

HOUSING THE AMERICAN PEOPLE

The word "Housing" has been defined and interpreted by the different groups as land speculators, developers, architects, builders, financial and loaning institutions, public housers, social workers, real estate dealers, etc., to suit their own (sometimes selfish) interests, ideas and aspirations, but to the people in general it means just that; namely to house or provide a decent, sanitary and safe place to live in and to bring up families.

With all the modern technique on hand, and faced with an unlimited need for large scale housing, the building industry has been lagging behind all others, not only through the war production area, but during peaceful and normal times. This will continue so, unless the people of the United States, through their local, State and Federal Governments, will lay down certain fundamental requirements for a successful National Housing Program.

There are three disturbing factors that are in the way of accomplishing this.

1. Economic Insecurity
2. Inflated land values
3. High interest rate

1. Economic Insecurity:

We are the richest country in the world, having all the necessary means and resources to lead other nations. If we are to do so, we have to recognize and establish the right and duty of every able citizen to work and earn a good living and to assist those who for some reason are handicapped, or not able to do so.

The problem that we are confronted with involves so many other interlocking problems that it would be impossible to attempt to make suggestions in a few words. The essence of it in relation to housing is that if the income of the wage earner is insufficient the rent required for housing will be insufficient also, or below standard. When there is no income, there is no rent, no matter what type of housing he is forced to live in, so it must be a subsidy. It seems that the time has come for those who control the economic life of the nation to assume the responsibility and provide the opportunity for a livelihood on a more steady and secure basis than in the past, either in higher wages or with earnings based on a yearly income.

2. Inflated land values: (Land used for Housing purposes)

a. Speculative tendencies and practices to increase or inflate the value of vacant land without any physical improvement of the land, or without adding something tangible to it, shall be discouraged and stopped. A simple way to check this tendency is to require a statement from the owner of the land as to its value, and then tax it 100%. This will also bring vacant land within the city limits, as well as the starving land developments of the past, into the market at a more moderate price, requiring less capital investment from the home seeker or builder, resulting in less rent or amortization.

b. Restrict the granting of further new land developments until some of the old and idle ones are used up. There are now sufficient land developments and vacant lots available for building purposes in all the cities and counties to last for the next 10 years at least.

c. All vacant land acquired by the cities for tax delinquency, title of which to be granted by the State to be placed for sale on the open market through a Real Estate Bureau created under the city administration. Preference to be given to bona-fide home seekers and builders and not to speculators in land.

3. High Interest rate: (Unearned income)

Interest is one of the greatest burdens of our whole economic system. One-half of the total national production goes into interest. It gives to those who control large sums of money and credit a special privilege to extract a profit from every person (from the cradle to the grave), or corporation, be it large or small, without performing any productive work or services. It is a necessary evil that we are faced with for some time yet.

a. For an interest rate to satisfy the requirements of safe investment (for a given number of years as required) and to bring additional capital, now laying idle in banks and savings, into the building industry the suggestion is made for a real estate amortization rate of 5% of the amount of the loan or mortgage. The same to include at least 2% for principal payments, the balance of 3% to be the rate of interest.

b. As a further suggestion:

To convert the War Bonds now held by a great number of individuals and corporations into a National Real Estate (or Housing) Investment fund, (same to be organized in each state) exchanging the present bonds for the bonds of the above new organization. Investment as stated to be optional. The interest rate to be 2½%, tax exempt. Bonds to mature in 10, 15 and 20 years. Each State shall make a survey of the need of the amount. Loans to be made through a State clearing office through established financial institutions in cooperation with existing State or Federal Agencies.

The financial responsibility toward the fulfillment of the obligation for the payments of the bonds transferred from the Federal Government shall rest with each State and locality underwriting the bond. The above plan, if it is put in operation would standardize values of real estate. By its long term and low interest rate of amortization it will give both the lender and borrower a fair deal. Bonds issued in one state would be negotiable in other parts of the United States. It would open a new field for conservative saving and investment.

With principles as outlined and assuming that the so much talked about supply and demand will take its course, there is some hope and assurance to give the so urgently needed housing a start. Otherwise, we are only trying to cure, but not eliminating the basic causes for the lack and insufficiency of housing.

By Geo. J. Izay
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Dear General Eccles:
Your comments on the above matter
will be appreciated. Sincerely yours

Geo. J. Izay