

DEPARTMENT OF THE INTERIOR  
UNITED STATES HOUSING AUTHORITY  
WASHINGTON

OFFICE OF THE  
ADMINISTRATOR

June 15, 1939

Dear Marriner:

Referring to our conversation yesterday, I wish to remind you that I do want an opportunity of discussing the whole housing program to which I have given much thought and study.

First of all, I would like you to understand just what we are seeking in pending legislation, but I would like to go over the whole field in addition to the more limited field of the United States Housing Authority. The enclosed 10 statements present in skeleton form the essentials of the housing problem in this country.

Please do telephone me when an appointment can be arranged.

Cordially yours,



NATHAN STRAUS,  
Administrator.

Mr. Marriner S. Eccles, Chairman,  
Board of Governors of the  
Federal Reserve System,  
Federal Reserve Building,  
Washington, D. C.

Enclosure

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THE HOUSING PROBLEM IN A NUTSHELL

1. To achieve general prosperity, the annual construction of homes, which amounted to only 360,000 dwelling units in 1938, must be raised to about 900,000 dwelling units.

2. The annual quota for families in the lowest income third (\$1,000 and below) should be about 300,000 homes. With the additional funds to be provided by pending legislation, the USHA will, in 1939, aid localities to build about 150,000 homes for this group. Practically no homes for this group will be built in any other way.

3. The annual quota for families in the highest income third (roughly \$1,750 and above) should be about 375,000 homes. Private industry in 1939 will about satisfy this demand.

4. The annual quota for families in the middle income third (roughly \$1,000 to \$1,750) should be about 225,000 homes. Practically no homes will be built in 1939 for this middle income third, which, in every State, constitutes a huge potential and unserved market for homes. To devise a method of serving this group is the nub of the housing problem.

5. Whether a family buys or rents a home, it is the annual cost of using the home and not the cost of building

the home which determines whether or not a family of given income can afford it.

6. Most of the families in the middle income group would be served if housing were produced so as to be available at an annual cost to them about 33 1/3% lower than it is today.

7. If the amount paid to labor on the site for building a home were cut in half, the annual cost of the homes would be reduced less than 10%.

8. If the amount paid for materials that go into the building of a home were cut in half, the annual cost of the home would be reduced less than 15%.

9. If the amount paid for use of the capital to produce a new home (interest and amortization) were cut in half, the annual cost would be reduced about 33 1/3%.

10. Therefore, the production and financing of large scale investment housing with funds at a very low interest rate and with low amortization, justified by wise planning and sound construction, is the prime need today. Great advances in this field have been made by the Rental Housing Division of the FHA and the USHA. Certain steps are necessary to accelerate such development and to bring practice in this country in line with successful housing experience abroad.