conducting a survey of all available tenement vacancies suitable for rehousing these low-income families forced to vacate. Also, a house-to-house canvass is being made on the site, to ascertain the number of persons in each family, the number of rooms they will require, what rents they can pay, and where the wage-earners are employed.

parity exists between regions on the basis of size of population. In cities with a population of 100,000 and over, the average value of all dwellings, both owner- and tenant-occupied, is estimated at \$8,312 in the Middle Atlantic Region and \$3,926 in the East South Central Region.

Wide variations in residential values can also be found to exist between cities of different size in the same region. In the Middle Atlantic States, for instance, the average value per dwelling unit in all cities with 100,000 population or over is 28 percent higher than the average value for all units in cities having a population of 5,000 to 10,000. Similarly, in the East South Central States average residential values in the one city-size group is 37 percent larger than in the other.

For the country as a whole, the value of owned homes in 1930 averaged \$5,833, about one-third more than rented homes, which averaged \$4,347.

A similar pattern of geographic and city-size differences can be found in the rental values of tenant-occupied homes. The average monthly rent for all cities in the Middle Atlantic States amounted to \$39.66 as compared to only \$15.69 for the East South Central States.

2,500 in San Francisco See Project Dedicated

That public housing holds dramatic interest for the people of San Francisco was evidenced when, on September 17, approximately 2,500 persons attended the dedication ceremonies of the San Francisco Housing Authority's second low-rent housing project.

Mayor Angelo J. Rossi broke ground for the new project, opening the ceremonies participated in by other city officials, civic leaders, and members of the housing authority.

Management Conference

(Continued from p. 1)

considered more desirable than determining rentals on the basis of income.

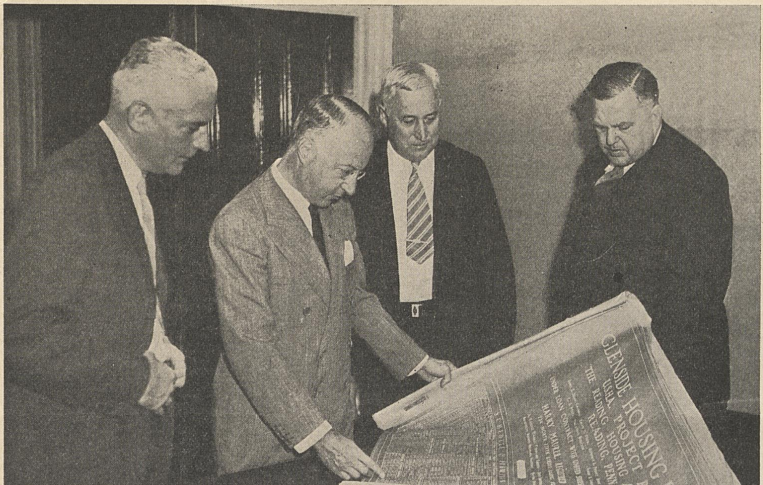
The Wednesday afternoon session was devoted to discussions of maximum tenant income limits. It was agreed that, in general, local authorities should set maximum income limits for admission substantially lower than the statutory limits of 5 and 6 times the rent. The question as to whether tenants whose incomes were increased after admission to the project should be forced to vacate or should be allowed a margin of 20 percent above the admission maximum, gave rise to serious debate. Finally, it was recommended that the legal maximum for admission should remain the maximum for continued occupancy.

In order to assure compliance with maximum requirements under the United States Housing Act, it was agreed that the income status of every tenant should be reexamined every 12 months. When a tenant becomes ineligible through increased income, he should be given a reasonable period of time to vacate.

During Thursday's discussions, it was agreed that, within the limits established, dwellings should be assigned on the basis of housing the largest number of persons.

Most important conclusion reached at the Friday sessions was to the effect that tenants should receive only such management services as they cannot perform for themselves.

10/17/59



USHA Administrator Nathan Straus (second from left) studies plans for Reading, Pa., project with John T. Egan, USHA Regional Director, Mayor Stump, and James Mast, Chairman of the Reading Housing Authority.

Drive to Free Indiana of Slums Launched at Conference

The launching of an immediate State-wide campaign for elimination of slums and construction of low-rent housing projects, was voted by the Indiana Council of Housing Authorities at its first annual conference in Indianapolis, September 26.

The need for continued activity on the part of municipal housing authorities in Indiana was stressed by Jacob Crane, Assistant Administrator of the USHA, principal speaker at the closing session of the conference.

"The United States," Mr. Crane said, "faces the most serious housing shortage in its history. . . . Unless all of the authoritative guesses are wrong, the European war, by raising interest rates and construction costs, will even more severely retard private residential construction. . . . The Government-aided USHA program . . . becomes a major factor in American preparation against the impact of European war upon American economic and social life."

The conference featured round-table discussions covering legal aspects of public housing, planning and construction, local authority administration and management, and rural housing needs in Indiana.

Carl Henry Monsees, director of field service for the National Association of Housing Officials, which conducted the Indiana Conference, declared that the development of an intelligent low-cost housing program should be related to community planning.

"The local housing authority," he said, "should be tied to a city plan commission or organization. It should map its program well in advance, not only to reduce slums, but to protect existing property values wherever possible."

The Citizens' Housing Committee of Indianapolis is mobilizing sentiment for a public housing program for that city. The Committee, in a recent survey, revealed a local shortage of approximately 4,000 dwellings in the low-rent field.

Utility Rate Reductions Lowering Project Rents

Adequate shelter at the lowest rent in the Nation's history has been made available to low-income families in USHA-aided housing projects through construction and maintenance economies, supplemented by USHA and local annual contributions. As a result, utility charges have become a much larger factor in total rent than ever before, and savings which may be effected through reductions in gas and electricity rates attain added significance.

At the same time, the project type of housing guarantees to the utility companies (either private or municipal) many advantages which are strong inducements toward lowering the rates. Large-scale buying means reduced distribution costs, elimination of collection losses (the local housing authority guarantees payment), lower collection costs, and the acquisition of new business without advertising charges. Furthermore the local market for utilities is expanded, since many of the families rehoused in projects were not formerly consumers of gas and electricity. In view of these advantages, utility companies have granted substantial rate reductions to USHA-aided projects.

Architects of Nation Honor Nathan Straus

The American Institute of Architects, at its Washington conference, elected Nathan Straus, USHA Administrator, an honorary member. Citing him as "a philanthropist, statesman, author, and business executive," the Convention praised Mr. Straus' service in behalf of low-cost housing, slum clearance, public parks, and highway-accident prevention.

Savings to tenants are illustrated by four examples, based on projects actually under construction. The following table shows the section of the country in which the projects are located; the total monthly cost to the tenant of fuel and energy for refrigeration, lighting, and cooking (included in his monthly rent); and the cost of such utility services should the tenant be forced to pay prevailing retail rates.

Section	Cost of fuel and energy to tenant (included in rent)	Cost of fuel and energy if purchased at retail
New England.....	\$3. 02	\$6. 69
South Central.....	1. 18	3. 49
Southeast.....	2. 63	6. 34
West.....	2. 15	4. 14

[Redacted text]

Current Housing Literature

LOW-RENT HOUSING BUILDS ON SOUND MONEY, by Leon H. Keyserling, *National Municipal Review*, September 1939, pp. 632-639.

Analysis of method by which USHA projects are financed. Discusses USHA subsidies and tax exemption.

ARCHITECTURAL SERVICE FOR PUBLIC HOUSING PROJECTS: A SYMPOSIUM OF CRITICAL PAPERS, *The Octagon*, September 1939, pp. 3-20.

Public housing means new concepts and revised scales of values and fees to the architect.

WHY SLUM CLEARANCE MAY FAIL, by Alfred Rheinstein and Henry F. Pringle, *Harper's*, October 1939, pp. 520-526.

Extreme care must be exercised in management, site selection, and construction costs, if public housing is to continue.

CANADA'S HOUSING SITUATION, by Horace L. Seymour, *The Canadian Engineer*, July 11, 1939, pp. 4-5.

Remedying Canada's housing shortage would result in a building boom and in a decrease in unemployment.

SWEDISH HOUSING POLICY, by Alf Johannson and Waldemar Svensson. The Royal Swedish Commission, *New York World's Fair 1939*. 47 pp.

A brief account of the Government's aid in public housing and home ownership.

COOPERATIVE HOUSING IN SWEDEN, by Ulla Alm. The Royal Swedish Commission, *New York World's Fair 1939*. 75 pp.

Records the achievements of the cooperative movement in housing.

FIFTH ANNUAL REPORT OF THE NEW YORK CITY HOUSING AUTHORITY—1938, New York, 1939. 35 pp.

An account of one year's operation of First Houses, Williamsburg, and Harlem River Houses, and a summary of the plans and construction data of Queensbridge and Red Hook. Selection of sites, construction, management, demolition and rehousing, finances, and legislation are the main subjects covered by the report.

CLEARING SLUMS IN PHILADELPHIA: FIRST ANNUAL REPORT OF THE PHILADELPHIA HOUSING AUTHORITY. Philadelphia, 1939. 34 pp.

The justification for, and the present and future program, of the authority.

ANNUAL REPORT OF THE CITIZENS' HOUSING COUNCIL OF NEW YORK, MAY 1, 1938 TO APRIL 30, 1939. New York, June 1939. Mimeographed, 26 pp.

A condensed summary of the second year's activities of the Council.

"Fortune" Round Table Backs Public Housing

Slum clearance "typifies needs that can best be met by public action," and does not offer enough profits to attract private enterprise. Thus *Fortune* magazine's fourth Round Table, composed of seventeen "leaders in industry, labor, agriculture, finance, politics and economic thought," expresses its approval of public expenditures for slum clearance.

The group resolved that government expenditure in general should be supplementary to private investment and enterprise, but it also stated: "In our opinion government expenditure in a free economy should meet generally recognized social needs that cannot clearly be met by private enterprise, but within the limits that the economy can afford."

Noting a serious housing need all over the country, the Round Table reported that "merely to hold our own," we need 525,000 new units annually.

Housing cost was regarded by the Round Table as the most serious problem confronting American planners. "Whether America will experience a housing recovery, depends upon whether we can reduce the cost of housing."

Pointing out that private housing might well benefit from a public housing program, the Round Table stated: "British experience indicates that slum clearance by government subsidy can serve to stimulate and expand the private-housing industry, encouraging it to build cheap houses for income groups above the slum level."

Construction Bids

State and local authority	Project number	Number of units	Date of bid opening
BID OPENINGS DEFINITELY SCHEDULED			
Boston, Mass.	MASS-2-2	873	10-27-39
Charlotte, N. C.	NC-3-1	254	10-24-39
Cincinnati, Ohio	OHIO-4-3	264	10-18-39
Columbia, S. C.	SC-2-1	236	10-18-39
Harrisburg, Pa.	PA-8-1	200	10-9-39
Lexington, Ky.	KY-4-1	86	10-23-39
Lexington, Ky.	KY-4-2	206	10-23-39
Los Angeles, Calif.	CAL-4-1	610	11-8-39
Lowell, Mass.	MASS-1-1	536	10-27-39
McComb, Miss.	MISS-3-1	90	10-24-39
Meridian, Miss.	MISS-4-3	80	10-30-39
New York, N. Y.	NY-5-3	1,531	10-23-39
Pensacola, Fla.	FLA-6-1	120	10-25-39
Peoria, Ill.	ILL-3-1-R	400	10-9-39
Peoria, Ill.	ILL-3-2	606	10-9-39
Ponce, P. R.	PR-1-1	300	10-24-39
Tampa, Fla.	FLA-3-1-R	184	10-25-39
Zanesville, Ohio	OHIO-9-1	324	10-26-39
Part II			
TENTATIVE SCHEDULE OF BID OPENINGS ¹			
Allegheny Co., Pa.	PA-6-2	310	11-8-39
Asbury Park, N. J.	NJ-7-1	126	11-7-39
Atlanta, Ga.	GA-6-3	634	11-2-39
Atlantic City, N. J.	NJ-14-1	375	11-8-39
Butte, Mont.	MONT-3-1	225	11-7-39
Camden, N. J.	NJ-10-1	275	11-1-39
Gary, Ind.	IND-11-1	305	11-6-39
Great Falls, Mont.	MONT-2-1	157	11-9-39
Hartford, Conn.	CONN-3-1	146	11-6-39
Knoxville, Tenn.	TENN-3-3	200	11-1-39
Laurel, Miss.	MISS-2-2	125	11-9-39
San Francisco, Calif.	CAL-1-2-R	472	10-31-39
San Juan, P. R.	PR-2-1	420	11-8-39
Savannah, Ga.	GA-2-2	480	11-9-39
Tampa, Fla.	FLA-3-2	320	11-8-39

¹ There is usually a 30-day period between bid advertising and bid opening. None of the bid openings shown here have as yet been definitely scheduled.

Construction Report Analysis

During the week ended September 29, two new projects were added to those under construction. (See table.) The addition of the new projects—326 dwelling units in Washington, D. C., and 216 units in Phenix City, Ala.—caused a slight increase in the average net construction cost per unit for the country, and a fractional decline in the average over-all cost of new housing per unit.

Weekly Construction Report

Item	Week ended Sept. 29, 1939	Week ended Sept. 22, 1939	Percentage change
Number of projects under construction	99	97	+2.06
Number of dwellings under construction	42,182	41,640	+1.30
Total estimated over-all cost ¹ of new housing	\$195,399,000	\$192,977,000	+1.26
Average over-all cost ¹ of new housing per unit	\$4,632	\$4,634	-0.04
Average net construction cost ² per unit	\$2,910	\$2,907	+0.10

¹ Includes: (a) Building the house, including structural costs and plumbing, heating, and electrical installation; (b) dwelling equipment, architects' fees, local administrative expenses, financial charges during construction, and contingency expenses; (c) land for present development; (d) nondwelling facilities.

² The cost of building the house, including structural, plumbing, heating, and electrical costs.

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