

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date March 5, 1938Mr. EcclesSubject: Meeting at Housing on 3/3/38From Mr. Clayton

At the meeting at the Housing Administration which I attended Thursday forenoon Messrs. Daiger, McDonald, several of the field men, Col. Harrington of the WPA, representatives of the RFC, the Farm Security and Procurement were also present.

Mr. Daiger explained that the meeting was an outgrowth of a suggestion made by Jimmy Roosevelt some two weeks ago that WPA labor might be used to complete projects for suburban developments worked out previously by Resettlement (now Farm Security). Very likely the White House suggestion was prompted by their interest in seeing these Farm Security projects carried through through the use of the amended Housing Act. Col. Harrington explained that the WPA could not contribute relief labor except on the portion of any project that was owned by the public, namely the streets, water mains, sewer mains, curb and gutter or any other improvements beyond the property line. Concretely, this is the way the proposition would work out.

Average cost of houses in such projects	\$2,750
Average cost of site development including items referred to above	500*
Total	<u>\$3,250</u>

*Of this amount the labor portion is estimated at \$300 which could be contributed by WPA and would constitute therefore about 9½ percent subsidy.

It was pointed out at the meeting that while there appeared to be merit in the White House suggestion, the field was somewhat limited unless the idea should be extended to include any kind of privately owned subdivision development. It looks as though without any legislation whatever WPA could agree to donate WPA labor on the site improvements if publicly owned providing the cost of the house would not exceed a certain maximum, this to prevent criticism that a subsidy was being given to people in the higher brackets. This is a good hidden subsidy but I doubt the wisdom of it politically. A frank, honest subsidy without involving WPA would be better. But the "budget" complex might incline the President to this WPA scheme.

ZC