

within the building unions. The Ministry of Works has done valuable work in sponsoring and developing several very good permanent pre-fabricated types of construction with a view to cutting down costs and man hours but these have so far only scratched the problem.

In conclusion it can be said that in Britain, at long last, we have a complete framework set up to ensure that comprehensive land use planning is carried out over the whole country. Whether or not this machine will work effectively depends largely on the quality of the personnel who will operate it; well trained planners are at present in short supply.

The actual construction of houses and buildings is very much part of the general economic situation, and is not likely to improve greatly until that improves. The building instrument—the construction industry—in spite of considerable

standardization enforced by wartime shortages is still very much a conglomeration of trades whose overall efficiency by industrial standards, is low. This problem remains to be solved.

It is possible that the slowness of the rehousing program may turn out to be a blessing in disguise. In three years outline plans for all the towns in England should be either approved or in process of approval, and the housing areas in them will be properly designed and laid out. There is a definite danger now that in the post war rush, housing is sited without adequate forethought and laid out in undue haste. In three or four years not only should we have good outline plans to work to but also the layouts of the New Towns, which will be models of their kind, will give a lead to the rest of the country.

Housing in the United States

By ROBERT BURKHARDT

IN Washington this autumn all three branches of this U.S. government are busy with what is becoming known bitterly as "our perennial housing crisis."

The legislative branch, shortly before it recessed in July, appointed a joint committee of Senators and Representatives to investigate the current shortage of housing and report on possible remedial legislation.

Shortly thereafter the judicial branch sought, and obtained, criminal indictments against the nation's two largest real estate and home building trade associations for alleged price-fixing and other collusive action.

And the President—as anxious as anyone to find a way to cut the country's Gordian knot of housing—in August

completed his reorganization of the executive agencies concerned with housing.

Still, a lay observer would be quite safe in predicting that these laudable actions will result in little or no relief for the harrassed veteran whose family is uncomfortably and unwillingly doubled up with his in-laws for lack of housing.

This even though as early as 1944 a few persons in government foresaw the present plight of the ex-serviceman and the displaced war-worker. On April 11, 1944, for example, John B. Blanford, Jr., then Administrator of the National Housing Agency, (N.H.A.) now the Housing and Home Finance Agency) appeared before a subcommittee of the Senate Military Affairs Committee to warn that the post-hostilities problem in housing was going to be one of increasing production, rather than cutting it back. The NHA's Annual Report for the same year made this point again.

EDITOR'S NOTE: Robert Burkhardt is a Washington journalist and author of numerous articles on housing in the United States. An article of his, entitled "The United States Congress on Housing" appeared in the June, 1947, issue of PUBLIC AFFAIRS.

Nevertheless, with very little government preparedness, the post-war housing crisis arrived precipitously in the closing months of 1945. During that year more than 6,000,000 men and women were released from the United States armed forces; 4,500,000 in October, November and December alone. Four million more were discharged in the first six months of 1946. Obviously the handful of housing vacancies which existed in the United States at that time could not even begin to accommodate this flood of home seekers.

The Wyatt Program

To meet this sudden, but not entirely unexpected problem, the President in January of 1946 brought Wilson W. Wyatt, a young and energetic attorney, to Washington from Louisville, Ky. Mr. Wyatt was given an extraordinary grant of authority by the President and told: "Make no little plans."

Taking the President at his word, Mr. Wyatt drew up a program calling for the construction of 2.7 million housing units for veterans during 1946 and 1947. Necessary legislation was drawn up and presented to the Congress, which hastily gave its approval and a generous money appropriation as well. During the early spring and summer of 1946 the "Wyatt Program," as it quickly became known in Washington, got underway amid a flurry of orders, regulations, restrictions, plans and pronouncements.

Unfortunately, however, the building industry, which was being called upon to produce the planned 2.7 million housing units, very soon discovered that along with the Wyatt program of assistance and subsidies came sharp-eyed government auditors and inspectors who frowned upon shoddy construction work and refused to approve sales prices based upon "all the market will bear," rather than upon costs.

As a result, even before the Wyatt program had begun to show results, an anguished cry began to rise from the profit-frustrated builders, brokers, spec-

ulators, and other business interests who go to make up the great, sprawling United States housing industry. "Throw Wyatt out," the professional building interests and their paid claque began to shout. "Get the government out of Veterans Housing and we'll build more housing units for veterans than this country has ever seen before."

Mr. Wyatt was busily defending himself and his program from this mounting attack when, on November 10, 1946, the President suddenly announced a new government policy: war-time controls over business and industry were to be abandoned as quickly as possible, with price controls to be dropped almost immediately. Within a few days housing was the only segment of United States industry still under strict government controls. And when the President asked Mr. Wyatt for his recommendations, and Mr. Wyatt urged even tigher controls over housing, the end was in sight. On December 4, Mr. Wyatt's resignation was announced by the White House.

Laissez Faire

With Wyatt gone, housing controls were quickly dropped, except for rent control, and a *laissez faire* policy quietly became preeminent in housing.

Under this policy of general inaction, such of the federal government's permanent housing activities as remain have been grouped under three agencies:

1. *The Federal Housing Administration*, which insures mortgage loans by private banks and other lending institutions to encourage better and more home building; it also insures loans for remodelling, maintenance, and repair of existing housing.
2. *The Home Loan Bank Board*, which provides a credit reserve for thrift and home financing institutions; insures the safety of investments up to \$5,000 in certain savings and loan associations; supervises the Home Owners' Loan Corporation.

3. *Public Housing Administration*, which provides Federal aid for low rent housing projects built and operated by local housing authorities; manages war housing built with Federal funds; currently provides a limited number of temporary, "reuse" war housing and Army and Navy barracks, for homeless veterans.

These three agencies operate as quasi-independent, constituent units of an agency known as the Housing and Home Finance Agency. In addition to its function as a coordinating head for its three operating constituents, the Housing and Home Finance Agency is also responsible for such government housing research as is done. At present, except for minor testing of new materials at the United States Bureau of Standards, there is very little research activity going on, and no money is available for work in this important, but currently neglected, field.

Under the government's present *laissez faire* housing policy, the formerly vigorous Public Housing program has come to a virtual standstill. No new projects are being initiated, and it was only with the greatest difficulty that the present, 80th Congress was persuaded to meet its full annual subsidy obligation for the support of the 172,000 units of public low-rent housing now open. The 1946 bill for federal subsidies was the lowest in many years—mainly because rental incomes were the highest in many years—and totalled \$6,675,868, which Congress appropriated after much grumbling over this annual "drain" on the treasury.

Present Dilemma

Currently the housing shortage in the U. S. is a puzzling one, quite unlike that of devastated Europe or Asia. Instead of a loss of housing through war action, the U.S. during the war years 1942 through 1945 added more than a million and a half dwelling units to its supply,

primarily because limited construction was permitted to supply war workers in overcrowded industrial centres. Thus, from 1940 through 1946 the number of housing units in the U. S. increased from 37,325,470 to more than 40,000,000. In this same period it is estimated that the increase in the number of family units in the U. S. was only from 35,087,440 to about 37,900,000.

It is evident from these figures that the ratio of housing units to families in the U.S. did not change appreciably from pre-war to post-war. Yet for the demobilized serviceman seeking a home to replace the one he gave up in 1940, the situation has changed markedly.

In 1940 a home seeker had a generous choice of apartments and houses to choose from at rentals of \$35 to \$60 per month. Nearly as wide a selection was available for anyone desiring to purchase, with a good selection priced at from \$4,500 to \$8,000.

Today the home seeker in any major U.S. city can find virtually no housing of any kind for rent. And while the number of houses offered for sale is appreciably greater than in 1940, the asking prices have soared to prohibitive levels for the average wage earner.

This is the dilemma that is causing the demobilized servicemen and displaced war-workers to despairingly turn to their government and cry: "Help us! Investigate, if you must. But do something! Get us decent housing for our families, at prices or rentals we can afford." Every mail in Washington brings these pleas to the attention of the President, federal housing officials, and the Congress.

What is causing this present phase in the perennial U.S. housing crisis? Why should there still be more than two million married veterans living doubled up with others, or in temporary trailers and shacks?

Some believe that the answer lies in a simple brace of statistics: Since 1940 rents, effectively controlled by the government, have been permitted to rise

only 4.4 per cent; while at the same time the median family income in the U.S. has risen nearly 100 per cent!

This has resulted in millions of U.S. families being able to afford a housing standard far beyond their means in 1940. Moreover, such a family who managed to locate desirable, or even luxurious accommodations during the past six years has enjoyed a government granted "squatters right" to these accommodations, with Federal protection against eviction even by a landlord who preferred to rent to a veteran with a family.

The solutions to this pressing problem are currently hawked in Washington. The first—offered freely by the now-indicted Realtor and building associations—is the abandonment of all rent controls. This, according to these self-appointed spokesmen for the landlords, would permit rents to rise to a point where lower income families could no longer afford their present accommodations and would be forced to move; perhaps to double up, or rent slum quarters, as many low income families did during the depression '30s. The result thus would be a large amount of rental housing immediately available—but with no assurance that the distribution would be any more equitable than the present status quo of rent control.

Rent Controls

At the other extreme—but not regarded very seriously—is the suggestion that the government continue rent control and attempt at the same time to bolster it with some workable form of space-rationing. This suggestion is based upon sound wartime experience, which demonstrated that price controls were inequitable and often unworkable without accompanying rationing. With housing the suggestion becomes one of dubious practicality, however, because of the apparent impossibility of devising a feasible rationing scheme.

In any event, this latter argument has been made moot by the Congress which in the last session decided to continue

rent controls only until February 29, 1948. And in the interim period tenants and landlords are given Congress' permission to enter into "voluntary" leases providing for rent increases up to 15 per cent.

Subsidies

Still other suggestions to bring more rental units onto the housing market are those which would make Federal subsidies available to builders or operators of rental housing. These proposals range from the well-balanced provisions of the Taft-Ellender-Wagner bill now pending before Congress,¹ to a scheme for Rent Certificates which would be issued by the government to low income families, who would pay them to landlords as part of their rent. The landlords could then redeem the certificates for cash.

However the present Republican-dominated, "economy" Congress has not looked with favor upon any kind of subsidies which call for federal expenditures of money. So it seems unlikely that speedy action will be taken on this kind of solution to the present acute shortages of rental housing.

Help for Veterans

Currently about the only federal aid available to the hard pressed home seeker is limited to demobilized servicemen. This aid consists of a provision in the Servicemen's Readjustment Act, passed by the Congress in 1944 and liberalized in 1945, which makes available to a veteran of World War II a government guarantee of 50 per cent, or \$4,000, whichever is smaller, on a home mortgage loan. By combining this provision with the insured mortgage benefits of the National Housing Act it is possible for a veteran to purchase a home, under certain conditions, without a down payment of any initial equity.

A great number of speculative builders in the U.S. are presently catering to

1. See "The U. S. Congress on Housing," June issue of PUBLIC AFFAIRS.

this type of veteran purchaser, designing the house and the mortgage both to comply with the various Federal regulations so that the veteran can make his purchase without the necessity of a down payment. And in most cases these houses wryly called "G.I Homes"—are being snapped up by veterans all over the U.S.

An increasing number of government officials—legislators included—are privately becoming concerned about the increasing number of veterans who are buying houses under this system; houses they do not want and may not be able to afford, but which they are driven to buying because of a lack of suitable rental housing. It seems to some who are observing the problem that the government may be the ultimate owner of a million or more of these GI houses, if a sharp and protracted business recession occurs and the unemployed veteran owners are unable or unwilling to fulfill their long-term, expensive mortgage contracts. To complicate this potential problem, many of these GI houses have been hastily built on string developments,

often with second rate materials and poor land utilization.

To the harrassed veteran, however, the important and immediate thing is that here is one way to get a roof to shelter his family **now** and in reasonable privacy too. No mind that it might be a roof which will have to be replaced in three or four years; it can be his, a place where a baby can be brought into the world without risking a landlord's wrath and possible eviction into the street. That his GI house may attract more housing troubles than it solves seldom concerns him. All the veteran is certain of is that rent control will end next February, so even if he were successful in finding a place to rent it might only offer brief respite from housing worries.

With a GI house, purchased under government mortgage guarantees, he has no equity and feels that he thereby takes little risk. That this solution to his housing problem may be adding fuel to the smouldering flame of the next phase in his country's perennial housing crisis worries him—and too few others in Washington this autumn—not at all.

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in the next issue**
