

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date February 27, 1948

To Chairman Eccles

Subject: Housing Message and Bill

From Ramsay Wood

On Monday, February 23, President Truman sent a message to Congress on housing and rent control. Both the House and Senate have passed a bill extending rent control until the end of March. A bill to extend rent control until April 20, 1949 has been passed by the Senate and is being considered by the House Banking and Currency Committee. The Administration bill on housing is now being written by the Housing and Home Finance Agency and the Bureau of the Budget.

## The Message

The point of view of the President's message is: "The expansion of housing production is necessary in this inflationary period, just as it is necessary to expand the production of other articles in short supply which are vitally needed by our people."

The President asks for legislation: "(1) to continue and strengthen rent control; (2) to stimulate a higher volume of home building on a sustained basis, with special emphasis on rental housing, and with proper safeguards against possible inflationary effects; (3) to reduce building costs; (4) to assist communities in providing low-rent housing for families in the lowest income groups; and (5) to aid cities in rebuilding and modernizing run-down areas."

## The Bill

The most important provisions of the bill which is being drafted to follow the message would:

1. Create a corporation to buy up to 500 million dollars worth of FHA and GI mortgages.
2. Extend Title VI of the National Housing Act until March 31, 1949.
3. Provide an additional 2 billion dollars of insurance authorization under <sup>Title</sup> VI, at least half to go for rental housing.
4. Make "value" rather than "necessary current cost" the basis for Title VI mortgages on houses for sale.
5. Retain "necessary current cost" as the basis for Title VI mortgages on rental housing.
6. Liberalize terms under Title I.
7. Liberalize Title II and make available 95% loans for 30 years at 4% interest (40 year loans on rental housing under certain conditions).
8. Authorize a "yield insurance" program which would permit 1 billion dollars of rental housing to be built.
9. Authorize Federal subsidies to enable local housing authorities to build 100,000 low-rent houses a year for four years.
10. Make available subsidies to cities for planning urban redevelopment programs and for land acquisition.

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