

February 14, 1938

TO: Mr. James Roosevelt

FROM: J. M. Daiger

SUBJECT: Use of Relief Labor on Housing Construction

Pursuant to a suggestion made to Mr. McDonald by Mr. Aubrey Williams I had a talk last week, first with Col. Mahaffey of the WPA in the absence of Col. Harrington, and then with Col. Harrington upon his return, with a view to exploring means of using relief labor in connection with housing construction financed privately under the National Housing Act as now amended.

It was evident from these preliminary talks (1) that the FHA and the WPA are not adequately informed as to each other's legal powers and practical operating problems, and (2) that a careful study of these matters, with a full and frank exchange of views, would be to the great advantage of both agencies.

Col. Harrington told me of a memorandum which he had prepared for you on rather short notice just before your recent departure from Washington, and in the light of our discussion suggested that upon your return it would be helpful to all of us concerned if you were to arrange a meeting some evening at which he and I and representatives of one or two other agencies directly interested in housing construction could exchange views and see just what we might be able to offer one another by way of practical assistance. I hope that you will be agreeable to arranging such a meeting at an early date.

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1. Give in the form of relief labor the 10 per cent local contribution required in the case of public housing projects financed by the USHA.
2. Amend the USHA legislation to permit the Administrator until July 1, 1939, to waive the requirement of a 10 per cent local contribution.
3. Give the WPA authority to provide common labor without cost to private owners of obsolete or decadent housing now tenanted by low-income families, upon the condition that such private owners demolish the existing houses and supply the materials and the skilled labor required for the construction of new houses under private financing insured by the FHA; the rentals to be restricted during the life of the mortgage insurance contract.
4. Instruct the FHA, the USHA, and the WPA to develop means of providing housing in one-industry or one-company towns and in small industrial communities on outskirts of larger cities, where new housing is not privately financed because of specialized type of local industrial activity. For example, projects now appear to be required in Clarendon, Pa.; Port St. Jo, Fla.; Fernandino, Fla.; Front Royal, Va.; Savannah, Ga., all in connection with new industries.
5. Give to municipalities or counties relief labor to construct roads, gutters, sewers, water mains, etc., for new subdivisions or ~~communities~~ to be privately developed in suburban areas, or in industrial communities on the outskirts of cities or metropolitan areas, or in semi-urban or semi-rural areas adjacent to industrial towns.
6. Give in the form of relief labor, in communities where it is available, a subsidy of 10 per cent on all housing below a certain value--say \$4500--as determined by the FHA appraisal system, if the construction of such houses is undertaken prior to July 1, 1939.

*Communities*