

# Nonprofit Housing Projects in the United States



*Bulletin No. 896*

UNITED STATES DEPARTMENT OF LABOR  
BUREAU OF LABOR STATISTICS

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UNITED STATES DEPARTMENT OF LABOR

L. B. Schwellenbach, *Secretary*

BUREAU OF LABOR STATISTICS

Ewan Clague, *Commissioner*

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in the  
United States



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## Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS,  
*Washington, D. C., March 20, 1947.*

**THE SECRETARY OF LABOR:**

I have the honor to transmit herewith a report giving a detailed description of 20 housing projects in which self-help or cooperative methods were used. They are given here as a means of practical assistance to similar projects elsewhere.

The report was prepared by Florence E. Parker of the Bureau's Labor Economics Staff. The Bureau also wishes to acknowledge with thanks the cooperation of the many persons connected with the projects here described, who gave freely of their time and information.

EWAN CLAGUE,  
*Commissioner.*

HON. L. B. SCHWELLENBACH,  
*Secretary of Labor.*



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*Bulletin No. 896 of the  
United States Bureau of Labor Statistics*

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### Preface

The present report is a revision of an earlier one (now long out of print), with additional material on later developments and procedures.

The 20 nonprofit housing projects here described were selected as representative of varying methods of sponsorship, of techniques of financing, or of other procedures, or because they illustrated mistakes to be avoided. The dwellings provided in these projects ranged (prewar prices) all the way from a \$500 structure, 24 by 24 feet, with no modern conveniences except running water, through a modest \$3,500 to \$4,000 dwelling, to terrace apartments and housing costing up to \$6,500.

In all except two cases each association has actually provided living quarters for its members. The exceptions were included because they were examples of (1) cooperative action under an urban redevelopment law, and (2) unusual membership arrangements.

It is hoped that the presentation will be helpful to groups interested in the joint provision of housing on a nonprofit basis. The methods used in the projects which form the subject matter of this report are adaptable to other projects, but interested groups should consider them from the point of view of their own needs and circumstances. Although some consideration is here given to methods of financing and sources of funds, the treatment of these matters is by no means complete, and the reader is urged to study also the National Housing Agency's manual, entitled "Mutual Housing—A Veteran's Guide," obtainable from the Superintendent of Documents, Government Printing Office, Washington 25 D. C., at 15 cents a copy. Other points to be considered are possible unpaid taxes, liens, or special assessments against the property, and building-code restrictions regulating the type and cost of buildings in the area considered.

Proper procedures in establishing a housing cooperative are set forth in U. S. Bureau of Labor Statistics Bulletin No. 858 (Organization and Management of Cooperative and Mutual Housing Association), obtainable from the Superintendent of Documents at 20 cents per copy. This

pamphlet covers considerations regarding selection of land, architect, building plans, and contractor, as well as the financing and operation of the completed project. Appendixes give model by-laws, sample share-subscription agreement, model lease, citations of cooperative and housing laws, etc.

The extent to which the cooperative approach is used is optional with the members; cooperation may begin and end at any point they choose. The members may combine for the purchase and/or division of the land only, after which each member carries on for himself. They may also furnish themselves community facilities, architectural service, and even title insurance. They may decide upon joint purchase of materials and contracting for construction, or joint action through the entire construction stage, hiring the work done or doing some or all of the work themselves either by the exchange of labor or by each member working on his own home. They may decide that, having cooperated at certain points, they will stop there, giving each member title to his dwelling and unrestricted control of it thenceforward.

In some cases cooperative activity may begin only after the completion of the project. The members who will occupy the dwellings may participate actively in every step from the very beginning in some projects, while in others they may benefit passively by the activities of the sponsoring organization, in which (up to the time of their taking occupancy) they had little voice.

Some hardy groups are willing to follow the cooperative method in all the steps up to and including that final test—joint permanent ownership of the project by the cooperative association. Others have started on that basis, but were defeated by inability to obtain financing or by the lack of thoroughgoing acceptance of the cooperative method by members who desired to own and control their domiciles individually.

In some cases cooperation is carried on informally, in others through the medium of a regularly incorporated association which may be continued indefinitely or dissolved when its purpose has been served.

It will be apparent, from this report, that housing is a complicated process which calls for much patience, good technical advice and assistance, and competent management at all stages. Innumerable factors will call for a succession of decisions by the membership, upon the wisdom of which the success of the entire project may depend. As regards site, unimproved low-cost land may turn out to be very expensive after the cost of installation of utilities is included. Means and cost of transportation and convenient access to shopping facilities are other factors which should be considered. The probable cost of the

completed dwellings should be predetermined with some accuracy, so that the prospective member may consider it in relation to his family income, resources, and prospects. Some stability of prices is essential here. In times, like the present, when prices are either rising rapidly or show indications of a sudden fall, the group should proceed cautiously or postpone action.

Above all, the housing association should not undertake too large a burden, especially at first, of luxury items or of community amenities (such as auditorium, gymnasium, swimming pool, stores, nursery, etc.), and so avoid getting in over its head. If space is left, these can be provided at a later time when resources are available and the association has proved itself financially. Many a group has eventually lost its equity by undertaking more than its members had the financial ability to carry through.



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# Nonprofit Housing Projects in the United States

## Chapter I.—Introduction

Until comparatively recently, cooperative housing in the United States was limited almost entirely to apartment houses which had been built or purchased by cooperative associations. During the few years preceding World War II, several cooperative developments providing single-family dwellings were launched, and many more are now being planned; some of the latter have acquired land, but few (except those of veterans) have been able to secure the necessary authorizations to enable them to start construction. A recent development has been the formation of mutual home-ownership associations to purchase and operate housing built by the Federal Government for war workers but designated for mutual ownership at time of construction. In other cases veterans' cooperatives have bid in projects put up for sale by the Federal Public Housing Authority.

Together, these projects form a significant development in the field of low-cost nonprofit housing. The present report describes 20 of these, selected as illustrative of procedures which are applicable to other projects or of mistakes to be avoided. Four projects illustrate all-the-way cooperative housing, the cooperative being responsible for all the steps through completion of the dwellings, and retaining permanent title to the property. In two, the association had no hand in the preliminaries or in construction, but took over a finished project. Self-help was the significant feature in four, with the members doing a considerable part of the construction labor themselves and receiving title to their properties on completion of the project or of payment. The others involve the development of a new community, complete with streets and public utilities; varying degrees of participation by labor organizations; a building-guild experiment to provide annual earnings to building-trades workers as well as houses for the members; and certain rather uncommon financing methods.

It is believed that the value of the report lies in its detailed description of varying procedures and techniques—all capable of use in other projects.

### *Sponsorship of Projects*

The projects described were carried on under various types of sponsorship. Four were sponsored by one or more labor organizations. In one case the sponsor was a clothing-trade union, in two a textile

union, and in the fourth the unions belonging to the city building-trades council. In three cases, some union funds were used for varying periods; in the fourth, the labor organization advanced no money, but it did act as sponsor and guarantor of the building project.

Cooperative associations without any outside sponsorship carried through five of the projects, and the same procedure is expected in a sixth. In other projects a university employees' association, a city housing commission, a religious service organization, a private citizen, a United States Senator, and a foundation acted as sponsors.

### *Membership Considerations*

Housing associations have sometimes been criticised on the ground that they usually have restrictions on membership. A few associations have admitted only members of the sponsoring group. Generally, however, at the start membership is open to all persons interested in providing themselves with dwellings on a nonprofit basis. It is closed only after the project is finished and the dwellings are occupied; thereafter membership is limited to the member-owners. This is done for practical reasons. The activities of most associations have been limited to one project. Once this is completed, the chief function thereafter is the management of the project and possibly of collateral cooperative activities (store, tea room, nursery, etc.). Nonresidents are not generally interested in becoming members of an association which provides them no benefits and, even if they were, the residents probably would not welcome nonresident participation in running their community.

An arrangement, whereby resident control of dwellings as well as open membership in the cooperative is assured, has been worked out in one project. There any person interested in cooperative housing may join the parent association, which is a sponsoring and development organization. In each project developed by it, the residents are members of a separate community organization through which they operate and control the property, at the same time retaining their membership in the parent association.

### *Financing*

Several of the projects illustrate financial participation by public authorities at Federal, city, and county levels.

One was the first building project of the Federal Public Works Administration after its establishment in 1934; this was a self-liquidating arrangement.

In the mutual home-ownership projects all the steps of land acquisition, community lay-out, and construction were carried out by the

Federal Government, using funds provided by Congressional appropriations. The cooperatives entered the picture only at the end of World War II, when the Government began to dispose of war housing. No subsidy was involved, as "economic" rentals were paid by the residents during Federal operation, and the property was purchased by the cooperatives at sums fixed by appraisers as representing its current value.

A different type of Federal financing was represented in one project. In that case the remainder of Federal funds that had been provided under the various relief acts, for the assistance of self-help activities carried on by the unemployed during the depression, were turned over to a State agency. The housing loans, made by the State agency from this money to the cooperative members, were also self-liquidating. Although self-help projects of various kinds were carried on in many States, with grants from Federal, State, and sometimes county and municipal funds, this project is the only one to the Bureau's knowledge in which loans were made for housing.

City assistance in various forms is involved in one case, in which apartments are being constructed under the New York State Re-development Companies Act.<sup>1</sup> For the purpose of encouraging slum clearance and the construction of good, low-cost housing, the act offers organizations which meet its requirements (rentals not to exceed specified amounts and limited return on investment) the advantages of land prices reduced through condemnation and the exemption of all improvements from taxes for a period of 25 years. In this particular project the city will also assist by widening adjoining streets and by improving and enlarging two neighborhood playgrounds and a nearby public school.

The one instance of city and county participation in the financing of housing in this country, which has come to the attention of the Bureau, was a project carried on some 20 years ago. Under a State law which is still on the statute books, city and county authorities invested funds under their control in the preferred stock of the housing enterprise. No element of public subsidy was involved, however, for interest was paid on the stock, which was retired as the tenant-owners paid for common stock to replace it. This method of financing housing has been rather common in Europe.

### *Nonprofit Aspects*

Practically all of the projects here described were on a nonprofit basis. Leaders and sponsors contributed their time at all stages. Some architects reduced their charges in consideration of the size of

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<sup>1</sup> Similar legislation has been enacted in some 20 States.

the job, others because they were in sympathy with the aims in view. Contractors worked either on a flat fee or a percentage and some on a profit-sharing arrangement. Materials, equipment, and even furniture were bought at substantial savings.

Much work was done by the members themselves. Clearing and grading the land, cutting the streets, excavating for basement and septic tank, pouring concrete, making building blocks, quarrying and shaping building stone, laying subfloors, making interior trim, other inside carpentry, laying the sheathing for the roof, interior and exterior painting—these were some of the processes done by the members.

As the occupants of the dwellings benefited from all of these factors in terms of both money and quality of materials and workmanship, it would be expected that they would take steps to insure the continuance of the nonprofit feature.

In associations adhering strictly to cooperative principle the member is given not a title to an individual dwelling but stock in the association or a certificate of indebtedness. A withdrawing member turns his stock back to the association either at par or an amount arrived at by appraisal which takes into consideration depreciation and current market conditions. This central-ownership arrangement has the disadvantage that no member can dissociate himself from the project unless he is prepared to withdraw from membership altogether. All sink or swim together and, unless a sufficient prepayment or reserve has been built up, this may be fatal in times of depression when a large proportion of the members are unable to meet their payments. Under good, far-sighted management, however, the central-ownership arrangement has the advantage that the cooperative community is preserved, group control prevents neighborhood deterioration, and no member can cash in on the previously donated work of others or on unusual market conditions—a situation almost impossible to control if fee-simple title is granted, as has been amply demonstrated in the experience of the projects here covered.

In a majority of the projects the agreement between the housing association and the member carried a limitation on the member's right to dispose of the dwelling occupied by him. In most instances a member desiring to withdraw and dispose of his holdings was required to give the association an opportunity to redeem his equity. If it failed to do so within a specified time, he was at liberty to transfer it to a purchaser acceptable to the association.

In some cases the provision was a dead letter, because the association had no funds with which to redeem the member's equity. In others, the association had given the member fee-simple title to his dwelling and could not enforce the withdrawal provisions.

The war years of extreme labor mobility, high prices, and scarcity of housing put a severe strain on the members' acceptance of the non-profit principle. Often the temptation to profit by selling out at high prices proved to be more than they could withstand. Thus, in St. Paul, according to a late report, giving of title "left the door wide open for speculation." Some houses were sold three or four times, each time at a higher figure. The cooperative spirit in which the homes were undertaken disappeared. The housing association is still (December 1946) in existence, but is dormant, and the former president states that it plans no further construction. Other cooperative activities which were tried could not thrive in this atmosphere and also died of inanition.

In Penn-Craft (Pa.), although it was expected that the isolation of the community would limit the sale of properties at high levels, experience demonstrated the advisability of restrictions. Some restrictions were therefore incorporated in the lease, requiring approval by the association of any sales. In Watsonville (Calif.), by 1946 there had been almost complete turn-over of occupancy—the process having been hastened by the original residents' fear of possible bombardment by Japanese submarines (Watsonville is a coastal town) and by wartime employment opportunities elsewhere. At Front Royal (Va.), almost before the houses were completed one dwelling had been sold by a member, at a \$2,000 profit. Among the described associations in which individual title rests with the member, Crestwood (Wis.) appears to have been most successful in retaining its original group intact. Several houses had been sold but none, it is said, at disproportionate prices; those houses the asking prices for which were regarded as exorbitant remained unsold as a result of adverse community opinion.

As would be expected, projects of the apartment-house or multifamily type have made most use of the lease-stock arrangement because of the difficulty of giving title to a single apartment or dwelling unit. During the depression, most of the genuine apartment-house cooperatives (including many not described here) weathered the storm successfully. Others, however, lost their buildings through foreclosure and in still others, which either had no restrictive provisions or did not enforce them, there was a considerable turn-over of membership through transfer of shares. The lease arrangement is a feature of the mutual plans at Dayton (Ohio) and South Bend (Ind.), which are both of such recent origin as to make appraisal of ultimate success impossible. The Amalgamated group, with an experience covering some 20 years, has been outstanding in its financing, management, and preservation of cooperative principle and spirit.

### *Member's Financial Interest*

In the Amalgamated buildings, where the cost averaged about \$1,500 per room, the member had to make a down payment of \$500 per room. In the East River Cooperative Apartments, the member's required equity is also \$500 per room, or about 20 percent; and in Group Housing Cooperative, it is expected to be 15 to 20 percent. In most of the projects here described, however, each member was required to have an initial equity amounting to about 10 percent. This is the minimum proportion required for FHA insurance (utilized in at least five of the projects). The same requirement was imposed at Front Royal, as well as in the Milwaukee project (which long antedated FHA insurance). One leader believes that 10 percent is the very minimum for safety and for insuring sufficient member interest in making the project a going concern. Some confirmation of his opinion is found in the experience of the United Workers' project (New York City) and in other associations not here described. From United Workers members, only \$250 per room was required—\$125 at time of joining and \$125 within a year. This underfinanced association was never able to meet its obligations and the project was finally taken over by the creditors.

In the Wagner-Ellender-Taft housing bill, which was considered in the 79th Congress but failed to pass, mortgage insurance on 95-percent loans was proposed for mutual-ownership projects, with the members providing only 5 percent of the total cost. For housing built under the Lanham Act and designated for mutual home ownership, no down payment of any kind was required. However, under the latter plan, the amortization amounts included in the rents paid during the 2-year probational period were credited as down payment when the contract of purchase was entered into at the end of that period. In a sense, therefore, although no cash payment is required of the member, when the home-ownership corporation takes over the property from the Federal Government he has already (through his monthly rental) made some payment on principal. Some observers, however, question whether this is a sufficient investment to make him work very hard for the survival of the project as a cooperative.

### *Protective Measures for Association and Members*

One of the best protections is the building up of mortgage prepayments. Such prepayments provide a cushion against disasters. This has been done by several of the associations here described. The mutual housing associations have an arrangement under which the individual members pay off their indebtedness at a faster rate than the association itself, thus building up reserves in the treasury of

the latter which can be drawn upon when needed. In one self-help project the agreement between member and association relates the monthly payments to the family income. In prosperous times the family pays its loan as fast as it can; in hard times, when income falls, its payments (subject to a prescribed minimum) may be sharply reduced.

Various types of insurance—formal and informal—have been used also, to protect the participating families and incidentally the whole project. In one case, group insurance was obtained, covering the obligations of families whose breadwinner died or was totally disabled before completing payment. Another had a “widows’ insurance”—an informal plan under which each member made a yearly contribution proportioned to his unpaid obligation. In a third case, all the members voluntarily contributed to a fund from which to pay all or part of the monthly payments of families in distress or of drafted men.

### *Cooperative Accomplishments*

Among the accomplishments of cooperative action in the projects here described were the following, each of which resulted in substantial savings for the membership:

1. Land acquisition, provision of public utilities, and complete community planning.

2. Integrated architectural and contractual services. In this way 2 percent on construction was saved in two cases, 1 percent in another.

3. Title insurance, and use of a master title to land.

4. Bulk purchase of materials and furniture and/or equipment. On the former, savings were estimated at about \$200 per house in one case; on the latter, two associations saved 25 percent.

5. House construction on contract or by exchange of labor. This saving cannot be evaluated, but is known to be great.

6. Permanent operation and maintenance of some or all of the property. Mutual-ownership projects are notable for their economy of operation.

7. Tax savings, made possible by group operation under urban redevelopments acts or under limited-dividend statutes, resulting in a saving of \$30,000 per year in one case.

8. Interest savings by collective bargaining, resulting in savings of \$97,865 in one case, \$900 per year in another, and over \$2,700 per year in a third.

In one case, it was estimated that savings on land, wholesale purchase of materials, effective use of labor, and elimination of speculative profit saved as much as \$1,500 per house.

*Present Cooperative Sources of Assistance*

## TECHNICAL ASSISTANCE

The National Cooperative-Mutual Housing Association was formed on the authorization of a conference of local housing associations, held in May 1946. It was represented at the Congress of the Cooperative League, in September 1946.

Although the association is still in its infancy, its plans cover a wide range of activities, including the provision of technical service, accounting, the training of project managers, etc. Structurally, it will probably be a federation of regional associations, which will in turn be composed of State federations of local associations.

Already one regional organization has been formed: the North Central States Housing Association, organized in November 1946. It plans to provide assistance on "legal questions, site planning, promotion, and education," in its territory—Indiana, Michigan, and Minnesota. The consensus of the meeting that established the organization was that purchases of building materials should be made through regional cooperative wholesales wherever possible; also that housing associations should help to finance the production of such materials by National Cooperatives (the national commodity organization).

Very few of the cooperative wholesales offer technical advice or assistance. Among these few are Eastern Cooperative Wholesale, which has a full-time housing adviser who is himself an architect; Associated Cooperatives of California which provides advice on organization procedure, legal questions, and land surveys; Midland Cooperative Wholesale which offers assistance in organizing; and Consumers Cooperative Association which provides building plans and specifications, advice on building materials, and legal assistance.

It is evident from the above that the distributive cooperative movement has hardly made a beginning in this much-needed service. However, with the development of the central housing federations, it is probable that most of the technical assistance will be provided by the latter.

## BUILDING SUPPLIES

The Cooperative Congress in September 1946 by resolution urged National Cooperatives to establish "a strong division for the procurement of housing materials and supplies." The latter organization has for some years handled galvanized and asphalt roofing, cedar shingles, and nails. Since the 1946 Congress, it has been exploring the possibilities of prefabricated houses, millwork, steel shafts, wall board, bathroom tile, and numerous other items. The expansion and

coordination of existing productive facilities is also being considered, as is likewise the purchase or lease of lumbering facilities in the West, in order to help supply the member regionals.

Paint, shingles, and lumber are produced by some of its members (regional wholesales), either in their own factories or in those owned jointly with other cooperatives. Thus, the International Cooperative Lumbering Association, the members of which are seven regional wholesales in the United States and four in Canada, produces red-cedar shingles. Indiana Farm Bureau Cooperative Association owns six sawmills and Consumers Cooperative Association (Missouri) owns one.

On the West Coast, Associated Cooperatives of California opened a building-supply department January 1, 1947. The association has made a loan to a small lumber mill, in return for the purchase rights to all its output. One housing association in its territory had already joined the wholesale by the end of 1946, and others had indicated their intention of doing so.

In Indiana the 60 county cooperatives which are members of the Indiana Farm Bureau Cooperative Association (the wholesale) all have lumber yards, the supplies for which come from the wholesale association. Most of them also offer a roof-applicating service and spray-painting service. The wholesale itself, as noted, owns six sawmills, is part owner of the red-cedar shingle mill of the International Cooperative Lumbering Association, and is helping to finance other lumber acquisitions in the West. In addition to lumber, it handles steel, and (in cooperation with Purdue University) is promoting a homestead-improvement program.

Central Cooperative Wholesale carries a complete line of building materials; and many such supplies may also be obtained through Eastern Cooperative Wholesale. (For a list of supplies and technical services available through the cooperative wholesales, see Appendix B, page 85.)

In addition, there are possibly 100 farmers' cooperative lumber yards and hundreds of other retail cooperatives throughout the country which handle lumber and certain other building materials and supplies as part of a general retail business.

### *Possible Avenues of Further Development*

#### SOURCES OF FUNDS

The experience of the projects here described suggests several possible sources of financing which might be developed. Union funds form one such source. No individual labor organization would wish to tie up any considerable amount of its resources in housing. How-

ever, in the aggregate, the money controlled by unions in this country is considerable. One leader in cooperative housing, who is also a man of union background and experience, suggests that diversion to housing of even as little as 5 percent of each organization's funds would be of inestimable help. A central agency, formed for the purpose on a local or State basis, could use the money so raised as a revolving fund from which to make construction loans and loans for member equity. This would give the initial shove for projects that might otherwise never be able to get started. The agency could be formed as a regular corporation, or preferably as a cooperative, with the contributing organizations as members which would hold stock in the amount of their contributions. This procedure has already been used in Tulsa, Okla., where a small building project was financed through a corporation in which members of the city building-trades council took part.

Members of regional cooperative wholesale associations might also vote to invest some of their patronage refunds from the central organizations in this central agency or in a similar fund. With the increasing collaboration between labor organizations and cooperatives, such a joint enterprise could easily be worked out.

The National Cooperative Finance Association was formed in 1943 to coordinate the resources of the consumers' cooperative movement and to assist in financing cooperative enterprises. Its membership consists of eight regional wholesales and National Cooperatives. The finance association was urged by the 1946 Cooperative Congress to "organize immediately a program which will make mortgage credit available to cooperative and mutual housing associations." There are some possibilities in this direction.

Credit unions are another potential source of financial assistance for housing. In a number of States these associations are permitted to make loans on the security of real estate; the same is true of associations organized under the Federal Credit Union Act, but the period of such loans is limited to 2 years. In States where this is not permissible, loans might be made on the basis of other security. Also, some of the laws authorize the making of loans, secured only by the signature and good faith of the borrower, up to \$100 and even in some States \$300. Although these are small amounts, they would be helpful in cases where only a simple dwelling is concerned and much if not most of the work is done by the family, on a self-help basis. In other cases, such amounts could be used toward the member's down payment.

The Metropolitan Life Insurance Co. has made numerous loans for housing purposes, the Mutual Life Insurance Co. made one to an association herein described, and probably many other similar or-

ganizations have also done this. Among cooperative insurance companies, at least one group—the five companies operating under a unified system in Wisconsin and Minnesota—makes loans, to members of cooperative associations, for housing. Where the insurance laws permit, this would seem to be another good use for accumulated insurance assets.

Building and loan associations, savings banks, and GI loans are obvious sources. The last-named undoubtedly will be utilized more effectively when regulations are worked out whereby the Veterans Administration guaranty can be applied to a cooperative project as well as to dwellings individually financed. If legislation along the lines proposed in the Wagner-Ellender-Taft bill is enacted, 95-percent mortgage insurance would be available to cooperative and mutual housing projects, thus facilitating the obtaining of funds from the regular lending agencies.

#### PROVISION OF TECHNICAL SERVICE

Undoubtedly, one of the major needs of the new housing groups—and one that most of them lack—is that of competence in the technical matters of law (incorporating the association, searching titles, drawing up and closing the land-purchase and building-construction contracts, etc.), selection of qualified architects and contractors, as well as accounting and possibly engineering service.

Such specialized knowledge should be available to cooperatives throughout the country. It could be furnished as part of the consumers' cooperative movement, through State, regional, or the national federations, or could be supplied through an independent association of professional technicians operating as a workers' productive association. It has been suggested that a national association of technicians (experts in accounting, finance, law, architecture, etc.) be established, with branches in various parts of the country. Such an organization could enroll in its membership socially minded persons in the above professions—all available at designated local establishments.

An organization of the latter type, but on a local scale, was actually incorporated in Washington, D. C., just before the beginning of the war. This "housing producers' cooperative" was started with the idea of enlisting the services of local professionals who would furnish services in all the various lines needed in building a house. This association never went into operation, as the war stopped private building. Similar organizations are feasible, however, and might be formed where the appropriate professions are or can be interested in the idea.

To get such a service into actual operation, however, presupposes some organizing drive and a source from which such a drive can

emanate. For this reason, if technical service is to be made available on either a local or national basis, it is more likely that the motivating force will come from the consumers' cooperative movement rather than from the professions themselves.

If this is true, then undoubtedly the cooperatives would prefer that such service be provided as one arm of the consumers' movement rather than as a producer function.

Ultimately, it seems probable that this service will be furnished by cooperative associations in the housing field. In that case, as is usual in the consumers' cooperative movement, initiative will come from the local housing associations, which can (and have the duty to) make available for the benefit of new groups what they themselves had to learn by trial and error. This they can do by organizing on a State, regional, and national basis and establishing in these federations departments charged with providing technical assistance.

At present the available machinery consists of a national association (just getting under way) at the top and local associations at the bottom. Except for one regional association (also new) there is as yet no intermediate organization. Reports indicate, however, that with housing groups springing up all over the United States, federation should not be too far in the future.

## Chapter II.—All-the-Way Cooperative Housing

### *Amalgamated Housing Projects, New York City*

The Amalgamated Clothing Workers of America was the first of the labor unions to take an active interest in providing better housing for wage earners at lower rentals through the cooperative method. At the very beginning, however, the sponsors of this activity realized that a housing project should not be confined to members of one industry or one labor organization.

The cooperative housing idea was first broached at the 1924 convention of the union, but no definite action was taken until April of the following year. Prior to the convention members of the union, who were also active in the organization's credit union, formed the A. C. W. Corporation<sup>1</sup> to provide themselves with housing on a cooperative basis. This corporation was later taken over by the Amalgamated Clothing Workers and acted as its construction company. The first project was begun largely to demonstrate that low-rental housing is possible if carried out on a large scale.

In all, seven separate building projects were undertaken—three by the Amalgamated Housing Corporation, two by the A. H. Consumers Society, Inc., one by Amalgamated Dwellings, Inc., and one by East River Cooperative Apartments, Inc.

The size and year of completion of each of the projects are shown below:

	<i>Apartments</i>	<i>Rooms</i>
<b>Amalgamated Housing Corporation, Bronx:</b>		
1926-27-----	303	1, 187
1929-----	192	822
1931-32-----	115	426
<b>Amalgamated Dwellings, Inc., Manhattan:</b>		
1930-----	236	930
<b>A. H. Consumers Society, Inc., Bronx:</b>		
1941-----	48	128
1946-47 <sup>1</sup> -----	30	108
<b>East River Cooperative Apartments, Inc., Manhattan:</b>		
1947-48 <sup>2</sup> -----	796	3, 047
<b>Total</b> -----	<b>1, 720</b>	<b>6, 648</b>

<sup>1</sup> As of December 31, 1946, this project was under construction; it is limited to veterans of World War II.

<sup>2</sup> As of December 31, 1946, this project had advanced to the stage of receiving bids for the construction.

The discussion in this section relates only to the first six of these projects. The seventh (East River Cooperative Apartments) is described on page 19.

<sup>1</sup> This corporation has since been dissolved.

For none of the above construction were union funds used. At the beginning, however, the union acted as sponsor and guarantor, and several organizations composed of union members or affiliated with the union (the New York and Chicago Amalgamated Banks, the Amalgamated Center, and the Amalgamated Clothing Workers' Credit Union) advanced temporary loans, to enable the project to get under way. Because of the success of the first venture, the later projects were able to obtain financing from regular agencies. However, as the later buildings were carried on largely for and by the same union group, and notably under the same leadership,<sup>2</sup> the name Amalgamated was used for all.

#### LOCATION AND DESCRIPTION OF BUILDINGS

The buildings of Amalgamated Housing Corporation and those of A. H. Consumers Society, Inc., occupy a triangular plot in one of the finest locations in the Bronx. On the north side this development is bounded by Van Cortlandt Park, the city's largest public park, consisting of some 1,100 acres; on the east, by Mosholu Parkway; and on the south, by Jerome Park Reservoir. Families living in these apartments, therefore, have views of the park, the waters of the city reservoir, or the palisades of the Hudson. The proximity of the parks means access to the tennis courts, ice skating, and other outdoor recreation and exercise made available by the park facilities. The buildings are within 5 minutes' walk from two subways.

The first buildings erected by the Amalgamated Housing Corporation are of the walk-up type,<sup>3</sup> five stories in height. The buildings erected in 1929-31 are six and seven stories in height, and provide elevator service. Those of the A. H. Consumers Society are two and three stories high. Privacy is assured by the installation of many stairways; in the walk-up buildings, only two or three apartments open onto a single staircase and in the elevator buildings, only three or four.

The buildings cover approximately half of the plot, the other half being used for gardens and landscaped areas. The structures are in the form of hollow rectangles. Those erected prior to 1941 are of Holland brick, of mixed colors; the succeeding ones are of domestic red brick. All buildings are equipped with incinerators, mechanical refrigeration, gas ranges, bathtubs and showers, as well as hardwood floors. (For view of interior court of Bronx buildings, see cover.)

The downtown building, erected by Amalgamated Dwellings, Inc., occupies a square block, 300 x 200 feet, and is bounded by Grand,

<sup>2</sup> A. E. Kazan, the prime mover in all the projects, and their manager after completion, is also the leader in the East River Cooperative Apartments.

<sup>3</sup> Elevators were eliminated under a compromise reached on a restriction in the deed which had prohibited the erection of an apartment house on the site.

Sheriff, Broome, and Columbia Streets. This is one of the most neglected regions in the city of New York; in about a third of the area the buildings have been either demolished or boarded up, and the other two-thirds are occupied by industrial buildings or tenement houses. At one time this was one of the most congested districts in the city.

The Amalgamated structure is six and seven stories in height, and contains 236 apartments, ranging from two to five rooms. It is equipped with 8 automatic elevators, incinerators, mechanical refrigeration, showers, and bathtubs. The lay-out of the apartments and the design of the buildings is similar to those in the Bronx, the same architect having been employed in both. The high cost of land made it necessary to use a greater percentage of the plot for the building—60 percent. A landscaped court of 24,000 square feet provides a pleasant outlook to most of the apartments.

This building—which is in sharp contrast to its surroundings—demonstrates the possibilities of cooperative effort in replacing dilapidated buildings, in substandard areas, by good housing.

#### LEGAL STATUS AND FINANCING

Amalgamated Housing Corporation and Amalgamated Dwellings, Inc., are limited-dividend companies organized under the New York State Housing Act. A. H. Consumers Society, Inc., is organized under the regular corporation law.

The buildings erected by the first two of these organizations enjoy a 20-year tax exemption (on buildings, not land). In return, their rental charge is limited to \$11.00 per room in the Bronx and \$12.50 in Manhattan. The consequent savings are therefore considerable. Under the original law, the granting of tax exemption by the municipality was mandatory, if the project was approved by the New York State Board of Housing. The law was subsequently amended, making city approval optional. As this provision to some extent nullified the benefits of the act, in that it limited rentals without assuring tax exemption, the buildings erected in 1941 and 1946, although sponsored by the same group as before, were undertaken as an enterprise of the A. H. Consumers Society which is not under the housing law.

The first six buildings cost nearly \$1,970,000, of which \$315,000 was for land and \$1,654,359 for construction. Construction cost averaged \$1,437 per room and 38.95 cents per cubic foot (including basement space). A 20-year 5-percent first mortgage of \$1,200,000 was obtained from the Metropolitan Life Insurance Co. The remainder came from payments by the tenant-members, at the rate of \$500 per room, and from the sale of 6-percent preferred stock to tenants, the union, and other friendly organizations. In addition to the tax exemption (saving nearly \$30,000 a year, or \$2.11 per room per month), savings were

made in other ways—by the purchase of comparatively low-cost land, by the ½-percent reduction in interest on the Metropolitan mortgage (lowering the rate from the customary 5½ to 5 percent saved the housing association an estimated \$97,865), and from the waiver of the usual recording fees, revenue stamps, etc., by the authorities and the insurance company.

Building 7 in the Bronx had a construction cost of \$1,003,021; this was at the rate of \$1,322 per room and 41.79 cents per cubic foot (including basement).

The last unit erected in the Bronx by the Amalgamated Housing Corporation was considerably smaller than its predecessors and contained only 115 apartments. The total cost was about \$570,000, of which \$380,000 was obtained on a 5-percent first mortgage from the Metropolitan Life Insurance Co., and the remainder from the members.

The success of the Bronx projects prompted Aaron Rabinowitz, then a member of the New York State Board of Housing, and Herbert H. Lehman, then Lieutenant Governor (later Governor) of New York, to undertake the financial responsibility for the downtown Amalgamated venture. During the construction period they advanced about \$800,000. The actual work, however, was carried out by the same group that built the Bronx buildings. The downtown building cost, for construction, \$1,064,713—\$1,272 per room and 38.03 cents per cubic foot. The expenditure for land, however, was considerably higher proportionately, bringing the total cost of the project to nearly \$1,520,000. It was financed by a mortgage loan of \$960,000 from the Bowery Savings Bank, \$60,100 from the sale of debenture bonds, and the rest from members' down payments.

Although all the housing projects erected up to 1946 received mortgage loans from either an insurance company or a savings bank, a deviation was introduced in the construction of the 1946-47 unit of the A. H. Consumers Society. In order to reduce the interest rate, and thus keep rentals down, the cooperators living in the earlier buildings were urged to subscribe to mortgage-bond certificates, bearing 3 percent interest for the first 5 years and 4 percent for the second 5 years. The corporation will have the right to call in some of these bonds every year, or buy the entire amount, at will. Purchasers of these bonds will thus receive a fair return on their investment, and the whole operation will be a demonstration of the effectiveness of self-help cooperative effort.

Subscribers for apartments in this building are limited to veterans of World War II, with special preference for those who lived in other Amalgamated dwellings before joining the armed forces. As in all the other projects, they will subscribe for \$500 in stock for each room.

receiving in return stock or a certificate of indebtedness and a lease to an apartment. The lease runs for 2 or 2½ years, with the option of renewal. The corporation, however, reserves the right not to renew the lease if the applicant is found to be undesirable. (Nearly 70 percent of the original tenant-cooperators in all the Amalgamated buildings still live in the projects.)

#### COST AND CONDITIONS OF MEMBERSHIP

In the admission of housing-association members, the members of labor organizations are given preference, but during the nearly 20-year period of operation many persons have changed their occupation, and a good many nonunionists are now living in the development. In general, preference is given to wage earners, members of labor unions, salaried people, and those who can be classified as belonging to the moderate-income group. The needle trades, with the Amalgamated Workers members comprising the largest single group, account for about 50 percent of the residents of the Bronx apartments and about 25 percent in the downtown building.

In the Bronx buildings, the applicant for an apartment was required to raise at least 50 percent of the investment; the rest could be met by contracting a loan. In order to enable the applicant to pay this loan over a long period, the assistance of the Jewish Daily Forward (a labor newspaper in New York City) was obtained. It arranged with the Amalgamated Bank for the latter to make loans to prospective applicants accepted by the housing corporation, permitting them to repay these loans over a period of 10 years and using as collateral a deposit of \$150,000 made by the Forward. That deposit was gradually released as the loans were repaid.

In the case of the Amalgamated Dwellings, Inc., Messrs. Lehman and Rabinowitz pledged \$350,000<sup>4</sup> and authorized the bank to extend loans up to 70 percent of the required equity investment of the applicant. On the A. H. Consumers Society's 1941 building, the corporation accepted payment from the prospective member partly in notes to be paid in the course of several years and partly in cash. These notes were not discounted, as the corporation itself was able to carry the project.

The average rental in the buildings of the Amalgamated Housing Corporation project (Bronx) is below \$11.00 per room per month; in that of the Amalgamated Dwellings (Manhattan) it is \$12.22; and in the buildings of A. H. Consumers Society erected in 1941 (Bronx) it is \$13.00. In the latter association's 1946-47 Bronx building the monthly charge is \$16.00, this higher figure being necessitated by the

<sup>4</sup> This was in addition to the funds supplied by them during the construction period.

high cost of construction and the fact that no tax relief is granted.

Two factors tending to retard the growth of cooperative housing are inability on the part of a good many applicants to raise the equity investment, and the uncertainty of being able to recapture the equity investment if at any time the applicant wishes to withdraw from the cooperative housing project.

In the Amalgamated, the redemption problem has been handled very successfully thus far, notwithstanding that the first buildings were built in a period of high prices and were subjected almost immediately to an unprecedented period of depression. Reserves for redemption of shares have been built up through the voluntary contributions by the residents, over a number of years, of half of their patronage refunds from A. H. Consumers Society and the housing corporation. In the spring of 1946 these reserves totaled some \$250,000 in the Bronx and \$65,000 in the downtown project, and the A. H. Co-op Community News could report (issue of October 1946) that no persons had left the community who had not "received a full refund of their equity." Distribution of refunds on the 1944-45 operations of the two Bronx associations (housing and service)—exceeding \$50,000—was then in process. Members were being urged to continue their previous contributions to reserves, because "no one can foretell what the future will bring."

#### COMMUNITY AND COOPERATIVE ACTIVITIES

As the Amalgamated residents are a fairly homogeneous group and by themselves form a good-sized community, they have developed a community spirit and carry on many activities together. Among these, cultural activities form a considerable part. In the Bronx they include Sunday afternoon forums on topics of current interest, folk dancing, classes in current events, consumers' cooperation, drama, book-review group, dancing (children), nutrition, etc. For the children there are also a nursery school, supervised game-room activities, and an all-day Saturday recreation program under the direction of seven counselors.

During the war the Amalgamated members raised funds from which were paid half of the rents of resident fathers who were drafted, in order to insure that their families would be able to keep their apartments.

Both the Bronx and Manhattan projects carry on business activities other than housing. These activities in the Bronx are conducted by the A. H. Consumers Society, Inc., and downtown, by the Amalgamated Dwellings Cooperative Service, Inc., the stockholders in both of these being identical with the stockholders of the housing corporation.

The A. H. Consumers Society, originally formed as a service organization, is gradually taking on more and more functions. At present this corporation distributes milk and electricity cooperatively, runs a laundry service, and operates a food store in the development. It assumed the function of purchasing the stock of outgoing members of the Amalgamated Housing Corporation in cases in which there are no new applicants to take the place of those who wish to withdraw. It extends loans to prospective new applicants when they are unable to raise the required investment, and has also assumed the responsibility of erecting any additional buildings.

The net earnings of this corporation for the years 1944-46 were \$20,545, \$18,906, and \$24,560, respectively. These earnings were distributed to the members in proportion to their patronage.

Recently this corporation also acquired the greater part of the vacant land in the immediate vicinity of the Bronx Amalgamated project, with a view to erecting additional cooperative apartments. It also acquired 16,000 square feet of business property on which it intends to operate a cooperative retail shopping center for the benefit of the community.

#### *East River Cooperative Apartments, New York City*

Thus far, to the Bureau's knowledge, only one cooperative project has been undertaken under an urban redevelopment law. It is the East River Cooperative Apartments.

Some 20 States have passed urban redevelopment laws, the purpose of which is to facilitate slum clearance and the reclaiming of blighted areas. Such processes, of course, imply large-scale operation and great amounts of money. Probably very few cooperative groups, by themselves, would be financially or technically qualified to provide housing under the redevelopment plan. If, however, they could enlist the interest of existing cooperatives, and of one or more limited-dividend, philanthropic, public, or mutual housing enterprises, such a project might be feasible.

Such agencies have in most cases a surplus of applicants for housing, who could be referred to the housing cooperative, as well as the necessary business and administrative experience.

Also, the urban redevelopment laws generally provide a method for land acquisition, through condemnation procedure if necessary; some of these laws likewise permit reduction of land charges to a level consistent with its use for dwellings or apartment houses.<sup>5</sup>

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<sup>5</sup> The market price of blighted property is ordinarily so much greater than a reasonable use value that an urban redevelopment project would start with an impossible debt burden unless a large part of the deflation loss were met from public funds.

Tax exemption on the increased value of the redeveloped area, for a fixed period of years, is also provided in some statutes.

The East River Cooperative Apartments will embrace eight city blocks, an area of approximately 522,500 square feet; included in this area are a playground at the extreme northwest corner, Public School 110 at the extreme northeast corner, as well as the building of Amalgamated Dwellings, Inc., a cooperative housing project built in 1930 (see p. 14). The new enterprise is undertaken by a group of sponsors representing subscribers to the apartments, the City of New York, and the financial agency supplying 80 percent of the required funds as a mortgage loan.

This is an area in which property values have been declining for years. Vladeck Houses—a city-sponsored low-rent housing project—are situated nearby. Except for this city slum-clearance project and the Amalgamated building, no new housing has been undertaken in this district for many years.

#### METHOD OF PROCEDURE

The sponsors undertook to raise 20 percent of the cost of the project by the sale of stock or debenture bonds to the applicants for housing in the new enterprise. If necessary, the sponsors may attempt to obtain additional funds from other individuals and agencies that might be willing to assist in financing the development. The individual prospective cooperator is required to subscribe to \$500 of stock or debentures for each room for which he applies; of this amount, \$100 per room is paid at the time his application is filed and accepted.

When this plan was at first conceived, four local savings banks agreed to undertake the financing, construction, and completion of the project. It was understood that the cooperative organization would raise 20 percent of the cost, from the sources above noted. The banks were to accept a purchase-money mortgage to the extent of the other 80 percent. This loan was to run for 25 years at 4 percent, with about 2 percent amortization. The local saving banks were later replaced by the Mutual Life Insurance Co., which was willing to accept 3½ percent in interest, and the plan was modified to the extent that the responsibility for the construction and completion of the project was shifted to the cooperative organization. The insurance company limited itself to a loan not to exceed \$5,600,000, or 80 percent of a total cost of \$7,000,000.

Under the law, the city agrees to accept the present assessed value (i. e., the unimproved value) of the property as the tax base. The value of the improvements—buildings, and improvements to land—is exempted from taxes for a period of 25 years, after which the associa-

tion will pay taxes on the full assessed value. The return on investment is limited to 6 percent of the total actual cost.

Cooperators will pay towards maintenance a charge (rental) not to exceed \$15 per room; no rent refunds or rebates are to be declared by the cooperative organization during the first 5 years. All savings are to be applied to reducing the mortgage indebtedness. The \$15 per room will go to pay interest on the mortgage, depreciation, maintenance, taxes, etc. The "level payment" plan of amortization of mortgage under which the total monthly payments remain constant (but with an increasing amount of this going on principal as interest payments decrease), is to be used to decrease the mortgage liability.

### THE BUILDINGS

The East River Development will consist of three 12-story buildings, containing 796 apartments, and a total of 3,047 rooms. Each building will occupy a square block. In addition, one block will be taken up with a garage and a community building to serve the tenant cooperators.

Some of the present streets will be eliminated; others are to be widened. When the project is completed, only one street will cross the development. Children going to school or to the playground will cross only one public street. The buildings will occupy 25 percent of the net land area, or approximately 18 percent of the gross area (including streets). The greater part of the land will be developed as gardens and courts, allowing sufficient air and light in each apartment. With very few exceptions, every apartment will have cross-ventilation and privacy; in each, the rooms are all accessible from a central foyer.

### COST TO INDIVIDUAL MEMBER

As noted, the prospective member must subscribe for stock or debentures in the corporation at the rate of \$500 per room, and at the time of application must deposit \$100 per room as evidence of his good faith. Before construction begins, he must have paid in 50 percent, or \$250 per room, and by the time the buildings are completed, the entire amount. The monthly charge of \$15 per room will remain constant, and will go towards paying his share of interest, amortization, maintenance, repairs, insurance, etc. After the first 5 years, if that charge should prove to be excessive, the excess is to be returned as a rebate or refund. As the mortgage is reduced, the equity of the member is correspondingly increased.

No method has been devised to assist prospective cooperators who have difficulty in raising the \$500 per room. Thus far, only a small

percentage of the prospective registered subscribers has signified the need of contracting loans to enable them to join.

#### PRESENT STATUS OF PROJECT

By mid-November, 1946, more than 75 percent of the apartments had been applied for. Plans had been drawn for the first building (the three buildings are alike in design) and it was hoped that work could be started by the spring of 1947.

With practically the same sponsors and the same management here as in the Amalgamated projects, performance is assured. However, the financial success of the undertaking depends, in essence, upon the price of building materials and cost of labor when construction begins. To stay within the rent limitation, the total actual cost of the project cannot exceed \$7,000,000. If material costs rise so high as to bring the total cost above that figure the project will have to be abandoned or modified. Rising price levels have already necessitated a revision of the original financing, resulting in a change of lending agency (i. e., from savings banks to insurance company), in order to economize. On the other hand, if the project succeeds, it may be extended to the East River Drive (Franklin D. Roosevelt Drive)—thus adding an area slightly larger than the one embraced by the present undertaking.

#### *Group Housing Cooperative, Washington, D. C.*

Group Housing Cooperative was formed in May 1944. Any person interested in the expansion of cooperative housing is eligible for membership in this organization, upon subscribing for two \$5 shares of stock. Membership in Group Housing Cooperative is a prerequisite for membership in any housing project developed by it; however, such membership is not in itself a guaranty of a dwelling nor of membership in any GHC community.

During the first 2 years of its existence the association did educational work in the theory and practice of cooperative housing, with a view to the actual provision of dwellings as soon as conditions permitted. The work was carried on through standing committees on membership, planning, finance, legal matters, public relations, and education.

The association had 411 members by the end of December 1946, with 7 additional applications awaiting approval.

#### PROCEDURE FOR SPONSORED PROJECTS

Each project which the parent organization sponsors and develops is to be incorporated separately. The function of GHC will be to perform, in consultation with the members, all the preliminaries—land acquisition, provision of legal, architectural, and accounting

services, and community lay-out—up to the time when a sufficient proportion (25 percent) of the potential members has invested in the project. At that time a new corporation will be formed whose board will then carry the work through to completion, with the advice and assistance of GHC.

The prospective members of the new community (having already joined GHC) will join the project cooperative, in which each family will have only one vote. Each will subscribe for stock in an amount corresponding to the value of the dwelling selected by it.

It is planned that all of the projects sponsored by GHC shall be “cooperative all the way.” Each member family will have a permanent lease on the unit of its choice, but will not hold title to it. If at any time the family desires smaller or larger quarters it will have preference, as regards existing vacancies, over any new member.

#### BANNOCKBURN PROJECT

Early in 1946 the 124-acre Bannockburn golf course, lying a short distance outside the District of Columbia, in Maryland, which had been taken over by the Potomac River Naval Command and operated as a service recreation center, was put up at public auction.

Cooperators' Properties, an association formed for the purpose of supplying buildings for the use of cooperatives in and around Washington, agreed to act as trustee, receive subscriptions under a syndicate arrangement, purchase the tract, and give GHC a 9-month option on it. It was successful in purchasing the property for \$193,000.

Architects were then employed who drew up a plan for a “balanced community” with various types and sizes of dwellings, shopping center, parks and recreation areas, and community center (the clubhouse of the former club).

It was found that, retaining the natural wooded areas and adjacent open land for parks, some 600 dwellings could be provided in the area, with a density of not over 5 families per acre. The community as planned would consist largely of single-family houses, with a few semidetached dwellings, each with 50-foot frontage, and three apartment buildings up to 8 stories in height, each set in a landscaped area of 4 to 6 acres. The provision of various-sized units would facilitate transfer from one to another as families grew or contracted in size.

The total cost was estimated as between 5 and 6 million dollars. It was reported that a large insurance company, interested in long-term financing, was giving serious consideration to placing a mortgage loan on the project.

Local zoning regulations specified single-family dwellings only. The association's application for rezoning the area was denied. Appli-

cation for rehearing, in April, 1947, was to be made. In the meantime the association decided to go ahead with a small "pilot" development of 18 single-family houses on 4 acres of the land.

### *Conditions of Membership*

The association for the new community, Bannockburn Cooperators, was incorporated under Maryland law in August 1946. As it was not a cooperative law, cooperative features were incorporated in the by-laws. These included nonprofit operation; one vote per member, regardless of the amount of stock owned; and proxy voting (required by the law) only by a member of the absentee's family and no more than one proxy voted by any member. The bylaws also commit the association to fair labor practices in dealing with its employees and purchase of materials through cooperative sources, giving preference to commodities produced under union conditions.

Membership in the association was limited to members of GHC who expect to live in Bannockburn village. Preference was given in the following order: (1) To persons who had subscribed to the purchase syndicate under which the land was bid in; (2) to persons who were members of GHC at the time of purchase, but did not subscribe to the syndicate; and (3) to persons who joined GHC after the purchase. The latter two classes had preference in the order in which they had joined GHC. However, any applicant could be rejected if it appeared that he "or any member of his family unit has shown an attitude inconsistent with the principles or bylaws" adopted by GHC or Bannockburn Cooperators.

Each member must buy 5 shares at \$1 each, and make a down payment of \$500—\$200 at time of admission and \$100 per month for the next 3 months (the subscriptions of syndicate subscribers may be applied to this amount). A further payment of up to \$50 may be required, but no more thereafter until definite construction commitment has been made for the particular dwelling unit selected. It is expected that the member equity required will range from 15 to 20 percent of total cost.

Priorities in selection of dwelling units are to be in the same order as admission into membership.

In December the new association was sufficiently well organized to take over the property, reimbursing the parent association for its expenditures and assuming the legal, architectural, and other commitments. The association does not plan to begin construction until "materials and manpower are available and prices appear stabilized"—probably not before the summer of 1947 or even later. In the mean-

time the land is being leased as a golf course at a rental high enough to cover taxes and interest on the mortgage.

### *Our Cooperative House, New York City*

This project arose from the desire of Consumers' Cooperative Services (an organization operating a chain of cafeterias in New York City) to further the expansion of the cooperative movement. Unclaimed patronage refunds (minus taxes) on nonmember business were put into a reserve for such expansion. By 1929, after 9 years' operation, the reserve had grown to over \$136,000.

Canvass of the membership indicated housing as a preferred field for action. A piece of land in the Chelsea district of downtown Manhattan was bought and a subsidiary, Rochdale Housing Corporation, was formed to undertake the construction of an apartment house.

The building was a 12-story structure, built in the form of an H, with court gardens, elevator service, roof garden with a view of the Hudson River, and cooperative cafeteria.

Of the 66 apartments, 30 had 4 rooms, there was one 5-room penthouse apartment, and the rest had 1 to 3 rooms each. They were equipped with extra-large windows, electric refrigerators, and many extra "gadgets"; several also had fireplaces. Members were required to invest sums ranging from \$1,000 to \$4,200, depending on the size and location of their apartment. They received, for this, third-mortgage bonds and a 50-year lease. Original monthly payments ranged from \$44 to \$65<sup>7</sup> for 1 room, \$66 to \$93<sup>7</sup> for 3 rooms, and \$77 to \$134<sup>7</sup> for 4 rooms; these, it is reported, were from one-fourth to one-third lower than those charged for comparable apartments in the neighborhood.

#### FINANCING

Construction was completed and the apartments were ready for occupancy by October 1930. The total cost was \$652,700, of which \$190,000 went for land, \$395,890 for construction, and \$66,810 for fees and financing cost.

The money was raised by a first-mortgage loan of \$300,000 from the Bowery Savings Bank, a second mortgage of \$130,000 (\$99,152 subscribed by members and \$30,848 by CCS), a third mortgage of \$119,600 raised by the tenants, a fourth mortgage of \$37,700 held by CCS, and a loan of \$65,400 to run until such time as all the apartments were taken by member-owners.

An association, Our Cooperative House, was formed by the residents and took over the management of the place, on a 50-year lease from Rochdale Housing Corporation.

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<sup>7</sup> These top amounts were later reduced to \$60, \$80, and \$115.

By the end of the first year 47 apartments had been taken by tenant-owners; the rest were leased to nonmembers. The operations during this period yielded a surplus of \$4,364, from which a patronage refund amounting to 3 weeks' rent for each tenant (total, \$3,234) was paid.

However, the depression, a factor not anticipated when the project was undertaken, began to make itself felt with greater and greater severity. The financial obligations of membership and even of non-member rental in the new building were high—more than most people were willing to undertake in view of the great uncertainties of the time. Also, there was a continuous turn-over in membership, resulting partly from loss of employment but also largely from a shifting from job to job, which entailed removal from the neighborhood. The result was that, notwithstanding a rent reduction in 1933 and again in 1937, the association could hardly keep the building filled,<sup>8</sup> much less attract owner-members. Although 47 apartments were taken by owners at the start, by 1931 there were only 31 of these left. The following year the number rose to 38, but this proved to be the peak. Thereafter the number fell off continuously until by 1944 only 11 remained; the other 55 residents were renters.

Notwithstanding these difficulties, the association was run economically and had been able to operate within its income until 1935, when it sustained a loss (of about \$1,000) for the first time. A slight recovery for several years thereafter was followed by operating losses year after year, beginning with 1940.

The association had been able to meet its obligations as regards both first and second mortgages throughout the period, however. By 1937 it had reduced its first mortgage to \$247,000 and by 1940 to \$222,000. In the meantime, however, the parent association, Consumers' Cooperative Services, had had to increase its investment from \$133,948 in 1930 to \$154,762 in 1937. During the ensuing 3 years Our Cooperative House was able to retire about \$5,000 of CCS's second-mortgage bonds and about \$4,500 of the loan the association had advanced for members' equity (pending sale of the remaining apartments); this reduced the CCS investment to \$148,702 by March 1940.

However, interest on the third mortgage had gone unpaid since 1940 and that on the fourth mortgage since 1937. None had ever been paid on the \$10,000 worth of common stock held by CCS.

In 1940 the first-mortgage holder offered a new mortgage with a substantially lower interest and amortization rate, provided the prin-

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<sup>8</sup> This, of course, was an experience common to most apartment houses in the '30s, especially those with fairly high rent levels. In the neighborhood of Our Cooperative House, the banks which had foreclosed on properties in distress lowered rents sharply, wiping out the previous advantage enjoyed by tenants of the cooperative (see p. 25).

incipal was reduced to \$200,000. This was done with the assistance of CCS—a process which resulted in raising the latter's total investment in the enterprise to an all-time peak of \$166,993, as of March 31, 1942, and in its taking over the operation of the building. With the consent of the second-mortgage holders, the interest rate on their bonds was reduced from 6 to 5 percent. By this time only \$26,000 of the \$185,000 in third-mortgage bonds was held by members living in the building, which meant an interest obligation on \$159,000.

This heavy burden, and the additional problems entailed by the war, in the form of increased operating costs and frozen rent levels, made necessary another financial operation in 1944-45, when the organization was faced with the impossible prospect of having to redeem nearly half of the second-mortgage bonds which were to fall due on September 30, 1945. A plan was formulated by which Our Cooperative House was to be dissolved and Rochdale Housing Corporation reorganized with two classes of stock: The common stock (\$10,000 in amount), owned by CCS; and nonvoting, noncumulative preferred stock (\$100 per share, total \$130,000). Third-mortgage holders were offered a choice of preferred stock to the face value of their holdings (in exchange for their bonds) or cash equal to 16½ percent of such face value. It was reported that about two-thirds asked for cash and one-third accepted preferred stock. The plan also met with the approval of the second-mortgage bondholders, who not only voted an extension of time for the bonds coming due but oversubscribed the issue.

This reorganization left the financial arrangement as follows: A 4-percent first mortgage of \$180,000, repayable at the rate of \$4,000 per year, held by the State Insurance Fund; a 5-percent second mortgage of \$121,000, held by 65 investors (CCS holding \$20,000 of this); and preferred stock of \$130,000, held by 15 investors (CCS holding \$90,000).

#### TERMINATION OF THE PROJECT

As of January 1, 1946, Our Cooperative House went out of existence and this cooperative experiment came to an end. The 9 remaining tenant-owners (who were among the third-mortgage holders affected by the above reorganization) were given 2-year leases at "maintenance rentals." Hereafter, CCS will operate the house (as it has actually been doing for the past 6 years) through Rochdale Housing Corporation. All apartments will be leased and none tenant-owned. In other words, the project has become simply an investment of CCS, not an enterprise run cooperatively by and for resident-members.

A report from the organization to the U. S. Bureau of Labor Statistics stated that, notwithstanding rent ceilings and increased labor and

maintenance costs, the reduction in carrying charges and the elimination of vacancies were providing a safe margin in operations for the current (1946) year.

Opinions vary as to the causes of failure. All agree that the primary reason was the dislocation caused by the depression and the consequent unwillingness of prospective members to undertake financial obligations of such magnitude. One of the greatest problems, as one of the original members points out, was only accentuated by the depression. That was the continual shifting of the working population from which the cooperative membership was drawn. This group consisted of social workers, professional people, and high-grade white-collar workers. Even before the depression, they moved from job to job, either within the city or to positions outside. This mobility resulted in a remarkable instability in cooperative membership. Other factors mentioned were the rather high interest rates, maintained after current rates had fallen, the high luxury level of the project, and apartments ill-adapted for general use. Criticism of apartment layout and planning centered in the small size of the bedrooms (not suitable for family use) and in the large proportion of 4-room apartments. Families (counted upon to take the larger apartments) found the neighborhood—which was more suited for single business and professional people and couples—not convenient for raising children. All these factors made impossible the securing of a full tenant-ownership, and without this the project could not succeed.

### *United Workers' Buildings, New York City*

Many years ago a small group of needle-trades workers leased one floor in a house in New York, on a cooperative basis. As the group increased, the whole house was taken over, and certain social features were added and a summer camp was started. These proved so popular that the field of activities was broadened until at one time the United Workers Cooperative Association was the largest and most active cooperative group in New York City.

Beginning in 1925, the association bought tract after tract of land, finally owning 6 city blocks, all bordering on Bronx Park. On this land several apartment buildings were erected.

The first project contained four units surrounding a large central garden, and provided 339 dwelling units. One section of this group consisted of "bachelors' quarters" (single furnished rooms); each 3 of these had a common bathroom and a kitchen was provided for every 12 rooms. The second block of buildings contained 385 apartments and was in the form of an E.

These were 5-story, walk-up apartments. As no wing was more than 2 rooms deep, every room looked out either upon a street or upon

the interior garden. Special care was taken to obtain cross ventilation. Less than 50 percent of the ground space was occupied by the buildings. Each kitchen was equipped with gas range, refrigerator, and dumbwaiter; each bathroom had shower as well as tub.

#### CONDITIONS OF MEMBERSHIP

Membership in the union of the applicant's trade was a prerequisite to joining the housing group. The equity required of each prospective member was \$250 per room, half to be paid at the time of joining and the rest within a year. The monthly payment was at the rate of \$14 or \$14.50 per room, the amount varying according to the location of the apartment chosen.

Originally, the member-purchaser received no stock in the enterprise, but simply a receipt for the amount paid in and a 2-year lease to his dwelling. At the end of 2 years, if he was still acceptable to the other residents, his lease was to be renewed; if not, he had to leave, in which case his principal was to be returned, without interest, minus his proportional share of the cost of redecorating the apartment for a new tenant. Subleasing was not allowed; a resident leaving, for any reason, before expiration of his lease had to return the apartment to the association.

#### COOPERATIVE AND COMMUNAL FEATURES

Community activities carried on by the association were numerous and varied. They included a kindergarten and day nursery with four full-time teachers; after-school classes in Yiddish and Jewish history for children of grammar-school age, and evening classes in English for the adults of the colony; a "youth cooperative" which arranged for lectures, discussion groups, and various recreational activities, such as concerts, entertainments, hikes, etc.; a community library; an auditorium; a large gymnasium with the usual "gym" equipment, a piano, shower room, locker room, and a room for steam baths; a health clinic; the year-round camp already mentioned (near Beacon, N. Y.); collective purchasing of gas, electricity, ice, and milk; and seven cooperative stores—a grocery store, meat market, fish market, vegetable store, delicatessen, laundry, and restaurant. Earnings from the latter were not to be returned in patronage refunds but were to be used for community purposes, as under the Belgian system.

#### LABOR POLICY

This group had a well-defined labor policy. As already stated, all members were required to be union members, and this requirement was also carried out wherever possible in the business dealings of the association; it dealt only with union companies. All the construction

work on the buildings was done by organized labor and the materials were supplied by union companies. The association insisted that even the common laborers employed must be union men. The employees in the cooperative stores, restaurant, and laundry were all members of their respective unions, as were also the teachers in the kindergarten. In one instance the association was responsible for the unionization of a formerly open-shop business—that of the milk dealer from which the dairy products for the colony were bought.

#### FINANCING AND FATE OF THE PROJECT

The land used for these buildings cost \$450,000, and the construction of the buildings planned was estimated at \$3,000,000. As noted, each prospective resident had to pay a total of \$250 per room. For the first block of buildings, which cost \$1,600,000, \$250,000 was raised in this way. A loan of \$1,100,000 was obtained from the New York Title & Mortgage Co., and the remainder by a 6-percent bond issue of \$250,000. This first block was begun in 1926 and finished early in 1927.

The second block was built in 1928. It was financed by a first-mortgage loan, and a bond issue (in the nature of a second mortgage) effected through a subsidiary (Consumers' Finance Corporation) to the housing association.

As indicated in the preceding description, the plans and lay-out were fairly elaborate. Largely because of the high costs, necessitating rents higher than those specified in the New York Housing Law (\$11 in the Bronx), the group was unable to qualify under that law for the 20-year tax exemption it afforded. This, of course, meant that a sizable tax burden had to be assumed by the residents.

An attempt was made to organize for the third block under that act, with considerably less-elaborate plans. However, as one observer pointed out, "they had already undertaken more than they could carry through."<sup>9</sup> As the equity payment required was only \$250 per member, the net worth of the association was very low, and it appeared, also, that the association had fallen into arrears, on interest, amortization, taxes, and assessments, by over \$200,000. The lender instituted foreclosure proceedings. Under a compromise agreement, the land not already built on was relinquished and the association reorganized into the Workers Colony Corporation, with its common stock (the members' paid-in equity) held in trust for the members and its preferred stock exchanged for the second-mortgage bonds of the old Consumers' Finance Corporation—all under the direction of the holder of the first mortgage, the lending agency. The various business enterprises, in-

<sup>9</sup> *Recent Trends in American Housing*, by Edith Elmer Wood, New York, The Macmillan Co., 1931, p. 176.

cluding the cooperative stores, were sold to private interests or otherwise disposed of.

By 1931 the arrearages had been paid off and the management of the project had been returned to the residents. However, the depression was by then 2 years old and several years of it still lay ahead. Reports to the U. S. Bureau of Labor Statistics indicate that the association never recovered its former ground. Assets at the end of 1941 amounted to \$2,383,414, and first and second mortgages totaled \$2,201,000. Capital stock (the common stock held by the residents) aggregated \$480,525. However, as a result of continued operating losses, by the end of 1941 there was an accumulated deficit of \$611,843, more than wiping out the members' equity. At that time about 60 percent of the apartments were occupied by shareholders, and the other 40 percent by renters. Later the mortgagee took over the property and the Workers Colony Corporation was dissolved.

The community facilities—auditorium, kindergarten, gymnasium, library, play room—are still available and utilized by the residents. These activities and the privilege of good housing in pleasant surroundings at relatively low rentals are the sole remaining benefits of the enterprise that started so ambitiously.

### Chapter III.—Cooperation in Ownership and Management—The “Mutual” Projects

A “mutual” association, in the general sense of the term, is one that practices the principles of mutuality, i. e., providing goods or services without profit, on a democratic basis, for its members only. Any housing cooperative providing dwellings for its members is thus a mutual organization. Recently, as a result of a plan formulated by Col. Lawrence Westbrook, the term has been used specifically to designate a “system of rental-ownership, under which the occupants of homes in a given community lease the premises which they occupy from a company owned by the occupants themselves.”<sup>1</sup> In such a project the cooperative takes over, for operation and eventual purchase, a completed development.<sup>2</sup> In the projects here described—and in the “mutual” system as visualized by Colonel Westbrook<sup>3</sup>—no down payment is required of the individual member or of the housing association, all the funds being supplied by the sponsor or builder.

The rentals paid cover amortization, interest, insurance, taxes, maintenance costs, administration, and an allowance for vacancies. The tenant thus gradually builds up an equity not only through his payments on principal, but also through certain other credits. Repair and maintenance charges are estimated annually and any excess of actual expenditures is credited to the tenant's account, thus giving him a direct incentive to take good care of his dwelling. His share of the vacancy reserves is also credited to him.

Should he vacate his dwelling during the first year of occupancy, any reserves to his credit accrue to the housing corporation. Thereafter, however, he would be entitled to a refund varying according to the length of time during which he has contributed toward the various reserves and the extent to which these have been or must be drawn against (as for maintenance during his occupancy and renovation for a new tenant). He would also be entitled to repayment of his stock (or principal) equity in an amount equal to the “current price” (i. e., original price depreciated over the period of amortization, less the amount of principal remaining unpaid). A new tenant coming in to take the withdrawing member's place takes over the dwelling at its “current price,” with the same monthly payments on principal as were being made by his predecessor.

<sup>1</sup> Mutual Home Ownership for the Veteran, by Lawrence Westbrook.

<sup>2</sup> However, “mutual,” as used in the Wagner-Elender-Taft housing bill, considered in the 79th Congress but not passed, would have covered any nonprofit housing association providing dwellings for members only.

<sup>3</sup> See “No Down Payment,” by Col. Lawrence Westbrook and George Creel, in Collier's, February 2, 1946.

The mutual arrangement has certain very definite advantages to the member. He is not required to make any down payment whatever beyond, possibly, a membership fee. Should he have a period of unemployment or other difficulties which make it impossible to meet his monthly payments, he may utilize his excess reserves for the purpose, or may borrow against his reserves. As contracts for dwellings are easily transferrable on the books of the corporation, and as units of various size are provided in the projects, a member whose family is expanding or contracting may move from one dwelling to another that is better suited to his needs, with proportionate increase or decrease in total and monthly obligations.

Other advantages of the plan are that each resident, as a member of the corporation, has an equal voice with his neighbors in the affairs of the community; that the plan provides community advantages not generally available to the average individual purchaser; and that it enables the group as a whole to control the property so as to prevent neighborhood deterioration.

No resident ever receives title to his dwelling. Colonel Westbrook emphasizes that this principle is basic. "What he has is the right of perpetual occupancy as long as he keeps up his monthly payments. Anything else would lose the benefit of the system, for with an individual in full control of his property, the community could not enforce high standards."

*West Acres, Pontiac (Mich.)* <sup>4</sup>

In 1936 the late Senator James Couzens formed a corporation to which he advanced \$550,000 with which to buy land and construct 200 houses of varying size and type, in Pontiac (Mich.).

No down payment was required, and the rentals established were "substantially less than the prevailing rental rates." The monthly payment on a 1-bedroom house, for instance, was \$32.70 and for a 3-bedroom house \$43.80. Nevertheless, it covered amortization spread over a 25-period, interest, taxes, insurance, maintenance, etc., and was sufficient to yield a 3-percent return continuously on the sponsor's investment.

It is declared that in the 10 years of its existence the project, under varied economic conditions, "has tested every basic principle of mutual ownership." Not only did the residents have the benefit of low rents, but without exception families which had to move away realized (through various credits) more than they had paid in on amortization. It is reported that, such was the pride of ownership and so well were the dwellings maintained, the property is now appraised "at well above the estimated 25 to 35 percent increase in production costs since 1936."

<sup>4</sup> Data are from Collier's, February 2, 1946.

### *Public Mutual Housing Projects*

Under the defense housing program of the Federal Works Agency, eight projects were designated as "mutual" housing communities; three of these were in New Jersey, one in Pennsylvania, one in Ohio, one in Indiana, and two in Texas. After the creation of the National Housing Agency the projects were transferred to the Federal Public Housing Authority of that Agency.

Although intended to help meet this defense emergency, only such projects were earmarked for "mutual" ownership as were of permanent construction and built to house workers employed in plants regarded as "definitely established parts of the industrial life of the community in which they are located."<sup>5</sup> This therefore ruled out flimsy construction in purely war-born places, which were likely to be abandoned after the war.

The funds used were advanced by the Federal Government under the provisions of the Lanham Act, but all mutual projects were to be self-liquidating from the start and carry no rental subsidies.

The purpose of the mutual plan was two-fold: (1) To enable the Government to dispose of the projects after the war, and (2) to enable middle-income families (i. e., with incomes too high to qualify them for subsidized low-rent housing but too low to permit the making of any sizable down payments on privately built dwellings) to own their own homes. It was considered advisable that the dwellings be placed on a rental basis, under direct FPHA management, with ownership retained by the Government during the war emergency, in order to insure their being available for war workers. However, the Government made a definite commitment, in each of the eight projects, to sell them to nonprofit mutual housing corporations which were formed by the tenants and met certain prescribed conditions.

The accompanying table shows the location, size, and mutual housing status of the eight projects as of December 31, 1946.

At the end of the war, the FPHA pointed out that the war period had offered no conclusive data on the experiment, as none of the projects had yet operated under the direct ownership of the tenants, and only two (at South Bend, Ind., and Dayton, Ohio) had been managed for any length of time by mutual ownership corporations. It noted, however, that these two were "among the most efficiently and economically operated of the Government-owned war housing projects."

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<sup>5</sup> Article by Colonel Westbrook in Labor Information Bulletin (U. S. Bureau of Labor Statistics, Washington), September 1941, p. 10.

TABLE 1.—*Projects earmarked for mutual home ownership program*

Project and location	Dwell- ing units	Acres	Total develop- ment cost	Status as of Dec. 31, 1946
Greenmont Village, Dayton, Ohio.	500	130	\$2,385,000	Mutual Ownership Corporation negotiating for purchase.
Walnut Grove, South Bend, Ind.	250	81	1,149,000	Do.
Winfield Park, Linden, N. J.	700	109	3,704,000	Mutual Ownership Corporation operating under lease, with option to purchase, signed Apr. 1, 1945.
Avion Village, Grand Prairie, Tex.	300	78	920,000	Mutual Ownership Corporation operating under lease, with option to purchase, signed July 1, 1945.
Dallas Park, Dallas, Tex. ....	300	114	972,000	Do.
Audubon Park, Audubon, N. J.	500	100	2,321,000	Mutual Ownership Corporation, acting as agent for FPHA. Negotiations under way for lease, with option to purchase.
Bellmawr Park, Gloucester, N. J.	500	133	2,119,000	FPHA manager, under direction of regional office in New York City.
Pennypack Woods, Phil- adelphia, Pa.	1,000	120	4,367,000	Do.

The value of the mutual ownership plan for other public war housing of permanent construction, and possibly for the "greenbelt" towns, is recognized. It is particularly adapted for use in connection with large apartment developments or other multifamily structures in which direct purchase by individuals would not be feasible. In such cases the FPHA would recognize and deal with mutual ownership corporations of residents, provided the corporation can "demonstrate its ability to assure immediate occupancy of at least two-thirds of the dwelling units. As a consumer body, it would be given preference over groups or individuals offering to buy the project for investment purposes."<sup>6</sup>

*The corporation.*—In order to enter into negotiations for purchase, the tenants must form a nonprofit mutual home ownership corporation.

As a first step toward the formation of such a corporation in a project in which there is sentiment for purchase, a tenants' committee is selected in an election in which every leaseholder in the project is eligible to vote. This committee acts as an organization committee for forming and incorporating the new corporation.<sup>7</sup>

The corporation is run by a board of nine trustees—three representing the public, three the residents, and three the Government. During this period the trustees formulate bylaws, receive membership applications, and issue membership certificates. When the residents have joined in sufficient proportions to indicate that the time is ripe for putting the mutual ownership plan into effect, the FPHA is requested to lease the property to the corporation, with an option

<sup>6</sup> Statement issued by FPHA.

<sup>7</sup> The Federal Public Housing Authority of the National Housing Agency, Washington, D. C., will assist the tenants during this stage, by providing information on the plan and technical advice on the mechanics of forming a sound corporation.

to purchase at the end of 2 years' operation. This 2-year period is designed as a testing time in which the corporation, under FPFA supervision, masters the problems of management and learns to carry on independently.

The lease obligates the board of trustees to manage the project in conformity with FPFA regulations and policies for operation and maintenance, set forth in the lease, and under a budget approved by that agency.

The board also collects the rents from the residents and from these it pays all the operating expenses. The margin between revenue and expenditure is paid to the FPFA, to cover interest and depreciation; if the margin exceeds the cost of these two items the surplus is credited, to be applied (at the time of final sale to the corporation) in reducing the purchase price to the corporation.

At the end of the 2-year period the corporation may exercise its option to purchase. The purchase price is set by two appraisers, one representing the Government and the other the corporation; if they cannot agree they appoint a third person mutually satisfactory, whose decision is final.

*Conditions of sale.*—No down payment is required. At the time of sale the corporation receives title to the entire property, but gives the FPFA a mortgage for the entire purchase price and a promissory note for which the mortgage is security. These obligate the corporation to make, over a period of 45 years, monthly payments totaling approximately one forty-fifth of the purchase price per year, plus 3 percent interest on the unpaid balance.

Although the Government retains certain controls over the management, in order to protect its investment, considerable responsibility is vested in the members from the outset.

*Cost to member.*—The member pays a membership fee of \$50 at the time of joining the organization. He signs a contract, binding himself to purchase, on an installment basis over a 30-year period, stock in the corporation equal to the value of the accommodations he plans to occupy. He is given a lease on the dwelling of his choice, running for as long as he continues to occupy it and make his payments. These payments consist of a monthly rental which covers 3 percent interest, insurance, taxes, administrative expenses, reserves for maintenance and contingencies, and the payment on his stock subscription. As fixed amounts are paid on the principal each month, the interest payments (which are figured on the unpaid balance) continuously decrease. When the member has paid up the entire principal, his monthly payments will include only the cost of taxes, insurance, maintenance, and repairs. Since the tenant is paying off his obligation in 30 years, whereas the corporation has a 45-year period of amortization,

he enables the corporation to make prepayments on the principal owed to the Government, thus building up an advance equity or "cushion" for use in times of adversity.

#### GREENMONT VILLAGE, DAYTON, OHIO

On October 1, 1945, at the expiration of the 2-year lease, the Greenmont Mutual Housing Corporation exercised its option and notified the Government of its desire to purchase. Negotiations over a period of a year were expected to result in a contract to purchase, for approximately \$1,500,000, the 130-acre tract containing 500 dwelling units and recreational and community facilities. As of mid-September 1947,<sup>7</sup> all but 12 of the 500 resident families were members of the corporation. These 12 will eventually have to vacate in favor of members unless they decide to join.

The community is laid out in the form of a circle, with dwellings in small groups on cul-de-sacs where children may play safely, away from the main thoroughfare that swings in an arc through the project. At the northwest corner of the tract are the new community school, the community buildings, and the shopping center.

In the center of the tract, space is provided for recreational activities. A tennis court was being laid out at the time the project was visited, and one large area was used by a group of airplane-model enthusiasts. Opportunity for further beautification and recreational facilities is offered by a creek (overhung by scattered trees and crossed by several foot bridges), which runs through the tract.

*Dwellings—facilities and costs.*—The dwellings consist of 1-story single and double houses and 2-story double houses of rectangular shape and flat-roof construction. Relief from monotony is obtained by interspersal of buildings of different heights and sizes, by the use of exterior paint of different pastel colors, and the varying use by the tenants of flowers and shrubs in the yards. A 2-foot layer of insulation under the roof and 6 inches of water keep out the summer heat.

Every dwelling unit has a living room, utility room, kitchenette, and from one to three bedrooms. Monthly rentals are as follows: \$27.50 for a 1-bedroom unit in a double house, \$30.00 for a 2-bedroom unit in a double house, \$32.00 for a 2-bedroom unit in a single house, and \$32.50 for a 3-bedroom unit in a double house. These rentals are calculated to cover amortization as well as upkeep. Operating expenses at Greenmont have been kept low, averaging \$10.86 per dwelling per month during the year ending September 30, 1945. This figure included expenses of management, janitorial service, utilities, repairs, replacement, maintenance of grounds and structures, waste removal, and insurance.

<sup>7</sup> When the project was visited by a member of the staff of the Bureau of Labor Statistics.

The average cost per dwelling was \$4,793, of which \$161 was cost of land, \$127 went for architectural and engineering costs, \$935 for site improvements, and \$3,220 for construction of the dwelling and equipment, \$248 was cost of community buildings, and miscellaneous items averaged \$102 per dwelling.

*Community buildings and services.*—The administration building contains, besides the office of the project manager, a large hall where community meetings are held, movies (mainly for the children of the project) are shown, and the various organizations of the residents (women's club, boys' club, men's club, veterans' group, etc.) hold meetings and recreational and social events. The building also contains rooms for smaller groups, space for several overflow classes from the school, and a large well-equipped kitchen from which refreshments are served on social occasions.

A smaller building near by houses the child-care center. Here a staff of five, hired by the corporation, care for the smaller children of the community. The center is open from 6 a. m. to 6 p. m. It provides breakfast, lunch, and afternoon snack, supervised play and rest periods, and classes in music appreciation, singing, and drawing. Its charges (for a 6-day week) for children of residents amount to \$5.50 for children who receive lunch and snack and \$6.25 for those who also receive breakfast; for nonresident children \$1 more is charged. Up to 40 children are being cared for; at the time of the visit of the Bureau's representative, 33 children were present and were taking their afternoon rest on cots in a large, airy room. Quarters and equipment were provided by the corporation; otherwise the center is self-supporting.

The commercial center, at the edge of the tract, contains a privately owned cleaning establishment and barber shop, and a cooperative association which operates a meat and grocery store and a new drugstore. The latter also serves lunches, ice cream, soft drinks, etc., and is planning to add a household-appliance and small-hardware department. In September the grocery store was averaging about \$12,000 in sales per month and the drugstore about \$1,500 per week. The association has been handicapped by supply difficulties and by inadequate capital. Some 325 families are members.

#### WALNUT GROVE VILLAGE, SOUTH BEND (IND.)

In mid-September 1946, appraisal of the Walnut Grove property was in process, the Mutual Housing Association having completed its 2-year probational period. All but 12 of the 250 families resident in the village had become members of the association.

The community lies at the edge of the city of South Bend, Ind., between two main highways. The thoroughfare of the village leads in from the highway to the west, at the north edge of the village, and

swings in a horseshoe curve through the tract, coming back to connect with the same highway at the south side of the tract. A small curving road gives access to the east highway at the top of the horseshoe arc.

*Dwellings—facilities and costs.*—The dwelling units are set diagonally on either side of cul-de-sacs which lead off, also diagonally, from the thoroughfare. Some diversity is produced by the use of various levels and sizes of buildings. All the buildings, however, are of dark-stained, frame construction, so that the general effect of the village is not so pleasing as at Greenmont. The same style of architecture—porchless and with flat roofs—is used as at Greenmont.

The rooms are at two different levels, kitchen and living room being at ground level, whereas the bathroom and bedrooms are several steps higher. The elevation of these latter rooms provides space for a small basement and enables cross-ventilation in the bedrooms through small high windows which are set into the wall where these rooms rise above the lower-level rooms.

Rents are the same as at Greenmont.

*Community buildings and services.*—The administration building lies at the west side of the tract, between the two ends of the thoroughfare. It contains a meeting room and the cooperative store, as well as the office of the manager.

A space has been set aside, near the east entrance road, for a baseball diamond, and plans have been drawn for a small stadium there. Swings, slides, and sand boxes are scattered here and there for the children.

## Chapter IV.—Housing with Self-Help Features

### *Penn-Craft (Pa.) Community*

The Penn-Craft experiment dates from the spring of 1937 when the American Friends Service Committee<sup>1</sup> undertook a housing project for 50 families of coal miners. Its declared purpose was to aid in "finding greater economic security and better social life for the great body of industrial workers in this country."

The economic life of the region in which Penn-Craft is situated depends on the mining industry. Private trade, banking, and railroads thrive when the mines are working and languish when they are idle. Mine activity, on the other hand, is dependent on industrial activity and is greatest when the country's industries are busy. Many of the mines in Fayette County had been worked out and closed down by the time the project was started, and others active during the war but no longer profitable to operate have been closed down since. Nevertheless, extensive coal fields are still available in the vicinity and across the Monongahela River.

The problem of displacement and unemployment therefore is not immediate, but must be faced eventually. The sponsors of the project, anticipating that time, hoped not only to demonstrate the possibility of improving the living conditions of the miners through self-help, under competent disinterested supervision, but also to insure a cushion (in the form of subsistence homesteads) against hard times. The project was to be an experiment in education, utilizing the spare time of the miners to provide new and better housing owned by themselves and eventually leading to greater family self-sufficiency with decreasing dependence on paid employment.

The work has been carried out in two projects, the first on 200 acres of farm land in Fayette County near Republic, Pa., the second (now in process) on 165 acres near the first property. In both cases financing, management, and supervision were provided by Friends Service, Inc., a nonprofit organization. Procedures for the two projects have in general been the same. The chief differences lie in the size of the individual holdings (the 1½-3-acre homesteads in the original community have been increased to 10-acre holdings in the

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<sup>1</sup>This committee was organized by the Quakers in 1917 "as an avenue through which young men and women of the Society of Friends could express their desire to help their fellow men, not by bearing arms and participating in war, but by helping to heal the wounds of war." The program of child feeding in the bituminous-coal fields, undertaken in 1931-32, at the request of President Hoover, led the committee to become interested in means whereby unemployed and partially employed miners could produce their own food from the land and develop new skills as a source of cash income. The project here described was the outgrowth of that interest.

second tract, in the interests of greater economic security for the families), in the removal of certain subsidies that were extended in the first project, and in the adoption (in the second project) of a sliding scale of repayments that takes account of financial emergencies affecting family income.

#### SELECTION AND CHARACTERISTICS OF HOMESTEADERS

In the first project only coal miners were eligible. Each applicant family was required to furnish rather detailed information about itself. In selecting the homesteaders, consideration was given to age, financial resources, life expectancy, and productive capacity of the family. In families having no financial resources, it was required that there should be an "evident family production for a period of 10 to 15 years."<sup>2</sup> A basic requirement was that the applicants must either be citizens of the United States or take immediate steps toward naturalization. Medical examination was required of all the members of the family before final acceptance.

Preference was given to applicants from Luzerne and Redstone Townships and the area immediately surrounding, but there was no discrimination as regards race or creed. The result was a community that included various religious faiths and Negroes as well as whites. At least three-fifths of the settlers were of English, Scotch, or Welsh descent and the remainder included Slavs, Poles, Irish, Germans, Italians, and French—a cross section of a typical mining community in this region.

In the assignment of the land, the homesteaders drew numbered slips entitling them to choice in the order indicated on the slip drawn. Thus, the possessor of No. 1 was entitled to first choice among all 50 plots, No. 2 to choice among the remaining 49, and so on.

In the second project, selection is on the same basis as in the first, except that nonminers are being accepted as well as miners.

#### THE HOMESTEADS

Each homestead in the first project contained a dwelling, poultry house, and other outbuildings. As the miners' families are generally large, the dwellings are good-sized 2-story stone buildings, each with modern kitchen, living room, bathroom, and 2, 3, or 4 bedrooms. Each bedroom has a large closet. Each house has electricity, a front or rear porch, and a full basement containing a central heating plant, laundry facilities, and food-storage space. Some of the houses have garages built into the side of the basement.

<sup>2</sup> One exception was made to this, for a family consisting of an older man and his wife, in view of certain exceptional considerations.

Houses in the second project will be of the same size, or larger, and will have the same facilities.

In the first project the red stone native to the locality was used as building material. In the buildings under way in the new tract, cinder blocks are being used, because of the smaller amount of labor required. With mines running full time and employment at a high level, labor time is at a premium and cannot be spared for quarrying and shaping the stone, whereas the cinder blocks can be made quickly and cheaply by unskilled workers and are regarded as satisfactory.

In the first project, a standard plan was used for the 4- and 5-room houses and two plans for the 6-room dwellings. Variety in appearance was obtained by reversing the plans, shifting the location of the porch, garage, etc. In the second project, use is being made of plans of rural houses drawn up by the former Farm Security Administration.<sup>3</sup>

The land plots of the first 50 homesteads ranged from 1½ to 3 acres, depending on the topography of the ground. This furnished space sufficient to raise a substantial part of the family's current food as well as some to store for winter. Additional garden space, if desired, was available in the belt of land reserved for farming and gardening. It is expected that the families in the new section, where the homesteads average 10 acres each, will in times of steady employment use the extra land for the pasturage of dairy and/or beef cattle, sheep, pigs, poultry, etc. When jobs are scarce the land can be utilized for more subsistence crops. It is explained that the purpose of the second project is the further demonstration of "the value of land as a backlog of security" and that Friends Service desires that production for home use be emphasized "at all times \* \* \* as the thing of first importance."<sup>4</sup>

#### FINANCING, AND TERMS OF CONTRACT

Upon becoming a participant in the homestead project, each family signs a lease agreement with Friends Service, Inc.

The present lease agreement differs in certain respects from that used in the building of the first group of houses. The corporation still obligates itself to supply engineering service, supervision, and direction of construction and installation of all public improvements, and such skilled labor as is necessary. Previously, however, it supplied the first two of these items, as well as the heavy tools and equipment, without cost to the home owner. This subsidy has been withdrawn, it being the feeling of the corporation that the project

<sup>3</sup> Small Houses (U. S. Department of Agriculture, Farm Security Administration). Blueprints of houses contained in this pamphlet are available, on payment of a small charge (30-70 cents) from the Extension Agricultural Engineer, New Jersey State College of Agriculture, New Brunswick, N. J.

<sup>4</sup> Statement issued by David W. Day, manager of both the first and second projects.

should stand on its own feet. Therefore the prospective home owner is now charged \$15 per month for "overhead" from the time he signs the lease agreement until he moves into his completed dwelling.

Originally the corporation agreed to advance a cash loan of \$2,000 to each member, of which not over \$300 could be used for the hiring of the skilled labor necessary in construction, the remainder being used for building materials, outbuildings, cost of land, the homesteader's share of the cost of water system and roads for the whole project, and some small equipment; the loan may also be drawn upon for temporary housing, pending completion of the permanent dwelling, but must be repaid at the rate of \$10 per month. In the new agreement these sums are raised to \$2,500 and \$500, respectively, and in the second project a down payment of \$500 is required.

Under the original agreement the homesteader was to repay his loan (beginning when he moved into his finished house) over a period up to 20 years at the rate of \$1 per month for every \$200 borrowed; this amount included interest at 2 percent. A "variable payment" plan is provided for in the new lease agreement, which relates the monthly payments on the cash loan to the family income. In prosperous times the family may repay its loan as fast as its income permits. In hard times—subject to a required minimum payment of \$48 in any consecutive 4-month period—the payment may drop to as little as \$1 per month if the weekly gross earnings are between \$5 and \$10, or to nothing if they fall below \$5.

The second lease agreement runs only for 1 year after date of occupancy, during which time the homesteader will pay the corporation a rental which will include interest at 4 percent. At the expiration of the year period, the leaseholder may exercise an option to purchase the homestead, in which case the corporation will assist him to refinance his cash loan, using the regular loan agencies to do so. From the proceeds of the refinance loan the corporation will be repaid in full, thus enabling it to turn over its funds more quickly and go on to further demonstration projects. In the original project, as noted, the corporation's funds were tied up for periods up to 20 years. At the end of that time, or sooner, if the homesteader paid up his loan more quickly, the latter would receive title to the property in fee simple, but not until his entire loan was repaid.

Under both lease agreements the homesteader agrees to contribute his own labor, and that of members of his family, toward the construction of his house and the houses of the other homesteaders; to make his required monthly payments; to keep the premises clean and in good repair; not to allow them to be used for any purpose obnoxious or detrimental to the community; and not to sublet or lease the property for commercial purposes except with the approval of the manage-

ment (corporation). Further, in the new lease (in order to eliminate long lapses of time during construction) the leaseholder binds himself to build a house "ready for occupancy," within a period of 18 months from the time he signs the agreement.

#### LABOR SUPPLY, AND TERMS OF THE "LABOR LOAN"

All the work has been done under the direction of the project manager appointed by Friends Service. He assigns the available workers to the various types of work in process at any given time, purchases all necessary supplies, and determines the order of progression of the work.

In all the construction processes, the labor of the adult members of the family and of sons 16 and 17 years of age (formerly 15–20 years) is used. The labor of adults is reckoned in terms of man-hours; that of the youths in terms of "boy-hours," one boy-hour being equivalent to three-fourths of a man-hour.

In theory the expected labor performance of the homesteader (or his sons) is at least two 8-hour days per week. Actually, the amount has varied widely, depending largely on the extent of paid employment at the mines and therefore on the free time available to the homesteader.

At the end of each day the amount of time spent at work at the project is reported by the homesteader to the office and is entered to his credit. If it was spent on the dwelling of another colonist, it is also entered as a debit against the latter's account. Once a week each homesteader receives a statement showing the status of each of the houses, in terms of labor-hours. This statement shows for each homestead the date the colonist was accepted into the project, the total hours he has worked since that time, the time worked during the week for which the report is made, a "progress estimate" showing the hours that would stand to his credit if the colonist had put in the two 8-hour days a week regarded as standard, the total "purchases" in labor-hours spent by other homesteaders on the house, such purchases during the week of the report, and the balance of labor-hours still owed. Once a month he receives a statement showing the labor hours worked on his house and by whom. Statements are also rendered upon completion of each portion of the work, showing the status of the cash accounts.

Each homesteader binds himself in the lease agreement to repay the amount of time spent on his house by an equal amount worked on his neighbors' dwellings. Failure to carry out this promise may (as for failure to meet rent payments) result in expulsion from the project.

No homesteader, having repaid his labor debt, is allowed to accumulate more than 100 labor hours' credit thereafter. This surplus is

used for extra labor, such as for grading of lawns, laying of sidewalks, making driveways, etc., needed after the house is completed.

#### EVOLUTION AND PRESENT STATUS OF THE COMMUNITY

In the original project, in 1937, the nonprofit organization, Friends Service, Inc., which was formed to provide management and supervision, used contributed funds to purchase a 200-acre farm, 2 miles southwest of Republic (near Uniontown), Pa. The purchase included the land, which was roughly in the form of a shallow bowl, a large red brick house, a small dwelling more than 200 years old, and several outbuildings. The center section of about 100 acres was divided into homestead plots of  $1\frac{1}{2}$  to 3 acres each. The rest of the land was kept for woodland and for farming, grazing, and the raising of hay and feed for the homesteaders' cows and poultry.

Before any work could be started on the dwellings, however, much "community" work in the form of roads, utilities (water, sewer, electricity) and clearing out of brush had to be done and this labor served as a try-out test for the applicants.

*How the houses were built.*—Only two workers were on a cash basis; these were a skilled mason and a carpenter under whom, as gang foreman, the homesteaders and their sons worked. The plastering was done by the homesteaders under the direction of a plastering contractor hired by the corporation. Most of the homesteaders were unskilled in construction work, but the specialized skills of one or two members (an electrician and a carpenter) were utilized.

The costs were minimized by making as complete use as possible of materials and resources at hand. In the first project native stone available on the site was quarried and cut by the men, and the sand used in the cement work was crushed in the community's own stone crusher. In the new project, because of lack of labor time for quarrying and shaping the stone, cinder blocks are being used as construction material. These are made by the men themselves on a simple machine.

Some 70,000 feet of timber has been cut from the community's woodland; a local sawmill cuts this into lumber of required sizes.

Various labor-saving and simplifying devices have been used to enable the unskilled homesteaders to do as much of the work as possible. Thus, the project manager devised a movable form (see diagram, p. 84) by the use of which the men could lay the stone in the walls quickly and satisfactorily without supervision by a skilled mason. It is estimated that this saved some \$200 per house. Interior trim, door and window frames, etc., were made by the homesteaders themselves from odd lots of lumber obtained at bargain prices. Improvements in skills and processes resulted in steadily reducing

costs. Thus, the first foundation cost of about \$117 was eventually reduced to about \$30.

*Progress of the work.*—Excavation on the first basement was started in August 1937. Because the mines were fairly active and the miners' free time therefore limited, the construction was slow. The first house was not ready for occupancy until November 1940.

In the meantime, in order to obviate so much travel between the mine village where the prospective homesteaders were then living and the site of operations, it was decided that the poultry house that was to be a part of each homestead should be built first—and that this be used for family quarters until the house proper was completed. These buildings furnished shelter during the construction period and in a few cases were still being occupied in September 1946—by the families of veteran sons of original homesteaders.

By the summer of 1943 all 50 houses were occupied, and the project as originally planned was complete. Since then a further step toward greater family self-sufficiency has been undertaken and is now under way. A nearby farm of 165 acres has been bought and divided into 15 homesteads of 10 acres each. By September 1946, 11 of the new homesteads had been applied for; 8 of the applicants are ex-service-men. Work was already in progress on 2 of the homesteads at the time they were visited.

The Penn-Craft homesteaders in the original project have spent the time since completion of their houses in landscaping their places and paying on their cash loans, and have made good progress. Thus, with the average expenditure of some 2,750 labor hours and \$2,000 in cash they have been able to obtain well-built stone houses that were estimated in 1939 to be worth from \$3,000 to \$4,000 and would bring at least half again as much today (see fig. 1, p. 47).

#### ACCOMPLISHMENTS AND PROBLEMS OF THE COMMUNITY

One has only to compare the attractive, substantial dwellings scattered over the gently rolling green land of Penn-Craft Community with the unpainted shacks standing in stark rows, unrelieved by grass or trees, in the nearby mine "patches" where the homesteaders formerly lived, to realize what a long step upward this experiment has meant in their scale of living.

Under the original plan the minimum monthly payment is \$12.58 per family, but most of the families have paid at a considerably higher rate. In September 1946 not a single family was in arrears, and seven had completed their payments and received the deed to their homestead. Two houses had been sold, one to the homesteader's son.

*Lease modifications in the light of experience.*—The original lease contained no restriction on sale, it being felt that opportunities for

the sale of property in a community as small and as isolated as Penn-Craft would be so few that that fact alone would tend to prevent unduly high sale prices. Experience under the plan made some restriction and other changes seem desirable. Under the new lease agreement the leaseholder agrees not to sublet or assign his interest without the consent of the managing corporation. In the event of his death or of circumstances necessitating his removal from the project the management is to "cooperate in endeavoring to find a suitable successor



FIG. 2.—House built by self-help at Penn-Craft.

to take over the homestead." All questions regarding other restrictions on the property are to be decided by a "Restriction Committee" composed of five members—homesteaders—elected by vote of the homestead association members.

A revised lease with the same restrictive features, has also been drawn up for the first-project homesteaders. By September 1946 all but 8 of the 50 had signed such leases.

*Community life and activities.*—Each family becomes automatically a member of the Penn-Craft Community Association (the original project) or the association that will be formed to have general management of the new project. The community association functions like

the old "town meeting," at which questions of community interest, regulations regarding members' obligations and rights, and other matters are discussed and decided.

Community activities center in the brick building which was originally the farm residence. A well-baby clinic and maternal health program, started in Penn-Craft, has become part of a larger, better-equipped center in the nearby town of Brownsville.

*Cooperative enterprises.*—The Penn-Craft Cooperative Store, started with 5 members and a capital of \$25, soon after the project was undertaken in 1937, grew slowly. It had 20 members (and 30 partly paid up) and \$150 capital by the middle of 1939; a year later its membership had increased to 54 and its capital to \$256. Originally, membership was limited to families living on the project. This, however, as the preceding figures indicate, placed a very definite limitation on the size and usefulness of the association. Membership was therefore thrown open to persons in the surrounding localities, resulting in a quick expansion. By September 1946 the association had nearly 500 members and was doing a business of some \$7,000 per month. A new building has been constructed, and it is occupied by the store and a cold-storage plant which is a department of the store. This plant has 340 lockers, all rented; an addition of 215 will be built as soon as sufficient capital is raised. Lockers rent for \$12.50 per year. As the facilities are expensive to build, locker patrons, even though already shareholders in the store association, are required to contribute \$35 capital each. Much of the surplus garden truck, formerly canned by the housewives, is now being frozen and stored in these lockers. When the Bureau's representative visited the plant, in September 1946, several whole slaughtered beef animals, not yet cut up into meat, were hanging in the big freezer room. Practically all of these and the meat contained in the individual lockers, according to the project manager, came from animals raised by the members. The amount of such production will be considerably increased in the new 10-acre homesteads if present plans are carried out. The credit union started in mid-1940 was not successful and was liquidated. Another is now being planned.

*Sources of cash employment.*—The coal mines, of course, are the main source of cash employment, but the community has one industry of its own—a knitting mill specializing in women's sweaters. This factory, a large well-ventilated well-lighted plant, was built by the homesteaders, each donating 100 hours of work. It was forced to suspend operations during the war, because of inability to obtain yarn of the quality needed but is now leased to a private employer.

Here 80 people are employed; as the community cannot furnish a sufficient number of workers, some 70 percent are from the territory

around Penn-Craft. The girl employees earn from 80 cents to \$1.00 per hour; the boys earn up to \$1.07. The workers have recently joined a United Mine Workers District 50 local. The mill is running full time, and has a good market. Its output is divided about equally among the New York, Chicago, and San Francisco markets.

The community farm, previously operated by the management, has been sold to a young homesteader.

### *Iona (Idaho) Self-Help Cooperative*

To fulfill an urgent need for habitable living quarters, for amounts which they could pay, 15 families in Iona, Idaho (later joined by 6 others) undertook a self-help housing project in 1934. A small revolving fund was obtained under the State-Federal self-help program in effect at that time, and this was used to make loans to members for housing purposes.

#### CONDITIONS OF LOAN

Under the plan, each participant was required to own a lot with title clear. Upon fulfilling this requirement he received a cash loan from the revolving fund in an amount not exceeding \$500, plus a loan of cooperative labor (i. e., part-time assistance in the construction of his house by his fellow members). If his application was favorably received by the cooperative, it was forwarded to the State corporation and his lot was deeded, as security, to a disinterested trustee acceptable to him and to the corporation. The cash loan was made available and the materials necessary for construction were purchased by the cooperative's bonded accountant, so that the actual money did not pass through the hands of the borrower.

Construction was usually begun in a slack period when other employment was not available. On a particular dwelling the labor contributed by the borrower's fellow cooperators was charged against him and credited to their individual accounts on the books of the cooperative, at the rate of 30 cents an hour. This labor had eventually to be repaid by the owner with his own labor on other members' houses.

The cash loan usually had to be repaid over a period of from 2 to 5 years. Payments ranged from \$3 to \$10 per month, which was generally less than the amount previously paid in rent. When the loan was repaid and the labor claims also satisfied, the borrower received title to the property.

Generally, three loans were necessary to provide for the construction of a complete house. The first loan provided the concrete basement, which was arranged into several rooms—ordinarily, kitchen, living room, and two bedrooms—so that it could serve as living quarters while the first loan was being repaid. The second loan covered the

cost of the shell of the superstructure—walls, roof, and windows. The third loan provided for the material for finishing the dwelling. The houses were equipped with cesspools (as there was no general sewage system in the vilage), running water, and electric lighting. All of these represented luxuries, compared to the conditions under which the members formerly lived.

Thus, in a period of 6 to 10 years the family was enabled to pay for a home worth some \$2,000 to \$2,500, without owing more than \$400 to \$500 in cash at any one time or paying more than \$12 in interest in any year. The exchange of labor of course accounted for a very great reduction in the cash outlay otherwise necessary. Such labor was carried on under the guidance of a carpenter member. Also, in order to reduce cash expenditure, the members salvaged materials from old buildings being demolished, made building blocks, utilized native stone (replacing the concrete originally used, which had to be purchased), and effected various other economies.

In case of sickness the borrower was given an extension of time on his loan. In order to protect the families in case the breadwinner died, the association adopted a plan of "widows' insurance." Under this plan each borrower paid 10 cents a year on each \$100 of his cash loan still owing. If the borrower died, the association would take a mortgage in the amount still owed and give the widow a deed to the house, permitting her to live there the rest of her life without further payment. Upon her death the heirs could obtain possession by repayment of the mortgage; failing this, the house would revert to the association.

The housing project was successful and made earnings from the start. In the first 6 years of operation the revolving fund grew (by payment of interest, fines for delinquency, etc.) from \$1,650 to \$3,000. Although the fund provided sufficient money to finance the participating group, one of the leaders pointed out that "if there had been more in the fund we could have touched more people. As it was, we had to limit our membership growth to those we had funds to serve."

#### OTHER JOINT ACTIVITIES

The success of the housing venture led the group to look about for other ways in which the living standards could be improved by co-operative means. Medical and dental care were obtained under a plan worked out with two local physicians and a dentist, by which each member family could obtain up to \$50 worth of care. The bill was covered by a rider (or mortgage) on the house contract, payable after payment was completed on the house.

A credit union (with about \$100 in capital) was started and not only aided in the credit problems but assisted in a food-conservation

program which the group undertook. Garden plots were worked to produce food for the families' consumption. In the spring of 1938, each member family pledged itself to store, by 1940, ten 10-gallon cans of nonperishable food, and to raise, each season, one animal to butcher. This was "in anticipation of future economic depressions," and with the idea that it would enable the family to weather 6 months without distress.

One member wrote, regarding his participation in this program—

I just butchered our self-help pig which gave us 315 pounds of meat. We have enough lard to last our family a year; also some bottled sausage. We will have our winter's meat and two cured hams and some salt bacon for next summer. We fed this pig lots of weeds from the garden and scraps from the house, together with \$6 worth of wheat, and we sold a litter of pigs for \$40. We have on hand now 600 pounds of flour, 30 sacks of potatoes, 400 pounds of squash, about 100 pounds of dried beans, together with a lot of carrots, dried corn, onions, cabbage, etc. We have only 1 ton of coal, but we have cut enough willow to last us 3 months.

At the end of 1938 some of the families still had insufficient milk and butter. The group therefore voted that every family without a cow must take a loan of \$5 from the credit union. This was to be used for the purchase of a heifer calf, in the spring of 1939, to be raised as a source of these products.

Thus, in the course of the program, the families learned to work together for their own benefit and for social purposes. By helping themselves they improved their living standards, raised their morale, and learned new skills which contributed to their economic rehabilitation.

#### *Oakwood Community, Chapel Hill (N. C.)*

The project at Chapel Hill was directed by the Service Employees Corporation, a private organization whose stockholders were key men in the business organization of the University of North Carolina. This corporation was formed in 1936 for the purpose of providing social and recreational facilities. The corporation having assisted three employees to obtain building sites on easy terms, one of its officers conceived the idea of providing houses, largely on the basis of exchange of labor, for the building service and maintenance workers employed by the university.

Membership in the housing group was limited to employees in the university service plants (building-maintenance department, laundry, service stores, and accounting, purchasing, and clerical divisions) and the university auxiliary enterprises which serve the university and the town of Chapel Hill (water department, telephone exchange, and electric light and power production and distribution).

The housing scheme was launched in March 1940. Employees who wished to participate were invited to come together and organize themselves into the "Employees Housing Group #1." Members were to work together under a foreman selected by themselves, the project being under the auspices of the Service Employees Corporation. A 40-acre tract of land, about 2 miles from the center of Chapel Hill, was obtained for \$2,200 and was christened "Oakwood." Part of the ground was laid out in 50 plots 125 by 160 feet. The lots were priced at \$210 each and were distributed by the drawing of lots. It was planned to erect the houses, 3 at a time, in the order of the number drawn. Thus, holders of lots Nos. 1, 2, and 3 were to have their dwellings built first, then those of Nos. 4, 5, and 6, and so on.

Under the plan the amount to be expended on materials was limited to \$2,000 per house, and no loan could exceed  $2\frac{1}{2}$  times the borrower's annual income or a maximum of \$4,500.

An architect was engaged at a fee of 2 percent of the cost of construction—a saving of 2 percent. Bids for the main structure of the houses were let on contract. The Service Employees Corporation purchased the building materials and supplies on competitive bids, and the fixtures and equipment for the houses were bought through a local wholesaler at a saving of about 25 percent. All of the road building, clearing, grading, and basement and septic-tank excavation was done by the participating members, as well as the painting, electric wiring, and installation of the plumbing and the heating system.

Labor accounts were kept in terms of hours worked, the member receiving credit for time worked on other members' dwellings and being debited with hours worked by them on his house. The project was financed from funds of the Service Employees Corporation, by loans from an insurance company, and by FHA insurance. Title to the property was retained by the corporation until each participant had satisfied his labor debt. When that was done, the member received a deed to house and lot and was financed for the exact amount expended on it.

The project involved a total of 14 houses of brick or frame construction, in a variety of styles. These dwellings ranged in cost from \$2,750 to \$5,000, or about 25 cents per cubic foot. The labor cost of the typical house of five to six rooms averaged about \$1,200, of which the personal labor of the members accounted for about \$500.

The member had to make a down payment of 10 percent of the total value, but of this the cost of the lot constituted a considerable proportion. Initial monthly charges on a typical house averaged \$21.54 plus \$1.80 for taxes and insurance, or a total of \$23.34.

*Watsonville (Calif.) Project*

This project was initiated by two businessmen (brothers)<sup>1</sup> of Watsonville, but involved a considerable amount of self-help by the families which participated. The idea originated in 1938, as a means of retention of four skilled workers on the farm of one of the brothers, as well as of disposal of surplus land in their grandfather's estate, not fitted for the irrigated agricultural operations of the district.

Watsonville was and is the business center of a fertile farming region, devoted to large-scale production of apples, lettuce, artichokes, and other truck crops. Large amounts of agricultural labor were needed, but local housing facilities for them and other low-income workers were deplorable. Many, for lack of more reasonably priced accommodations, were living in shabby tourist cabins for which they were paying \$5 a week.

## FIRST GROUP OF DWELLINGS

A 13-acre tract owned by the Porter family was divided into 5 plots of 2 acres each and 1 of 3 acres. As no local banker was willing to finance the scheme, the brothers signed a note for the entire obligation. To carry out the project, a new company (Pioneer Homes, Inc.) was formed. FHA insurance was obtained under Title I of the National Housing Act, under which no down payment was required.

The land was sold to the families at \$200 an acre. The house was a structure, 24 by 24 feet, divided into four rooms—living room, two bedrooms, and kitchen. It could be built for about \$300. Running water was the only modern convenience provided in this first group. Building materials and tools for this and later groups were obtained through the building supply company of one of the brothers. It was agreed that the men of the families would undertake to provide whatever outbuildings were needed. The total obligation assumed by the tenant was therefore about \$700. As the men contributed their labor, by the time the house was completed the family already had an equity of 25 to 35 percent. The remainder of the obligation was to be paid off in 5 to 7 years, in monthly payments ranging from \$10 to \$15 per month.

## PROCEDURES FOR LATER GROUPS

As the plan became known, more applications were received than the sponsors could accommodate. A second group of dwellings was undertaken, on a tract a short distance from town, lying between the county road and the main railroad line between San Francisco and Los Angeles. As, normally, 53 trains a day pass over this route (more

<sup>1</sup> John and Tom Porter.

during wartime), the sponsors thought this would be a drawback. To their surprise, the plots nearest the railroad were spoken for first; the people liked to hear the trains going through.

These and succeeding homes were built under Title II of the Housing Act (as amended), which required a down payment of 10 percent, but allowed the purchaser to make this payment in labor. The later dwellings had more modern conveniences and cost considerably more than the first group, but embodied the same self-help principle, and the purchaser had as long as 15 years in which to pay off the mortgage loan.

Altogether, some 70 houses were built in Watsonville, 24 in San Jose, and 19 in Stockton, on land totaling about 400 acres. The plan was aimed to care for low-income families for which no housing (within their means to purchase) was available, and for which none was being provided. They included families of agricultural workers (local and migratory), mechanics, artisans, low-paid clerks, etc. Of the first 37 families provided for, only 4 earned as much as \$1,200 a year, 7 earned between \$600 and \$800, and 4 had an income of less than \$600 per year. For the first 6 families the average cost, as noted, was about \$700; this did not include the value of the man's contribution in labor. For the \$1,200 income group the average cost was about \$1,360, and for the lower income groups the average was about \$950. For these houses the monthly payments per house ranged from \$10.32 to \$19.89.

In this unorthodox proceeding, in which the purchasers were penniless and had no initial cash stake, the sponsors counted on their self-interest. The brothers felt that the prospect of permanent ownership of a well-built house which the families could obtain for monthly payments smaller than they had been paying for inferior rented quarters would be sufficient incentive to make them "stick." That they were justified in this belief was indicated by the fact that at the end of the first year not one of the first 37 families housed was in arrears; during the first 2-year period only one family was unable to keep up its payments.

#### SELF-HELP FEATURES AND PROCEDURES

This plan did not embody the Rochdale principle of cooperative ownership; here each family purchased its own home outright. Neither did the plan utilize the exchange of labor which was the principal feature in the Iona and Penn-Craft projects. In Watsonville, each man worked only on his own house.

A family accepted for participation, in Watsonville, was given a choice of house plans within price limitations varying according to

its income. The required family equity (in contributed labor) would be 10 percent of the purchase price (land and house) plus closing charges. The man would be shown a cost sheet giving, in the form of "subcontracts," various processes open to him to perform if he was qualified to do so. These were so designed that even an unskilled worker would be able to acquire his 10-percent labor equity; a man with some skill would acquire considerably more.

For each of the processes performed he would be credited with an equivalent value, based on the records of similar work at union rates. The "subcontracts" covered such work as clearing and leveling the land, shoveling, excavating for septic tank and for 45 feet of drain, digging for the foundation, pouring concrete, laying the subfloor and the sheathing for the roof, certain inside carpentry, some interior and exterior painting, etc. The early experience demonstrated the need of trained supervision and this was supplied in the later dwellings.

Local unions cooperated by relaxing their restrictions, to allow a qualified person to perform any work on his own home, in order to establish his labor equity. Union cards were required only for work requiring inspection (such as plumbing and electric wiring). In San Jose the plumbers' union permitted the home owner to serve as plumber's helper on part of the plumbing job; painting was allowed only on condition that it be started and finished by union labor.

Problems, of course, arose. In some cases the labor contribution lagged because paid employment left the home owner little time for work at home. Some of these families were permitted to move into their unfinished houses and to complete their labor contribution later. In other cases, the other extreme was noted; men became so interested in building their new houses that they neglected paid jobs, even to the extent of family privation. The sponsors therefore discouraged any construction work that interfered with cash employment.

In some of the last houses built under the plan, before the war stopped private building, houses were erected on plots of city-lot size. In the others, enough land went with the house to permit a good deal of subsistence gardening, as well as the keeping of chickens, a cow, and even a pig or two in some cases. One man specialized in berries and cleared some \$1,200 in 1945 on this crop alone. Another, a former Alaskan "sourdough," made his place almost self-sustaining; this became his vocation, and he took paid work only in amounts sufficient to meet expenses that had to be paid in cash.

## Chapter V.—Other Joint Housing Projects

### *Sponsored by Cooperative Housing Associations*

#### CRESTWOOD COMMUNITY, MADISON (WIS.)

Crestwood is the name of the housing development sponsored by the Wisconsin Cooperative Housing Association, in Madison.

The original group that planned the housing project consisted of persons employed in the various State offices. Through their organization, the Wisconsin State Employees' Association, the first steps were taken in 1936. Later, that association gave way to the housing association proper. Present membership includes not only State employees but also Federal employees, members of the State university faculty, a few local businessmen, and some returned veterans.

Actual construction of the houses did not begin until 1938. In the interval, a tract of 75 acres of land (space for 200 dwellings) was acquired in a convenient suburb, and plans were drawn up for a large-scale development of houses of harmonizing architecture with the understanding that all houses would be owned by the association and leased to the individual members according to accepted cooperative standards.

Long negotiations with the Federal Housing Administration, from which it was desired to obtain loan insurance, resulted in the association's changing its original plan and providing for individual ownership of both lots and houses. This long delay also entailed considerable loss to the association, in preparation and scrapping of plans and in decrease of members as they lost patience and interest. Finally the project plans, covering 20 houses, were approved by FHA, and construction of the first house began in August 1938.

#### *Community Lay-Out*

By taking over the entire tract, the association was able to plan in advance the lay-out of a whole community. In this work the association was fortunate in having the assistance of a member with long experience in land utilization. Under his guidance, the plotting of the tract was carried out after a topographical survey had been made, to insure the use of all the natural features to the best advantage.

The whole tract (about half a mile long and quarter of a mile wide) forms a natural amphitheater, with the land sloping up, first gently, then more steeply, to the south, west, and north. The elevation at the highest point is about 1,000 feet above sea level, representing a rise of about 100 feet from the lowest point of the "bowl." The top

of the slope is thickly wooded (hence the name "Crestwood") and it is planned to leave this as community land for everyone to enjoy.

A broad avenue, named for the land-utilization adviser (who was the first president of the association), curves through the tract at the edge of the central bowl, and from this avenue dead-end streets run up toward the woods, providing quiet as well as safety from traffic. The wooded slope affords shelter from the north winds and shade in the afternoon. The slight pitch of the streets (which have center drainage) helps to keep the streets free from rain and snow. A narrow strip of community land also runs down between each two cul-de-sacs. In the section that has been developed, one of the strips contains a fully equipped playground, with a supervisor in charge during the summer months. Here also a skating rink is maintained in the winter. In the next park strip, which has a 40-foot drop, other winter sports, such as skiing and tobogganing, are planned. Altogether, about 20 percent of the entire tract is left as community land, title to this area being held by the cooperative association.

In the lowest part of the bowl, near the center, lies an area with rich alluvial soil, which is used for home gardens. Each member is free to utilize a section of this area. In the garden area the association also maintains a tree and shrub nursery with over 6,000 plants, buying these when very small and raising them until they reach usable size. These products are available at cost.

Crestwood is situated on the outskirts of Madison, 5 miles from the State capitol. It is served by a bus line, and members can reach the city in 10 to 15 minutes' ride. There is a grade school at the edge of the settlement. A shopping center, providing varied services, is situated about three-fourths of a mile distant.

#### *Financing of Community Services*

The association was incorporated for \$100,000 of stock, half common and half preferred, at \$50 per share. The non-interest-bearing common stock, of which each member had to have 3 shares, went as payment for the land.

When the association purchased the tract, electricity was available, but there was no water supply and the metropolitan sewer system ended a mile away. Both water and sewer, therefore, had to be furnished by the organization. The proceeds from the preferred stock were used to help finance the installation of the water and sewer system and each member was required to purchase a minimum of 6 shares. Bonds totaling \$7,000 were also issued.

A 350-foot well furnished the water, the pumping machinery being housed in a neat station.

The association organized a sanitary district to sponsor the installation of the sewer, turned over to it the sum of \$11,000 collected in preferred stock,<sup>1</sup> and received in turn 30-year assessment bonds paying 5 percent interest. The money was used to build a mile-long installation, connecting with the Metropolitan Sewer District trunk sewer, and to lay sewers in the streets of the subdivision. This connection will be controlled by the association for 30 years, during which period, if other subdivisions wish to use the sewer, a portion of the original cost must be assumed by them to retire the bonds held by the Cooperative Housing Association.

The surfacing of the streets was done by the township, but the previous leveling of the street space and the razing of the farm buildings originally on the place were done by the association and cost about \$2,500.

When the association has completed development of all the 200 houses that can be accommodated on the land, it will have received more than \$100,000 for its stock and land. The difference between actual outlay and this figure represents the association's "potential net earnings," which may be distributed to the members in the proportion that their outlay has borne to the total or may be used for further community development, as the members decide.

#### *Cost to Individual Member*

In order to insure that all the members shall be "active," the bylaws specify that no person shall be admitted unless he "executes and files with the association a written statement that he intends to participate in the cooperative housing program of the association and to make his residence in the community \* \* \* as soon as reasonably practicable and feasible."

Each person accepted is required to subscribe for 3 shares of common stock at \$50 per share (to apply as part payment on the lot selected). These shares may be paid for in installments, but if so a promissory note or other evidence of indebtedness must be given, the voting privilege being extended after at least \$50 is paid in.

Having been admitted to participation, the member is entitled to select a lot. Selection is by "priority of the dates of stock subscription." The lots average 60 by 120 feet. The basic price per lot is \$450, but the more desirable locations run higher. In fixing the price, certain "desirability" factors (seclusion, view, and environment) were taken into consideration, each factor carrying an extra charge of \$50. For the less desirable lots, the \$450 covers the total cost of lot and stock; for the most desirable the cost runs as high as \$600, and one lot,

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<sup>1</sup> By the end of 1946, it was reported, most of this preferred stock had already been retired.

high on the hill road, was priced at \$700. The average cost of the lots already bought is about \$500. This represents a considerable saving from the current local prices for fully serviced real estate, and it is possible that the price may eventually be still further reduced by refunds, after the entire development is completed and all costs are computed.

When the member has completed payment for his stock, plus any "desirability" factors, he receives title to his land. He is then ready to negotiate for a dwelling. Ordinarily,<sup>2</sup> from this point onward, he acts for himself. The construction of his house is his responsibility, except that he may utilize one of the association's floor plans drawn for the association under the original scheme of collective ownership.

Before construction may be undertaken, the plan chosen must be submitted to an architectural committee, in order to insure that the style will not clash with that of the rest of the houses. The total cost may not fall below \$3,000. The member must also furnish evidence of eligibility for FHA insurance or of ability to finance construction without such insurance.

Some of the members have reduced costs by doing some of the work themselves. Thus, one member who was an electrician wired his own house. He and several of the other members did their own painting.

Most of the financing was done through two local lending agencies, with FHA insurance. The member's monthly expense includes amortization payment, interest, and certain community charges. These latter include water rent (proportioned to use, minimum \$17 per year), and 25 cents per month for garbage collection. The assessment for sewer is incorporated in the taxes and averages \$2 to \$3 per year.

A member desiring to withdraw has the right to sell his house, provided the purchaser is acceptable to the association, and provided his stock is transferred to the purchaser. However, he must give the association the first option to buy.

### *Types of Dwellings*

The houses exhibit a variety of architecture and of material. One of the larger houses has a field-stone front. Several are of wood, being either painted or stained, but perhaps the greatest number are constructed of 8-inch concrete blocks with cores filled with waylite. In architectural design, the dwellings range from the Cape Cod cottage to the most modern style. In cost, they have ranged from \$3,500 to \$6,500; before the war the association tried to discourage the building of houses costing more than \$5,000.

All the Crestwood houses are of the one-family type, consisting of a kitchen, dining room or breakfast nook, bathroom, living room, and

<sup>2</sup> But see p. 60.

(with one exception) two or three bedrooms; the exception is a four-bedroom house. They are equipped with oil burners, and a number have fireplaces as well. All but two have built-in garage. A recreation room is also a feature commonly found. Each house has standard plumbing and electrical equipment, and about half the houses are of fireproof construction.

Practically none of the dwellings faces squarely any of the cardinal points of the compass. Generally the house is turned slightly, so that each room receives sunlight at some time of day.

#### *Present Status of Association*

Up to November 1946, only one division had been opened, and construction had taken place on only the three northernmost cul-de-sacs and the outer (hill) road. In that section, 38 dwellings had been completed before war conditions halted private building. During the war period, all but 2 of the vacant lots remaining were sold to new members. However, as most of these were not veterans and could therefore not obtain priorities, only 6 houses (all those of veterans) had been erected since the resumption of building.

An additional street was opened for development in the autumn of 1946 and one house had been begun by mid-November 1946. Another street will be opened in the summer of 1947. Installation of sewer and water facilities for this additional land was financed by the sale of 4-percent 10-year callable bonds. This bond issue was offered to members of the housing cooperative and is reported to have been oversubscribed 75 percent. The new facilities are part of the Crestwood Sanitary District, the commissioners of which are three member-residents of Crestwood. The sanitary district now also includes the adjoining section of Glen Oak. Several parcels of unimproved land in that section have been bought by the Wisconsin Cooperative Housing Association; its lots there are being sold at prices ranging from \$150 to \$300 each.

In 1940, using funds loaned at 2 percent by an anonymous lender, the association undertook a new step—the building, itself, of dwellings at cost for prospective members who do not have the time or inclination to proceed individually. Three such houses had been erected before the imposition of wartime building restrictions. In such cases the procedure is as follows: The new member is required to purchase the lot, on the usual basis or, possibly, may even be accepted on a rental basis, the accrual over expenses being used to finance the family membership. When the householder has paid for his lot he makes the usual arrangements with a lending agency and the FHA. The loan from the lender is used to pay the housing association and the money

thus released is used in the construction of another house on the same basis.

### *Extent of Cooperative Enterprise*

The achievements of the cooperative association have been the following: (1) The purchase and plotting of the tract, (2) the financing and installation of a water and sewer system, (3) the creation of a sanitary district, (4) the furnishing of architectural service, (5) the supplying of title insurance for members, and (6) the building of a small number of houses itself. As noted, all but 3 of the houses were constructed by individual contract and the association has no control over them except to pass upon the general style of architecture, to see that the cost does not fall below the minimum of \$3,000, and to pass upon the acceptability of purchasers. A withdrawing member must give 60 days' notice and give the association the first option to buy, at either par or book value (if the latter is less). Should the association not exercise its option, no controls are imposed as to sale price. During the life of the association several dwellings have been sold, but none, it is said, "out of line with relative costs of building." Two houses for which disproportionate prices were asked remained unsold "because members of the community do not care to have their friends buy at the prices asked by the owners."<sup>3</sup>

Each member has one vote only, regardless of his investment, and no proxy voting is allowed.

In November 1946 the association was negotiating with the U. S. Weather Bureau for an arrangement whereby the latter would install equipment for the measurement of south-exposure solar radiation, to determine its value in the heating of houses. Some use of this principle has already been made in Crestwood; the first president of the association reports that its use has made possible the heating of his 6-room house, with oil heat, for less than \$75 per year.

*Other cooperative activities.*—Many of the electric fixtures were bought through one of the members (a dealer in such appliances), at a saving of about 25 percent; stove, refrigerator, and water heater together cost only \$250. Some furniture was also purchased collectively, at a saving, by special arrangement. Cooperative purchase of eggs, poultry, etc., is also carried on. The housewives alternate in acting as agent, taking the orders and receiving and apportioning the goods.

A large proportion of the residents are members of the cooperatives of the city, these including a gasoline service station and store and an association giving dry-cleaning service. As most of the members work in town and thus have to go in every day, these associations can

<sup>3</sup> Letter to Bureau of Labor Statistics from John S. Bordner, October 1, 1945.

fill their wants conveniently. The fuel oil for all of the furnaces is supplied by the petroleum cooperative.

#### ST. PAUL (MINN.) HOUSING PROJECT

The Cooperative Housing Association of St. Paul was formed in September 1939. Construction began in July 1940.

The association, composed of members of credit unions of Federal, State, and city civil-service employees, purchased from the State 72 lots which had reverted because of nonpayment of taxes. On this property, gas, electricity, water, and sewer had already been installed as well as streets. Only curb and sidewalks were lacking.

The land on which the project was developed lay on an elevation at the northeastern edge of St. Paul, about 3 miles from the center of the town. A grade school was about 3 blocks away and a high school about a mile distant. Four blocks from the project was a bus line, accepting token fares and offering transfer privileges.

#### *Financing and Procedures*

The association had no capital stock. As each member joined the association he paid a \$5 membership fee and agreed to buy a lot and construct a house on it. The project was financed through the sale of lots to the members, by loans from the St. Paul chapter of the Minnesota Credit Union League, and FHA insurance.

The lots, with an average frontage of 40 feet, were replotted into 48 lots with a frontage of 60 feet. The depth varied from 112 to 126 feet. There was also a 20-foot alley. The cost to the association was \$75 per 40-foot lot (or \$112 on the replotted basis); the price to the member was \$350. The difference was used for association expenses, any surplus being returned in patronage refunds.

Minnesota has a strong credit-union movement, with large accumulations of funds. As the State act permits credit unions to make real-estate loans, the central credit-union organization qualified as an FHA lending agency and proceeded to make mortgage loans on a 25-year basis to finance the individual dwellings. FHA insurance was then applied for, and in most cases the maximum FHA insurance of 90 percent of the appraised value was granted.

With one exception,<sup>4</sup> a single architect served the whole group of owners, receiving as his fee 3 percent on the total cost.

Likewise, one contractor had charge of construction of all but one of the houses.<sup>4</sup> With this contractor, the association had a contract by which he guaranteed his bid on each house; if the final cost ex-

<sup>4</sup>The exception was a member, himself an architect, who was allowed to draw his own plans and supervise construction of his house.

ceeded this amount he was to bear the extra expense. If there was a saving, it had to be returned to the member, to increase his equity in the property.<sup>5</sup> His bid was based upon cost of construction (materials and labor) plus architect's fee, plus a \$100 "cushion." The contractor's compensation consisted of a flat fee of \$250 per house.

As the association's charter authorized it to act as contractor, the selection of materials and the letting of contracts for them were done by its board of directors. In this the association tried to make use of all possible sources of assistance and information, in order to insure the best quality. Results of tests by recognized testing agencies were used, and valuable help was received from the State university.

Prefabricated materials and standard equipment were used wherever possible. Thus, although a few of the houses were plastered, the majority were finished with tinted Upson board—a prefabricated material that comes in sheets 8 by 16 feet (doing away with joints that might let in drafts), the space between the walls being filled with 2 inches of glass wool, vapor sealed. Heavy plywood was used in subfloors and in outside wall and roof sheathing; this construction was cheaper and made for a more rigid house, with less air leakage. A factory-finished oak flooring was used in all houses.

As the dwellings were constructed in groups of about 10 and the contracts let on the basis of 25 houses, it was possible to do quantity purchasing, such as carlot quantities of lumber and plywood, and gross orders of standard plumbing fixtures, window glass, and other requirements. This resulted in substantial savings. On the lighting fixtures and refrigerators about 40 percent was thus saved, and nearly 50 percent saving was realized on some furniture bought jointly.

Again, by building a number of houses simultaneously, efficient use of labor was possible, each crew of workers performing the same task from house to house and being succeeded by the workers performing the next process in construction.

Only persons belonging to some St. Paul credit union<sup>6</sup> were accepted for membership. Prospective members were also required to supply information on their employment, income, number of dependents, and financial obligations, in order to determine their eligibility from a financial standpoint. Members joining the association had to purchase a lot, at a price of \$350; this sum, which included the \$5 membership fee, represented a considerable part of the 10-percent equity the member must have to obtain FHA insurance.

The cost of the individual house depended upon the size and style selected, and upon the quality of the equipment that went into it. If

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<sup>5</sup> An FHA regulation forbade the return of such savings in cash; the amount must be used to reduce the mortgage.

<sup>6</sup> As credit unions are allowed to make loans only to members.

the member desired extra-fine hardwood flooring, or a deluxe refrigerator, these of course brought up the cost. However, as the members for whom the dwellings were built all had modest incomes (averaging less than \$200 per month in 1940), the houses were also of moderate-priced styles. The buildings ranged from the 2-bedroom, living room, kitchen (with dinette), and bathroom dwelling to a 7-room house with 3 bedrooms, living room, kitchen, dining room, and bathroom. All the houses were of frame construction. Many had fireplaces, a few had recreation rooms, and nearly all had garages (built separately from the house).

The maximum bid cost ranged from \$3,750 to \$5,400. Savings (estimated at about \$100 per house) were returned to the individual members in the proportion that the contract price of their house bore to the total cost of all the houses. This prorated sum was applied to the reduction of the member's mortgage. The "profit" which the association made on the lot was to be returned to the members, after deduction of expenses.

For these houses the average cost to the member was about \$35 per month, with a maximum of about \$40. This sum included amortization, interest (4½ percent, plus ½ percent for FHA insurance), and taxes. These payments began 30 days after the member moved into his dwelling. No other down payment than the value of the lot was required from the member, if his house cost \$3,500 or less. Above that amount he had to pay down 10 percent of the excess over \$3,500.

The association's officers emphasized that the cost to the member was about what he would have paid at that time to a private builder for the same style and size of house. However, under the association's plan there was no profit for anyone, as officers served without pay, and architects and contractors were on a fee basis. All subcontracts and material contracts were subject to approval by the board, which likewise controlled all payments. The entire cost of the project, therefore, was under the control of the association. The officials were convinced that, because of economies effected by carlot purchases, by standardization (as of window and door openings), and by systematizing the use of labor, the quality obtained in both materials and workmanship was considerably above that which would be obtained in houses of the same price under separate contracts. In other words, the association made available to a moderate-income group, for amounts they could afford to pay, dwellings of a quality that would otherwise be out of their reach.

#### *Cooperative Activities*

The activities of the cooperative association in this case included the purchase of the land, the engagement of architect and contractor,

and the letting of bids for materials and equipment. It held title to the individual plots until sold, then turned them over to the purchaser. The latter then negotiated with the association's architect and contractor for the kind of house desired, and when he moved into it the association's responsibility ended.

In the purchase of refrigerators, electrical equipment, and furniture, the association patronized the two nearest cooperative wholesale associations. In houses in which Upson board was used for interior wall finish, the walls were tinted with a casein wash made by a cooperative creamery association in Minneapolis.

There are in St. Paul various local cooperative enterprises—a store association, gasoline cooperative, etc.—and a large proportion of the original members were also members of these. Most of the houses were equipped with oil-burning furnaces, and the fuel oil for these was obtained from the petroleum cooperative. Cooperative life and automobile insurance was also available.

In the association each member had one vote. He owned and had title to his individual dwelling, but if he desired to sell his house within the first 5 years the purchaser had to be acceptable to the association. If not, he had to give the association the right to purchase it for what it cost him or at an amount set by an arbitration committee. Apparently these provisions were not enforced and, as prices rose, "speculation was rampant." Houses were sold three or four times, at continuously rising levels. The association is now dormant and plans no further activities. A recent report from the former president expresses the opinion that, from the cooperative point of view, "our efforts were somewhat of a failure."

#### MINNEAPOLIS (MINN.) HOUSING PROJECT

The Cooperative Housing Association of Minneapolis was started in February 1940. Construction was begun on the first house in September 1940.

As in St. Paul, the association bought the land for its project from the State, paying for it at the rate of one-third of the tax assessment which was delinquent. Some 59 lots in 5 different adjoining blocks in northeast Minneapolis were acquired in this way. The lots were 40 by 125 feet, but were replotted into lots 50 and 60 feet wide. The average cost to the association was \$2.50 per front foot, but the land was sold to the member at \$7.50 per foot (appraised FHA value). All of the improvements—water, sewer, gas, electricity, and streets—were already in, but the association was required to pay the regular assessments therefor. A considerable part of the difference between the cost to the association and the sale price to the members went to meet

these assessments. The association sued the State for refund, contending that under the law the price of tax-reversion land includes utilities. Its position was upheld by the Minnesota Supreme Court, resulting in the recovery of \$4,500.

The land acquired was about 4 miles from the center of town, with a grade school about in the center of the tract, so that the distance traversed by the children was in no case more than  $2\frac{1}{2}$  city blocks. The nearest high school was  $1\frac{1}{2}$  miles away. Stores were within easy walking distance. The streetcar line was 6 blocks away, but a bus line was extended into the development.

There were, in the original group of interested members, 45 persons. During the interval in which financing negotiations were carried on, 3 members lost patience and withdrew, a fourth lost his net worth by fire, and 10 others were rejected because their incomes were too low to undertake the financial obligations involved. Houses were built for the 31 members remaining and for 56 additional members who joined later—a total of 87 dwellings.

#### *Finances and Procedure*

As already indicated, the associate paid for the land an average of \$2.50 per front foot and sold it to the members for about \$7.50. For corner lots an additional \$25 was required.

The architect was hired by the association for a fee amounting to 2 percent of the cost of the houses.

A master contract for the whole group of houses was made with a large contracting firm, by which the latter received a fee amounting to  $3\frac{1}{2}$  percent of the total cost of the dwellings (minus the architect's fee), and for which the contractor agreed to manage the construction of all the houses. The company guaranteed to keep the cost of the houses within the amount of the maximum bid, or failing this, to meet the excess cost itself. As an incentive for saving on the cost of construction, the contract provided that 25 percent of the first hundred dollars of any such saving should go to the contractor and the remainder to the owners. The contractor, however, had the privilege of totaling costs for all houses, so that a surplus on one could be used to take care of a deficit on another. The association controlled the purchasing done by the contractor; no purchase could be made or subcontract let without approval by the association's board of directors.

The contract also provided that the work on the houses should be done by union workmen receiving the prevailing union scale of wages, and the contractor agreed to give the carpenters a bonus of 50 percent

of their regular hourly rate for every hour of labor saved from the contractor's estimate.

The bid prices on the houses ranged from \$4,100 to \$6,000. The average or typical house cost about \$4,700, or from 28 to 30 cents per cubic foot. All of the houses were of frame construction, and were equipped with all modern improvements, including furnaces using natural gas.

As in St. Paul, considerable reductions in price were obtained by quantity purchases. The officers estimated that at least \$200 per house was saved on the cost of materials and equipment. Other savings resulted through the use of the Torrens title (i. e., the taking of title to many lots at once), in attorneys' fees, and in title charges. Whereas the title charge for one lot was \$25, when the title covered 3 or more lots the charge averaged only about \$7 per lot. Because the association held title to the whole tract, title insurance was unnecessary and the cost of insurance was therefore saved. Lower tax rates were also possible because of the larger valuation covered by the single tax title.

#### *Cost to Individual Member*

Each member was required to furnish information regarding his financial status and to pay a membership fee of \$5. He selected his lot in the order in which he came into the association. According to the size of the lot chosen, this cost ranged from \$300 to \$450. The average was about \$375.

Although this constituted most of the 10-percent equity the member had to have in order to qualify for FHA insurance, he might also have to furnish an additional amount varying with the value of his house. Thus, a 90-percent guaranty on a \$5,000 house would cover a maximum loan of \$4,500. The difference between the two sums—\$500—had to be made up by the member. The cost of his lot (average \$375) covered most of it, but the remaining \$125 and an estimated \$50 to \$75 for "closing costs" had to be raised by the member. The immediate investment required from the member therefore amounted to about \$425 to \$600, depending on the cost of his house and on FHA appraisal of its value in the light of style and construction elements which together constitute the "marketability."

The member's average monthly payment (amortization, interest, loan insurance, and fire insurance) amounted to about \$24.50 a month on a \$4,600 house with a 25-year mortgage. Taxes in the neighborhood, on houses of these values, averaged another \$8 per month. The average income of the whole group of members in 1940 was about \$1,700 to \$1,800.

*Sponsored by Labor Organizations*

## CARL MACKLEY APARTMENTS, PHILADELPHIA (PA.)

The Carl Mackley Apartments,<sup>7</sup> Philadelphia, constituted the first housing project undertaken in 1934 by the Public Works Administration when it was established after the passage of the National Industrial Recovery Act. The project was planned and sponsored by the American Federation of Hosiery Workers (CIO), with the purpose of providing suitable housing for its members, many of whom were living under substandard conditions.

The union exchanged a piece of land owned by it in the downtown section for one of 4½ acres (valued at \$85,000) in the Frankford district. A 35-year, 4-percent Federal loan of \$1,039,000 was obtained, and additional funds were supplied by the union, by a public-spirited Friend, and by other individuals. A limited-dividend corporation, the Juniata Park Housing Corporation, was formed which supervised the construction and still holds ownership and management of the project.

*Housing and Community Facilities*

*Housing facilities.*—The apartments consist of four rectangular buildings of terra-cotta brick and fireproof construction. The whole project covers an entire city block, but the buildings occupy only a third of the space. The rest consists of lawns and recreational space. The buildings are three stories high and, as they run north and south, practically every room has sunlight at some time of the day. No apartment is more than two rooms deep and each one has at least two exposures (those of largest size have three exposures).

The 284 apartments range in size from 2½ to 5 rooms. The monthly rentals range as follows: A 2½-room apartment of living room, bedroom, pullman kitchen (i. e., 2-burner electric plate, cupboard, and sink, closed off from the living room by folding doors), and bathroom (with shower only) rents for \$29.00; a 2½-room apartment with kitchenette (i. e., space for table and chairs, in addition to facilities noted above) and bathroom with tub, for \$33.50; a 3-room apartment, with full-sized kitchen, for \$38.00; a 4-room apartment for \$42.00 if on the third floor, and for \$43.00 if on the second; a 4-room apartment with a bay window, \$46.00; and a 5-room apartment (each with shower as well as tub), \$48.00–\$51.00, depending on its location. These rentals include heat, water, and electricity. Electric stoves are furnished, but tenants have to provide their own refrigerators. All apartments on the second and third floors have a porch which they share with the neigh-

<sup>7</sup> Named for a young hosiery worker who was killed during a strike in 1931; several plaques throughout the buildings commemorate other fatalities in the same strike.

boring apartment. Waste disposal is through an incinerator in their common hallway. Ample closet space is provided.

*Community facilities.*—On the roof of each building is a laundry with windows on both sides, equipped with stationary tubs, electric washers, ironing boards, and electric dryers (used in bad weather). Drying space is provided on the roof outside the laundry. There is no charge for the facilities or the electric current used here. By agreement among the tenants of the building, each family is allotted laundry-use time each week.

Other community facilities include an auditorium where social events and other meetings are held, 59 heated garages renting for \$5 per month each,<sup>8</sup> and a large swimming pool. The pool is used by both residents of the project and persons living in the neighborhood, for a nominal fee, but outsiders pay at a slightly higher rate.

#### *Selection of Residents*

When vacancies occur, preference is given to union hosiery workers, other unionized industrial workers, and other industrial workers, in the order named. Although textile workers form the largest group in the present population of the houses, many other occupations are represented, including both manual and "white collar" workers. Families with children are preferred. The general requirement is that the monthly family income should not be less than 3 times nor more than 5 times the monthly rent of the apartment desired.

In this project the resident never becomes the owner of either his apartment or of equivalent stock in the association. For as long as he remains in the project he is a renter only.

One apartment is given over to a nursery school, staffed by three teachers and a cook, all hired by the housing corporation. Owing to the limited space, the present capacity of the school is 45 pupils. The facilities are available to both residents and outsiders, with preference to the former. Here, for a fee of \$1.25 per week (5 days) the children receive instruction in such subjects as drawing, modeling, block building, and nature study, have supervised rest and play periods, and (if they are all-day pupils) lunch as well. Each child is examined every day by one of three trained nurses who live in the project and donate their services. Naturally with the low fee charged, the school is not self-supporting. In 1945, only about 56 percent of its income came from fees. The housing corporation provided quarters, heat, light, and water, and the remainder was contributed by local hosiery workers' unions and interested individuals or was raised from the

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<sup>8</sup> A parking lot, formerly operated, had to be given up for the construction of a number of dwellings by a private builder.

proceeds of benefits, dances, etc., given by the residents. It is hoped that the nursery can be expanded when building materials become available.

#### *Cooperative Activities*

Although the first resident did not move in until early in 1935 and the last one not until October, before the end of the year a credit union had been formed. Beginning with only \$28 in share capital, at the end of the first year (by March 1937) the association had increased its capital to \$5,496, had 200 members, and had outstanding loans amounting to \$5,307. Its operations have been continuously successful, and for 1946 it paid a 3-percent stock dividend on the year's operations. Membership and loans are restricted to residents of the Carl Mackley houses, and the business is all transacted on Friday evenings. All help is volunteered, with the exception that the secretary receives a small honorarium.

Out of a small buying club, started shortly after the credit union commenced operations, grew the Juniata Consumers' Cooperative Association. At the time that it opened its store (March 1937) it was the only cooperative store in Philadelphia that was open full time. The store handles both meat and groceries, and has steadily increased its business. By October 1946 it had reached nearly \$2,200 per week. Its present problem is that of space; although it has outgrown its quarters no additional space in the project is available. Membership (now about 130) is open to both residents and nonresidents. The association is affiliated with the Philadelphia Cooperative Federation as well as Eastern Cooperative League and Wholesale.

#### *Administration and Finances*

The Juniata Park Housing Corporation which is the owner of the property has a board of five directors, one of whom is appointed by the Federal Government. Actual day-to-day management and operation of the houses is carried on by a paid manager and his staff.

The project has suffered from the effects of two early financial assumptions that proved to be mistaken: (1) Largely because of the required use of WPA labor, the total cost of construction proved to be some \$200,000 more than had been anticipated. Because of this, certain planned features had to be either eliminated or curtailed. Thus, the auditorium was left without equipment, and the refrigerators which were intended as part of the provided equipment had to be furnished by the residents. (2) At the time the project was started, it was expected that legislation would provide tax exemption for a certain period (as is the case under the New York housing law for limited-dividend corporations). Rentals were set accordingly.

For 3 years, expecting such legislation, the corporation paid no real-estate taxes. At the end of that time, taxes were suddenly demanded for the whole 3-year period—amounting to some \$20,000 on an assessed valuation of \$660,000. The corporation has never quite recovered from the financial shock thus administered. It has kept up its interest payments on its Government loan, and part of its amortization. Neither the union (which, apart from the Government, is the heaviest stockholder in the corporation) nor any of the other investors has received a penny of interest. An application for a moderate increase in the rents (which are below the prevailing local level, even without considering the unusual facilities provided) was recently filed with OPA. Such an increase would enable the corporation to regain some of its lost ground.

#### STONEWALL HEIGHTS, FRONT ROYAL (VA.)

##### *The Local Housing Situation*

Front Royal lies at the northern end of scenic Skyline Drive in Virginia, in a valley in the Blue Ridge Mountains. A large viscose plant, manufacturing heavy-duty auto-tire cord, is the main industry and employs about 3,500 workers.<sup>9</sup>

The already acute housing situation was aggravated when, at the most critical stage of the war, an extension of the plant was undertaken, doubling its facilities and calling for many additional workers. So great was the housing shortage that workers had to live as far as 25–40 miles away and drive back and forth each day. A trailer camp, installed for the construction workers who were building the new plant, was later made available for the textile workers. Several hundred dwellings were erected with Lanham Act funds, and a private contractor was given priorities for some 300 FHA-financed houses.

Even these failed to meet the need. Also, the union felt not only that the price ceilings (about \$8,000 purchase price and about \$50 per month rental) were above the level that its members could afford to pay, but that the houses themselves were too small for the workers' families, unsuitably planned, and lacking in storage space.

Late in 1944 the local union (No. 371) formed a housing committee to see what could be done. Its first step was the construction of a sample house. This was undertaken with the idea of ascertaining the price at which a well-constructed house, designed to meet the needs of the members' families, could be built. A tentative goal of \$5,000 for house and lot was set, but the final actual cost was \$7,800. In the belief that a considerable element in this high cost was the

<sup>9</sup> Of these, the 3,000 who are production workers are practically all members of the textile workers' union.

fact of its being a single unit, the union decided to undertake a larger-scale house-construction project.

About this time 57 acres of farm land on high, rolling terrain, overlooking Front Royal and with a beautiful outlook toward the mountains on all sides, came on the market for \$25,000. With funds contributed by union members and friends, this land was purchased and the plans for a whole new community, Stonewall Heights, were drawn. The plans provided for 158 dwellings, with space reserved for recreational and community facilities. For practical and financial reasons a group of only 50 units was actually undertaken.

### *Problems Encountered*

An unusual number of difficulties was encountered. The first was the inability of the local union to hold title to real estate, under the Virginia law. As a result of union efforts an amendment was obtained which removed this disability.

In the beginning the formation of a cooperative association, which would hold title to the property and carry out the project, was considered, but was found not to be legally feasible in Virginia. A regular stock corporation, the Old Dominion Housing Corporation, was therefore formed, the officers of which were on the staff of the Textile Workers of America or members of the Front Royal local union. Because of inability to obtain a suitable arrangement with a private contractor, the Old Dominion Housing Corporation had also to act as its own contractor.

Several months elapsed before the approval of the local planning commission could be obtained. As its approval was conditioned on the widening of the road leading into the property, the corporation had to buy strips of land on either side of the road. Delays ensued because some of the owners were away in war service or there were judgments or mortgages against the property.

As the farm land purchased for the site lay outside the corporate limits of Front Royal, in order to obtain access to municipal water and sewer facilities and to gas and electricity, the corporation had to build connections—an operation that it is estimated added at least \$1,000 to the cost of each house. Further, the project was carried out in a time of unprecedented scarcities and one of erratic price rises. During the 12 months in which the project was under way, prices of materials almost doubled. Bricks rose in price from \$19 per thousand to \$34, and lumber which cost \$57 per thousand feet in June 1945 had risen to \$78 by April 1946 and was still rising. Other lags, resulting from an unusually severe winter, delayed outside operations and caused difficulties in obtaining supplies and equipment.

All of these situations entailed what seemed like interminable delays, and it was not until June 1945 that ground was actually broken and the construction of the first house was begun.

Not the least of the many difficulties was the problem of financing. Several of the leaders contributed all their savings, local unionists advanced funds, the local unions in Roanoke, Parkersburg, and Front Royal made loans out of the union treasuries, and the national union also helped. Finally a loan was made through a local bank. Nevertheless, funds were barely sufficient to cover operations.

In addition, the project had to contend with local hostility from certain sources, with suspicion as to the motives of the leaders, and with rumors that the whole project was "going broke." Not only did these things make the going harder, but they necessitated the waste of much valuable time and effort to overcome them.

However, by August 1946 all 50 houses were practically complete and a number were occupied, with families moving in each day.

#### *Conditions of Sale, and Price of Dwellings*

In order to regulate the sale of the houses, a seniority system was adopted and a registration fee of \$10 was charged. Applicants were given their choice of houses in the order of their registration for purchase.

The first few houses completed were built for \$5,500 and \$6,000, the next 30 cost nearly \$7,000 each, and the final lot about \$8,000. No profit was involved at any stage. Regarding the nonprofit aspect, a report to the union members made the following statement:

The architect-engineer was paid on a per unit fee basis for his architectural and engineering services. In this case, his fee was lower than ordinarily charged for such work. The two people who actually ran the job—directed the construction and managed the business on the site—were paid a regular weekly wage, about the same as paid on any job of the kind. The attorney, who also handled all the business details of the job, was paid a weekly retainer and certain minimum fees for legal work performed for the corporation. None of the directors drew a dime. None of the 30 or 40 people who loaned money to the corporation were even given interest on his or her money. \* \* \*

A small-town banker in Rockymount, Va., put up the construction loan, and the mortgage money. This banker proved to be thoroughly in sympathy with the aims of the union in doing this project and helped the job along in every way he possibly could. This gentleman would want to work with TWUA on similar projects in the future if possible. The fact is that it is very easy to borrow all the money needed from big or little concerns and at banks and insurance companies, for workers' housing, if competent people are hired who will see to it that the plans are properly made and strict business methods adhered to.

It was necessary to pay several thousand dollars of broker's fees for financing and charges in connection with putting this job through which would not have had to be paid if there had been adequate capital to get the job started.

The total costs were averaged and for the whole group of 50 houses the purchase price was set at \$6,050.

The purchaser is required to make a down payment of \$650 (which includes settlement costs of \$114) and monthly payments of \$33.68 over a period of about 25 years. It is pointed out that, because of the nonprofit feature of the project, dwellings of comparable size and construction could not be found elsewhere for less than \$8,500 to \$9,500. Actually, the report made to the union membership notes, the \$6,050 charged does not entirely cover the true cost (about \$7,800, because of the sharply rising prices). The difference was covered from amounts realized from the sale of surplus land not needed for the project.

The lots average 65 by 130 feet, and the houses themselves are 34.4 by 26 feet. Each house differs slightly in appearance from the others. The construction is of solid masonry throughout, either brick and cinder tile or brick and concrete blocks. Every house has a large living room with fireplace, two bedrooms, bathroom, and kitchen. Each is furnished with a gas or electric range (according to the choice of the purchaser), electric lighting, full basement, laundry tubs, and a hot-air furnace so constructed that it can readily be converted to oil and with ducts that can also be utilized for air conditioning. An unfinished second story provides space for an additional two bedrooms, and some of the early residents soon began work on them.

All streets in the project are to be hard surfaced, with concrete sidewalks. Surfacing of roads and construction of sidewalks was in progress at the time the Bureau's representative was there. Trees and shrubs are to be planted.

As regards the individual purchaser, there were no self-help features involved in this project. The house was delivered to him completed. However, several of the families which had taken possession at the time the project was visited were working on the conversion of the attic space into bedrooms and doing the carpentry, painting, and other work involved, and at least one man was putting in rock wool insulation.

Each purchaser receives title to his dwelling. With a view to checking any tendency toward profit making on the part of the purchaser, the sale contract originally used contained a provision giving the corporation the first right to repurchase if the tenant wished to move away. However, because the corporation actually had no funds with which to carry out this provision, it was useless and was later dropped. By August 1946, one member had already sold his house, realizing a \$2,000 profit—a circumstance very disheartening to the leaders who had given so freely of their time in order to insure the nonprofit feature of the project.

Nevertheless, the leaders feel that, aside from its part in alleviating the housing situation, the project was worth while as a demonstration

of the possibilities of group action. They emphasize, however, the absolute necessity, in such a project, of responsible, altruistic leadership, and the employment of thoroughly competent technicians.

#### TULSA (OKLA.) BUILDING-TRADES COUNCIL PROJECT

Early in 1941 the Tulsa Building-Trades Council formed a housing committee. As a result of its recommendations, the various building-trades unions which were members of the council formed a nonprofit corporation in which each took shares of stock. A tract of land was obtained, and arrangements were made whereby persons participating in the plan could take options on plots of their choice. Originally, participation was restricted to members of the sponsoring unions; later any unionist was admitted.

Plans were obtained for houses of the types which would be suitable for the families concerned and contracts were let for five dwellings. It had been planned that the members (building-trades workers) would work on their own houses and be allowed credit therefor on their down payment, at current union rates. However, because of the great amount of construction work entailed by the defense housing program, the men were kept too busy to do so, and all five had to be built in their entirety by the contractor whom the corporation hired. In the end, not one of the houses was bought by building-trades workers, though all the purchasers were unionists.

According to a leader in the project, the purchasers saved about 10 percent because of the nonprofit feature of the plan. He states that the unions expect to revive the scheme again as soon as conditions become favorable.

#### *Other Sponsorship*

#### GARDEN HOMES CO., MILWAUKEE (WIS.)

An experiment carried out in Milwaukee under the leadership of the mayor, some 20 years ago, is of interest here, in that it provided a method of financing probably unique in this country, although it has been fairly common in Europe.

Briefly, the plan provided for participation by cities and counties through their investment in the preferred stock of a housing enterprise. Subscription for such stock was also open to other organizations and to individuals. The preferred stock was retired as the tenant-owners paid for common stock to replace it. The plan involved no public subsidy or expense to the taxpayers, for interest was paid in the meantime.

The original plan contemplated the erection of about 3,500 houses. Actually, only 105 were built, and as far as the Bureau's information goes, no further action has ever been taken. However, although the

plan did not materialize on the scale that was contemplated and the cooperative feature of common ownership was dropped, the enabling legislation is still on the Wisconsin statute books,<sup>10</sup> and could be utilized if interest in doing so were present or could be aroused.

### *Background and Operation of the Project*

In 1920, according to the statement of its mayor, "Milwaukee was the most densely populated city in the country. The acute housing shortage was threatening to develop slum conditions, breeding places for disease and crime."<sup>11</sup> Among the various measures examined, for the relief of this situation, was a plan for a city-sponsored housing project. Action was taken under a law that had been passed in the preceding year at the request of the Milwaukee Housing Commission, authorizing the formation of housing corporations on a cooperative basis.<sup>12</sup> Such corporations were permitted two kinds of capital—common stock (to be held only by the tenant-owners, in amounts equal to the value of the premises occupied by them) and preferred stock (to be held by investors). One section of the law authorized the common councils of cities and the county boards of supervisors to subscribe for the preferred stock of such a housing corporation owning land within the limits of the city or county of their jurisdiction.

Under these provisions the Garden Homes Co., of Milwaukee, was formed, under the auspices of the Milwaukee City Housing Commission. The stated purposes of the company were as follows:

The elimination of speculation in land values.

The economic and adequate planning of streets, sewage, water, lighting, tree planting, and recreation spaces.

The elimination of waste and of private profit in home construction.

The collective ownership of homes by the workers, without the handicap of labor immobility.

The use of legal, technical, and artistic skill for the benefit of Wisconsin's citizens and home owners.<sup>13</sup>

The company's authorized stock was \$500,000 (\$250,000 common and \$250,000 preferred). Shares were \$100 each. Preferred stock was to draw interest at the maximum rate (5 percent, cumulative) permitted by the law. Each tenant-member of the corporation was required to subscribe for shares equal to the value of his dwelling.

The city subscribed for \$50,000 worth of the preferred stock, and the county took an equal amount. The Association of Commerce<sup>14</sup>

<sup>10</sup> Wisconsin Statutes, 1943, sec. 180.04.

<sup>11</sup> How Milwaukee is Improving its Housing Conditions, by Daniel W. Hoan. *In* American City (New York), July 1930, p. 136.

<sup>12</sup> Acts of 1919, ch. 402.

<sup>13</sup> Report of Proceedings of Third Congress of The Cooperative League, 1922, p. 104.

<sup>14</sup> This organization is reported to have withdrawn later, undertaking a plan of its own (The New Day in Housing, p. 162).

and other organizations as well as individuals also invested. Altogether, according to a report by the company to the U. S. Bureau of Labor Statistics, there were 30 holders of preferred stock. Bank loans completed the necessary financing for the \$500,000 project.

Voting of both common and preferred shareholders was on the basis of shares held. This concession, it was explained, "was necessary, temporarily, to satisfy the loan investors' prejudices."<sup>13</sup>

A 30-acre tract of land, half a mile outside the city limits (but later incorporated within them), was bought for \$29,000. It was divided into plots 60 by 100 feet, with an average price of \$700 per lot.

The plan provided for 4-, 5-, and 6-room houses which, it was expected, would cost about \$4,500 each (including cost of land). Final cost, for the 105 dwellings that were built, was about \$5,000 each (the maximum allowed in the law), but even that price, it was claimed, represented an average saving of "fully \$1,500" per house.<sup>15</sup> Economies were reported to have been effected through the wholesale buying of land and materials, through the building of many houses at once, and through the elimination of speculative profit. "The tenant obtains a home, at a rental not higher, and probably less than elsewhere. Although the cost of the house is high, more than the average worker can today afford, yet the present members are obtaining homes which could not possibly be bought at such a price otherwise."<sup>16</sup>

The tenant-owners were required to make a down payment of \$500 (about 10 percent of the cost). Monthly payments (covering taxes, insurance, repairs, interest on preferred stock, and amortization on preferred stock and bank loans) averaged \$8.50 per room or about \$45 for a 5-room house or \$50 for one of 6 rooms. The houses were to be paid for in 20 years. Under group insurance taken out by the company, if a member died or became totally disabled before completing payment, the insurance would cover the unpaid amount of his capital stock. His family could either continue to occupy the dwelling by paying the other fixed charges (taxes, insurance, etc.) or turn in its paid-up stock to the company at its surrender value.

Applications were considerably in excess of the number of dwellings. By the fall of 1922, it was reported, 90 houses were nearing completion and it was hoped that "many more" could be built in 1923. This hope, however, was not realized.

### *Fate of the Project*

One of the aims, as already noted, was the collective ownership of homes. This was also a provision of the law under which the

<sup>13</sup> Report of Proceedings of Third Congress of The Cooperative League, 1922, p. 104.

<sup>15</sup> Daniel W. Hoan, 1928, quoted in *The New Day for Housing*, p. 163.

<sup>16</sup> Report of Proceedings of Third Congress of The Cooperative League, 1922, p. 105.

Garden Homes Co. was formed; title was to be held by the corporation, with leases issued to the tenant-owners. It was explained that it was not the purpose of cooperative associations, such as the Garden Homes Co., to "enable tenants to obtain homes at bottom prices by building collectively and then to allow the individuals to own and sell them for profit to others. Such a policy destroys the cooperative society."<sup>16</sup>

Whatever the plan of the sponsors, the collective-ownership idea could not be carried through. The tenant-owners, or at least some of them, became dissatisfied with the lease arrangement; they "felt that by becoming owners of the homes, with a deed, they would be able to sell at a profit."<sup>17</sup> This attitude was attributed to the fact that the secretary of the company "did not take pains to sell this [the cooperative] idea to all who took the homes."<sup>17</sup> Agitation was started to change the law to permit outright sale, and such an amendment was obtained in 1923, less than a year after the first tenant moved in.

This change, of course, altered the whole character of the enterprise. However, the chief sponsor of the project remained of the opinion that, in spite of the fact that the cooperative character of the project was thus jettisoned, the venture "was a remarkable success, from every point of view."<sup>17</sup>

#### BUILDING-GUILD EXPERIMENT, SUFFERN (N. Y.)

An assault on the high cost of home owning, through a system of building guilds, was carried on in several places in New York and New Jersey in the middle and late 1930's, using a plan worked out by Ralph Borsodi, economist, writer, and teacher. The experiment began in a small way about 1935. Its declared objects were (1) to furnish honest construction and at the same time lower the cost of building, (2) to eliminate contracting and workers' slow-down methods, (3) to stabilize work and provide year-round employment, (4) to "end commercial exploitation of the home builder," and (5) to provide greater security to capital while at the same time providing labor with a higher yearly income.

Each homestead project involved four parties—the Independence Foundation, a homestead association, the individual homesteader, and a "building guild." The Independence Foundation was a nonprofit agency formed to sponsor, finance, and provide technical supervision and cost accounting for the various building projects. Its funds were raised through the public sale of its investment certificates (bearing 6 percent interest) and loans from banks, building and loan associations, and other agencies. It purchased land at acreage rates and

<sup>16</sup> Report of Proceedings of Third Congress of The Cooperative League, 1922, p. 105.

<sup>17</sup> The New Day in Housing, p. 163.

subdivided it into plots large enough to provide space for subsistence gardening.

In connection with each project, a homestead association was formed by the Foundation to purchase the land, over a period of years, from the Foundation and hold it as a collective agency of the individual homesteaders, granting use of the land to them under a 99-year lease. The houses in the homestead project, on the other hand, were held in fee simple by the occupying homesteaders, and were constructed by an association of building-trades workers (guild) formed for the purpose. Each homestead association had a board of five members, all residents of the community and elected annually for 5-year terms. However, the treasurer of the Independence Foundation was to serve also as treasurer of the homestead association until the latter's obligations to the Foundation had been fulfilled. In the affairs of the association each homeowner had a single vote.

#### *Procedures Involved*

An individual desiring to participate in a homestead project would apply to the homestead association for membership, accompanying his application by a \$25 membership fee. This was, actually, often the only cash furnished by the prospective homeowner until after he became a resident of the project. If accepted for membership he signed an "indenture" covering the terms under which occupancy of the land was granted to him. Under this agreement he bound himself to pay a "land assessment" in an amount (calculated by the homestead association each year) sufficient to cover his share of taxes, interest on capital investment, maintenance of roads, utilities, etc., and 0.5 percent amortization on the land cost. The agreement likewise provided that for 20 years the property was to be used exclusively for "homesteading purposes." The latter was defined to mean "property used primarily for the residence of the family group and for farming and creative work in the home, studio, workshop, or on the land by the individuals composing such family group." Any use of the property for "mercantile, commercial manufacturing, or industrial purposes" required the special consent of the homestead association.

All of the member's transactions with regard to the land were thus carried on through the medium of the homestead association.

A separate arrangement covered the construction of and payment for his house. Having been admitted as a prospective homesteader, he could then apply for a loan from the Independence Foundation in an amount sufficient to cover cost of construction of the dwelling and necessary improvements on the plot of land he chose. This "loan" was really a credit, for the Foundation took care of the actual ex-

penditure of it, making advances of funds to the guild and paying vouchers for work actually completed. In return, the homesteader obligated himself to make regular monthly payments on the principal, with interest at 6 percent calculated on the monthly unpaid balances. These payments were made directly to the Foundation and varied, of course, according to the size and style of his dwelling. However, the total costs could be, and were, reduced by savings made under the guild system and by the owner's contributing his own labor on various parts of the job.

In the case of a member's withdrawal from the association, his "relative property rights and interests" in the common property of the association were to be determined according to the "ratio of the equity in the association's capital investment created by the member to that of the aggregate created by all the members."<sup>18</sup> In case of dispute on this or other matters in his relation to the homestead association, the member had the right of appeal to a board of three arbitrators.

#### *How the Guild System Operated*

As it happened, conditions were ripe for the experiment. At the time the first group of building workers was brought together, in 1936, the general employment situation was bad and the building trades were in the mood to try anything that offered the prospect of work. Under the plan presented to them, although the current union scale could not be paid, 12 months' steady employment was guaranteed; this, in an industry known for its seasonal unemployment, was likely to result in greater annual earnings than under the usual hourly rate. The men found the idea acceptable and the first group was organized into a "guild" and put to work.

Each guild consisted of a "guildmaster" and a crew including several carpenters, painters, and odd-job men. A plumber and an electrician worked for several guilds jointly. Although the over-all planning was done by the Foundation's staff, the actual operations on a particular contract were the responsibility of the guildmaster. Each crew member had a single vote in the conduct of the affairs of the guild. In a legal sense, the guilds were partnerships of the members.

The construction of each dwelling was governed by a contract between the individual homesteader ("proprietor") and the guild, approved by the Foundation. It called for construction to be carried out on the basis of estimates by the guild, but actually all such estimates were made by the technical staff of the Foundation. A supplementary agreement between the guild and the Foundation stipulated that these estimates were to be at substantially the same level as "prevail-

<sup>18</sup> Bylaws of the Bayard Lane [homestead] Association, Suffern, N. Y.

ing charges by responsible contractors for work of equal quality." They covered interest, depreciation, repairs, and other costs incidental to the use of machinery and equipment of the guild, plus 10 percent of basic costs to cover sales, accounting, and general office expenses, 2½ percent for contingency reserves, and 2½ percent to cover any service and repairs necessary during the first year after construction was finished. It was also stipulated that the purchaser should have the right to inspect the books and make such audits as were necessary to verify the accuracy of his account, for 1 year after the final account was tendered him. Any savings between the total estimated cost and the actual cost would be divided equally between the bonus fund of the guild and the homeowner; if a loss was entailed, it was to be born in equal parts by guild and owner.

Every contract between the guild and the Foundation included the provision that 10 percent of the total basic costs of each construction contract should be paid to the Foundation as long as it acted as financing agent. Whenever its actual costs fell below this figure the difference would be rebated to the guild.

A "drawing account" from which individual guild members were compensated was created by charging against each home owner's loan credit the time spent by each class of worker in the construction of the house, on the basis of a "unit" rate per hour. Thus, the unit rate for the Rockland Building Guild for the year 1939 was 5 cents. The various classes of workers were assigned weights or "ratios" which, multiplied by the unit, yielded their actual hourly remuneration, as shown in table 2.

TABLE 2.—Rates of pay estimated for members of Rockland Building Guild, 1939

Class of worker	Probational members		Active and associate members		
	Craft ratio	Hourly rate (ratio x 5)	Craft ratio	Hourly rate (ratio x 5)	Annual rate
Master journeyman.....	14	<i>Cents</i> 70	15	<i>Cents</i> 75	\$1, 716
Journeyman, first class.....	12	60	13	65	1, 487
Journeyman, second class.....	10	50	11	55	1, 258
Senior apprentice.....	9	45	10	50	1, 144
Junior apprentice.....	8	40	9	45	1, 030
Laborer.....	7	35	8	40	915

Work was on the basis of a 44-hour week. Active and associate members received pay for 6 holidays (New Year's Day, Memorial Day, July 4, Labor Day, Thanksgiving, and Christmas) for 8 hours unless the holiday fell on Saturday, in which case 4 hours were paid for.

The "drawing account" was established in order to provide living expenses for the crew members while the job was in process. The rate of basic unit and hourly pay established, it was pointed out, were

really immaterial in the long run, for the men's total earnings on a job were directly related to the actual savings made on the total estimated costs for that job. These, as already noted, were divided between the men's bonus fund and the home owner. From the bonus fund thus established the guildsmen received additional payments once a year. This arrangement gave a direct incentive to the men to reduce the actual construction costs as much as possible.

The records of the Ramapo Building Guild show that, for the second half of the year 1937, the 19 guildsmen received a bonus of \$6.97, for the first half of 1938 a bonus of \$37.81, and for the second half of 1938 one of \$38.22. This progressive increase in the size of the bonus may well have been a reflection of the increasing realization by the men where their interests lay and of their consequent rise in efficiency and productiveness.

There were other possible increments to their income, also. Thus, if the actual outlays from the 2½ percent set aside for servicing and repairs fell below that amount, half of the sum remaining was to be divided among the crew at the end of 1 year after the job was finished; likewise, half of any savings on the 2½ percent for contingent expenses was to be so divided, at the end of the second year after the job was complete.<sup>19</sup>

Although in the beginning the guilds were financed entirely by the Foundation in order to get them going, own capital was gradually built up by means of a deduction of not less than 5 percent from each man's advances from the "drawing account," deposited to his credit on the guild books. This capital was used for the purchase of new equipment, repairs, etc. In the event of a guild member's permanent withdrawal, the sum of his credit was to be refunded to him. The private property of the members was not subject to seizure for debts of the guild.

### *Results of the Experiment*

The Independence Foundation was in existence for 3 years. During that time it lent, for land and dwellings, some \$200,000. Under its auspices eight guilds were established<sup>20</sup> and some 50 houses were built. The first project of 16 houses in Suffern, N. Y., was followed by others in West Nyack and Ossining, N. Y., Ringwood, N. J., and Feasterville, Pa. It ceased operations at the beginning of the war, when wartime restrictions on construction stopped all private building and when considerably higher earnings could be had by guild members, in war industries. On its demise all of the projects, except the

<sup>19</sup> The other half was rebated to the home owner concerned.

<sup>20</sup> These were the Ramapo Building Guild, Rockland Building Guild, Clarkstown Building Guild, Sloatsburg Building Guild, Twin Ridge Building Guild, Becraft Building Guild, Sterling Building Guild, and New Castle Building Guild.

Bryn Gwelyd <sup>21</sup> Homesteads (Pennsylvania), reverted to the fee-simple plan of ownership of the land (as noted, the ownership of the houses had always been on that basis).

In the opinion of the sponsors of the plan, the experiment demonstrated that, with a continuous development of new units under the supervision of a central agency, it was possible to insure practically continuous employment to guild members, with larger annual earnings than were usual under the intermittent operation customary in the building trades. However, under guild operation, the normal craft lines were blurred and for this reason, if no other, the leaders in the Foundation realized that it would probably be impossible to obtain the cooperation of the building-trades craft unions in normal times.

The experiment also indicated the possibilities of greater efficiency in construction and of consequent savings to both workers and homeowners. The originator of the guild plan is of the opinion that the essential requirement in a plan of this kind is that the estimating, planning, accounting, and technical work (legal matters, land acquisition, architectural service) be done by a competent staff of some outside, impartial body (in this case, the Independence Foundation) in which both workers and home owners have confidence. He emphasizes that considerable savings could also be made through cooperative buying of building materials, fittings, equipment, etc.—not yet available generally in the distributive cooperative movement.<sup>22</sup>

Because of the nonprofit feature of the plan (no “profits” were made at any stage) and because of the incentives inherent in the guild system, substantial savings were made even without such cooperative purchasing. Thus, a report of the Foundation in the August 19, 1939, issue of the Independence Foundation News, stated that on 38 contracts for individual houses, then completed, the aggregate estimated cost was \$111,965 and the actual cost \$104,134. Savings amounted to \$7,319, which were divided between guild members and home owners.

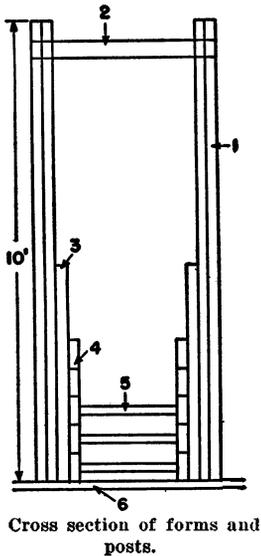
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<sup>21</sup> Bryn Gwelyd is Welsh for “Hill of Vision.”

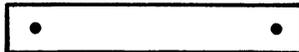
<sup>22</sup> See pp. 85 and 86 for supplies and services available through cooperative wholesales.

## APPENDIX A.—Movable Forms Used in Laying Stone Walls at Penn-Craft

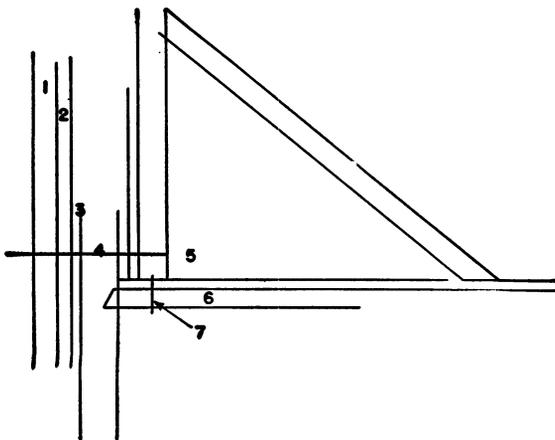
The following sketches, with explanatory material, show how simple forms were devised to aid unskilled workmen to lay stone walls for their houses at the Penn-Craft project.



1. *Form post*: Made of 2—2 x 4—10 spiked or bolted together with  $\frac{1}{2}$ " iron pin fastened in bottom end, extending through bottom cross board #6.
2. *Top cross board*—Any one inch scrap piece nailed on the two posts to hold them at same width apart as at bottom.
3. *2 x 2 Release stick*—Approx. 36" long. Is the key board for unlocking forms when ready to move the board upward for the next set.
4. *2 x 10 form plank*: These boards form the inside and outside walls of the form against which the stone is laid. These planks can be used later for floor joist or whatever they may be needed for. A few of them will have to be cut to fit short jogs in the walls.
5. *2 x 2 Release blocks*: These blocks are cut the exact width of the wall that one desires to build. Their job is to hold the form plank snugly against the 2 x 2 release sticks until stone is laid in the form, at which time the release blocks are removed or moved to a new place which needs temporary blocking.



6. *Bottom cross board*: This board is used in starting basement walls on the clay floor of the foundation. No footer is needed where a solid 16" stone wall is to be built. The cross-board is drilled to receive the  $\frac{1}{2}$ " pins in the ends of the form posts as shown in the sketch below. This board is left in the wall. It need not be anything more than a scrap piece of 1" board sufficiently long to serve the purpose. The length will depend upon the width of the wall to be built.



1. Form post.
2. Release stick.
3. Form plank.
4. Wire (#9) to bind outer post to inner post.
5. Subfloor.
6. Floor joist.
7. Iron pin in end of post-hole drilled in subfloor to hold it firm.
8. Brace to subfloor to keep wall plumb.

Sketch of first or second floor assembly

## APPENDIX B.—Housing Supplies and Services Available Through Cooperative Wholesale Associations

The following table lists the cooperative wholesales that provide either building materials or service in the field of housing and shows for each the territory in which they operate and the commodities or services available through them.

Housing supplies and services provided by consumers' cooperative wholesales

Association	Trading territory	Commodities handled	Other housing services
<i>National association</i>			
National Cooperatives, 343 S. Dearborn St., Chicago 4, Ill.	United States, Canada.....	Galvanized and asphalt roofing, cedar shingles, nails. <sup>1</sup>	
<i>Regional associations</i>			
Associated Cooperatives of California, 815 Lydia St., Oakland 7, Calif.	California, Nevada.....	Lumber and other building supplies.....	Advice on organization, legal matters, and land acquisition.
Central States Cooperatives, 1336 Fullerton Ave., Chicago 14, Ill.	Illinois, Indiana, Ohio, southern Michigan.....	Lumber, sash, roofing, building hardware and other building supplies.	Homestead-improvement program.
Indiana Farm Bureau Cooperative Association, 47 South Pennsylvania St., Indianapolis 9, Ind.	Indiana.....	Lumber, paint, shingles, steel, building tile and blocks, hardware, and other building supplies.	
Farm Bureau Services, 221 North Cedar St., Lansing, Mich.	Michigan.....	Nails and laminated rafters.	
Midland Cooperative Wholesale, 739 Johnson St. N. E., Minneapolis 13, Minn.	Southern Minnesota, southern Wisconsin.	Paint, wood and asphalt shingles, steel and aluminum sheets, paper roofing, nails, pipe, and some building hardware.	Assistance in organization.
Farmers Union Central Exchange, P. O. Box G, St. Paul, Minn.	Minnesota, Montana, North and South Dakota, northern Wyoming.	Paint, lumber, asphalt roofing and siding, nails and other hardware.	Legal department; architectural service (building plans and specifications, advice on building materials, etc.).
Farmers Lumber & Supply Co., <sup>2</sup> 1961 University Ave., St. Paul 4, Minn.	Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota.	Lumber (75 yards in States named).	
Consumers Cooperative Association, 318 East 10th St., Kansas City 13, Mo.	Missouri, Nebraska, Kansas, southern North Dakota, South Dakota, southern Wyoming, Colorado, Iowa, Oklahoma.	Lumber, <sup>3</sup> composition roofing, Portland cement, brick, and tile, steel, red-cedar shingles, paint, <sup>4</sup> millwork, sash and doors, building hardware.	
Farmers Union State Exchange, 39th and Leavenworth Sts., Omaha 5, Nebr.	Nebraska.....	Asphalt and steel roofing.	
Eastern Cooperative Wholesale, 44 West 143d St., New York 30, N. Y.	New England, Delaware, New Jersey, New York, Pennsylvania, Maryland, District of Columbia, northern Virginia.	Lumber, roofing, building hardware, tile, some interior fixtures.	Full-time adviser on organization, land acquisition, architectural planning, etc.
Grange Cooperative Wholesale, 3104 Western Ave., Seattle 1, Wash.	Washington.....	Roofing and nails.	
Central Cooperative Wholesale, Superior, Wis....	Northern Minnesota, northern Wisconsin.	Complete line of building materials and paint.	House plans, advice on building materials.
<i>District associations</i>			
Northland Cooperative Federation, Rock, Mich....	Upper Peninsula of Michigan.....	Lumber.	House insulation.
Range Cooperative Federation, Virginia, Minn....	Minnesota, Mesabi Range district.....	Lumber and complete line of building supplies.	
Cooperative Services, Maple, Wis.....	Northern Wisconsin.....		

<sup>1</sup> Plans addition of many more items. <sup>2</sup> Subsidiary of Farmers Union Grain Terminal Association. <sup>3</sup> Own sawmill. <sup>4</sup> Own plant.

## APPENDIX C.—Selected List of References on Housing

**BURROUGHS, ROY J.**

Farmers' cooperative construction service. (*In* Land Policy Review, U. S. Department of Agriculture, Bureau of Agricultural Economics (Washington), winter 1945, pp. 16-21.) Price 10 cents.\*

Presents a plan for a Nation-wide farmers' cooperative construction service, including the construction of homes as well as farm buildings and the servicing of equipment. Proposes that the regional farmers' cooperative wholesales take the initiative in forming a national association.

**BAUER, CATHERINE.**

Housing in the United States: Problems and policy. 28 pp. (Reprinted from International Labor Review, July 1945.) Montreal, International Labor Office, 1945. Price 10 cents.

A critical analysis of the housing situation, of public housing, of FHA insurance, and of possibilities under present housing legislation.

— Modern housing. Boston and New York, Houghton Mifflin Co., 1934. 331 pp., illus.

In addition to historical material, beginning with the 19th century, contains detailed data on elements of modern housing—standards, location, lay-out and building arrangement, building types and dwelling plans, construction, architecture, etc.

**CHASE, STUART.**

The case against home ownership. (*In* Survey Graphic, May 1938, pp. 261-267.)

**GRAY, GEORGE HERBERT.**

Housing and citizenship: A study of low-cost housing. New York, Reinhold Publishing Corporation, 1946. 254 pp., bibliography, charts, plans, illus.

An exhaustive report dealing with the historic and philosophic as well as the social, economic, and technological background of housing in both the United States and Europe. Shows how public housing policy has developed, illustrated with accounts of many projects and showing their advantages and shortcomings. There are chapters dealing with determining factors in cost of housing and rent, and with designs for low-cost dwellings. Accomplishments of various Federal housing agencies in the United States are reviewed and appraised. The author also presents a comprehensive program for postwar housing in this country, including therein an outline of policies that should be changed and a proposal for a national council of housing.

**HALBERT, BLANCHE, editor.**

The better homes manual. Chicago, University of Chicago Press, 1931.

Detailed discussion of the various "requirements for good housing"—cost, site, architecture, materials, lighting, etc.

**KIRKHAM, JOHN EDWARD.**

How to build your own home of earth. Oklahoma Engineering Experiment Station Publication No. 61. Stillwater, Oklahoma Agricultural and Mechanical College, 1946. 37 pp., diagrams, illus.

With the object of stimulating "personal initiative in people for building their own homes," at a cost that they can afford, the author (on the basis of his own experience with a house now 8 years old) describes the various processes, and gives diagrams for equipment for hand labor in building a house of earth.

U. S. DEPARTMENT OF LABOR. *Bureau of Labor Statistics.*

Organization and management of cooperative and mutual housing associations. (*Its Bulletin No. 858.*) Washington, 1946. 65 pp. Price 20 cents.\*

Discusses general principles of cooperative housing, site and type of project, community and architectural planning, financing, membership relations, administration and management, tax status, etc. Appendixes give model bylaws, sample share subscription agreement, model lease, and citations of cooperative and housing laws.

U. S. NATIONAL HOUSING AGENCY. *Office of the Administrator.*

Mutual housing: A Veterans' guide. Washington, 1947. 55 pp. Price 15 cents.\*

Covers origination and organization, financing, construction, operation and management, etc.

— *Federal Public Housing Authority.*

Manual of policy and procedure. Section 3555:2—Sales to mutual ownership corporations of Federally owned permanent war housing projects developed under the Lanham Act, Public Laws 781 and 9. Approved January 18, 1946. (Mimeographed.)

— *Federal Housing Administration.*

A handbook on urban redevelopment for cities in the United States. Washington, 1941. 105 pp. (FHA Form No. 2389.) Price 15 cents.\*

— — Principles of planning small houses. (*Its Technical Bulletin No. 4,* revised June 1, 1946.) Washington, 1945. 44 pp., diagrams, illus.

— — Housing Costs: Where the housing dollar goes. (*Its Bulletin No. 2.*) Washington 1944. 48 pp. Price 10 cents.\*

## WOOD, EDITH ELMER.

Recent trends in American housing. New York, The Macmillan Co., 1931. 317 pp.

An analysis of the housing situation in the early 1930's (much of which is applicable today). Chapter X deals with cooperative housing.

## WRIGHT, HENRY.

Rehousing urban America. New York, Columbia University Press, 1935. 173 pp., charts, diagrams, illus.

A critical analysis of a number of group projects (single, row, and apartment dwellings) here and abroad. Contains chapters on new methods of construction, quality of living space, and analytical and cost studies. Addenda relate to desirable standards for various parts of the dwelling.

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\*Obtainable from the Superintendent of Documents, Government Printing Office, at price named. Money order or check should accompany order; do not send stamps.



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