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there seems to be no middle road in this situation. If we continue to give lip service to the competitive system and provide only token enforcement agencies under the anti-trust laws; if we continue to cry against monopolies and at the same time refuse to provide the means of curbing them, we will continue to coast down hill without conscious resolution into a valley from which we must be towed because the spark of competition neither exists nor can be restored to its proper function in our economic motive power. When that point is reached we will have no choice but to acquiesce in a system of permanent peacetime Government controls which will shift the responsibility of management to the Government.

I am not concerned at all about the possibility of any such system of Government control resulting if it were left as matter of free choice to the American public today. My concern is that if there continues much longer the present trend of concentration of power in fewer and fewer hands and the present trend of sniping at the anti-trust laws and seeking by every means to avoid competition, the power of choice between all-out Government regulation and a free competitive system will have been removed. Thus, we will have actually made a choice of all-out Government control of business through our very lack of appreciation of the problem and our consequent failure to do anything about it.

Preservation of the competitive system is the basic philosophy which has moved the Federal Trade Commission. The Commission is not an agency which is seeking power or control over industrial decision and discretion. It has been motivated by the principle that the coming of the day of Government regulation can be postponed or forestalled by prevention of those practices which operate to destroy the competitive system by depriving the individual business man of his freedom.

In conclusion, let me express my opinion that the price of economic freedom, like that of political liberty, is eternal vigilance.

An Outline of "The Government in Housing"

By SYDNEY H. GROSSMAN

Of the Denver Bar

EDITOR'S NOTE: The following is largely based on the outline of a talk given by Mr. Grossman at the annual convention of the Colorado Conference of Social Welfare in November, 1948. In preparing his material, Mr. Grossman utilized the arrangement with the law school deans to provide students to assist bar members in legal research. In the present instance, it was through the efforts of Charles McCarthy, senior in the University of Denver College of Law, that the basic data was assembled for Mr. Grossman.

What will the 81st Congress do with regard to public housing? The portent of this question cannot be underestimated. It is generally agreed that the recent election has brought into focus even more forcibly than before the controversial question about government in housing. It must be presumed that legislation will be introduced in the present Congress, to the end that

some form of public housing will be undertaken by our government. Unquestionably the Taft-Ellender-Wagner Bill or some modification will be given very serious consideration.

Because of the timeliness and importance of this very vital question to every member of the Bar, as well as the general public at large, some brief resume of government in housing in the past, as well as some explanation of the Taft-Ellender-Wagner Bill, (which for easy reference will hereafter be referred to as the TEW Bill) may be of interest to the Bar as a whole.

It is intended that this outline be purely informational and in no manner or form will it attempt to debate the controversial issues or the respective merits for or against government in housing. It is hoped that it may be of some aid in crystallizing thinking on this highly important subject.

Brief History of Government in Housing—1918-1948

1918—

U. S. Housing Corp. created to provide housing incident to World War I, now almost liquidated.

1932—

Emergency and Relief Construction Act of 1932 was passed creating the Reconstruction Finance Corp. which was set up in re housing to make loans to state, or municipally-regulated, limited-dividend housing corporations. Its ostensible purpose was to provide housing for low income groups and to aid slum development. (Only two housing loans were made under this act.)

1933—

1. The National Industrial Recovery Act, creating NRA, was passed with provisions for "earmarking" funds for housing purposes. (NRA declared unconstitutional).

2. Passage of the Home Owners Act of 1933. This act created the Home Owners Loan Corp. whose lending functions expired in 1936 and is now in the process of liquidation.

1934—

The National Housing Act was passed, creating the Federal Housing Administration, which insured loans by approved financial institutions made for the purchase, construction, repair and improvement of houses where FHA standards were met.

1935—

Passage of the Emergency Relief Appropriations Act of 1935 which financed 7 limited-dividend projects and 51 directly constructed Federal Housing projects.

1937—

Passage of the Wagner-Steagall U. S. Housing Act of 1937 which provided for: (1) National low-rent housing. (2) A slum clearance program. (3) Local public agency participation.

1940—

Passage of the Lanham Act which provided for the construction of housing for defense workers, expired December, 1947.

1941—

1. War and Navy Departments received \$100,000,000 for civilian defense housing.

2. Defense housing was further aided by a series of acts called the Temporary Shelter Acts which appropriated some \$420,000,000.

1942—

1. By Executive Order No. 9070, all housing agencies were consolidated into the National Housing Agency.

2. Billions were spent and loaned by the government on housing connected with war work.

1944—

Senate created a Special Committee on Post-War Economic Planning and Policy; a Subcommittee on Housing and Urban Development was also formed which conducted hearings from June, 1944 to February, 1945. During the recess, Taft, Ellender, and Wagner drafted the initial housing bill which was to carry their name thereafter.

1945—

1. Taft Committee Report: At the time of this report, Taft had the following to say: "I can honestly say that almost no legislation within my memory has received such careful and continuous study, prior to its introduction, by a group of senators who may be called fairly representative."

2. New title to the Lanham Act (V) which appropriated \$100,000,000 authorizing temporary war construction to be dismantled and re-erected at schools, colleges, and municipalities where shortage of veteran's housing was acute.

3. President Truman, in a message to Congress asked for housing legislation pointed at the objective of 1 to 1.5 million units a year for 10 years.

4. S. 1592 was introduced (then known as the WET bill).

1946—

1. S. 1592 passed in Senate without a single dissenting vote.

2. Passage of the Veteran's Emergency Housing Act of 1946, (Patman Bill).

3. Adjournment of Congress without House action on the WET bill. (Unofficial poll of members of the House Banking and Currency Committee to see if the bill should be reported out: For: 9 Democrats and 1 Republican; Against: 5 Democrats and 7 Republicans).

1947—

1. Housing and Home Finance Agency created which consolidated all agencies except Office of Housing Expeditor into one agency.

2. The old WET bill was introduced to the Senate as the TEW bill.

3. Joint Housing Committee appointed and began hearings after adjournment of Congress on July 28.

1948—

1. Joint Committee on Housing reported March 15 after interviewing 1,300 witnesses in 33 cities.

2. Senators Flanders (R., Vt.) substituted a 2nd report in the form of sweeping amendments to the TEW bill. These amendments would provide a federal subsidy for one-half million units of public housing for low-but-steady-income groups.

(Senator McCarthy (R., Wis.) submitted amendments to limit public housing to relief and welfare cases which were defeated).

3. The House extended for 1 year title VI of the National Housing Act providing for insurance by FHA for certain types of mortgages on new housing construction.

(The TEW bill contained about the same provisions.)

4. Senator Cain (R., Wash.) submitted an amendment to strike the part of the TEW bill relating to public housing; defeated by a vote of 49-35.

5. TEW bill passed by voice vote, April 22 in Senate.

6. Senator Tobey introduced a bill to extend Title VI of the National Housing Act until July 1; it was hoped that the TEW bill would be passed by then. This was passed May 5.

(Senator Cain attempted to amend this bill by extending the insurance provisions for a full year—a move which would have made the year's extension contained in the TEW bill obsolete, thus reducing TEW support in the house; again Cain lost).

Initial Tew Bill (Taft-Ellender-Wagner)

Bill declares as its purpose, the:

“Production of residential construction and related community development sufficient to remedy the serious cumulative housing shortage, to eliminate slums and blighted areas, to realize as soon as feasible the goal of a decent home and a suitable living situation for every American family.”

Specific policies:

1. Private enterprise shall be encouraged to serve as large a part of the total need as it can.

2. Government assistance shall be utilized where feasible to enable private enterprise to serve more of the total need.

3. Governmental aid to clear slums and provide adequate housing for groups with incomes so low that they cannot otherwise be served shall be extended to those localities which estimate their own needs and demonstrate that these needs cannot fully be met through reliance solely upon private enterprise and without such aid.

4. The main housing functions of the Government shall be consolidated into a single national housing agency in order to achieve unified and coordinated activity in the execution of the declared policies.

General statement of provisions by Titles:

- I. Encourages private enterprise.
- II. Provides aids for technical research and market analysis.
- III. Perfects and increases government aids extended to privately financed housing through Federal Savings and Loan Ass'n operations, Federal Home Loan Bank operations, Federal Savings and Loan Insurance Corp. operations, and Federal Housing Administration operations.
- IV. Supplements the existing system of mortgage insurance under the National Housing Act with special systems of mortgage insurance for families of lower income who require more favorable terms.
 - a. 95% FHA insured 32 year mortgage loans, maximum of 4% interest per annum, for moderately priced homes.
 - b. 95% FHA insured 40 year mortgage loans, maximum of 3½% interest per annum, for housing projects undertaken by cooperatives, non-profit mutual ownership housing corporations and educational institutions whose primary housing purpose is to help student veterans.
- V. Yield Insurance Plan.
- VI. Provides aid to localities for acquisition of land for clearance and redevelopment with participation by private enterprise.
- VII. Provides aid for families whose income is so low that they cannot otherwise be served.
 - a. 125,000 units per year for 4 years.
 - b. Localities must show 20% gap between high of this group and the low of group served by private enterprise.
- VIII. Establishes program for rural housing through Sec. of Ag. and an extension of the urban low-rent housing program.
- IX. Provides for disposition of permanent war housing with preference to veterans.
- X. Provides for periodic inventory of housing needs and programs to be made to Congress.
- XI. Consolidates Government housing functions into one national housing agency.

Tew Bill As Revised

- I. FHA Title VI—Extension of FHA mortgage insurance for 1 year, emphasizing rental housing needs.
- II. Secondary market for G. I. home loans and FHA-insured mortgages:
 1. Provides for a government source of secondary credit for residential mortgage financing.

2. Operations restricted to cases where a government secondary market is necessary and where such market would not contribute to inflationary pressures. (2 years program).

III. Housing research provides for technical research and related studies on the housing shortage.

IV. Rental-housing aids for families of moderate income and veterans:

1. Aids for cooperative ownership housing.
2. Yield insurance.

a. Designed to encourage direct investment by institutional and other large scale investors.

b. Guarantees an annual return upon outstanding investments ranging from $3\frac{1}{2}$ to 5%, a minimum return of $2\frac{3}{4}$ % per annum on outstanding investment (plus 2% amortization of the full capital investment) until such time as only 10% of the original investment remains unamortized. (1 billion authorized)

V. Slum clearance and urban development.

1. Local grant-in-aid must equal one-third of net project cost.
2. \$300,000,000 authorized, 100 million of which is Federal subsidy aids.

VI. Low Rent Housing.

1. Extension of public low-rent housing program.
2. Maximum would be 500,000 units over a 5 year period.
3. \$32,000,000 a year for 5 years; \$160,000,000 at end of 5 years.

VII. Farm Housing.

1. Sec. of Agriculture and the Housing and Home Finance Administrator to examine problems of farm housing and report to Congress.

Amendments Proposed to Tew Bill

1. Title VII replaced by a \$250,000,000 loan-grant rural housing program; loans to be paid over a 33-year period at 4%.
2. Special assistance to permanently disabled veterans.
3. Authorization to increase interest rates on G. I. loans from 4% to $4\frac{1}{2}$ %.
4. Inclusion of the FHA in the Corporation Control Act.
5. Authorization for FHA to insure mortgages in connection with government-sold TVA properties.

Conclusion

This completes developments to date in the field of housing legislation. Whether the TEW bill will be reintroduced in this same form is not known. For a more thorough survey of the subject, attention is directed to the following references: Congressional Digest, June, 1948, Harvard Law Review for Nov. 1947, Columbia Law Review for Nov. 1947, and the American Bar Association Journal for Feb. 1948.