

Office Correspondence

FEDERAL RESERVE
BOARDDate August 22, 1935To Governor EcclesSubject: Strictly confidentialFrom J. M. Daiger 

GPO 16-852

File

I understand that the attached is a copy of a report on low-cost housing that Mr. Grimm has made to the President. As you will see, it is a very superficial statement, quite localized, and, as far as I can see, without practical meaning or significance.

Please regard this as confidential (and do not ask me where it came from).

Housing for persons of low income falls within an area which requires specific definition in each community and varies as the prevailing incomes vary in each such community.

For purposes of administration, the area is divided into three sections:

1. Self-sustaining privately owned housing (FHA)
2. Moderately subsidized privately owned housing (FHA and PWA)
3. Largely subsidized housing (PWA)

In New York City, for example, the low income groups earn up to \$3,000 per annum.

Those earning from \$1,800 to \$3,000 are in the first section. Rents range from about \$10 to \$18 per room per month.

Housing which pays full taxes and is wholly financed by private enterprise under FHA insured mortgage can be furnished to this section. Example: Brooklyn Beach Apartments.

Those earning from \$1,200 to \$1,800 per annum fall in the second section. Rents range from \$8 to \$11 per room per month. Housing for this section involves a small equity to the private owner, possibly limited tax exemption, and either

- (a) FHA 50% insured mortgage and low interest long term amortized Federal loan, or
- (b) Low interest long term amortized Federal loan.

An example of this type of housing is Hillside.

Those earning less than \$1,200 fall into the third section.

Rents range from \$9 per room per month downward. Housing for this

section can be produced by substantially 100% Federal loan bearing but nominal interest and very low long term amortization, and possibly limited tax exemption.

An example of this thpe is the Williamsburg project.