

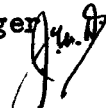
# Office Correspondence

FEDERAL RESERVE  
BOARD

Date June 10, 1936

To Chairman Eccles

Subject: Attached memoranda

From J. M. Daiger 

You may be interested in looking over the attached memorandum explaining certain suggested amendments to the Wagner bill. The suggested amendments relate to matters mentioned in my memorandum to Mr. Bell. I am also attaching a memorandum containing the suggested amendments in the event that you should wish to refer to it.

Senator Walsh asked me if I would prepare for him and hold available any amendments that I thought he might wish to offer on the floor if the Wagner bill comes up for action in the Senate. Except for giving Dan Bell the copy that I promised to him, I do not intend to do anything with these suggestions unless I receive another call from Senator Walsh.

Confidential memorandum  
June 9, 1936

EXPLANATION OF SUGGESTED AMENDMENTS TO S. 4424

AS REPORTED JUNE 1, 1936

(1) The amended bill makes subsidized housing eligible to all families having incomes not in excess of six times the rental to be paid. In addition, light and cooking as well as heat and water are included in the rental, thus rendering the ratio six plus. The suggested amendment more effectively limits the subsidized housing to low-income families by rendering ineligible as tenants families whose incomes exceed five times the rental to be paid.

(2) This amendment is necessary in accomplishing the purpose of the suggested amendment (1).

(3) This suggested amendment clarifies the term "going Federal rate of interest" and brings it more closely in line with the cost of money to the Government.

(4) This is simply a clarifying amendment.

(5) This is also a clarifying amendment.

(6) This is also a clarifying amendment.

(7) This is also a clarifying amendment.

(8) As the bill now stands the estimates and accounts of the Housing Authority are not subject to the provisions of the Budget and Accounting Act. This suggested amendment makes them subject to that Act.

(9) The loans-and-grants section of the bill contemplates capital grants as well as grants of rental subsidies. The financial-provisions section was rewritten to contemplate only rental subsidies. The effect of the suggested amendment (9) is to limit grants to rental subsidies and bring the language of the loans-and-grants section into conformity with the revised financial provisions.

(10) This amendment is made necessary by the suggested amendment (9).

(11) The bill now presumably contemplates grants in the form of rental subsidies only, and loans, but permits the Authority to make loans at an interest rate less than cost, which is in practical effect another form of grant. The suggested amendment (11) makes a plain distinction between grants and loans by requiring that the interest rate on loans be at not less than cost.

(12) The bill authorizes demonstration projects upon the consent of the local governing body or the public housing agency. The suggested amendment conditions demonstration projects only upon the consent of the local governing body.

(13) This amendment is made necessary by the suggested amendment (9) eliminating capital grants.

(14) This suggested amendment is in substance the same as the prevailing wage provision now in the bill, but may be found more

practical and less difficult to administer.

(15) This amendment is suggested to eliminate a provision that may be impractical from the point of view of Federal Reserve bank operations. Ample provision for the Federal Reserve banks to act as depositories for the Housing Authority is made in Section 20(b) of the bill.

Confidential memorandum  
June 9, 1936

SUGGESTED AMENDMENTS TO S. 4424 AS REPORTED JUNE 1, 1936

- (1) Page 4. Strike out lines 8 to 12, inclusive, and insert, "dwellings, and under other than overcrowded housing conditions; Provided, That no family shall be accepted as a tenant in any low-rent-housing project whose aggregate income exceeds five times the rental to be paid by such family for the quarters furnished."
- (2) Page 4. Strike out lines 13, 14, 15 and 16.
- (3) Page 6. Strike out lines 21, 22, and 23 and insert, "the prevailing rate on long term bonds of the Federal Government, such rate to be computed on the average amount of such bonds outstanding during any semi-annual period last past."
- (4) Page 8. Strike out lines 16 and 17 and insert, "thereafter each member shall be appointed for a term of five years from the expiration of the term of his predecessor except that any individual chosen to fill a vacancy shall"
- (5) Page 8. Strike out line 22 and insert, "(c) A vacancy or vacancies in the Board shall not impair the right"

- (6) Page 12. Strike out lines 19 to 21, inclusive, and insert, "offices or agencies in any State, and its Board of Directors may meet and it may exercise any of its powers at any place within the United States. The Authority may, by one or more of its Directors, officers or em-"
- (7) Page 13. Strike out lines 12, 13 and down to "forum" in line 14 and insert, "name, and all suits shall be brought in the Federal courts regardless of the amount involved except where the Authority consents specifically to a different forum."
- (8) Page 14. Line 9. Strike out all after "Act" down to "funds" in line 13 and insert, "The expenditures and estimates thereof and the accounts of the Authority shall be subject to the provisions of the Budget and Accounting Act, 1921, as amended."
- (9) Page 15. Strike out all after "Section 9 (a)" in line 15 down to and including "agency" in line 18 and insert, "The Authority may make capital loans and grants in the form of annual rental subsidies to any public housing agency to assist the development, acquisition, or administration of any low-rent-housing project by such agency."

- (10) Page 15. Strike out lines 19 to 25, inclusive, on page 15, and on page 16 strike out lines 1 to 11, inclusive, and insert, "(b) The amount of the rental subsidy granted to a low-rent-housing project shall be that which is necessary, in the determination of the Authority, to assure the low-rent character of such project. Such grant shall be paid in the form of fixed and uniform annual contributions, over a fixed period not exceeding thirty years, each such annual contribution to be payable out of any funds available to the Authority when such payment is due. The Authority shall embody the provisions for such annual contributions in a contract guaranteeing such fixed and uniform payments over such fixed period."
- (11) Page 16. Strike out lines 12 to 21, inclusive, and insert, "(c) No loan pursuant to this section shall be made or be outstanding for any low-rent-housing project in an amount greater than the development or acquisition cost of such project. Any such loan shall bear interest at a rate not less than the average interest rate borne by the long term bonds of the Authority, be secured in such manner, and be repaid within such period, not ex-

ceeding thirty years, as may be deemed advisable by the Authority.

- (12) Page 17. Strike out lines 12 to 17, inclusive, and insert, "No such demonstration project shall be commenced in any locality without the consent of the local governing body."
- (15) Page 26. Strike out all of lines 9 to 13, inclusive, and line 14 down to "Section 9 (c)".
- (14) Page 28. Strike out lines 6 to 12, inclusive, and insert, "(2) Any contract for a loan, grant, annual contribution, sale, lease, or administration pursuant to this Act shall contain a provision requiring that wages not less than the minimum wages hereinafter described to be paid all laborers and mechanics employed in the development or administration of the low-rent-housing or slum clearance project involved and such contract or agreement shall have appended thereto a schedule stating the minimum wages to be paid various classes of such laborers and mechanics which shall be based upon the wages that will be determined by the Secretary of Labor to be prevailing for the corresponding classes of laborers and mechanics employed on projects of a

character similar to the contract work involved, in the city, town, village or other civil subdivision in the State in which the work is to be performed or in the District of Columbia if the work is to be performed there."

- (15) Page 32. Strike out lines 24 and 25 and insert, "officer or agency thereof or any corporation organized and operating under the laws of the United States. The Secretary of the Treasury is likewise authorized to purchase any such obligations, and"
- (16) Page 33. In line 18 strike out "or in any Federal Reserve" and in line 19 strike out "bank,"
- (17) Strike out the word "sixty" wherever it appears and insert the word "thirty."