

February 26, 1938

My dear Mr. Secretary:

In the absence of Mr. McDonald, I wish to confirm in behalf of the Federal Housing Administration the assurances I have given orally to your assistant, Mr. Evans, and to Mr. Baldwin, Mr. Perkins, and Captain Lord, of the Farm Security Administration, with whom I have had various discussions this week.

We are very much interested in expediting action on the housing projects outlined by Mr. Baldwin and Captain Lord, especially if there is a possibility of getting construction on some of these projects under way in the near future and before we are very far into the regular building season. The meeting held in my office on Wednesday of this week, in which representatives of the FSA, the WPA, the RFC, and the FHA participated, and subsequent conversations I have had with several of the participants, make it evident that cooperative action on the part of these four agencies in furthering the development of housing projects on land owned by the FSA is altogether feasible.

At the White House meeting held on February 18, Mr. James Roosevelt stated that it was the desire of the President to concentrate the housing activities of the Administration, for the next several months at least, on operations under the National Housing Act as recently amended. Where it seemed practicable to do so, however, the President wished WPA labor and the FSA projects to be availed of in connection with these operations. Mr. McDonald assured the persons at the White House meeting that the FHA would undertake to bring this about, and accordingly asked me to follow the matter through.

From the point of view of practical operation, the first step as I see it is the determination by the FSA of the sequence in which it wishes to have its projects considered for mortgage insurance by the FHA and financing by the RFC, and the submission of rough or finished working plans to the FHA and the RFC for such consideration. Colonel Harrington has advised me that the WPA is able and willing to supply the FSA with funds to employ the technical personnel required to do the land planning and architectural planning that I understand the FSA lacks funds to undertake.

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Mr. Baldwin and Captain Lord informed me that their first preference of the FSA projects would be that at Bethlehem, Pa. Accordingly, I arranged to have Mr. M. R. Massey, chief of the Locations Section of our Underwriting Division, go to Bethlehem yesterday with Captain Lord, look over the project site, make some preliminary inquiry into the sale and rental situation, and let me have an early report. I expect to receive this on Monday.

I ought to explain that, until Wednesday's meeting in my office, I was under a misapprehension as to the status of the FSA projects. Mr. McDonald, Mr. Eccles, and Mr. Chester Davis had mentioned them to me at various times before my recent talk with you, and I had somehow got the impression that the housing plans were ready and that construction could proceed at once, beginning with WPA labor on the roads, utilities, etc., if the FHA and the RFC could arrange the major financing. Hence I may have given to you, as well as to Mr. McDonald, Mr. Eccles, and Mr. Davis, a mistaken idea of the time element involved.

As a result of the inter-agency conversations this week, however, I believe that Colonel Harrington and Captain Lord will be able to get the project plans drafted shortly, and that the four agencies concerned will be able to arrive at a mutually satisfactory working arrangement with respect to the construction and financing to be done. Housing, like farming, requires some weeks or months between seedtime and harvest, and large projects cannot be improvised; but I am sure that the disposition of all these agencies is to move as rapidly as the circumstances will permit.

I wish to express for Mr. McDonald and for those of us associated with him the very real appreciation that we feel for the manner in which you and the persons representing you have gone about the business of helping to make the recent housing legislation more widely effective. We shall avail ourselves of the assistance and facilities you have kindly offered to us, and we hope that our agency in turn, with the rural provisions of the new legislation, may afford some useful benefits to the farming community.

Yours faithfully,

J. M. Daiger

The Honorable Henry A. Wallace  
Secretary of Agriculture  
Washington, D. C.