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POSTWAR ECONOMIC POLICY AND PLANNING

REPORT

TO THE

SPECIAL COMMITTEE ON POSTWAR ECONOMIC
POLICY AND PLANNING

BY THE

SUBCOMMITTEE ON HOUSING AND URBAN
REDEVELOPMENT

PURSUANT TO

S. Res. 33

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OF THE SPECIAL COMMITTEE ON POSTWAR
ECONOMIC POLICY AND PLANNING

POSTWAR HOUSING

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POSTWAR HOUSING

—.—.—.—Ordered to be printed.

August 1, 1945.—Mr. Taft, from the Subcommittee on Housing and Urban Redevelopment of the Special Committee on Postwar Economic Policy and Planning, submitted the following report

(Pursuant to S. Res. No. 33)

PART I—CONSIDERATIONS OF POLICY

Shortly after the organization of the Special Committee on Postwar Economic Policy and Planning, Senator Walter F. George, chairman of that committee, appointed Senator Taft chairman of a Subcommittee on Housing and Urban Redevelopment. In lieu of appointing other members from the special committee, Senator George authorized Senator Taft to invite the chairman of the Banking and Currency Committee and the chairman of the Education and Labor Committee each to appoint three members to serve with Senator Taft, so that there might be a closer liaison with the standing committees of the Senate which have jurisdiction over housing legislation. It was hoped that this procedure might result in a unification of ideas on housing policies.

The chairman of the Banking and Currency Committee, Senator Wagner, appointed himself and Senators Radcliffe and Ball. When Senator Ball retired from the Banking and Currency Committee on January 3, 1945, he was succeeded by Senator Buck. The chairman of the Education and Labor Committee appointed Senators Chavez, Ellender, and La Follette.

Hearings were held by the subcommittee from June 1, 1944, to February 7, 1945, at which appeared the officials of the Government having to do with housing, and representatives of many national organizations interested in the problems of housing.¹

The purpose of the subcommittee's survey is to recommend the wisest governmental policy with regard to housing and the form of organization which should hereafter execute the policy.

¹ Copies of the public hearings may be obtained from the Special Committee on Postwar Economic Policy and Planning, Senate Office Building, Washington, D. C.

THE BACKGROUND OF A POSTWAR HOUSING POLICY

From time to time, the Federal Government has established agencies to deal with one phase or another of the housing problem. These agencies have been created, and the legislative investigations accompanying their creation have usually been made, from the point of view of a particular situation often calling for an emergency solution.

Thus, in order that private home mortgage institutions might more effectively meet the needs for home mortgage credit, the Home Loan Bank System was established. In the face of a general collapse of the mortgage credit structure, the Home Owners' Loan Corporation was established. In order to extend the field of mortgage credit and establish a new system of mortgage insurance, advocates of private housing secured the adoption of the National Housing Act, creating the Federal Housing Administration. In order to provide activity in the construction industry and to assist city dwellers of low income, the Public Works Administration, after experimentation with loans to private limited dividend companies, undertook the construction of public housing. Later, the interest in public housing led to the passage of the law setting up the United States Housing Authority. In each case, the need of the particular step was evident, but relation of each step to the whole was not clearly developed.

Finally, under the war powers, the President consolidated the major Government housing activities in the National Housing Agency with three constituent units, the Home Loan Bank Administration, the Federal Housing Administration, and the Federal Public Housing Authority. This consolidation, however, lapses within 6 months after the end of the war. In the absence of legislation, the various housing activities would at that time revert to their former status, raising the same questions of coordinated policy and administration as existed before the war.

The subcommittee feels that the importance of a well conceived, comprehensive housing policy cannot be exaggerated. There is no problem before the American people with more varied aspects than that of housing, each of them important to the future welfare of the country.

From the social point of view, a supply of good housing, sufficient to meet the needs of all families, is essential to a sound and stable democracy. Every family must have a decent home in which to live. The character of that home determines more than anything else the character of family life, the conditions in which children grow up and the attitude of the people toward the community and the Government. From the point of view of industry and employment a large volume of residential construction would make a vital contribution to our postwar economy.

Housing is long-lived, and the improvement of housing conditions requires foresight and many years of planning and work. Housing is substantial and visible to all and determines a large part of the aspect of our cities and our countryside. Slums are not only a deterrent to the development of a sound citizenry, but they lower the people's desire for healthful and attractive surroundings and the hope of improving their conditions.

The attainment of a satisfactory level of housing construction implies the existence of favorable conditions in both the construction

industry and the economy as a whole. Few industries have shown such violent fluctuations from year to year, with resulting unemployment and hardship. Greater continuity of business activity must be one of our goals in postwar America, and housing offers one of the greatest problems in this respect and one of the greatest opportunities toward achieving this goal if the problems it presents are rigorously and comprehensively attacked.

Up to the present time, we have never been able to approach the objective of an adequate supply of decent housing. Our growth has heretofore been so rapid, and the demands upon our resources so great that, except for short periods, we have not been able to do more than to attain the rate of house production approximating that of the net addition in the number of families.

The result is that we have had to keep in use practically all of past production that could be made to stand and have never been able to adopt and adhere to any policy of replacement. Slums have inevitably grown up in all our cities and in our towns and in the open countryside; and overcrowding and makeshift alteration have necessarily been utilized to balance our shortcomings.

We can no longer accept these conditions as unavoidable. We cannot safely face the difficult undertakings of the years ahead, with the burden of hardship and discontent that bad housing imposes upon us. The issue must be faced and the task assumed. It is a task which cannot be performed in 1 year, nor perhaps in a decade, but one which as a nation we must devotedly pursue and accomplish as rapidly as proper use of our resources permits.

The subcommittee believes that the means are available for the accomplishment. A nation inspired by victory, an industry alert to new responsibilities and new opportunities can, with the cooperation of government, solve this problem. The subcommittee is confident that this can be done without departure from democratic procedure or violence to an enterprise system based on private initiative. On the contrary, the subcommittee agrees that private initiative, awakened to new prospects, freed from traditional restraints, and aided, where necessary, by a sympathetic government, is the instrument upon which reliance may most assuredly be placed.

THE HOUSING NEED AND THE PROBLEM OF MEETING THE NEED

The facts with relation to the housing needs and facilities of American families have been revealed as was never before possible by the 1940 Census of Housing. The subcommittee commends the Bureau of the Census for conducting this initial survey and for producing this wealth of information. It seems essential to the subcommittee that similar investigations be made at frequent intervals, in order that the Congress, the executive departments, State and local governmental units and agencies, and the public at large have detailed and dependable information on this important segment of American life.

The data of the Housing Census, summarized in a most comprehensive statement of our housing situation, were presented in the testimony of John B. Blandford, Jr., Administrator of the National Housing Agency.² The subcommittee commends that statement to all who are concerned with this great problem.

² See pt. 6, p. 1191 of the hearings.

It is important, however, that these and other statistical materials regarding the housing situation be used carefully. It is, in the first place, difficult to be certain of the precise significance of data obtained in an original census of this character. The subcommittee, moreover, is particularly concerned with the danger of using over-all figures and averages without sufficient attention to the reasonable variation in standards as between concentrated urban centers on the one hand and independent small towns and the outlying sections of metropolitan areas on the other.

Furthermore, the subcommittee feels that the statistics regarding family income not only do not have as sound a basis as the figures relating to housing conditions but also are rendered extremely uncertain by the great changes in economic conditions to result from the war and its aftermath. Lack of attention to variations in incomes and in the characteristics of housing by region, climate, type and size of community, local custom and practice, income, and building cost may result in misleading conceptions of the nature of a well-balanced program.

Nevertheless, certain basic facts are clear. Of the 27,000,000 nonfarm dwelling units reported, nearly 4,000,000 need major repairs and over 6,500,000 more lack running water or private indoor sanitary and bathing facilities. On farms, conditions are relatively much worse. Of the 7,600,000 farm dwellings, nearly 2,500,000 need major repairs, and over 3,700,000 more lack any sort of indoor water supply.

During the last 15 years there has been an insufficient addition to the housing supply, although there has been a steady increase in the total population of the country and in the number of families. To provide for the net increase in the number of families during the next decade and to permit the elimination of present overcrowding, it is estimated that probably as many as 6,000,000 new dwellings would be required. It is further estimated that during the same period an equivalent number of existing dwellings should be replaced if a measurable improvement in our housing standards is to be accomplished. The total would average 1,200,000 dwellings a year.

Such a volume of dwelling construction the national economy could readily support, under conditions of high employment and proper distribution as to price range, without fear of overbuilding and subsequent hardship to the construction industry.

It will not, however, be easy to reach this goal. The great complexities of the construction industry and the varied sources upon which it must depend for its numerous material and equipment components make a rapid expansion extremely difficult without serious inflationary risk. The greatest wisdom must be shown by the Government in aiding the industry to achieve a rapid and orderly recovery.

Even assuming the rapid restoration of sufficient industrial capacity, there will be problems in marketing the estimated number of houses. Obviously, the great bulk of houses must be constructed for private owners or private investors in rental property. With a better balance between housing cost and family income, it would be easier to market a satisfactory volume of housing through the normal channels of private enterprise. But the evidence indicates that for a substantial portion of our population, this balance does not exist. If we are to solve the housing problem, we must not only reach and maintain a high level of income but, so far as possible, bring about a reduction in the cost

of housing—the cost of financing, the cost of labor, the cost of materials, and the cost of putting labor and materials together.

Through the Federal home loan bank and the Federal Housing Administration, the cost of home financing has been substantially reduced. It is questionable that this cost can be further lowered at this time and still keep funds available for investment. It may be expected, however, that American ingenuity, operating through the construction industry, can find methods of reducing building costs as it has reduced costs in the manufacture of automobiles and other mass-production products.

The subcommittee feels that constant attention must be given to the problems of cost reduction and later in this report makes certain specific recommendations to this end. With the best that may be accomplished, however, we shall for the present continue to face a condition in which the relationship between cost and income will, in all probability, hamper the construction and sale, or rent, of a sufficient number of houses to meet the potential demand. Government policy, consequently, must be developed in the light of this circumstance.

In spite of present handicaps, it is, nevertheless, the hope and opinion of the subcommittee that a rate of production of at least 1,200,000 units a year may be reached within 3 years after the war.

WHAT SHOULD BE THE RESPONSIBILITY OF THE FEDERAL GOVERNMENT?

Housing is fundamentally a local problem. The first responsibility for its solution rests upon the community where it is to be located. This subcommittee has carefully considered the place of the Federal Government in respect to the housing situation and is greatly concerned that it should not invade the proper functions of State or local government or of private enterprise.

In the first place, it feels that any Federal program must insist that the initiative for all housing plans rest upon each local community and the people of that community. The need of housing should be determined locally. The necessary volume of public and private housing construction should be determined locally. The location of residential areas should be planned by local planning commissioners. If the people of a community take no interest in the problem, it is not for the Federal Government to impose a program upon them. But with this understanding, there are many ways in which the Federal Government can properly take a hand, afford leadership, and render assistance.

General problems of banking and finance have always been the concern of the Federal Government. Abuses which arise in that field have, from the beginning of the Republic, been a concern of Federal legislation, and banking institutions have been subjected to rigorous regulation. Capital is extremely liquid, and it is important that capital existing in one State be readily available in every other State where it may be needed.

In the establishment of the home-loan banks and the Federal Housing Administration, the Federal Government undertook to provide conditions under which money seeking investment would flow easily into home construction. It was made possible to provide loans up to 80 percent, and even 90 percent, of the total value of dwelling units, to spread the payment over a long period of years, and

to reduce the rate of interest, with a most substantial effect upon the total carrying charge to the owner. This activity of the Federal Government has met with almost universal approval and should be continued and expanded, providing it is kept on a sound financial basis.

The entrance of the Federal Government into public housing has produced a much greater controversy. It is contended by many that the whole job of housing can be done by private enterprise and that this form of Government activity results in competition which acts as a deterrent to the expansion of private operations.

The subcommittee agrees fully that the Government should not go into housing as a business or compete with private enterprise in this field any more than in any other field, but it does not agree with the contention that the problem can be solved at the present time by private enterprise alone. Unaided private initiative has not provided a sufficient supply of decent houses in the past. Although the subcommittee believes that a revived industry will constantly reduce the need for direct aid, it sees no likelihood of change that would permit private initiative to meet all the requirements of the immediate future.

The justification for public housing must rest on the proposition that the Federal Government has an interest in seeing that minimum standards of housing, food, and health service are available for all members of the community. The American people have been impressed with the fact that, in a country capable of our tremendous wartime production, there is no reason why hardship and extreme poverty cannot be prevented.

The reason for action in the housing field is greater than in the other areas, because the cost of decent shelter is such that many families able to obtain a reasonable standard of food, and even health service (for instance, through insurance), are unable to obtain decent shelter. We have so far been unable either to produce sufficient new houses or even to build up a large enough supply of good used houses at prices which low-wage earners can afford. Generally speaking, an urban wage earner of \$100 a month, for instance, can more satisfactorily meet his other needs than he can for a decent place in which to live. Who can afford at most \$25 a month for rent has the greatest difficulty in many cities in finding a decent place in which to bring up a family.

It has been argued before the subcommittee that such families should be assisted by rent certificates just as grocery stamps have been furnished to needy families. The number of families entitled to rent certificates upon any such basis would be infinitely larger than those requiring other relief. It is not at all certain that such a plan would bring about improvement in the bad housing accommodations that now exist. In fact, the scheme might work to maintain the profitability of slum areas and, consequently, to retard their elimination. It would certainly require a detailed regulation of private rental quarters both as to condition and rent.

While rejecting the proposal of rent relief as a solution for the housing difficulties of all low-income families, the subcommittee recognizes that rent relief will to some extent have to be given to families in special conditions of poverty or sickness that cannot even pay the rents for public housing.

In facing the necessity for public housing, the subcommittee does not feel that the Government should attempt to provide for all families now living in substandard shelter. With the revival of construction, many of these families should be able to find used houses, depreciated in value, but still in good condition. Many other families will be able to find new houses in outlying communities.

But, recognizing all this, the subcommittee is strongly of the opinion that the present housing situation cannot be satisfactorily dealt with except by the gradual elimination of slum housing and the provision of a reasonable percentage of subsidized housing to replace it.

The subcommittee has considered the practicability of providing low-rent housing through subsidies to private owners of rental housing projects instead of to public authorities. It is conceivable that in time such a plan might be developed, if the need for subsidy is long continued. For the present, it seems evident that a Federal subsidy per family to a private owner would have to be larger than in the case of public housing, even though private costs might be somewhat lower. This is largely because the public housing authorities get two aids not readily available to private owners—local tax exemption and an interest rate based on a tax-free security. It is the conclusion of the subcommittee that the principle and methods now in existence for granting aid be continued, at least for the present, in preference to some new and untried plan;

In taking this position, the subcommittee believes, however, that the continuation of the public housing program must be subject to certain definite conditions in order that it may not become competitive with private enterprise.

First, the entire initiative for the program should be local. Second, the State or local government should be sufficiently interested in the program to make substantial contributions toward its effectiveness. Third, public housing must not be available to those who can afford private housing, and there should be a definite limitation of tenants to those families which do not have incomes permitting them to be otherwise properly housed.

The special interest of the Federal Government arises from the inability of most States and localities to find in their tax systems the revenues necessary to provide a minimum standard of shelter for sub-income families. Since this is a new field of public expenditure, no provision has been made in existing State tax systems, and only moderate expansion of those systems is now possible. It would be highly desirable to require from States and local governments a direct cash contribution and not ask for the tax exemption which is now used as a contribution, but in many instances this seems an impracticable requirement.

The subcommittee wishes to emphasize that public housing is only justified as long as private industry is not able to provide for the lower-income families. Emphasis must be kept upon the objective of broadening the scope of private enterprise through improvement of family income and reduction of housing cost. Public housing programs should be regularly reviewed and modified in the light of changing conditions in the general economy and in the construction industry.

THE MAJOR ISSUES

With the above considerations in view, the major issues confronting the Congress are the following:

1. An enunciation of a national housing policy, its objectives, and the means to be employed in their attainment.
2. The establishment of a permanent form of organization for the housing activities of the Federal Government, including the establishment of a comprehensive program to meet the special problems of improving the character of farm housing.
3. The determination of methods of assistance by the Federal Government to private enterprise.
4. The delineation of the extent and manner in which the Federal Government shall aid communities in clearing their slums and in overcoming the inadequacies in their housing for families of very low income.

The specific recommendations of the subcommittee are directed to these subjects.

PART II.—RECOMMENDATIONS OF THE SUBCOMMITTEE

A. STATEMENT OF THE POLICY OF THE FEDERAL GOVERNMENT

The subcommittee recommends that all action in respect to housing be taken within the framework of the following principles:

Position of private initiative

The provision of housing in the United States is declared to be primarily and predominantly the function of private investment and finance, private construction, and private ownership and management. Public intervention must be designed and administered so as to stimulate and supplement, not to impede or supplant, private operations.

It is therefore the policy of the Federal Government to encourage the expansion of private enterprise so that it will more broadly serve the housing needs of all American families. The use of public funds and the granting of subsidies to housing operations shall be so limited as to serve only those needs which cannot or are not likely to be met through the use of the existing stock of housing or of new housing privately provided.

Local responsibility

The determination of housing requirements shall be primarily the responsibility of the community and not of the Federal Government; and the initiative in making use of aids or benefits or whatever nature provided by the Federal Government shall come from the community without stimulation or direction by the Federal Government.

B. ORGANIZATION OF THE FEDERAL AGENCIES

The Nation enters the postwar period with a complement of housing agencies that have been built up since 1932. Aside from the special activities which have been created to meet the wartime emergency and which should be terminated with the conclusion of the war, the most important of these agencies are the Federal Home Loan

Bank Administration, the Federal Housing Administration and the Federal Public Housing Authority.

The principal housing agencies were all created during a time of deep depression. They were created by the Congress to increase the liquidity of mortgage lending institutions, to stop a wave of foreclosures, to facilitate the flow of funds into new mortgage lending, to aid employment, to help families whose incomes forced them to live under unsafe and unsanitary conditions.

With minor adaptations these agencies have effectively aided in meeting wartime conditions and they may be counted upon to provide the background of the peacetime program. But it must be borne in mind that the circumstances under which they will serve in the future may be quite different from those of the past. Though the agencies have stood well the tests of war and depression they have not yet been subjected to the demands of prosperity. What these demands may be or what new adaptations they may call for cannot be wholly foreseen, although, that from time to time, there will be need for changes of some sort is certain.

Need for unification

The first requirement for the postwar establishment, therefore, is that it be sensitive to rapid changes in the economy and flexible in its adjustment to new demands. In order to achieve such adaptability, it is essential that all the housing activities of the government be subject to a common policy and, to assure the consistent execution of policy, that the agencies operate under some form of unification.

The subcommittee has carefully studied the several views presented to it on the subject of administrative organization. While recognizing that reasonable argument may be made for other proposals, the subcommittee is convinced that the case for continuing the association of the housing activities in a single agency is stronger than that for any suggested alternative. That the housing market is a single, all-inclusive market and that the focus must be maintained upon the physical needs for housing rather than upon the abstraction of function, seem to be sound reasons for unification.

Moreover, the excellent performance of the temporary National Housing Agency during the trying conditions of wartime has been demonstrative of the value of unification and coordination. A similar close-working relationship between the several forms of governmental activity seems no less desirable as a means of maintaining an efficient and adaptable use of our resources in period of restoring and expanding a peacetime economy.

The subcommittee, therefore, rejects the suggestions that the three principal agencies be restored to the independent status that existed before the acceptance of the Second Reorganization Plan or that the agencies serving privately financed homes (the Home Loan Bank Administration and the Federal Housing Administration) be returned to the general supervision of the Federal Loan Agency (as stipulated by the reorganization plan) and the public housing function be returned to the Federal Works Agency or placed in the Federal Security Agency. Either of these moves, it appears to the subcommittee, would render more difficult the development of a policy looking to the widening of the scope of private enterprise and to the creation of harmonious and effective relationships between local and Federal Governments.

Form of unification

At the same time, the subcommittee recognizes that to effectuate a single, all-inclusive housing policy several fairly distinct approaches must be simultaneously taken. Each selected approach involves some variations in administrative organization and operating techniques and certain points of potential competition and conflict one with the other.

Moreover, the activity of the Federal Government in respect to housing, whatever the approach taken, constantly involves situations in which the interests of State and local agencies and local institutions and the interests of the Federal Government must be balanced and reconciled.

Finally, the unforeseeable changes in the economy as a whole that are likely to occur in the years following the war demand that the means be provided for maintaining a continuous study of the influence of these changes upon the housing problem as a whole.

These considerations not only reinforce the argument for unification but indicate as well the form under which unification might most advantageously be effected. Again, the subcommittee has been faced with some diversity of view; but its judgment of the purposes to be served by unification results in the following conclusions:

1. The actual operation of the several methods for achieving a total housing program are properly lodged in separate constituent agencies, each charged with a definite responsibility.

2. This being so, the function of the unifying agency is one not of operation but of resolving questions within the scope of policies laid down by the Congress, of insuring the consistent execution of these policies, and of reporting to the Congress the progress of the program and recommending modifications which experience indicates to be desirable.

3. The functions delegated to the unifying agency as described above, would be more satisfactorily performed by a single administrator than by other means. The subcommittee is convinced that, as against other types of organization such as a board or commission, the single administrator provides the Congress with the more certain means of placing responsibility and obtaining accountability.

Status of farm housing

In considering its recommendation for the postwar organization of the housing agencies, the subcommittee has given special attention to the problem of farm housing. As previously noted, housing conditions on farms and rural areas are relatively much worse than in our cities. Yet the relation of the standard of farm housing to the whole agricultural economy is so intimate, that it is impossible to treat farm housing separately from the earning capacity of the land on which it is located.

The Government has provided a number of facilities which have been or might be used to improve farm housing conditions: The Farm Credit Administration with its varied means of providing credit to self-sustaining farmers; the Resettlement Administration with its assistance to tenant families in their efforts toward ownership; the Rural Electrification Administration with its ability to bring modern conveniences to farm homes.

In addition, both the United States Housing Authority (now included in the Federal Public Housing Authority) and the Federal Housing Administration have been provided with means of rendering assistance on farms and in rural areas. But the net result to date is far from satisfactory.

Testimony offered to the subcommittee, while revealing the seriousness of the farm housing problem, did not suggest promising solutions. As has often been the case, the relative magnitude of the urban housing problem deprived the farm situation of its proper emphasis.

Consequently, the subcommittee is not at this time prepared to approve concrete recommendations as to the scope of Federal activity in respect to the farm housing for the postwar era. It does, however, make the following interim recommendations:

1. All existing facilities for aiding farm families to obtain better housing should for the present be continued, and the responsible officials should fully and vigorously exercise the powers granted to them for this purpose.

2. In its appraisals, the Farm Credit Administration might well give greater consideration to a substantial, well-equipped farm house as a factor in the productivity of the farm.

3. The National Housing Administrator, in concert with the Secretary of Agriculture, should immediately prepare for the consideration of the Congress a report embodying:

- (a) A comprehensive study of farm and farm-related housing in its relationship to agricultural conditions.

- (b) A critical study of the existing means for aiding in the improvement of farm housing conditions with recommendations for their modification and better coordination.

- (c) Suggestions as to further means, if any, that the Federal Government should take to bring about improvement in farm housing conditions.

C. THE NATIONAL HOUSING AGENCY

The subcommittee recommends that, for the purpose of effectuating the national housing policy there be established as an independent office in the executive branch of the Federal Government, a National Housing Agency, to be administered by a National Housing Administrator. The Administrator should receive a salary of \$15,000 a year.

The constituent agencies of the National Housing Agency

The following should be the constituent agencies of the Federal Housing Board.

1. The Federal Home Loan Bank Administration (successor to the Federal Home Loan Bank Board, which should not be reestablished, and comprising: the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the powers of chartering and supervising Federal Savings and Loan Associations).

2. The Federal Housing Administration.

3. The Federal Public Housing Administration (successor to the United States Housing Authority, and including in addition to the functions of that agency, the powers and functions assigned to the Federal Public Housing Authority by Executive Order 9060).

Each of these agencies should be directed by a Commissioner, who should be responsible for the operation of his agency as outlined in existing or subsequent legislation, subject only to those limitations hereinafter proposed. Each Commissioner should be appointed by the President with the advice and consent of the Senate and should receive a salary of \$12,000 a year.

Functions assigned to the National Housing Agency

The subcommittee recommends that in addition to the activities represented by the constituent agencies the following functions also be placed within the jurisdiction of the National Housing Agency:

1. The Federal National Mortgage Association, now placed in the Federal Loan Agency.

2. The guaranty of home loans under the Servicemen's Readjustment Act of 1944, now administered by the Veterans' Administration.

3. Any system of loans or grants that may be established for the clearance of slums as distinguished from the provision of housing.

4. The additional aids to private initiative hereinafter proposed.

Such additional functions should be assigned by the National Housing Administrator to one or the other of the constituent agencies unless otherwise directed by the Congress.

Powers to be exercised by the National Housing Administrator

The subcommittee considers the primary functions of the proposed National Housing Administrator to be the interpretation of general operating policies within the limits laid down by the Congress, the maintenance of harmonious working relationships among the constituent agencies, and the resolution of any conflicts that may arise in their operations.

The Administrator should also establish uniform standards in respect to the personnel of the agencies, but the selection of personnel should remain within the jurisdiction of the agencies subject to such confirmation as may be retained by the Senate.

The Administrator should have the power to approve the regulations of the agencies, so that they may conform to congressional policies.

The Administrator should receive annual reports from the agencies reviewing their operations and, with these, should submit annually to the Congress his own report on the status and progress of the general housing program and on modifications in legislation affecting either the National Housing Agency or its constituent agencies that it may deem advisable.

The Administrator should prepare the budget for his own office and approve the budgets of the constituent agencies. Appropriations should be separately designed by the Congress for each constituent agency and for the office of the Administrator. Funds collected by the Federal Home Loan Bank Administration or by the Federal Housing Administrator should not be used for other purposes than the immediate operations of those agencies, except where a direct benefit from some special activity of the Administrator's office is evident. The extent to which and the manner in which such funds might be used partially to pay for activities carried on directly by the office of the Administrator should be clearly set forth by the Congress.

The Administrator should be empowered to undertake directly

statistical and technical studies that, subject to approval by the Congress, he may consider necessary to general improvement of housing conditions.

D. ASSISTANCE TO PRIVATE INITIATIVE

Since private initiative must and should be relied upon to provide the great bulk of the housing supply, it is to the interest of the Federal Government that there be efficient private building organizations and adequate private facilities to assure the financing of their operations. Through the Federal Home Loan Bank Administration and the Federal Housing Administration the Federal Government has already provided notable aids to the expansion of private homebuilding. The success of these agencies is attested by many of the witnesses who appeared before the subcommittee.

Aids to home mortgage financing

Although modifications in the scope of activities dealing with home mortgage credit may later be required, the subcommittee does not believe that there is present necessity for major changes in the existing legislation in this field. In view of the large individual savings as well as the high levels of bank deposits, share accounts, and life insurance, it is of the opinion that there will be no shortage of funds for financing home ownership in the early postwar years.

With respect to the Federal Home Loan Bank Administration, the subcommittee recommends the following:

- (1) Federal savings and loan associations (and savings and loan associations chartered in the District of Columbia) should be authorized to make home-repair loans under title I of the National Housing Act and home loans under the Servicemen's Readjustment Act of 1944 and such loans, whether or not secured by mortgage, should be eligible for advances from the home-loan banks.

2. The home loan banks should also be permitted to accept as collateral, mortgages in excess of 20 years' maturity when insured by the Federal Housing Administration.

The subcommittee would be agreeable to the authorization of federally chartered savings and loan associations to make mortgages up to 90 percent of value in accordance with terms set forth in section 203 of the National Housing Act, but without mortgage insurance, provided comparable safeguards through appraisal, special reserves, and capital limitations were required of the institutions making such loans.

The subcommittee feels that the Secretary of the Treasury should not be given power to purchase the debentures of the home loan banks as has been proposed. It believes that such authorization might be considered when and if an emergency should arise.

With respect to aids to home financing provided by the Federal Housing Administration, the subcommittee recommends:

1. With the termination of the need for special facilities for wartime houses, title VI of the National Housing Act be eliminated. This title provided a special fund apart from the Mutual Mortgage Insurance Fund to cover risks anticipated from the wartime operation. After termination of all insurance written under title IV and the payment of claims, any amount remaining in the emergency fund should be paid into the Treasury.

2. The Federal Housing Administration, with due regard to market potentials, should exercise powers already granted to it of accepting builders as mortgagors on properties valued not in excess of \$6,000 per unit. The subcommittee has been impressed with the apparent need for financing to builders which will permit the comprehensive planning and scheduling of operations without regard as to the ultimate method of disposal of the property whether for sale or for rent. It believes that the foregoing recommendation will be helpful in this respect since, with firm commitments to insure a loan on completion whether or not the house is sold, held for sale, or rented, builders should be readily able to obtain interim construction financing.

3. In order to provide a more flexible financial instrument and to add to the security of the home owner, permission should be granted to lapse payments under specified conditions and in special amounts. In so doing the quality of the insurance to the lender should not be affected.

The restoration of a high level of housing production

We enter the postwar period under heavy pressures resulting from the deficiencies in production during the thirties and the curtailments of wartime. There is grave danger that, applied to a slowly developing volume of construction, this pressure may create both an unbalanced supply and a distorted price situation. In other words, the price of a limited supply of houses may be bid up by those able to pay, and the risk of a future collapse both in price and rate of production may be great.

For this situation, the subcommittee can see no effective remedy except as rapid as possible a restoration of a high level of housing construction. This may be accomplished only by freeing industry both of the restraints which it has traditionally imposed upon itself and those which Government has necessarily placed upon it during the war emergency, and by endeavoring in every possible way to bring prices into increasing harmony with the vast potential demand for construction.

In view of these considerations the subcommittee recommends:

1. All limitation orders on construction and on the manufacture and distribution of building materials for civilian use should be removed at the earliest date compatible with military exigencies.

2. Price controls should be temporarily retained on those materials and equipment in respect to which shortages continue to exist. In establishing pricing policies, however, care must be taken to encourage rather than to retard reconversion and production, and the restoration of distributing facilities.

3. Rent control should be immediately withdrawn from new construction and should, locality by locality, be removed from existing housing as soon as danger of excessive inflationary pressure has eased.³

4. The subcommittee urges upon the Congress a comprehensive review of the antitrust laws, the antiracketeering laws, and the Federal Trade Commission Act for the purpose of creating effective means for eliminating monopolistic practices, combinations, and restraints, designed to maintain prices or restrict productivity, whether the source of these restraints be material manufacturers, contractors, labor, or any of the three in combination with others.

³ Senator Wagner has some reservations on this point.

5. In order to prevent undue pressure upon the market during the critical period of restoring production, the time during which guaranteed home loans will be available to veterans under the Servicemen's Readjustment Act of 1944 should be extended to 10 years, after the end of the war.

Assistance to rental housing

The subcommittee recognizes that a well-balanced housing market must meet the requirements for dwellings for rent as well as those for owner occupancy. It recognizes also that during the last peacetime decade the production of privately financed rental housing was deficient by comparison with the amount of housing for sale and that the aids provided by Government tended, on the whole, to increase rather than diminish this unbalance.

Without in any way departing from the conviction that home ownership should be the goal of the great majority of the American people, the subcommittee believes that this should be a matter of choice rather than of compulsion resulting from the unavailability of rental housing. It believes also that families which, for reasons of their own, prefer to rent rather than to own deserve as adequate accommodations as home owners. It is, moreover, convinced that without a considerable proportion of new rental housing, the estimated volume of housing needed to meet postwar requirements will not be achieved.

The subcommittee believes that the following recommendations, if carried into effect, would materially increase the volume of new construction of medium- and low-rental housing by private investors.

1. The Federal corporate income tax on corporations owning housing property should be greatly reduced or the stockholders of such corporations should have the option to treat them as partnerships for tax purposes. As matters stand, the result of this tax is to discourage equity investment, create an inducement to borrow to an unsound degree, increase the speculative character of equity investment and the hazard to lenders, and prevent construction for the lower rental ranges. The subcommittee considers this matter of especial importance.

2. Section 210 of the National Housing Act, which was repealed in 1939, should be reinstated. This section provides for the insurance by FHA of mortgages on rental property not in excess of \$200,000, without requirement for the formation of a limited dividend corporation. The experience with the mortgages of this type insured prior to 1939 has been good, and it is believed that a sound operation can be carried on in the future. The provision would encourage the building of rental property in small cities and under other circumstances where the development of large-scale rental projects would not be feasible.

3. A plan for the guaranty of a minimum yield on fully debt-free investment in rental property should be studied and presented to the Congress.

From the evidence presented to the subcommittee it is evident that a sufficient quantity of modestly priced rental units can be obtained only by tapping directly the sources of investment interested in long-term safety of yield and principle rather than in liquidity of investment.

The initial investments of three life insurance companies in the ownership of housing property has convinced the subcommittee of the

potentialities of this type of operation. The authority for making such investments, however, lies with the State legislatures, which control the operations of life insurance companies and other fiduciary institutions. Up to the present time seven States have acted favorably.

It has been suggested to the subcommittee that enactments by the States and participation by fiduciary institutions and other long-term investors would be encouraged if the Federal Government should guarantee to qualified investors a minimum yield on debt-free investment in rental housing property. It may be noted that in its National Housing Act of 1944, the Dominion of Canada has provided this kind of guaranty.

To be effective, such a plan would have to guarantee a yield (after operating expense, taxes, and the amortization of the investment) high enough and extended over a long enough time to compensate for the illiquidity of the investment, for the length of time taken for its amortization (probably not less than 50 years), and for the managerial burdens involved. It should, moreover, provide for incentives to efficient operation, low rents, and some form of fee for the guaranty offered by the Government.

E. RESEARCH

The subcommittee is concerned about the fragmentary character of research, both technical and economic, in the field of housing and construction. It is convinced that properly designed research programs are essential, not only to the formulation of governmental policy but to the determination of sound operations by private industry and finance. It would, therefore, approve appropriate measures for coordinating the results of existing research and initiating original inquiries that will insure a sound basis for both public and private decisions. The following recommendations are offered:

1. The Bureau of the Census should be authorized to carry out at intervals of not less than 10 years a census of housing, at least comparable in scope with that taken under a special authorization in 1940.

2. The Bureau should be further authorized to make interim sample surveys upon matters relating to the housing and real-estate market generally as, subject to the approval of the Congress, may be recommended by the National Housing Administrator.

3. The Bureau of the Census, in cooperation with other appropriate Federal agencies, should be immediately empowered to make surveys and analyses of postwar family incomes and internal migration. Information on these subjects is vital to the success of the postwar housing program.

4. As previously recommended, the National Housing Administrator should be authorized to sponsor or undertake research essential to the better functioning of the housing market. The subcommittee, however, recognizes that the problem has wider scope than that of housing alone and that the construction and operation of housing are intimately associated with the whole of real estate and construction activities. The subcommittee, therefore, urges that the Congress give attention to the development of means for providing adequate research in this broader field.

The subcommittee desires to emphasize its conviction that comprehensive programs for the dissemination of market information, and of information regarding the better utilization of materials, more economical methods of construction, and land use, will contribute immeasurably to the progress of private initiative in housing.

F. URBAN REDEVELOPMENT

Revealing testimony has been presented to the subcommittee on the tremendous task that our cities face in eliminating slums and blighted areas and in restoring the land in these districts to appropriate uses. It is clear that the task of redevelopment involves much more than a program of rehousing, whether that be by public or private means.

The subcommittee is not convinced that the Federal Government should embark upon a general program of aid to cities looking to their rebuilding in more attractive and economical patterns. It does suggest, however, that because of the accepted national interest in housing conditions, the Federal Government should provide aid where the area in question is to be redeveloped primarily for residential use or where the area is now predominantly residential in character and the clearance of the area would in itself serve a public purpose through the removal of unsafe and unsanitary dwelling structures. In the latter case, aid should not be conditioned on the reuse of the area for housing purposes but should be available for whatever use the cities, through official planning agencies, should determine to be appropriate.

Even in cases where new housing is considered appropriate for the reclaimed area, the subcommittee is of the opinion that the processes of land acquisition should be separated from those of housing. The subcommittee has observed that the combination of these processes has frequently resulted in the maintenance of, or, in fact, the increase of, undesirable population densities, although the housing may be the beneficiary of local or Federal subsidies, or both. The purpose of any special aid in the urban redevelopment should be for the express purpose of permitting a revaluing of the land at an amount compatible with the way in which it is to be redeveloped, thus avoiding the necessity of using land in ways that are dictated by current prices.

In making the attack on this problem, the possibility of loss in connection with any effective program of urban redevelopment must be recognized. In fact, the main problem of redevelopment, beyond questions relating to the processes of planning and of land assembly and resale (which are strictly State and local matters), is one of absorbing losses which cannot be assumed by prospective redevelopers. While a plan of financial assistance should be designed to minimize losses, it should at the same time make provision for absorbing those losses that cannot be avoided.

An essential feature of any plan of Federal assistance should be provision for limiting the extent of the loss to be borne by the Federal Government and for sharing redevelopment costs by the municipality. As an additional principle, any system of Federal aid should be designed to stimulate local activity and render it more broadly effective rather than to replace the initiative and responsibility that should remain in the locality.

The subcommittee does not find in the testimony any proposals that conform fully to these principles. It is evident both from the

testimony and the independent investigations made by the subcommittee that there is a wide range of opinion as to the size of the task involved, the extent of the price readjustment in land cost to be encountered, and the amount and nature of the assistance that should be provided by the Federal Government. Because of these unknowns, the subcommittee, while recognizing the need for action, believes that any action taken now should be of a provisional and experimental character and that out of initial efforts should come the knowledge and experience essential to a satisfactory long-range program.

At the same time, it must be recognized that whatever the size of the program initially undertaken, the character of the aid extended must be sufficient not to be self-defeating. If the aid is inadequate it may either prevent the initiation of redevelopment programs, or, by forcing overcrowding of the redeveloped area, lead to more slums in the future.

Application of the sound principle that the cost of slum clearance be kept separate from the cost of new housing also leads to the conclusion that the same degree of assistance for land assembly and clearance should be provided regardless of the particular type of housing with which the land may be redeveloped.

As such a provisional program, the subcommittee recommends the following:

1. The National Housing Agency should be authorized to receive applications for assistance to urban redevelopment from official local bodies, empowered by State and local law to acquire, by negotiation or eminent domain, land in slum or blighted areas, and to sell for cash or terms, or lease for public or private purposes, the land so acquired. Every such application should be accompanied by—

(a) A general guiding plan, prepared by an official local planning agency, for the clearance of all slums in the city;

(b) The plans of the official local planning agency for the specific area in respect to which assistance is sought, designating the changes to be made in streets and public services and the types of use to which the land proposed to be acquired shall be put;

(c) Estimates of time in which the redevelopment shall be completed;

(d) Estimates of acquisition cost and recovery from sale or lease; and

(e) A resolution of the governing body of the city approving the proposal and setting forth the methods by which the city would undertake to finance the project and to provide for its contribution thereto.

2. In respect to any such application, the Federal Government should render assistance as hereinafter proposed, provided the value of the land for redevelopment purposes is (a) not less than half the acquisition cost, exclusive of the value of buildings demolished, unless the municipality makes up the deficiency; and (b) not less than one-third the acquisition cost, inclusive of the value of buildings demolished, unless the municipality shall make up a difference in excess of such limitation.

(c) The municipality should, in addition, contribute an amount at least equal to one-half of the Federal contribution as described below. In estimating the municipality's contribution, credit should be given for the value of land transferred to the project (other than land in

existing streets and parks), for the cost of installing, modifying, or improving public utilities, streets, parks, and facilities incident thereto, for the cost of land acquired for other public purposes in excess of the average recovery value of the other property in the area, and for expenditures on public buildings made necessary by the project only to the extent that these expenditures exceed what the municipality would spend for the same purpose if there were no project.

3. The Federal Government should make annual contributions to the municipality for the purpose of covering the financial charges on the estimated or actual amount (whichever is the lesser) of the difference between (a) the total acquisition and demolition costs and (b) the recovery through sale or lease.

Such contribution should be made for a period not in excess of 45 years and should not exceed the actual annual financial charges on the principal amount fixed, up to a limit equal to the going Federal rate plus 1 percent. The Federal Government should not become liable for the payment of any contributions under any such agreement with a municipality unless contracts for resale or lease of the redeveloped area have been made according to schedule, and unless the municipality is not in default in any work involved in its own contribution to the redevelopment program. The Federal Government should retain the power of election to substitute a capital payment in lieu of its outstanding annual contributions commitment at any time.

4. The Federal Government should make interim loans at a rate not exceeding the going Federal rate of interest, to the municipality for the purposes of site acquisition and demolition. Such loans should run for the period necessary to dispose of the redeveloped area but in no case in excess of 20 years.

5. It is suggested that Federal annual contributions should be made available at the rate of \$4,000,000, for the first year of the program and an increase of the same amount for each of 4 succeeding years, making up a 5-year program.

Authorization should be made for interim Federal loans of not more than \$50,000,000 in the first year of the program, and \$50,000,000 additional for each of 4 succeeding years, making up a 5-year program. With respect to both the annual contributions and the loans, the President should have the power, on giving due notice to the Congress, to accelerate or decrease the rate of the program as general economic conditions might justify.

G. URBAN PUBLIC HOUSING

In view of the inadequacies of the existing supply of urban dwellings that have been demonstrated in the testimony, and the disparity between incomes and the costs of new housing—a disparity that does not seem likely to be removed in the years immediately ahead—the subcommittee is convinced that remedial measures must be provided that will permit the more rapid removal of substandard housing and the rehousing of low-income families than can reasonably be expected to take place through the processes of private initiative and finance.

To this end, the subcommittee endorses the continuance of the aids to local authorities established by the United States Housing Act of 1937, with an increase in the authorization now available. In supporting this program, the subcommittee makes certain recom-

mendations in the light of principles already set forth in this report.

1. The program must be local in its emphasis. In order to assure that thorough consideration and acceptance has been locally obtained and that the local agencies, as well, adhere to national policies, the United States Housing Act should be amended to provide for the following:

(a) No application for Federal aid should be considered unless it is supported by detailed analysis of the local housing situation demonstrating the need for the proposed housing, and unless it is accompanied by a resolution of the governing body of the community approving the proposed housing and indicating the amount and character of the subsidy that the community will assume in order to meet the requirements for low rentals.

(b) Every contract for Federal contributions should require periodic written statements from the proper local officials (subject to penalty for false statements) to the effect that the families admitted to assisted projects have theretofore lived in substandard housing, and that the family income does not exceed the limits set forth in the contract (exception being made for veterans satisfying the limitations as to income, who within 1 year after discharge have been otherwise unable to obtain decent, safe, and sanitary housing).

(c) Every such contract should further require that the local agency make periodic reexamination of tenant family incomes and that families whose incomes have increased beyond contract limits be required to move.

2. The total authorization for loans to local authorities now made should not be increased, but the existing authorization should be retained, from which loans might be made to local authorities, after the submission and approval of their applications, to aid in the preparation of plans and financing of construction, such loans to be repaid out of the permanent financing of the project, if and when it proceeds. This recommendation is made in conformity with the policy, already recognized for public works generally, of separating the financing of planning from that of construction, in order to permit more considered judgment of the necessity for certain projects and to allow greater flexibility in the timing of their initiation. For permanent financing, local agencies should henceforth depend upon loans made directly by them, supported by contracts for local and Federal subsidies.

3. The building cost limitations on assisted projects should be changed from a per dwelling to a per room basis; and the subcommittee considers per room limitations of \$1,000 and \$1,250 for communities (taken as metropolitan districts) of under 500,000 population and over 500,000 population, respectively, to be satisfactory. While the subcommittee would not complicate administrative procedure by attempting legislatively further to relate the cost limit to local conditions, it would require the Federal agency in its annual reports to indicate relations between the cost of public projects and comparable local private experience.

4. The subcommittee commends the effort of the present Federal Public Housing Authority to keep public housing as noncompetitive as possible with private enterprise, and believes that the maintenance of a spread between the rents charged in public housing and in the lowest rents offered in new housing provided by private enterprise to

be a sound feature of the program. The subcommittee recommends that in establishing the rentals on new projects, that this spread should be required to be not less than 20 percent of the lowest rentals being currently charged for safe and sanitary privately owned housing.

5. Contributions should be made available where the land under, or buildings composing, public housing projects are leased by the local authority as well as where the property is wholly owned by the authority. This provision should increase the possibilities of the utilization of existing structures by local authorities.

6. The subcommittee recommends that authorization for Federal contribution be expanded to permit the construction of a total of 500,000 additional family units in public housing over a 4-year period. To accomplish this, additional annual contributions of \$88,000,000 will be required by the time the 4-year program is completed.

7. Contracts for the payment of contributions should call for a period not in excess of 45 years or, in the case of leased property, not in excess of the term of the lease, if the lease runs for less than 45 years. This provision should be of assistance in making use of existing dwellings for public housing purposes.

The subcommittee recognizes that the amount of the authorizations may not meet the needs that may be encountered. It believes, that in view of the problems to be faced in restoring builder organizations, re-creating an adequate flow of builders' supplies, and the desirability of giving the widest possible scope to private initiative, that the proposed limit to be proper for the immediate future, and that the actual amounts of public housing to be produced in any one year should be determined by conditions prevailing in the construction industry and in the general economy at the time.

H. THE DISPOSAL OF FEDERALLY OWNED WAR HOUSING

The circumstances created by the conversion of the national economy to defense and war purposes necessitated prompt and vigorous attention to the need for providing housing facilities for those whose employment involved changing their residence to areas in proximity to the new or enlarged activities constituting these programs. Legislation was enacted promptly to authorize the necessary action to meet this emergency.

In order to enable a maximum volume of these facilities to be provided through private financing, special provision was made for the insurance of mortgages by the Federal Housing Administration through enactment of title VI of the National Housing Act. A total of \$1,800,000,000 of mortgage insurance has been authorized under this title and more than 350,000 houses have thus been made available.

From the testimony presented before the subcommittee, there appear to be no special problems of disposal connected with these activities. It has been made abundantly clear that conditions under which these operations were conducted were such as to preclude accurate estimates of claims that may mature as a result of foreclosures. The subcommittee can see no reason, however, for undue concern in this connection. As these claims mature, they should be met from funds already available or, if necessary, from additional appropriations authorized by the Congress. Action already taken

by the Federal Housing Administration to minimize these losses and to facilitate the necessary adjustments, both physical and financial, to place these properties into the total supply of housing in the usual markets is commended. The subcommittee can see no reason why any exception should be made to the usual policies of the FHA in connection with the disposal of any of these properties that may come into its possession.

Under the provisions of the Lanham Act, by which funds were made available for direct construction and ownership by the Federal Government, it is provided that all temporary housing must be removed within 2 years after the termination of hostilities. In the light of restrictions on the use of materials and the consequent character of this housing, the subcommittee strongly recommends that no change be made governing the disposition of these properties. It was especially impressed with the use that has already been made of some of these houses by ingenious removal in such a way that considerable salvage of sections, materials, and equipment, has been possible for reuse both in this country and in areas abroad occupied by military forces of the United Nations.

The Lanham Act also provides that permanent houses constructed with funds made available by the act shall be disposed of promptly and in an orderly manner. There is a specific prohibition against the sale of these houses to local housing authorities as public housing for families of low income.

It has been made clear by officers of the National Housing Agency that these provisions will be conscientiously observed. It has also been made clear that one of the principles which will be undeviatingly followed in the disposal of these properties is that of consultation with local interests before disposition is made. The subcommittee heartily agrees with this policy. It can see no reason, however, why, if this principle is consistently followed, the agency charged with responsibility for disposing of these properties should be required to secure congressional action in every case in which, after consultation with local interests, it becomes clear that the proper disposal of the properties is through sale to local housing authorities.

The subcommittee recommends that legislation be enacted setting forth the conditions under which these properties may be disposed of to local housing authorities without special consent in each case.

SUMMARY

The subcommittee believes that the recommendations made in this report, if enacted through appropriate legislation would, so far as is possible within the jurisdiction of the Federal government, provide for the rapid restoration of housing activity and for definite, consistent progress toward the attainment of an adequate supply of good housing for the American people.

The program as outlined offers:

(a) A clear statement of a national policy to maintain the predominance of private enterprise and to keep governmental participation supplementary to private enterprise.

(b) The establishment of a permanent National Housing Agency, operating through three constituent agencies, the Federal Home Loan

Bank Administration, the Federal Housing Administration, and the Federal Public Housing Administration.

(c) The means for preparing a comprehensive attack on the farm housing situation.

(d) The continuance of aids to private enterprise already established in the Federal Home Loan Bank Administration and the Federal Housing Administration, and the provision of additional forms of assistance, principally through increasing the attractiveness of investment in rental housing.

(e) The amplification of the Federal Government's research facilities especially with the view of providing private initiative with a sound basis for its decisions.

(f) The continuance of the urban public housing program modified to assure greater responsiveness to local sentiment and local needs.

(g) The establishment, on a provisional basis, of a new form of assistance to cities in ridding themselves of unhealthful housing conditions and of restoring blighted areas to productive use by private enterprise.

(h) The increasing of the area of discretion of the National Housing Administration in the disposal of federally owned war housing of a permanent character.

The subcommittee has looked upon housing, not as a fixed and static, but as a constantly shifting and evolving, problem. Its recommendations are made for today and in light of conditions and needs as they appear today. It recognizes that from time to time changes will be called for. Without attempting to anticipate the remote future, it has sought to meet the issues which we face now and to provide the means through which future contingencies may be measured as they appear and appropriate action may be taken as events dictate.

Throughout, the subcommittee has taken the position that, in this field, the part taken by the Federal Government should be subordinate and supplementary to the part taken by the State, the localities, and the private institutions of the country. The aids it has suggested are not in the nature of intrusions into the proper activities of local government or private business, but are designed to permit these activities to be carried on more effectively and, it is hoped, with an ever-decreasing need for Federal participation.

