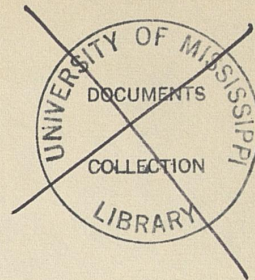


FW 3.3: 379



FEDERAL WORKS AGENCY
UNITED STATES HOUSING AUTHORITY
Washington



USHA PRESS SECTION
Rm. 6044, North Interior Bldg.
RE. 1820 - Ext. 4193

MEMORANDUM TO CORRESPONDENTS:

The attached statement by Nathan Straus, Administrator of the United States Housing Authority, concerning the scheduling of rentals for the "Redhook" low-rent housing project in New York City, is handed you for use in the morning papers of Monday, September 11.

We request that no reference be made to any of the material contained herein in any manner prior to the time of release.

Thank you.

Univ. of Ky. Libraries

FEDERAL WORKS AGENCY
UNITED STATES HOUSING AUTHORITY
Washington

USHA PRESS SECTION
Rm. 6044, North Interior Bldg.
RE. 1820 -- Ext. 4193

Release 379

FOR USE IN A.M. PAPERS OF MONDAY, SEPTEMBER 11, 1939 and THEREAFTER

The following statement was issued today by Nathan Straus, Administrator of the United States Housing Authority:

It is easy for public discussion to look like controversy. There is not and should not be any controversy between the USHA and the New York City Housing Authority, because the New York Authority is doing an exemplary job of slum clearance and low-rent housing under the guidance of its chairman and its staff. There has been a difference of opinion, which I think can be resolved by a restatement of the purposes and objectives of the United States Housing Act, and which should be resolved speedily in the vital interest of the public housing program.

The position of the New York City Housing Authority has been that the housing projects erected under the United States Housing Authority program shall be available to all families of low income now living in unfit surroundings, even though the family income is in the middle income third of all the families in the City.

It is the position of the United States Housing Authority that only families from the lowest income group, those in the lowest income third, should be rehoused under the program. This fundamental difference of viewpoint was shown when the first schedule of proposed rents and family incomes

(more)

was submitted by the New York City Housing Authority, which showed that most of the families to be accepted as tenants for Red Hook might have incomes in excess of \$1,600 a year and some families might have incomes above \$1,900 a year.

We reviewed this schedule in conformity with the requirement of our Act that subsidies could be paid only if certain conditions were met. Then we worked out a schedule of lower incomes to meet these conditions. This schedule, providing for average family incomes of about \$950, and top incomes of \$1,399 (the top of the lowest income third in New York City, excluding relief families), was put into effect. It was the first schedule put into effect, and it represented a policy uniformly adhered to since the start of the USHA - namely, that families above the top of the lowest income third were not eligible for admission to projects under the United States Housing Act of 1937.

So as to make the record of the position of the United States Housing Authority on this important matter complete, I want to emphasize several points:

The United States Housing Act of 1937 set two standards of family eligibility. In the first place, it provided that no family admitted to a project should have an income more than five times the rent charged, or six times in the case of large families. But obviously this could not be the only standard, for under it a family with an income of \$10,000 a year might be rehoused if the rent were high enough.

The second standard of eligibility was that the housing should be available exclusively for families "in the lowest income group". To amplify the meaning of this term, the 1937 report of the House Committee on Banking and Currency upon the original legislation referred to

"an income group which will average well under \$1,000 per year. This is the group which the President has often referred to as the one-third of our population which is ill-housed."

In the Senate debates in 1937, Senator Walsh, the Chairman of the Committee which reported the original Bill, asked the following question:

"There is no longer any question as to the local authority having discretionary power to choose between a large number of persons of low income but they must choose those with the lowest income?"

To this question Senator Wagner, the author and sponsor of the measure, replied: "Those with the lowest incomes."

Broadly speaking, over the past ten years, private enterprise has built houses exclusively for the upper income third, with practically nothing being built for the middle income third or the lowest income third. It is generally agreed that no single development would so largely increase the employment of labor and capital as the revival of home construction for the two-thirds of our population who now constitute only a potential market.

But it does not follow from this that a subsidized public housing program should take care of this whole two-thirds, either in full or symbolically by drawing families at random from this entire field. To do so would

be to hold the private home building industry permanently at its present low rate of activity through the threat of public competition, to dampen the spirit of private investment, and to assume that public housing should bear the staggering burden of taking care of all the millions who are now inadequately housed. It is of highest importance that a comprehensive nationwide housing program should be developed that will eventually provide decent housing for the whole population. Such a program must rest, however, upon public housing, private housing and a variety of experiments in between the two, such as limited dividend companies, and housing insured under the FHA program.

If the Federal Government encouraged and financed a program which, by the random selection of tenants from all those income groups which are now inadequately housed implied the ultimate public responsibility to build new homes for all who now live in substandard homes, the Government would face the problem of building about 10,000,000 homes to satisfy the present need alone.

I do not believe that the Government can or should embark upon a program of this size, even by long range implication. To do so would only create illusion and disillusion. But a well-tempered program for part of the lowest third, recognizing that some families near the bottom of this third could never live in new houses, and that other families near the top of this third would move into houses vacated by the middle third as new houses were built for them, could limit itself ideally to about 300,000 units a year, over the next 15 years, or about 4,500,000 units in all. Such a program would fit in well with the normal availability of funds for returnable public capital investment in housing, and would involve a modest cost to the taxpayers in comparison with the benefits received.

It seems clear that rehousing those in the lowest income third first will accomplish the largest results and most amply justify the expenditure of public funds. If we deal with isolated individual cases rather than with broad policies, it is perfectly possible in New York City or elsewhere to point out a family in the middle income third which needs better housing and will profit by better housing more than some particular family in the lowest income third. Exceptions can be found to any rule. But by and large, the families in the lowest income third need help first, need it most, and are least likely to be helped without public aid through an upswing in the business cycle or technological improvements in private home construction.

Analysis of data from Bureau of Labor Statistics' studies and the Urban Study of Consumer Purchases indicate 219,520 employed families in New York City, not on relief or WPA, who have incomes under \$1,250 a year. The National Public Health Survey indicates that about 250,000 non-relief and non-WPA employed families in New York City have incomes below \$1,000 a year. Allowing for wide margins of error in all these figures, they simply will not square with the contention that there is a shortage of available families in New York, even excluding those on relief, with incomes under \$1,399 a year.

Apprehension has been expressed that to select only families with incomes under \$1,399 would mean that they would be paying too large a proportion of their income for rent, thus leaving insufficient income for other purposes. The significant fact is that the rent charged in USHA-assisted projects is no higher, and in some cases is lower, than the rents which

families eligible for admission have been paying in the slums. By moving into the new project, they simply get decent housing for the same money. The family budget is in no sense adversely affected.

For these reasons, the United States Housing Authority does not believe that either the statute under which it operates or a sound public policy would permit a relaxation of the requirement that the public housing program be limited to families in the lowest income third, with incomes of \$1,399 or less in the City of New York, at the present time. Nonetheless, we realize that all local housing authorities are faced with the administration of a new and difficult program, and offer the following suggestions:

First, we recommend critical restudy of tenant selection policies. While "undesirable" families should not reside in public housing projects, it is contradictory to the program to reject families merely because some of them may suffer from some of the handicaps which years of living in the slums may have produced. Public housing projects cannot start with "ideal" families; the object is to make families better by relieving them of oppressive and horrible living conditions.

Second, we recommend that local housing authorities intensify their public relations and informational activities. The air is filled with misinformation about the housing program. Countless families believe that high incomes, bank accounts, or insurance policies, are necessary to qualify for the projects. The very families who have little money to buy newspapers and magazines regularly, and who therefore should be sought out and helped, find it hardest to get information. In a city as large as New York, branch offices for tenant selection should probably be opened and extensively used.

Third, while the USHA cannot depart from the \$1,399 top limitation, we believe that some of the immediate difficulties of the New York City Housing Authority might be lightened if there were greater leeway in some of the lower limitations now applying to smaller families. We are willing, and we have now taken steps, to provide greater leeway within these lower limitations, subject to the compelling necessity that the program shall serve only the lowest income third.

Fourth, in the interest of serving the middle income group as well as the lowest income group, local housing authorities should explore the possibilities of supplementing the program assisted by the USHA. In New York, for example, a State-aided housing program is now getting under way, and it might very well be directed toward this problem. The limited dividend company is also a useful device in New York. And needless to say, it is an essential part of the responsibility of local housing authorities to explore every opportunity for cooperating with private industry in the development of a well-rounded housing program.

There is attached hereto:

(1) the original schedule proposed by the New York City Housing Authority, but never approved

(2) the original revised schedule approved by the USHA and in effect up to the present time, and

(3) the original revised schedule with minor modifications to afford greater leeway below the \$1399 top limit now being approved by the USHA to become effective at once.

Room size of Unit.	(1) Original NYCHA Proposal : Income Limit:	(2) Original Revised Schedule Approved by USHA : Income Limit :	(3) Original Revised Schedule with Minor Modifications: Income Limit:
2	\$1040	\$762	\$962
2½	1230	913	1192
3½	1378	1074	1287
4½	1463	1191	1372
5½	1852	1334	1399
6½	1923	1399	1399