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**The Quest for a New Frontier in Housing**

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“I assure you that my colleagues in the urban renewal fields in the West identify the housing of the disadvantaged, displaced or not displaced by urban renewal, as a number one problem... There are dozens of ideas offered to solve this problem... but something should be done.”

M. Justin Herman, San Francisco Redevelopment Authority to Robert C. Weaver, Administrator of the U.S. Housing and Home Finance Agency, February 24, 1961.

## **Introduction**

During the 1950s, the political dynamics of American low-income housing policy began to change.

After they won the long struggle to pass the United States Housing Act of 1949, the supporters of public housing—known as public housers—felt a sense of relief. The 1949 act began federal funding of slum clearance and rebuilding projects and at long last resumed appropriations for new public housing. Now officials in the nation’s big cities were finally able to build the projects that they had been planning for years. Although the national industry trade associations launched a campaign against local public housing projects, it appeared that public housing, which liberals considered an important part of the social safety net, was well established. In the following years, however, leaders of the public housing movement realized that the program they had helped enact during the Depression and revive after the war was not working as desired. They sought ways not only to revive the public housing program but also to find new ways to provide housing for low- and moderate-income families.

On the side of the housing industry, leaders of the major trade groups went beyond fighting the public housing they despised and dedicated themselves to spreading the gospel of code enforcement at the local level. They scored a major political triumph with the passage of the federal urban renewal law of 1954, which bolstered code enforcement and rehabilitation of existing buildings and created the new FHA Sections 220 and 221 to build private sales and rental housing in urban areas. These programs, the industry leaders hoped, would eventually replace public housing.

Yet as the years rolled by, it became clear that the public housing program no longer threatened to supplant privately developed and owned housing. The National Association of Real Estate Boards nonetheless remained adamant, fighting vigorously to eliminate public housing and implement code enforcement to renew cities, but other groups relaxed their efforts to suppress public housing. Some leaders of housing industry trade associations, especially the

National Association of Home Builders, could see that the new Federal Housing Administration (FHA) programs aimed at low-income and slum families had not caught on as they had hoped. They began to reconsider their positions on government-subsidized low-income housing and commenced a search for new programs.

The array of new federal programs notwithstanding, the condition called variously “slums,” “blight,” or “gray areas” continued to spread across America’s big cities. Old neighborhoods became blighted—that is, buildings deteriorated, grime and general untidiness increased, and property values fell—for a variety of reasons. The decision of younger households to live in the growing suburbs rather than the city, for example, left some areas with an aging population and a depreciating housing stock. Just as important and far more visible was the arrival of low-income people—especially African Americans, Mexicans, Puerto Ricans, and southern American whites—in search of jobs in the revived industrial and service sectors of the 1950s. Racial prejudice that restricted African Americans to certain neighborhoods compounded the usual problems of rural migrants coming to the city—including transiency and makeshift, often crowded living arrangements. Even prosperous African Americans paid an extra premium for their homes, while many less well off blacks lived in substandard, crowded, and sometimes dangerous abodes.<sup>1</sup>

Gradually and in the face of much resistance, African Americans and other minority groups expanded the territory they inhabited, but the transformation of formerly middle- or upper-class neighborhoods to crowded ghettos shocked observers. To many it seemed that nineteenth-century slum conditions had returned. Middle-class residents feared the spread of blight, with concomitant fall of real estate values, to their neighborhoods. Civic leaders, worried

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<sup>1</sup> According to the 1960 census, one-half of non-white renters and one-third of non-white homeowners lived in substandard dwellings. Martin Meyerson, Barbara Terrett and William L. C. Wheaton, *Housing, People, and Cities* (New York: McGraw-Hill, 1962), 37, 39-44, 74-81; Arnold R. Hirsch, *Making the Second Ghetto: Race and Housing in Chicago, 1940-1960* (Cambridge: Cambridge University Press, 1983); 22-39. The racial discrimination and exploitation in urban housing and the difficult process by which African Americans expanded the areas in which they settled are chronicled in many works, including Hirsch, *Making the Second Ghetto*; Amanda I. Seligman, *Block by Block: Neighborhoods and Public Policy on Chicago's West Side* (Chicago: University of Chicago Press, 2005); Beryl Satter, *Family Properties: Race, Real Estate, and the Exploitation Of Black Urban America*, (New York: Metropolitan Books, 2009); Thomas J. Sugrue, *The Origins of the Urban Crisis: Race, Industrial Decline, and Housing in Detroit, 1940-1960* (Princeton: Princeton University Press, 1996), 181-207; Robert O. Self, *American Babylon: Race and the Struggle for Postwar Oakland (Politics and Society in Twentieth Century America* (Princeton, N.J.: Princeton University Press, 2003), 159-170; Wendell Pritchett, *Brownsville, Brooklyn: Blacks, Jews, and the Changing Face of the Ghetto* (Chicago: University of Chicago Press, 2002); John F. Bauman, *Public Housing, Race, and Renewal: Urban Planning in Philadelphia, 1920-1974* (Philadelphia: Temple University Press, 1987); Edward Orser, *Blockbusting in Baltimore: The Edmondson Village Story* (Lexington: University of Kentucky, 1994).

that the cities would lose their tax base or perhaps collapse altogether, supported urban redevelopment projects (which paradoxically only worsened the housing shortages). Whites of all types resisted the racial integration of neighborhoods, slowing the progress of blacks. Everywhere, the apparent decline of old city neighborhoods lent a sense of urgency to solving urban problems.<sup>2</sup>

During the 1950s, new leaders, primarily large real estate businessmen such as James Rouse and Phillip Klutznick, emerged to rally civic forces in search of novel housing and urban renewal policies. They sought to create a fresh national agenda for cities based on moderate stances that encouraged local code enforcement and rehabilitation, but also tolerated public housing and federal programs. When a recession in the late 1950s led President Dwight Eisenhower to adopt fiscal restraint, liberal reformers and conservative home builders found they both opposed the federal government's tight money and housing program budget cuts, and the 1958 election brought large Democratic majorities and more liberals into Congress. The shifts in political forces held the potential for a new coalition for housing and urban policies that would cross ideological lines.

But the election of 1960 diverted the movement towards a moderate consensus on housing and urban renewal. President John F. Kennedy named Robert C. Weaver, a veteran public houser, as the head of the federal housing agency, where Weaver came up with legislation more or less on his own. Although it appeared to build on the conservative private industry program of 1954, the proposed law, which became the Housing Act of 1961, in essence attempted to achieve long-held liberal reform goals—government-supported public and non-profit housing, inner-city redevelopment, and regional planning. The Housing Act of 1961 reinforced with ample funding a slew of existing programs—starting with public housing and urban renewal—and added new FHA programs to reach the moderate-income population through for-profit and nonprofit developers. After its passage, however, efforts for national housing and urban policies essentially came to a standstill for three years, and thus the Housing Act of 1961 turned out to be the major housing accomplishment of the brief Kennedy administration.

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<sup>2</sup> For the history of the perception of and responses to blight, see Mark I. Gelfand, *A Nation of Cities: The Federal Government and Urban America, 1933–1965* (New York: Oxford University Press, 1975), 106-110, *ff*; Jon Teaford, *The Rough Road to Renaissance - Urban Revitalization in America, 1940-1985* (Baltimore: Johns Hopkins University Press, 1990); Beauregard, *Voices of Decline: The Postwar Fate of US Cities* (Cambridge, Mass.: Blackwell Publishers, 1993), 79-157. For concern about blight in the 1950s, see Beauregard, *Voices of Decline*, 135-152; Alexander von Hoffman, "The Lost History of Urban Renewal," *Journal of Urbanism* 1:3 (November 2008), 281-301.

In the end, the quest for a new frontier in housing proved to be less a prelude to the future than the culmination of past policies and the start of a long pause.

### **Malaise In Public Housing**

During the 1950s it became painfully clear to anyone paying attention that the public housing program was deeply troubled. Enemies and advocates alike, according to *Architectural Forum*, considered the program “a political and social liability.” Catherine Bauer, an author of the original public housing law, declared in a 1957 article still read today that the program had fallen into a zombie state, “not dead, but never more than half alive.”<sup>3</sup>

The appearance of public housing projects belied the notion that modernist-style homes would transform the character of mass housing. In his work as chairman of the subcommittee on low-income housing for the 1954 President’s Advisory Committee on Government Housing Policies, one of the early public housers, Ernest Bohn, found that many believed the projects were too dense, too tall, and too different from what most Americans thought of as homes. Public housing projected an “institutional” look that placed a stigma on its residents. Leading intellectuals such as Bauer cried out to reverse “skyscrapomania” and instead build small houses that would blend in with their surroundings.<sup>4</sup>

Not only did public housing projects look like large impersonal institutions, they had begun to operate like them. For a number of reasons, a growing proportion of public housing residents belonged to ever lower income groups. Supporters of public housing worried that the projects were producing an unnatural concentration of poor people, a condition that still vexes housing advocates fifty years later. They believed, moreover, that an increasing number of

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<sup>3</sup> “Our Confused Housing Program,” *Architectural Forum*. 106:4 (April 1957), 230; Catherine Bauer, “The Dreary Deadlock of Public Housing,” *Architectural Forum* 106:5 (May 1957) 140 (quotation)-142, 219, 221.

<sup>4</sup> “Appendix 3, Report of the Subcommittee on Housing for Low-income Families, The President’s Advisory Committee on Government Housing Policies and Programs, *Recommendations on Government Housing Policies and Programs, a Report* (Washington, D.C.: U.S. Government Printing Office, 1953), 269-271; Catherine Bauer, “Swing Low, Sweet Architect! The First Lady of Housing Discusses Flaws in Public And Private Design,” *The Housing Yearbook - 1954* (Washington, D.C.: National Housing Conference, 1954), 40-41; Charles Abrams, *The Future Of Housing* (New York: Harper & Brothers, 1946), 371-3. For a defensive perspective on the image of public housing, see “Evidence Collected from All Over to Prove that Public Housing Can Also Be Beautiful,” National Housing Conference, *The Housing Yearbook - 1956* (Washington, D.C.: National Housing Conference, 1956), 40-41.

households could be deemed “problem families,” meaning that they contained children born out of wedlock, single unwed parents, alcoholics, drug addicts, delinquents, and/or criminals.<sup>5</sup>

The housers grew alarmed by what they perceived as changing character of public housing tenants, and a few questioned their old assumption that better housing would automatically improve the lives and behavior of the slum dwellers. One disillusioned reformer caustically observed:

Once upon a time we thought that if we could only get our problem families out of those dreadful slums, then papa would stop taking dope, mama would stop chasing around, and Junior would stop carrying a knife. Well, we've got them in a nice new apartment with modern kitchens and a recreation center. And they're the same bunch of bastards they always were.<sup>6</sup>

To add insult to injury, some observers began to blame public housing for urban social problems. In 1958 the *New York Times* published a widely discussed series of articles by Harrison Salisbury in which he roundly condemned New York's public housing projects, particularly the Fort Greene Houses in Brooklyn, as breeding grounds for gang violence. Even the ancient slums of the Lower East Side, Salisbury asserted, had produced a more stable social order than had Brooklyn's modern housing projects.<sup>7</sup>

Complicating matters further was the rising proportion of African American tenants in the projects of large northern cities. The prominent public housing advocates—including Robert Weaver and Charles Abrams, founders and leaders of the National Committee Against Discrimination in Housing—ardently supported the growing civil rights movement. But the liberal public housing supporters now feared that the program was helping to create new racial ghettos.<sup>8</sup>

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<sup>5</sup> “Problem Families,” *Journal of Housing* 8:8 (August 1951), 283-284; Elizabeth Wood, *Public Housing and Mrs. McGee* (New York: Citizens Housing and Planning Council of New York, Inc., 1953); “Families With Problems Gain Through Housing-Welfare Cooperation,” *Journal of Housing* 13:3 (March 1956), 89-91; “Public Housing and Mrs. McGee,” *Journal of Housing* 13:11 (December 1956), 424-428; “Off-the-Cuff Commentary,” *Journal of Housing* 13:11 (December 1956), 425; “Troubled and Troublesome Families...,” *Journal of Housing* 14:4 (April 1957), Special Issue on “Problem Families,” 111-147.

Bradford Hunt argues that the quality public housing declined in the 1950s not because of problem families, who were then not numerous enough to have such a widespread effect, but because an extremely high ratio of youths to adult broke down normal social discipline. D. Bradford Hunt, *Blueprint for Disaster: The Unraveling of Public Housing in Chicago* (Chicago: University of Chicago Press, 2009), Chapters 5 and 6.

<sup>6</sup> Wood, “Public Housing and Mrs. McGee,” 424; Daniel Seligman, “The Enduring Slums,” in editors of Fortune, eds., *The Exploding Metropolis* (New York: Doubleday & Company, 1958), 106.

<sup>7</sup> Harrison E. Salisbury “‘Shook’ Youngsters Spring From the Housing Jungles,” *New York Times*, March 26, 1958.

<sup>8</sup> Bauer, “Dreary Deadlock of Public Housing,” 141; Frank S. Horne, “Interracial Housing in the United States,” *The Phylon Quarterly* 19:1 (Spring 1958), 16; “Philadelphia Story: White Neighborhoods Fight Housing Projects—So None Are Built,” *House and Home* 12:1 (July 1957), 41-45; Warren Jay Vinton, “Working Paper,” *Interim Report*

The association of public housing with low-income blacks fueled the prejudices of whites, who loathed the idea of projects in the midst of their neighborhoods. The search for suitable sites on which to build new public housing projects became increasingly contentious. In many northern cities, Chicago in particular, whites physically attacked blacks who tried to move into housing projects in white neighborhoods. In response to the white (and occasionally black) middle-class resistance, local public housing authorities secured land for public housing in areas that were predominantly inhabited by racial minorities or on remote sites considered undesirable, or they chose to forego the Congressional funds and not to build any units at all.<sup>9</sup>

At the same time, bureaucratic inertia, both in Washington and in the cities, was choking the program. Public housing officials suffered, in Bauer's words, from "excessive caution, administrative rigidity and lack of creative initiative." The sluggishness and poor morale of local housing administrators that emerged in the 1950s would become a chronic problem for years thereafter. Local officials in turn complained of red tape in Washington preventing progress. Unable to overcome the local and federal obstacles, local housing authorities left an increasing number of authorized public housing units to remain unbuilt.<sup>10</sup>

As the public housing movement entered its third decade, political zeal for the program was fading. Years of fighting the private housing industry opponents had kept the public housers on the defensive, and now its leaders were aging. After fourteen years of leading the National Housing Conference, the principal lobby group for public housing, Lee Johnson stepped down in 1958. "Perhaps," he wondered, "we have grown weary of the long fight for progress in housing..."<sup>11</sup>

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*on Housing the Economically and Socially Disadvantaged Groups in the Population; Proceedings and Working Papers of Conference held February 26-27, 1960, in Highland Park, Ill.* (Chicago: Metropolitan Housing and Planning Council of Chicago, 1960), 9, 32-33.

Despite rules to the contrary, many public housing authorities discriminated by race. The practice was blatant in the South where segregated housing projects were the rule. Racial discrimination was also prevalent in the North where the dwindling number of white applicants were often allowed to live in predominantly white projects and black applicants were steered to projects in black neighborhoods. Eventually in many large cities the paucity of white public housing tenants resulted in predominantly or completely black projects.

<sup>9</sup> Martin Meyerson and Edward C. Banfield, *Politics, Planning, and the Public Interest: The Case of Public Housing in Chicago* (Glencoe, Ill.: The Free Press, 1955); Hirsch, *Making the Second Ghetto: Race and Housing in Chicago, 1940-1960*; "Will Race Tension Choke Public Housing?" *House and Home* 12:1 (July 1957), 40-41, 45.

<sup>10</sup> In 1960 Warren Vinton observed, "In many places a spirit of lassitude and disillusionment appears to affect the local housing authorities." Vinton, "Working Paper," 33; Bauer, "Dreary Deadlock," 140; Lee F. Johnson, "What's the Matter with Housing?" *Housing Yearbook - 1955* (Washington, D.C.: National Housing Conference, 1955), 11-14.

<sup>11</sup> Lee F. Johnson, "The Long Fight: 1937 to 1958," *Housing Yearbook - 1958* (Washington, D.C.: National Housing Conference, 1958), 5 (quotation) -8.



Even as they defended the program in public, its supporters grew restless. Faced with political gridlock over sites, local authorities were able to build few units. An ardent champion of public housing, Senator Paul Douglas was so unhappy with the situation that he wrote privately that he believed the “entire program needs to be revamped,” and he hoped to devote time to finding “an acceptable solution.”<sup>12</sup>

Ironically, as a sense of gloom fell over the ranks of public housers, the ferocity of political attacks on the program abated. After a series of fierce battles over appropriations in the early 1950s, legislative controversies about public housing quieted. In the middle of legislative jockeying in 1955, the housing trade journal *House and Home* noted the lack of the traditional rancor among partisans. A Texas mortgage banker sounded as if his colleagues were retreating from the struggle. “The boys are just worn out—tired of the fight. The public housers outlasted us.”<sup>13</sup>

Actually, Congressional enemies of public housing such as Jesse Wolcott, William Widnall, and Homer Capewhart continued to work to shrink or eliminate any authorizations or expenditures on public housing, while members of the old coalition continued to struggle to defend them. The result was a stalemate in which the government authorized some but only a relatively small number of units.<sup>14</sup> A kind of political exhaustion set in, creating what Catherine Bauer famously called “the dreary deadlock of public housing.” The leading intellectuals of the movement, Catherine Bauer and Charles Abrams, called on colleagues to begin again. Some public housers now proposed that public housing authorities take unorthodox approaches, such as purchasing existing housing or building ordinary looking two-family houses.<sup>15</sup>

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<sup>12</sup> Paul H. Douglas to William J. Thebus, July 2, 1957, Box 723 Legislative File Correspondence Urban Affairs and Housing 1957, General Housing June 1957 Folder, Paul Douglas Papers, Chicago Historical Society, Chicago, Illinois; “Philadelphia Story: White Neighborhoods Fight Housing Projects—So None Are Built,” *House and Home* 12:1 (July 1957), 41-45.

<sup>13</sup> “Senate Junks Administration Housing Bill, Votes Public Housing Full Speed Ahead,” *House and Home* 7:6 (July 1955), 43.

<sup>14</sup> The 1949 Act had called for 135,000 units to be built every year for six years. The Housing Act of 1954 called for 35,000 units for one year rather than four years as Eisenhower had requested and restricted these to people dislocated by slum clearance, but Congress did not appropriate money for any new starts. In 1955, Congress authorized 45,000 units for one year without previous restriction; in 1956, it authorized 35,000 units for two years; in 1957-8, it passed no new authorizations; and in 1959, it authorized 37,000 units. Descriptions of the political battles over public housing authorizations and appropriations can be found in *A Nation of Cities: The Federal Government and Urban America, 1933–1965* (New York: Oxford University Press, 1975), 159-205; Nathaniel S. Keith, *Politics and the Housing Crisis Since 1930* (New York: Universe Books, 1973), 110-138; and D. Bradford Hunt, “How Did Public Housing Survive the 1950s?” *Journal of Policy History* 17.2 (2005), 193-216.

<sup>15</sup> Bauer, “The Dreary Deadlock of Public Housing;” “The Dreary Deadlock of Public Housing, II” *Architectural Forum* 106:6 (June 1957) 218; Abrams, *Future of Housing*, 372-373.

Their doubts did not stop public housing advocates from pushing for new government housing expenditures, but the demands for high numbers of units—200,000—began to sound like fantasy. Even as they sought to expand federal government support to reach a broader spectrum of the low-income population, the housers became more amenable to the idea that policies other than public housing might be necessary to solve urban housing problems.

### **Urban Revitalization Lacks Pep**

Although the mouthpieces for private building industry could not contain their glee at their foes' crisis of confidence in the public housing program—and never missed an opportunity to note it—the private revitalization program business leaders had inscribed in the Housing Act of 1954 was hardly rebuilding America's faltering cities. Prior to its passage, leaders of the organizations of home builders, mortgage bankers, and real estate brokers had hammered out the law's major provisions in business roundtables organized by *House and Home* and in Eisenhower's President's Advisory Committee on Government Housing Policies. The Housing Act of 1954 established the urban renewal program, based on building code enforcement, rehabilitation, and new housing programs for slum clearance sites and low-income families (Sections 220 and 221 respectively of the National Housing Act of 1934, as amended) which were carried out, not as by the government, but by private builders. The housing industry leaders hoped that by upgrading substandard buildings and using private builders to produce new housing, the public housing program would no longer be necessary and go out of business.<sup>16</sup>

In the immediate aftermath of the passage of the Housing Act of 1954, the leaders of the trade associations eagerly supported code enforcement and rehabilitation programs, which they had helped inscribe in federal policy. To whip up enthusiasm, officers of the National Association of Home Builders (NAHB) formed national committees on urban renewal, low-income housing, and minority housing and organized workshops to teach builders how to do rehab projects. The NAHB leaders urged their members to start developing homes for low-income families—if for no other reason than to forestall the resumption of direct federal building programs. Reflecting an impulse to act on social issues, NAHB officers also pushed members to build minority housing. The National Association of Real Estate Boards (NAREB) continued to push its Build America Better program, offering consultation services to neighborhoods and

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<sup>16</sup> von Hoffman, "The Lost History of Urban Renewal."

cities that wished to take up a rehabilitation program. In 1955 James Rouse, the mortgage banker who had risen to national fame in the early 1950s for his efforts on behalf of the Baltimore Plan of code enforcement, helped found and lead the American Council to Improve Our Neighborhoods (ACTION), a national citizens' organization for urban issues. ACTION sponsored research and spread news about neighborhood conservation efforts.<sup>17</sup>

Despite all the enthusiasm, the new approach to fighting slums soon began to bog down. To begin with, code enforcement and rehabilitation projects generally were too small to give locally based real estate brokers and mortgage bankers much business. Except for expensive redevelopment projects that produced large fees, the action in the real estate field was in the suburbs. In January 1956 NAREB downgraded its urban renewal week-long campaign, Build America Better, into a committee under the auspices of its reorganized public relations department. Later that year the organization began to convert Build America Better Week to Realtor Week, a celebration of NAREB member "realtors" as upstanding local community leaders. The motivation to spruce up the reputation of real estate brokers arose from unpopular sales practices in two areas. First, in the suburbs, the building boom invited little-qualified or inexperienced individuals—and some quick buck artists—into the real estate game. Second, in racially changing inner-city neighborhoods, small brokers—defamed as "blockbusters"—sold houses to blacks in areas that whites had previously kept off-limits. In this context, NAREB members felt that distinguishing themselves as responsible and certified professionals was more important than restoring run-down city neighborhoods. The organization continued to advise local real estate boards and city governments on conservation plans and urban renewal, but eliminated much of the hoopla.<sup>18</sup>

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<sup>17</sup> National Association of Real Estate Boards Build America Better Council, *Blueprint for Neighborhood Conservation; a Program for Large-Scale Elimination of Slum, Blight, and Unfit Housing Conditions*. (Washington, D.C.: National Association of Real Estate Boards, 1956); National Association of Real Estate Boards Build America Better Council, *The Potential of Neighborhood Conservation in Pittsburgh's Urban Renewal program; A Report ...* (Washington D.C., Build America Better Committee, 1958); Joshua Olsen, *Better Places, Better Lives: a Biography of James Rouse* (Washington, D.C.: ULI- Urban Land Institute, 2003), 65-69; ACTION publications include monthly bulletins, *Report from Action*, nos. 1-16, Sept. 1955-Sept. 1957; reports such as ACTION, Inc. Research Committee, *Report on Action to Achieve Potentials for Housing in the Pittsburgh Area* (New York: Research Committee, 1959); and volumes in the ACTION Series in Housing and Community Development.

<sup>18</sup> "NAR's "American Home Week" Celebrates 50 Years," *Realty Times*, April 8, 2002, <[http://realtytimes.com/rtpages/20020408\\_narhmweek.htm](http://realtytimes.com/rtpages/20020408_narhmweek.htm)> viewed March 10, 2010; "Realtors Aid Cities," *New York Times*, January 1, 1956; "Changes in Staff at Realty Center," *New York Times*, January 29, 1956; "Obligation to Public Keyed As Realtor Week Approaches," *Christian Science Monitor*, March 15, 1957; "'Realtor Week' Proclaimed," *Washington Post*, March 30, 1957; Norris Poulson and Goodwin Knight, "Official Proclamations

The leaders of the NAHB had successfully pushed for inclusion in the 1954 housing act two new FHA mortgage-insurance programs, Sections 220 and 221, which were aimed at motivating home builders to participate in urban renewal and forestalling public housing. Both programs provided loan insurance on liberal terms for rehabilitation of existing homes and construction of new dwellings: Section 220 covered mortgages in urban renewal areas, whereas Section 221 offered insurance for loans to families who were displaced by urban redevelopment or unable to afford any but substandard homes. To encourage code enforcement and rehabilitation—rather than demolition and public housing—the law required jurisdictions to submit “a workable program” of anti-slum efforts which the federal housing agency would approve before providing funds.<sup>19</sup>

Try though they might, however, the NAHB officials could not get many home builders excited about either urban renewal or the new FHA housing programs. By 1956 the NAHB had disbanded its Department of Housing Rehabilitation for lack of interest among members. Builders’ complaints that the Section 220 program for development of urban renewal sites offered too little profit potential led Congress in 1956, according to *House and Home*, to lay “a thick sugar coating” of higher profit margins on the program and then three years later add “every incentive short of windfalls.”<sup>20</sup> Home builders also protested that cost limits and loan terms made Section 221, in which FHA mortgage insurance was to generate low-cost housing for families displaced by slum clearance, unusable.

Even when they could work under the terms, builders in both programs encountered the sticky problem of obtaining sites upon which to build homes for low-income families. The difficulty of finding suitable building sites also plagued public housing authorities, of course, and for similar reasons. Residents of middle-class communities resisted development of

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Stress Realtor Week,” *Los Angeles Times*, March 31, 1957; Rose Helper, *Racial Policies and Practices of Real Estate Brokers* (Minneapolis: University of Minnesota Press, 1969).

<sup>19</sup> von Hoffman, “The Lost History of Urban Renewal.”

<sup>20</sup> In 1956 Congress raised the allowable profit margin on the Section 220 program for multifamily housing in urban renewal areas from 7 to 10 percent, which along with a 90% loan-to-replacement-cost ratio for his mortgage, the magazine explained, would allow a builder to put none of his own money into a project. In 1959 the Congress raised the limits on Sect. 220 mortgages of one-family houses and allowed developers to add facilities such as parks and shopping centers into their projects. “Housing Act Liberalizes Fanny May; Extends Title I and Military Housing,” *House and Home* 10:3 (September 1956), 49; “New Housing Bill: Big Shots in the Arm for Co-ops, Secs. 220, 221,” *House and Home* 15:3 (March 1959), 47; Paul J. Mitchell, “The Housing Act of 1954: Impacts on Housing,” *Planning History Present* 8:1 (1994), 3; Statement to [sic] Chairman Ralph Finitzo, NAHB Public Housing Committee to Board of Directors Meeting, San Francisco, September 1957, Committee reports (1957) Fall, Box 03-036, NAHB archives, Washington, D.C. (hereafter NAHB), 2.

Section 221 projects, and often whites' fears of African Americans entering their neighborhoods stoked the resistance. In addition, home builders found it difficult to obtain urban renewal land from public authorities, who had become enamored of impressive looking shopping districts and luxury homes.<sup>21</sup>

Hence, builders took little advantage of the new social program of FHA-insured loans. Despite some easing of requirements, by 1960 Section 221 had produced only 15,550 dwellings. Most of these units were built in the South, where the practice of racial segregation dampened whites' fears that construction would change social geography. The other 1954 housing program, Section 220, which insured home mortgages in slum clearance and urban renewal sites, also did poorly, generating only 1,500 houses in six years. Most home builders had concluded it was easier to build houses for middle-class buyers in the suburbs.<sup>22</sup>

Within a few years of the passage of the 1954 law, it also became clear that building code enforcement and fix-up campaigns were doing little to stem the increasing tide of slums and blight. Enforcement ultimately depended on local cooperation, which civic campaigns found hard to achieve. Landlords, many of whom were not well off, insisted on squeezing profits out of their properties, and low-income tenants were often reluctant to fight their landlords. Moreover, throughout the 1950s low-income migrants—Mexicans, Puerto Ricans, Appalachian whites, and especially African Americans—continued to flow into American cities. The resulting ethnic and economic neighborhood transitions far outpaced the efforts to keep blight and slums at bay. In Baltimore, where the code enforcement movement first gained fame, longtime civic leader Frances H. Morton by the end of the decade was about ready to throw in the towel. Looking back over twenty years of work, she concluded that enforcement at best provided only a temporary solution to the slums. The authors of a survey of several of the most sustained code enforcement and rehab efforts agreed, observing gloomily, “Nowhere did a city or neighborhood actually remove the causes of blight.”<sup>23</sup> The inability to reverse blight did not stop housing industry businessmen—

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<sup>21</sup> Report of Urban Renewal Committee, Chicago, Illinois, January 17, 1958, Box 03-001, NAHB; Report of Urban Renewal Committee Report 21, January 16, 1959, Box 03-001, NAHB; Fairbanks, *Making Better Citizens*, 173-174.

<sup>22</sup> Hunt, “How Did Public Housing Survive the 1950s?” 210; “Urban Renewal: FHA 221 – 5-year-old Fiasco,” *House and Home* 17:1 (January 1960), 81.

<sup>23</sup> The Baltimore campaign arose during the late 1940s. Frances H. Morton to Norman P. Mason, *Views on Public Housing, Symposium of Letters Written at the Request of Norman P. Mason* (Washington, D.C.: U. S. Housing and Home Finance Agency, 1960), 112; Martin Millsbaugh and Gurney Breckenfeld, *The Human Side of Renewal: A Study of the Attitude Changes Produced by Neighborhood Rehabilitation* (Baltimore: Fight Blight, 1958/ New York: Ives Washburn, 1960), 230.

especially the leaders of NAREB and NAHB—from urging stricter enforcement of codes and more building rehabilitation, but it would become a growing frustration.

### **Slow Moving Projects**

In addition, the code enforcement and rehabilitation approach supplemented but never replaced the earlier slum clearance method of urban redevelopment. Even the NAREB and NAHB anti-slum strategies had recommended demolishing and replacing properties that were beyond saving. More importantly, city officials and civic leaders continued to support slum clearance—with or without public housing—throughout the late 1950s and early 1960s. Locales that employed code enforcement and rehabilitation generally also demolished properties—in industrial areas and inner-city ghettos—to build highways, civic projects, and housing.<sup>24</sup> Indeed, the term “urban renewal,” which was coined originally as an alternative strategy of restoring existing buildings, came to replace the earlier phrase, “urban redevelopment,” as a term for demolition and displacement of residents.

Whatever their scope, projects started under the urban renewal banner seemed to go nowhere. By 1959, ten years after the enactment of federal support for slum clearance and five years after the law that was supposed to broaden the program, all involved recognized that urban renewal projects crawled at a snail’s pace. As with public housing, federal officials blamed local officials for procrastinating, and local authorities blamed Washington for too much red tape. Protracted delays in carrying out urban renewal proved to be a chronic problem.<sup>25</sup>

### **The Shifting Politics of Urban Policies**

Paradoxically, the failure of the programs to revitalize American cities did nothing to weaken their political support. The continuing spread of slum conditions during the 1950s

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<sup>24</sup> Chicago’s near South Side experienced large-scale clearance for private and public high-rise housing complexes and highway construction. The renewal program for the Hyde-Park neighborhood, often touted for its rehabilitation, included clearing many blocks of properties. For Philadelphia, see “The Philadelphia Cure,” *Architectural Forum*; “Philadelphia’s Redevelopment,” *Architectural Forum* 105:6 (December 1956) 128-135; Bauman, *Public Housing, Race, and Renewal*, 104-115.

<sup>25</sup> “Housing Policy: Urban Renewal Veers to Rehabilitation; PHA Moves to Cancel Stalled Projects,” *House and Home* 16:5 (Nov 1959), 53; “Officials Admit Public Housing, Renewal Have Troubles; Ask More \$\$ For Both,” *House and Home* 16:6 (Dec 1959), 74, 78; Jon Teaford, *The Rough Road to Renaissance - Urban Revitalization in America, 1940-1985* (Baltimore: Johns Hopkins University Press, 1990), 156-157; National Commission on Urban Problems, *Building the American City: Report of the National Commission on Urban Problems to the Congress and to the President of the United States*, (Washington D.C.: U.S. Government Printing Office, 1968), 165-7.

spurred a redoubling of efforts to stop the downward slide of America's cities. Some parties emphasized one cure, others another cure, but virtually everyone who influenced urban policies believed that urban ills—such as deteriorated properties of all sorts and overcrowded and substandard residences—were essentially physical in nature, and thus they looked to physical solutions. Almost invariably state and local officials, citizens' associations, and interest groups turned to the familiar remedies: urban renewal—encompassing both rehab and redevelopment—code enforcement, and low-income housing. The continuing push for urban policies created new and sometimes surprising alliances and caused tensions between old allies.<sup>26</sup>

On the strength of new supporters, urban renewal gained political momentum during the 1950s. Even as some federally sponsored projects languished, big city mayors, businessmen, and assorted civic leaders embraced redevelopment for imposing civic centers and office complexes financed by private companies and local and state government. Grand projects—such as Pittsburgh's Gateway Center, Philadelphia's Penn Center, and Boston's Prudential complex—received glowing publicity from ribbon-cutting to completion that cast a glow on the idea of urban renewal.<sup>27</sup>

The support for urban renewal in turn gave public housing a political lift. Large-scale real estate developers, such as William Zeckendorf and James Scheur, and eventually even urban-oriented mortgage bankers, such as James Rouse, embraced big neighborhood rebuilding projects. Bruce Savage was an Indianapolis realtor and NAREB member who in 1954 had served on the business-dominated presidential advisory committee. While on the committee he apparently was converted by fellow-member Ernest Bohn to the cause of public housing to the extent that during the last year of the Eisenhower administration he became federal Public Housing Commissioner. Even Eisenhower's federal housing chief, Albert Cole, threw his support behind public housing, a surprising development given his early career as an outspoken opponent of the program. In contrast with American business's party line of free enterprise, these private businessmen came to accept and endorse the idea of public housing.<sup>28</sup>

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<sup>26</sup> There were exceptions to the rule, of course. Some social workers and community organizers in the 1950s toiled to improve individual lives and political capabilities of inner-city residents, but neither group held much sway in making policies. The urban civil rights advocates who fought to break down discrimination in housing would eventually score great successes—which ironically would serve to accelerate the flight of the middle-class minority groups from the city—but in the Eisenhower years they were only just getting started.

<sup>27</sup> Teaford, *Rough Road to Renaissance*, 108-110.

<sup>28</sup> Keith, *Politics and the Housing Crisis*, 120-1; Joshua Olsen, *Better Places, Better Lives: a Biography of James Rouse* (Washington, D.C.: ULI- Urban Land Institute, 2003), 31, 64-65; James W. Rouse and Nathaniel S. Keith, *No*

While the old public housing coalition—the housing, labor, and social workers’ organizations, along with the mayors—hammered at the need for more public housing to provide for those dislodged by slum clearance projects, the real estate industry representatives supported the private-development programs, Sections 220 and 221, they had devised precisely for the displaced. Yet as NAREB continued to insist on Section 221 and, if need be, rent certificates for the poor, the NAHB grew restless with the 1954 programs and called for revamping them and even finding new programs. This apparently contributed in 1959 to a rift between the two groups, which broke out in public when the realtors’ chief scolded the home builders for their support of housing programs. The argument between the industry groups was short-lived, but foreshadowed the leading role NAHB would take in formulating housing policy during the 1960s.<sup>29</sup>

Code enforcement gained ground, too. Locally it remained popular because it was a relatively inexpensive way for citizens to fight the ever-encroaching slums. At the national level, NAREB remained committed to the policy of neighborhood conservation, which encompassed enforcement and housing rehabilitation. Although NAREB and other the private trade associations considered enforcement and rehab as a substitute for public housing, code enforcement began to gain support from those who advocated public housing. The leaders of the National Association of Housing and Redevelopment Officials (NAHRO), one of the oldest public housing lobbies, became increasingly committed to using code enforcement and rehab during the 1950s. The organization’s magazine, *Journal of Housing*, regularly covered localities that employed this anti-slum technique, and in 1959 NAHRO inaugurated an annual national codes workshop. Die-hard public housers—such as those leading NAHRO’s old ally, the National Housing Conference—did not share the enthusiasm for code enforcement. But the

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*Slums in Ten Years, A Workable Program For Urban Renewal; Report to the Commissioners of the District of Columbia.* (Washington, D.C.: Commissioners of the District of Columbia, 1955); James W. Rouse, “Use Public Housing To Make Renewal Work,” in Catherine Bauer et al, “The Dreary Deadlock of Public Housing II,” *Architectural Forum* 106:6 (June 1957) 140; “Bruce Savage Named To Succeed Slusser as Commissioner of PHA,” *Journal of Housing* 17:3 (March 1960), 91; Albert M Cole, Oral History, conducted by Morton J. Schussheim, May 29, 1991, Washington, D.C., Records of Pioneers in Housing, Library of Congress, Washington, D.C.

<sup>29</sup> “NAREB Convention: Give Renewal Aid to Poor Cities Only, Realtors Ask,” *House and Home* 16:6 (Dec 1959), 66. For the pro-public housing coalition, see Leonard Freedman, *Public Housing; the Politics of Poverty* (New York: Holt, Rinehart and Winston, 1969), 76; Alexander von Hoffman, “The End of the Dream: The Political Struggle of America’s Public Housers,” *Journal of Planning History* 4:3 (August 2005), 222-253.



expense of and increasing local resistance to the demolish-and-clear style of urban renewal recommended enforcement and rehab as a more convenient way to fight creeping blight.<sup>30</sup>

The ebb and flow of national politics pushed old adversaries towards each other, if not exactly together. In his second term, Eisenhower worried that federal spending would precipitate an economic recession and, starting in 1957, urged cuts in spending on federal programs and a tight credit policy, which created much unhappiness among the urban policy interest groups. The public housers were peeved at attempts to keep the authorization of their program at low levels, while the home builders, who hungered for easy credit and fixed low interest on FHA mortgages, split from the mortgage bankers and realtors who were willing to tolerate higher interest rates. Mayors, represented by the American Municipal Association (AMA) and the United States Conference of Mayors (USCM), were upset by the Eisenhower's attempts to slash federal funds for urban renewal projects.<sup>31</sup>

Eisenhower's fiscal policies caused unrest even within his administration. Albert Cole, the Administrator of the federal Housing and Home Finance Agency (HHFA), protested cuts in urban renewal and public housing as bad politics and unwise policy, respectively. Cole's private and public support for the programs angered Ike, who chewed out his department chief. Cole eventually resigned and afterwards made speeches supporting an increase in the urban housing programs.<sup>32</sup>

As the Democrats, most of whom were committed to spending for social programs, gained political strength during the late 1950s, the stage was set for a major struggle over Ike's budget-cutting policies. Representative Albert M. Rains and Senator John J. Sparkman, both

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<sup>30</sup> "Saving Cities Through Conservation and Rehabilitation" is an ongoing, occasional series in the *Journal of Housing* from at least 1953 through at least 1959. "NAHO, NAHB Suggests Redevelopment and Conservation Aid," *Journal of Housing* 10:11 (Dec 1953), 409, 426; "Saving Cities; More and More Cities View Code as Important Anti-Slum Weapon," *Journal of Housing* 16:4 (April 1959), 130-131; "The NAHRO President's Corner: Charles L. Farris Says..." *Journal of Housing* 16:10 (November 1959), 369-371; "NAHRO's Fourth Codes Conference: Participants Call it 'Wonderful;' 'Beneficial;' 'Best Yet;'" *Journal of Housing* 19:4 (May 1962), 198-199. In contrast, *The Housing Yearbook*, the organ of the National Housing Conference contains no mention of codes or their enforcement in these years—a loud silence.

<sup>31</sup> Roger Biles, "Public Housing Policy in the Eisenhower Administration," *Mid-America* 81 (Winter 1999), 5-25; "NAREB Convention: Realtors Chafe at Tight Money Urge Flexible FHA, VA Rates," *House and Home* 10:6 (Dec 1956), 73, 77; "MBA Convention: Flexible FHA Interest Rate Closer, Mortgage Men Believe," *House and Home* 14:6 (Dec 1958), 43; "NAREB Convention: Give Renewal Aid to Poor Cities Only, Realtors Ask," *House and Home* 16:6 (Dec 1959), 66; Mark I. Gelfand, *A Nation of Cities: The Federal Government and Urban America, 1933-1965* (New York: Oxford University Press, 1975), 186-190.

<sup>32</sup> The HHFA was the predecessor of the Department of Housing and Urban Development, but was charged strictly with housing policies and as an agency lacked cabinet status or authority. Gelfand, *Nation of Cities*, 185-192; Hilbert Fefferman, interview by author, Bethesda, Maryland, July 23, 2006.

Alabama Democrats and chairs of the influential committees on banking and currency in their respective legislative chambers, supported the housing interest groups and led the efforts for urban renewal and housing programs. The 1958 elections greatly increased Democratic majorities in both houses of Congress and strengthened the legislators' hands. That year, Sparkman publicly denounced Eisenhower's statement on housing legislation for signaling retreat and retrenchment.

There followed a protracted battle, highlighted by two presidential vetoes, over what eventually passed as the Housing Act of 1959. In the end, Eisenhower acceded to the Congress's provisos for 37,000 units of public housing and \$650 million for urban renewal projects over two years. Sensing the shift in power, the home builders went out of their way to build bridges to the powerful Democratic congressional chairmen—especially Albert M. Rains, D-Ala., chair of the Housing Subcommittee on Banking and Currency—even going so far as to bite their tongues on the public housing provisions of the 1959 act.<sup>33</sup>

### **The Quest for a New Plan: Left, Center, and Right**

The political zeitgeist at the turn of the decade suggested that Washington was about to renew its interest in housing and urban policy. The leaders of the housing interest groups sensed a political opportunity for urban programs. They believed that American cities direly needed new development and especially new housing—particularly for low-income and racial minority groups. But they also knew that the past programs—public housing mainly, but also urban renewal and even code enforcement—had not succeeded as they hoped. With the urban policy seemingly up for grabs, leaders of diverse groups involved in urban policies embarked upon a quest for new approaches.

The Eisenhower administration itself got involved in the search in 1959. Taking up the challenge posed two years earlier by Congress, the new HHFA commissioner, Norman P. Mason, initiated reassessments of virtually all the housing agency's programs. Mason hired Ernest M. Fisher, a land economist from Columbia University who for years had worked for the real estate industry, to study the agency's major departments. He conducted a large "symposium

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<sup>33</sup> The 1959 bill also added \$250 million to the college dormitory loan fund (started in 1950), and started Section 202, a new program of direct loans for nonprofit corporations to build rental housing for the elderly. Keith, *Politics and the Housing Crisis*, 123-8; "NAHB Directors: Not Politics, Self-Interest, Say Builders Backing Rains," *House and Home* 15:6 (June 1959), 39, 41; Gelfand, *Nation of Cities*, 192-194.

by mail” on the public housing program and held discussions with a variety of interested parties on the issue of minority housing, which the agency had abandoned after an earlier attempt during Ike’s first term.<sup>34</sup>

On the left, the public housers had been working on an agenda that would rescue their social housing program by expanding and reforming it. During the 1950s, the primary public housing lobby organizations, the National Housing Conference (NHC) and NAHRO called for broadening the social housing program by inviting low-income elderly people into public housing projects and repeating the call for housing for the forgotten middle-income families.<sup>35</sup> The supporters of public housing began to coalesce around new ways to run a low-income housing program: to allow families who earned above the income requirements to stay on; prepare to sell projects to tenants individually or in cooperative associations; rethink the design of new projects as smaller and more similar to private housing building types; and allow public housing authorities to buy existing houses and apartment buildings. Beyond that, they called for a new cabinet department for housing and urban affairs, a dramatic expansion of the urban redevelopment and renewal program, and action by federal agencies to act to assure a large increase in mortgage credit.<sup>36</sup>

In the center, prominent large-scale real estate developers along with civic and corporate leaders gave political ballast to moderately liberal cluster of ideas for programs. In two important conferences in 1959 and 1960, these big-business moderates, some of whom were early supporters of the urban renewal concept embodied in the 1954 housing act, publicized proposals to broaden private housing production to benefit lower-income groups while retaining public housing, the program that was anathema to the trade associations.

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<sup>34</sup> Ernest M. Fisher, *A Study of Housing Programs and Policies: Prepared for U.S. Housing Administrator Norman P. Mason* (Washington, D.C.: U.S. Housing and Home Finance Agency, 1960); U.S. Housing and Home Finance Agency, *Views on Public Housing, Symposium of Letters Written at the Request of Norman P. Mason* (Washington, D.C.: U.S. Housing and Home Finance Agency, 1960); Albert M. Cole, “Federal Housing Program,” in Gertrude Sipperly Fish, ed., *The Story of Housing* (New York: Macmillan, 1979), 321.

<sup>35</sup> Interestingly, in light of the later federal programs which produced all-elderly buildings, the NHC specified that the elderly should be integrated and that separate projects for old people would be a mistake.

<sup>36</sup> Clarence C. Klein, “The NAHO President’s Corner: Housing For the Aged.” *Journal of Housing* 9:7 (July 1952), 248; “Conference on Housing For Aged Draws over 400.” *Journal of Housing* 9:8 (August 1952) 271; American Public Health Association Committee on the Hygiene of Housing, *Housing an Aging Population* (New York: American Public Health Association, 1953); “A Minimum Housing Program for the Nation,” *The Housing Yearbook - 1955*, 5-10; George Meany, “Good Housing for All,” *The Housing Yearbook - 1955*, 29-32; Keith, *Politics and the Housing Crisis*, 130-131; Catherine Bauer et al, “The Dreary Deadlock of Public Housing II,” *Architectural Forum* 106:6 (June 1957) 139-141, 218, 222-232.

In May 1959 ACTION, the national citizens' urban affairs organization led by James Rouse, unveiled a 43-point program at an impressive two-day conference for 700 registered participants, which was highlighted by a speech by former Democratic presidential candidate Adlai Stevenson and a written message from President Eisenhower. ACTION's research committee was chaired by Ferd Kramer, the president of one of the largest real estate companies in Chicago and a nationally recognized urban renewal developer, and advised by five committees chaired by corporate executives and an official of the United Steel Workers. It produced an extensive program based on the premises that private and public efforts should complement one another, management and labor should work together, and government can strengthen "private competition as a major means for achieving housing welfare." The ACTION Program for the American City called for strengthening government housing agencies, rationalizing and upgrading the means of private housing production, finding more money for private and public urban development, wide-ranging planning and researching of urban and suburban projects, and educating everyone on their civic duties in solving the urban dilemmas.

Almost hidden in the middle of the agenda were the recommendations to revive public housing, which implicitly endorsed the controversial program. Several proposals, moreover, were in line with public housers' views on how to reform the program: redesign projects to make them more appealing, allow over-income tenants to purchase their units, and experiment with rental vouchers and authorities buying privately built homes.<sup>37</sup>

Less than a year later, Metropolitan Housing and Planning Council of Chicago (assisted by ACTION) held a conference in the suburb of Highland Park which brought together leading downtown Chicago businessmen, and national figures: the executive vice-president of ACTION, housers such as Vinton and Bohn, the top HHFA officials, home builders, bankers, and academics of various stripes. The conference chairman was Philip M. Klutznick, a former federal housing official and developer of the planned community of Park Forest, Illinois, and a colleague in civic ventures of ACTION leader Ferd Kramer. The "spirit of the discussion was unbiased," Klutznick declared, "and neither friendly nor unfriendly to the public housing program." The conference report justified expansion of public housing, albeit with reforms, and also laid out new plans for

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<sup>37</sup> Action, Inc., *Announcing the Newark Conference on the ACTION Program for the American City, May, 4-6, 1959, Newark, N.J.* (New York, Action, Inc., 1959); *An Agenda for Policy: Housing and Community Development, Working Draft, presented at the Newark Conference on the ACTION Program for the American City, May 4, 5, and 6, 1959* (New York, Action, Inc., 1959), (quotation), 2, *passim*.

private development for housing the “lower and middle-middle income group” by giving subsidies to builders and cheap loans to nonprofits. Like the ACTION conference, the Metropolitan Housing and Planning Council called for strengthening the federal housing agency, but more specifically called for a new federal Department of Urban Development.<sup>38</sup>

The emerging middle-of-the-road agenda for a combination of public and private sector development received something of an endorsement from the federal government when the HHFA published Ernest M. Fisher’s assessment of housing programs. In his report for Mason, Fisher cautiously recommended adoption of a full housing research program, the creation of unified federal housing agency, granting local governments more control over programs (and asking them for more funds), and that local public housing authorities experiment and maintain a “balanced inventory” that included existing houses. No doubt disappointing trade associations, Fisher concluded that public housing was necessary because it was impossible to make a profit on “decent, safe, and sanitary” homes that low-income families could afford. “This is no indictment of private enterprise,” Fisher explained defensively, “it is only an identification of the nature of the problem.”<sup>39</sup>

So moderate was Fisher’s report that it happily surprised the Board of Governors of NAHRO, a bastion of public housing supporters. Charles L. Farris, the group’s president and head of the St. Louis housing authority expressed the feeling of public housers. “For a study about which so many of us have had so many misgivings and for which we hoped for so little—we have been given a valuable document that is going to have both tactical and substantive value for us for a long time to come.”<sup>40</sup>

The presidential campaign bolstered the position of the liberal housing agenda. During the campaign, the Democrats’ urban and housing platform planks adhered more closely to the liberal coalition’s positions, but both presidential candidates promised federal money for low-income and minority housing and urban renewal. Late in the campaign, the Republican candidate, Richard Nixon, ditched Eisenhower’s approach and attempted to stake a claim on urban policies. Nixon’s seven-point proposal incorporated liberal positions, such as federal

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<sup>38</sup> The report acknowledged that not every member of the conference agreed with its conclusions. Committee on Disadvantaged Groups, *Interim Report on Housing the Economically and Socially Disadvantaged Groups in the Population*, preamble (quotation), 1-4; passim.

<sup>39</sup> Fisher, *A Study of Housing Programs and Policies*, v-vii, 25-26.

<sup>40</sup> “NAHRO Board Evaluates Fisher Report,” *Journal of Housing* 17:5 (May 1960), 199; “The NAHRO President’s Corner: Charles L Farris says: Lets Talk ‘The Fisher Report’—” *Journal of Housing* 17:5 (May 1960), 199.

grants for urban renewal and continuing public housing with single-family houses and rentals of private units.

Surprised by Nixon's foray into what was considered Democratic territory, John F. Kennedy's campaign organized big-city mayors—who were already angry at the Eisenhower administration for ignoring them—to attack Nixon's stand. Kennedy convened an urban affairs conference, attended by hundreds of government officials as well as representatives of builders, labor, housing organizations, and issued a detailed report of his own proposals. Kennedy called attention to “spreading slums and blight” which he labeled “the shame of the nation,” and attacked Eisenhower and Nixon for cutting back urban renewal. Although the candidates' positions on housing and urban renewal resembled one another, JFK took a broader approach, calling for federal support of transportation systems and parks and proposing a new Cabinet-level department of urban development. In regard to civil rights, both parties adopted fair housing planks, and Kennedy, attempting to score political points by criticizing the administration for inaction, promised to end housing discrimination by federal agencies with a “stroke of a pen.” It seemed that whichever candidate won, housing would have its day.<sup>41</sup>

### **Private Industry: The Home Builders Set Out on the Quest**

The rising political power of Democrats and liberals, along with the apparent emergence of mainstream support for at least some public housing, posed a challenge to the private housing industry. The real estate brokers responded by upholding hard-line conservative positions. NAREB stood its ground against public housing and criticized the tight-budget Eisenhower administration for spending too much on housing and urban renewal. The real estate boards went so far as to insist that any changes to FHA mortgage insurance requirements should extend its reach to benefit not low-income families, but those higher on the income ladder, such as young executives! In 1960 the group opposed a cabinet post for housing and urban affairs—and at the same time objected to federal aid to schools and World Court jurisdiction over U.S. issues.

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<sup>41</sup> Warren Weaver Jr., “Housing Program Offered By Nixon,” *New York Times*, September 29, 1960; “Nixon Outlines 7-Point Housing Plan, Proposes Single Housing Agency; He Seeks Bigger Federal Role to Spur Urban Renewal Building Of Homes, Low-Rent Units,” *Wall Street Journal*, September 29, 1960, 9; “12 Mayors Assail Nixon On Housing,” *New York Times*, October 8, 1960, 12; Clayton Knowles, “Kennedy Charges Urban 'Neglect' by Republicans,” *New York Times*, October 11, 1960; Peter Braestrup, “Kennedy Details Housing Program,” *New York Times*, October 20, 1960, 26; “Text of Report on Housing Endorsed by Kennedy,” *New York Times*, October 20, 1960, 26. For a partisan Democratic perspective, see Keith, *Politics and the Housing Crisis*, 136-8.

The mortgage bankers for the most part stood pat, despite defections of the Baltimore leaders, Rouse and Guy Hollyday, to the side of toleration of public housing.<sup>42</sup>

The National Association of Home Builders, in contrast to the other trade associations, found the new political landscape perplexing. Inveterate enemies of public housing, they had the most interest in developing programs to increase their business primarily for the general market—which was mostly in the suburbs—but also for the urban and low-income populations. The official interest of NAHB in urban renewal and low-income housing had all but died in the mid-1950s, but by the end of the decade, the political pendulum in NAHB had begun to swing the other way. The tight grip the federal government had put on the money supply was squeezing the air—credit—out of the home builders’ operations, which pushed them toward the Democrats who were more receptive to the housing industry’s requests for easy money and loose terms for FHA insurance. NAHB also had a new executive director, Nathaniel Rugg, whose political bent was more liberal than his predecessor. The election of John F. Kennedy—or the rising liberal tide that Kennedy tried to ride—perhaps also swayed some members of the group.<sup>43</sup>

As it became clear that those shaping housing policy—in Congress, the executive branch, and in influential groups led by civic and corporate types such as Rouse and Klutznick—were ready to accept more public housing, the home builders’ association began an urgent search for alternative private urban housing programs that would preempt public housing. The NAHB in October 1960 took the unusual step of hiring an outside consultant, Joseph McMurray, formerly the staff director of the Senate Banking and Currency Committee and housing commissioner for New York State, to investigate viable alternatives to public housing. But like Fisher’s report for Eisenhower’s HHFA director, McMurray’s report seemed to approve of public housing or at least the principle of directly subsidized low-income housing—both long-held taboos in the private housing industry.

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<sup>42</sup> “NAREB Convention: Give Renewal Aid to Poor Cities Only, Realtors Ask,” *House and Home* 16:6 (Dec 1959), 66; United States Committee on Banking and Currency, *Housing Act of 1959: Hearings Before the Committee on Banking and Currency: United States Senate, Eighty-Sixth Congress, First Session on Various Bills to Amend the Federal Housing Laws, January 22, 23, 26, 27, 28, 1959*. (Washington: United States Government Printing Office, 1959), 770-790, (reference to FHA mortgages for young executives) 772; “NAREB Convention: Realtors Move Toward Broader Policy Role,” *House and Home* 18:6 (Dec 1960), 48-49.

<sup>43</sup> (NAHB) *Washington Letter* August 30, 1956, no. 534; March 18, 1957, No. 543; “An Interview with Rep. Rains,” *Journal of Homebuilding*, March 1958, 5-9, 12-14, 118; Carl Coan Jr. Interview by author, Washington, D.C., June 9, 2006.

To be sure, McMurray urged a new approach that emphasized private enterprise. Expressing ideas that were similar to Ernest Fisher's, he called for putting federal housing monies and the discretion as to how to spend them in the hands of local authorities. McMurray suggested an array of types of housing expenditures, including subsidies to encourage private builders to produce homes for low- or moderate-income families (like those proposed in the Chicago Metropolitan Housing and Planning Council plan), subsidies to landlords rehabilitating their properties, and rent certificates to eligible families. Yet he also concluded some localities would choose to have at least some public housing, and he urged that they use subsidies to improve their projects, as others agreed, through scattered sites, row houses, and use of existing homes. His idea seemed to be to put public and private housing in a kind of competition with one another at the local level to improve the efficiency of both. McMurray apparently hoped to guide the homebuilders to policies that advanced their interests while accepting a small amount of public housing—a position not very different from the status quo in 1960.<sup>44</sup>

Instead the McMurray report stirred up controversy within the organization. Despite the wish of the NAHB's leaders to take up the challenge of producing homes for low-income families, many home builders were upset that the McMurray report had endorsed any public housing, even if it was limited and locally controlled. At NAHB's Chicago meeting in January 1961, members rejected the resolutions of the Low-Income Housing Committee that were based on McMurray's proposals. The committee returned with a recommendation that the federal government provide a subsidy to private developers of low-income housing.<sup>45</sup>

This still did not mollify the members who bitterly debated the proposal. After a series of deadlocked votes and a cooling off period, NAHB leaders were able to persuade the members to approve a resolution that recommended housing low-income families through "private-enterprise devices and without subsidy" and called for government subsidies—a first for NAHB, according

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<sup>44</sup> Joseph P. McMurray, *Ways and Means of Providing Housing for Families Unable to Afford Rentals or Mortgage Payments Necessary for Adequate Private Housing, an independent study, financed by National Association of Home Builders* (Washington, D.C., National Association of Home Builders, 1960).

<sup>45</sup> "Burke Lists NAHB 1961 Objectives," *Journal of Homebuilding* 15:4 (April 1961), 21; Report of the Low-Income Housing Committee, Government Affairs division, Report 12. Meeting Held January 28, 1961 in Chicago, Illinois; NAHB; "Report of the Special Study Committee on the McMurray Report," May 18, 1961, 1, 21-22, Box 03-002, folder 4, NAHB.



to the trade journal *House and Home*—to help private builders produce better homes for families in the lowest income bracket and those on welfare.<sup>46</sup>

It was one thing to say private enterprise should build low-income housing, but quite another to do it. As public housing advocates never tired of pointing out, the failure of for-profit builders to provide good-quality housing for all had motivated the movement for public housing. Home builders in Houston and San Antonio in Texas took up the challenge of devising private enterprise solutions to the housing problem. The Houston Home Builders Association proposed a financing plan that involved FHA-insurance for forty-year loans without any down payments or closing costs. The San Antonio project, dubbed SARAH, was an actual attempt at building low-cost homes, thirty-five three-bedroom houses affordable to low-income residents of an urban renewal neighborhood. To keep costs low, the San Antonio city government, the federal government (HHFA), and the San Antonio Home Builders Association contributed land and money for building, and a local savings and loan association promised to provide inexpensive loans to home buyers. Somewhat ironically, the home builders concluded from their experiments that the ability of private production of low-cost housing required the loosening of building codes—just the opposite of tightening and enforcing of codes, which the NAHB, NAREB, and advocates of rehab-style urban renewal had advocated since the days of the Baltimore Plan. Regardless of the results, the home builders, unlike the other private industry group, had embarked on their own quest for new low-income housing programs.<sup>47</sup>

## **The New Frontier**

While the housing interest groups searched for viable policies, the election of John F. Kennedy in November 1960 opened a door of opportunity that liberal housing advocates had been anticipating. Only weeks after his election, Kennedy formed numerous task forces to advise him in domestic and foreign policy, and two of these specifically urged the new administration to expand federal housing programs. A report on the national economy by

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<sup>46</sup> “Report of the Special Study Committee on the McMurray Report,” Attachment 2, “Summary of Board of Directors’ Meeting Saturday May 20, 1961,” Box 03-043; folder 3, NAHB; “Public Housing? ‘There Must Be Better Way,’ JFK Tells Builders,” *House and Home* 20 (July 1961), 71.

<sup>47</sup> “Report of Public Housing Subcommittee,” Report 23, January 16, 1959, 23b, Box 03-001, folder 9; “Report of the Low-income Housing Committee, Governmental Affairs Division” from [NAHB] Meeting held in New Orleans, Louisiana, on October 21, 1960, NAHB; “Minutes, Task Force Meeting on Low Priced Housing,” Washington, D.C., April 16, 1961, NAHB, 6-10; “SARAH’s Charms Unveiled at San Antonio—Hundreds Visit Low Cost Project,” NAHB Newsletter 616 (October 13, 1961), 1-2.

economist Paul A. Samuelson recommended greater government expenditures, especially in housing finance. Construction of housing, Samuelson asserted, had helped pull the country out of the last two recessions. The economist wanted to stimulate activity across-the-board, but he specifically suggested increasing programs of high-risk mortgages—the type that could benefit minority and low-income groups—elderly housing, urban renewal, and college housing.<sup>48</sup>

Kennedy's transition team also organized a Task Force on Housing and Urban Affairs for the president-elect, which was chaired by Joseph P. McMurray, who had just completed his report for NAHB. Although the team, according to member Robert C. Wood, a political science professor at the Massachusetts Institute of Technology, slapped together the report over two snowy weekends in hotels, it provided McMurray a platform to attain a prominent office in the new government. Wood called the report “a Noah's Ark,” with “everybody putting in their own piece.” McMurray contributed the same proposal he had made to the home builders—a federal subsidy to local jurisdictions to choose housing programs. Two banker members submitted recommendations for increasing the activity of FHA and FNMA; Wood wrote up ideas for planning metropolitan transportation and suburban development; and John Barriere, the senior aide to the House and Banking Currency Committee, made technical suggestions. In addition, the task force proposed more spending on housing for the elderly, college, and farm housing, programs which Democrats and liberals had managed to fold into housing bills during the 1950s.<sup>49</sup>

Upon taking office, Kennedy named Robert C. Weaver to be Administrator of the Housing and Home Finance Agency. The appointment surprised and disappointed Richard Lee, the well-known mayor of New Haven who had organized JFK's conference on housing during the fall campaign, and McMurray, who had been formerly Weaver's nominal superior at the New

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<sup>48</sup> Report, Prospects and Policies for the 1961 American Economy—A Report to President Elect Kennedy by Paul A. Samuelson, “Economy-Samuelson Report, January 1961” folder, The Papers of President Kennedy Pre-Presidential Papers, Task Force Reports, Box No. 1071, John F. Kennedy Library, Boston, Massachusetts (JFKL)

<sup>49</sup> The task force also recommended the creation of a cabinet department of housing and urban affairs, which a variety of groups supported in one form or another. Oral History Interview with Robert C. Wood by John F. Stewart, January 29, 1968, Washington, D.C., Oral History Interviews, JFKL; Report of Task Force on Housing and Urban Affairs for President-Elect John F. Kennedy, Submitted December 30, 1960, John E. Barriere Personal Papers, Box 1, JFKL; Minutes, President-Elect John F. Kennedy's Task Force on Housing and Urban Affairs, Meeting, December 10 and 11, 1960, International Hotel, Idlewild Airport, New York, “Miscellaneous Transition Papers” folder, Barriere Papers, Box 1, JFKL; Memorandum, Robert Wood [to Task Force members], “Draft: Wood Random Thoughts on Urban Renewal, Task Force on Housing and Urban Affairs,” December 17, 1960, Barriere Papers, Box 1, JFKL; Proposal report, Comprehensive Annual Grants for Urban Development, Barriere Papers, Box 1, JFKL. See also Gelfand, *A Nation of Cities*, 315.

York State Housing Commission and hoped that his connections to members of Congress and NAHB leaders would bring him the post. Clearly Kennedy wanted to choose an African American for a high post in the administration but had failed to find a black who would serve as Postmaster General (in charge of the office where blacks had traditionally looked for federal employment). In addition, as the chairman of the board of the National Association for the Advancement of Colored People and an early leader in the campaign against racial discrimination in housing, Weaver had impeccable civil rights credentials. Just as important, during his long service in the housing field, Weaver had gained many influential friends and supporters, including top Kennedy aides Harris Wofford and Adam Yarmolinsky. In Congress, Weaver's nomination ran into opposition from conservative Republicans and southern Democrats but eventually prevailed.<sup>50</sup>

The prospects for McMurray's low-income housing plan dimmed dramatically with Weaver's appointment to head the HHFA. The concept of flexible federal grants-in-aid to local governments would later resurface in different forms in the Model Cities program of 1966 and the community development law of 1974, but in 1961 it held no appeal to Kennedy's boss of housing. For one thing, neither Weaver nor Morton J. Schusheim, the aide whom Weaver brought from the New York state housing commission, thought much of McMurray's expertise. For another, they took a different approach than McMurray to housing and urban problems. Although he believed in public housing and as a legislative aide had helped write the Housing Act of 1949, McMurray believed the solution to most housing issues would come from private industry. For that reason, the home builders felt he would be an appropriate outside adviser to them.<sup>51</sup>

Weaver, in contrast to McMurray, was an authentic public houser. Kennedy's new housing chief had begun his government career in the New Deal—hired first in 1934 by Secretary of Interior Harold Ickes as a consultant to the Housing Division of the Public Works Administration<sup>52</sup> and afterwards in 1938 as special assistant to the first administrator of the

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<sup>50</sup> Harold Wolman, *Politics of Federal Housing* (New York: Dodd, Mead, and Co., 1971), 83-84; Wendell Pritchett, "The Kennedy Years: A Reluctant New Frontier," *Working along the Color Line: the Life and Times of Robert Weaver* (forthcoming).

<sup>51</sup> Morton J. Schusheim, interview by author, Washington D.C., July 20, 2006.

<sup>52</sup> Weaver recalled that Ickes interviewed him for the job by asking, "Young man, what do you know about housing?" "Very little," the twenty-six year old replied. "That's fine," Ickes responded, "you'll do well. None of those other so-and-so's know anything about it either." Interview with Dr. Robert C. Weaver by Morton J. Schusheim, Washington, D.C., December 19, 1985, Oral History Interviews, JFKL, 3.

United States Housing Authority. He had known and worked with many of the leading lights of the public housing movement.

Throughout his career, Weaver was first and foremost committed to the cause of equality for African Americans, but he saw no contradiction between civil rights and housing. In his mind, racial discrimination had helped foment poverty and create urban ghettos and slums, and therefore both housing and anti-discrimination measures could alleviate bad living conditions of blacks and other minorities in the central cities. Weaver was harshly critical of private financial and real estate interests and federal agencies such as FHA that supported them for practicing racial discrimination. In contrast he considered the early public housing programs a “godsend for Negro Americans,” which had given many their first opportunity of living in good homes, although he acknowledged that segregation in projects was a serious problem.

In general, Weaver subscribed to the public houser creed that held that the solution to urban problems would come from public and other forms of non- or limited-profit housing development for the low- to moderate-income populations, redevelopment of the worst inner-city slums (with safeguards to prevent unjust displacement of blacks), and regional planning to foster orderly, balanced, and integrated suburban growth. It was this houser point of view, not any of the compromise agendas developed by ACTION, Inc., the Chicago Metropolitan Housing and Planning Council, and McMurray, that would guide Weaver’s thinking about policy.<sup>53</sup>

As the new administration settled in, Weaver saw a chance to create a national housing policy relatively free from political constraints. Kennedy supported expansion of housing programs, and yet the new president and his circle knew relatively little about the subject. Weaver understood, however, any opening for legislation would not last long. Soon other issues would get Kennedy’s attention and the president’s political honeymoon with Congress came to an end.<sup>54</sup>

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<sup>53</sup> Weaver expressed his philosophy in Robert C. Weaver, *The Negro Ghetto* (New York: Harcourt, Brace, and Co., 1948), in which he laid out his views on public housing, 74 (quotation)-76, 309-311, and urban and metropolitan planning, 327-330, 340-1. See also Robert C. Weaver, “The Negro in a Program of Public Housing,” *Opportunity* July 1938, 198-203; Robert C. Weaver, “The New Look in Public Housing,” A Paper read at the Annual Meeting of the National Conference of Catholic Charities and the Society of St. Vincent De Paul, Grand Rapids, Michigan, November 8, 1955; Weaver, interview by Schussheim, 6 (in which he noted that for all its difficulties, public housing met “a need that no other program met and a need which was quite vital.” For Weaver’s life and career, see Wendell Pritchett, *Robert Weaver and the American City: the Life and Times of an Urban Reformer* (Chicago: University of Chicago, 2008).

<sup>54</sup> Oral History of Robert C. Weaver, conducted by Daniel P. Moynihan, [Washington, D.C.], June 16, 1964, 82, JFKL.

Weaver acted quickly. On February 3, 1961, the president sent a message to Congress on economic recovery, which stressed housing as a way to revive the construction industry. To prepare the way, the day before, Weaver issued a set of decrees aimed at expanding credit for FHA insurance projects—a move bound to please the private industry trade groups—and expedite projects in public housing, urban renewal, and college housing programs.

The HHFA Administrator then set to work with his staff, including the agencies' experienced legal counsels, to generate a housing bill for the White House. Kennedy and his aides liked it and asked Weaver to produce a speech for the president. Kennedy's right-hand man, Theodore Sorenson, looked Weaver's draft over and said it was either a damn good speech or he had been too tired when he read it to change it much. On March 9 Kennedy delivered the special message on housing to Congress. The entire process was done in-house, with little consultation with the outside interest groups (with whose views Weaver was familiar). Because Weaver knew what he wanted and the Kennedy administration liked to control the political agenda, their political calculations focused on Congress.<sup>55</sup>

### **The Housing Act of 1961**

In both the speech and the proposed legislation, Weaver put forward a broad agenda that reflected what he thought should and could be done. At Weaver's suggestion, Kennedy set out three basic national objectives. The first objective—which in fact combined two goals—was to renew America's cities and “assure sound growth” in the expanding metropolitan areas. The second goal was decent housing for all Americans, and the third was to encourage the construction industry to ensure general economic prosperity.

The proposed legislation that Weaver crafted for the Kennedy administration—most of which would be ratified as the Housing Act of 1961—cleverly blended “the old and the new” in housing policies. Kennedy's housing message invoked the landmark language of the Housing Act of 1949—“a decent home and a suitable living environment for every American family”—and the new legislation was intended to recharge the public housing and urban redevelopment programs authorized eleven years before. But as Weaver recognized, the world had changed dramatically since the postwar housing crisis and even more since the Depression years when the

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<sup>55</sup> Oral History of Robert C. Weaver, 80-81; Weaver, interview by Schussheim, 15-16.

federal government first embarked upon public housing and slum clearance. The nation was prosperous and the housing industry had grown financially and politically.<sup>56</sup>

Hence, Weaver, a careful strategist, made sure to address the private industry's urban housing programs, which had been fashioned in the 1954 housing act as alternatives to public housing. The legislation aimed to expand Section 221 FHA mortgage insurance in order to encourage the growth of economically (and hopefully racially) mixed communities, an important goal of the HHFA Administrator. Originally the program targeted families displaced by government demolitions for urban redevelopment and highways. Such displaced persons had not appeared in great numbers, however, so Weaver proposed to broaden Section 221 to encompass low- and moderate- income families in general. He also aimed to loosen dramatically the terms for such loans. The HHFA legislation proposed insurance for an unprecedented forty-year, no-down payment, low-interest loan for one- to four-family homes, similar to a measure that the home builders had long requested for FHA loans in general.<sup>57</sup>

In a nod to the notion that the housing industry was held back by a failure to modernize, the legislation offered FHA insurance for buildings that used advanced design and techniques and for a new form of ownership, the condominium, in multiple-unit structures.

Weaver also pushed to expand the urban renewal program. Although aware of its pitfalls, Weaver believed in urban renewal and tried to make both for-profit and non-profit components effective. To begin with, the 1961 housing bill boosted urban renewal funds by a whopping \$2 billion. To make it easier to develop housing the new legislation also dropped the requirement for "a workable program" for comprehensive urban renewal in communities hosting Section 221 projects, a provision which diluted the original vision of urban renewal but made it easier to get projects going. At the same time, the bill added new FHA-insured loans to Section 220 for rehab and improvements within urban renewal sites and encouraged rehab loans outside of urban renewal areas, again on liberal terms. Weaver also attempted to steal a march on the private industry by using non-profit entities to build housing for low- and moderate-income groups on urban renewal sites.

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<sup>56</sup> Statement of Dr. Robert C. Weaver, United States Senate, Committee on Banking and Currency, *Housing Legislation of 1961: Hearings Before A Subcommittee of the Committee on Banking and Currency, United States Senate: Eighty-Seventh Congress: First Session on Various Bills to Amend the Federal Housing Laws* (Washington: United States Government Printing Office, 1961), 245-246

<sup>57</sup> *Housing a Nation* (Washington, D. C., Congressional Quarterly Service: 1966), 41-42; for example of NAHB favoring FHA insurance for 40 year mortgages (for general market), see Fall Statement to Chairman Ralph Finitzo, September 1957, NAHB.

While he was building up FHA programs used by private industry, Weaver looked to swell funding for a wide variety of existing housing programs. Public housing, of course, was the flagship of reform housing that had barely survived for years on meager funding, and now the Kennedy administration was prepared to give it nourishment. Weaver asked for and received approval to build about 100,000 units, paid for with the balance of the \$336 million authorized in the Housing Act of 1949—an increase of current spending on the program of about \$79 million for the next forty years. Weaver’s legislation more than doubled spending on the new elderly housing direct loan program to non-profits (Section 202), swelled the government loan fund for college housing, and gave farm housing, another venerable program, a raise.<sup>58</sup>

Despite the spending spree, Weaver saw no future in trying to expand the traditional public housing program. Although he felt it was the best way of providing homes to the low-income families, he was well aware of the shortcomings of public housing—including its recent tendency to segregate people by income and race and, more to the point, its political unpopularity. True to his houser roots, Weaver attempted to extend the scope and reach of nonprofit subsidized housing, but by new means.<sup>59</sup>

The centerpiece of Weaver’s proposals was a new plan based on the Mitchell-Lama program he had witnessed in New York. Given the ungainly title of Section 221 (d) (3) or sometimes the equally clumsy Below-Market Interest Rate program, it was intended to encourage non-commercial entities to build or fix rental structures of five or more units for moderate-income families. It offered a concrete program for inexpensive middle-income rental housing, which liberal housing advocates had been demanding for years.<sup>60</sup> Yet Section 221 (d) (3) was not public housing, and in fact the program encouraged private development—albeit in the form of nonprofit organizations, limited dividend corporations, and cooperatives. Thus, the structure of the program offered some political protection from conservative opponents of

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<sup>58</sup> The 1961 act increased spending on Section 202 from the initial \$50 million authorized in 1959 to \$125 million and raised the college housing loaned fund by \$1.2 billion for the next four years. It also added a new elderly housing FHA insurance program and raised the building cost limits per room in the 202 direct loan programs.

<sup>59</sup> Weaver, interview by Schussheim, 6.

<sup>60</sup> Weaver, interview by Schussheim, 7; “A Minimum Housing Program for the Nation;” Hilbert Fefferman, interview by Morton J. Schussheim, June 25, 1991, Records of Pioneers in Housing, Library of Congress, Washington, D.C., 70-72; Joseph S. Clark, *The Housing Challenge of America. Extension of Remarks of Hon. Joseph S. Clark of Pennsylvania in the Senate of the United States, Monday August 18, 1958* (Washington, D. C.: Government Printing Office, 1958).

government-developed and -owned residences. In fact, the law even allowed funding for development by public agencies not engaged exclusively in public housing.

The lack of a large price tag, Weaver and the HHFA staff hoped, would also make the 221 (d) 3 program less vulnerable to attack. To keep its costs from being charged toward the federal budget, Weaver's men devised an awkward financing scheme that relied on insuring (and purchasing) mortgages whose interest was less than the going rate. The difference between this and the market rate was to provide a savings that could be used to subsidize lower rents on projects.

True to the spirit of a time of searching for new policies, the law included incentives to find new means of producing housing. A Demonstration Program for Low-Income Housing was the clearest example. But many of the programs were submitted as experiments that were to be evaluated after a trial period.

Weaver also set about planting urban planning on solid ground within federal policy. In the first part of the twentieth century, critiques of the results of private urban development—slums and sprawl—had inspired both the public housing and regional planning. Sharing this houser-planner point of view, Weaver hoped to make planning a prerequisite for participation in federal housing programs. In the 1961 housing bill he requested federal grants to state and local government to acquire open spaces for recreation and conservation purposes, funds for urban mass transportation, and a forward-looking—too forward-looking as it turned out—land banking scheme by which metropolitan areas could take land out of development and set it aside for future use.

### **Old Reactions to a New Proposal**

Weaver's legislative blend of old and new produced a debate that nonetheless harked back to early battles. Those who were invited to testify on the bill before Congress were familiar names—the representatives of industry, housing reform, mayors, and planners, as well as those from universities and farm associations who were interested in particular housing programs. Significantly absent for the most part from the hearings were civic and business



leaders who had emerged in the Eisenhower years—moderate developers such as James Rouse and Philip M. Klutznick.<sup>61</sup>

Weaver's middle-income housing programs surprised the private housing industry but did not fool them into supporting the administration. Although several private industry associations did support the proposals for research and program experiments, they generally opposed the extension of FHA programs to serve the moderate-income population. The real estate boards, American Bankers Association, Mortgage Bankers Association of America, United States Savings & Loan League, and Life Insurance Association of America all specifically opposed FHA insurance of the forty-year, no-down-payment low-interest loan that was to help moderate-income families buy houses.<sup>62</sup>

Indeed, in their testimony before Congress, most industry groups fell back on their long-held position of hostility toward public housing. The U.S. Chamber of Commerce, for example, condemned public housing as a failure and therefore disagreed with the authorization of public housing units, a position with which the United States Savings & Loan League concurred. Nonetheless, the disapprovals of public housing—undoubtedly tempered by a sense of political inevitability of a limited increase in units—sounded ritualistic and muted in tone.<sup>63</sup>

The real estate boards were the most intransigent. NAREB did not like any provisions that used non-commercial developers and rejected as unnecessary and unsound the no-down-payment, forty-year loan program. And the realtors saw an old nemesis lurking in the Section 221 (d) (3) moderate-income rental housing program, which they opposed specifically and at length. “This bill,” charged Curtis E. Huber, the Chairman of the Realtors’ Washington Committee, “would extend a form of public housing to middle-income families.” A provision that appeared to allow public housing authorities as well as nonprofits to develop the moderate-income housing triggered the realtor’s outrage. The NAREB spokesman reiterated for the

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<sup>61</sup> United States Senate, Committee on Banking and Currency, *Housing Legislation of 1961*; United States House of Representatives, Committee on Banking and Currency, *Housing Act of 1961. Hearings before the Subcommittee on Housing of the Committee on Banking and Currency, House of Representatives, Eighty-seventh Congress, first session, on H.R. 6028, H.R. 5300, and H.R. 6423, April 24, 25, 26, 27, 28, May 1, 2, 3, 4, and 5, 1961* (Washington: United States Government Printing Office, 1961).

<sup>62</sup> Senate Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 576, 689, 796-802, 813, 878, 990-991.

<sup>63</sup> “Statement of United States Savings & Loan League,” Senate Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 991.

innumerable time since the early 1950s its belief that the true path to eliminating slums lay in code enforcement and the workable program requirement.<sup>64</sup>

The home builders had been struggling with low-income housing and, in his testimony before the Senate Banking and Currency Committee, NAHB president Jim Burke expressed ambivalence about Weaver's program. In general, the NAHB wanted to expand its members' market. Hence, in contrast with other private industry groups, the NAHB backed expanding the 1954 Act's 221 FHA housing programs—the forty-year, no-down-payment low-interest mortgage, rehab loans outside urban renewal sites, and Fannie Mae purchases of such loans. Easier terms for mortgage insurance gave more families a chance to buy homes on favorable terms, Burke explained, and helped produce low-priced houses, which was the organization's prime objective for 1961.<sup>65</sup>

Yet the organization would not bite on Section 221 (d) (3), with its below-market-interest-rate loans for nonprofit developers of moderate-income housing. Rather than oppose it directly, Burke announced the group had “qualms” about the program—in particular that it encouraged the making of an “un-economic loan.” Sounding a little unsure of himself, he announced that the home builders continued to be against public housing, but were studying the McMurray report which the NAHB had commissioned. In response to committee chairman Sparkman's probing, Burke could only repeat that the home builders were studying their report. A little exasperated, Sparkman challenged Burke by asking if he would not support the administration's below-market-interest program, would he accept direct loans like those in the VA program. Burke demurred that the NAHB had not taken a stance on a direct loan program but ventured his personal opinion that this was a welfare program and should not be disguised from the taxpayers in the form of an FHA loan with a low interest rate. Yet in the House subcommittee hearings he told Albert Rains that, although they had long opposed public housing, they were considering changing that position to some extent. The NAHB, in short, found some provisions of Weaver's bill acceptable but were unsure of where they stood on the rest.<sup>66</sup>

Liberal housing reformers, in contrast, were delighted to see a proposal that escalated spending on their favorite programs far beyond anything seen in recent years and applauded the

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<sup>64</sup> “Statement of Curtis E. Huber, Chairman, Realtors' Washington Committee, NAREB,” Senate Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 797-798, 802 (quotation).

<sup>65</sup> Senate Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 433-434.

<sup>66</sup> Senate Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 438; House Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 489.

change in direction from “the lean years of the Eisenhower era.”<sup>67</sup> Almost every one of the liberal spokesmen—several of whom sent Weaver private letters expressing their feelings—favored the housing bill in its entirety, and many testified in Congress that extending the housing program to the moderate-income was long overdue.

Yet underneath all the approval, the undertone of much of the liberal testimony conveyed the idea Weaver’s legislation was not bold enough. With an eye toward economically (and by extension racially) integrating the suburbs with inner-city residents, Catherine Bauer telegraphed Weaver with a truly new policy idea—low-income housing for the suburbs. “Neither relocation nor growth problems can be solved,” Bauer wrote “without much cheaper housing in outlying [sic] areas of new developments.”<sup>68</sup> In her charming way, she entreated Weaver to allow the FHA low-interest, no-down payment loans (Section 221) throughout metropolitan areas, not just in inner-city urban renewal areas.

Her old friend was sympathetic but unyielding. “As you know,” Weaver responded, “I agree entirely with your position: the need for reasonably priced housing in outlying areas of new developments in order to open up housing for moderate-income families and ease relocation and other problems incident to urban renewal, etc.” Yet Weaver and his HHFA staff members felt compelled to tie the low-interest loans to urban renewal programs for many reasons. In the first place they believed that Congress would not pass the program without the urban renewal restrictions (no doubt out of fears of racial integration). Second, Weaver felt that out of fairness the ill-housed moderate-income families deserved the opportunity to live in the rebuilt urban renewal sites and that their presence was needed because too few high-income people wanted to rent in urban renewal areas to create the desired mixed-economic neighborhoods. Furthermore, the government’s lack of control of suburban land would hamper the ability to build low- and moderate-income housing there.<sup>69</sup>

If Bauer’s suggestion to integrate suburban housing was prescient—not for the first time—most of her colleagues in the liberal housing faction wanted what Weaver offered them, but a lot more of it. The presidents of the leading public housing interest groups, NAHRO and the National Housing Conference, not surprisingly, defended the value of public housing from

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<sup>67</sup> Keith, *Politics and the Housing Crisis*, 143.

<sup>68</sup> Catherine Bauer Wurster to Robert C. Weaver, May 16, 1951, Box 63, Robert C. Weaver Subject Correspondence Files, Record Group (RG) 207, National Archives (NA), College Park, Maryland.

<sup>69</sup> Robert C. Weaver to Catherine Bauer Wurster, May 19, 1951, *ibid.* For Weaver’s belief that the middle-income program was vital to renewal of the inner city, see also Robert C. Weaver to Ira Robbins, May 19, 1961, *ibid.*

industry criticisms, approved of the reactivation of the program, and hoped for more funding and more units. Calling the bill “an excellent program” that deserved the “full support of all right-minded people,” Boris Shishkin, a veteran of the original public housing campaign and secretary of the AFL-CIO Housing Committee, observed candidly, “We don’t believe, in all sincerity, that this program goes far enough.”<sup>70</sup>

Leon Keyserling, a brilliant economist who had drafted the original 1937 public housing legislation for Senator Robert Wagner and consulted with Wagner and Robert Taft on the Housing Act of 1949, spoke for the liberal lobby group, Americans for Democratic Action, in favor of all the bill’s provisions. Yet he could not help but point out that if the bill was regarded as an experiment of trial programs, he could approve much more wholeheartedly. For one thing, Keyserling calculated—accurately as it turned out—that the housing produced by the 221 (d) (3) program would cost too much for “the lower-middle-income families who have been so long neglected in our housing efforts.” More importantly, Keyserling insisted, the nation’s economy as well as the well-being of the low- and moderate-income groups required much more public housing and a much bigger program for moderate-income families. In general, he concluded reluctantly, the legislation appeared to be not an “omnibus bill” but rather “a kiddie car bill.”<sup>71</sup>

Like the private industry spokesmen, the liberal lobbyists repeated the calls they had been making for years. Indeed, the Monsignor John O’Grady, secretary of the National Conference on Catholic Charities, spent almost as much time discussing his role in creating the public housing law and advising Robert Taft on the 1949 legislation as he did on current problems.<sup>72</sup>

There was some disagreement in the liberal ranks on urban renewal. The mayors were most interested in urban renewal and expressed gratitude for the proposed four year funding for the program. The mayors also approved of the increase in the percentage of area of urban renewal sites that could be used for non-residential purposes, but they wanted to go further by removing the limits on non-residential redevelopment entirely. The housing and social workers, in contrast, worried about finding homes for those who had to relocate because of urban renewal and other clearance projects. Boris Shishkin, the longtime head of the AFL-CIO Housing

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<sup>70</sup> Statement of Boris Shishkin, Senate Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 847.

<sup>71</sup> Testimony of Americans for Democratic Action, Leon H. Keyserling, Consulting Economist, and President of Conference on Economic Progress, Senate Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 608-644, 629 (quotation), 609 (quotation).

<sup>72</sup> “Statement of Rt. Rev. Msgr. John O’Grady,” House Committee on Banking and Currency, *Housing Act of 1961, Hearings*, 817-823.

Committee, bluntly opposed the increase of allowable nonresidential use of renewal sites, a sentiment that was shared by many other housers. (Surprisingly, the National Housing Conference supported the mayors, no doubt because its current director, Nathaniel Keith, had headed the federal urban redevelopment agency for four years from its inception in 1949 and remained an ardent supporter of urban renewal.)<sup>73</sup>

Despite Democratic majorities in Congress, passage of Weaver's legislation was by no means a sure thing. In the 1960 election, the Democrats lost twenty seats in the House and one in the Senate, and the parties' political diversity could encourage independent coalitions depending on the issue. Fortunately for the Kennedy administration, two stalwart supporters of housing programs, Alabama's Senator John S. Sparkman and Congressman Albert Rains, took the job of shepherding the legislation from their helms of the respective committees on banking and currency. In the Senate, Sparkman led liberals and moderates in fighting off a series of hostile amendments. Conservative Republican Homer Capehart of Indiana and, surprisingly, the liberal but independent-minded Albert Gore of Tennessee proposed eliminating the forty-year, no-down-payment loan provisions, and Capehart tried as well to slash the number of authorized public housing units. Just enough southern Democrats threw their support to the programs to prevent the abandonment of the key provisions. The Senate did reject the land bank—a major blow to metropolitan planning—after Senator Everett Dirksen mocked the plan as so futuristic it belonged in the space program. The upper chamber approved funds for the other planning features—open space purchases and mass transit—but the failure to obtain the land bank rankled Weaver years later.<sup>74</sup>

In the House, the bill's floor manager, Rains, took steps to ensure its passage in the face of a surprisingly solid Republican opposition. First Rains proposed an amendment to reduce the controversial forty-year, no-down-payment loan term to thirty-five years with a three percent down payment. This worked well: the amendment was adopted by voice vote. Then Rains pulled off a clever legislative stratagem to bring around representatives of towns and suburbs who were unenthusiastic about urban housing programs. During the floor debate, the Alabama congressman sweetened the pot for small communities by adding an amendment that hiked the loans for facilities such as water, gas, and sewage improvements—dear to the heart of

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<sup>73</sup> Statement of Boris Shishkin, Senate Committee on Banking and Currency, *Housing Legislation of 1961: Hearings*, 850.

<sup>74</sup> Keith, *Politics and the Housing Crisis*, 143; Weaver, interview by Schussheim, 7-8.

developing small towns—by a hefty \$500 million. Such moves paid off, and with the help of a majority of Deep South Democrats, the House ratified the bill on a roll call vote on June 22, 1961 and sent it to conference, which preserved Rain’s amendments.<sup>75</sup>

Congress passed the Housing Act of 1961, including Section 221 (d) (3), on June 28 and President Kennedy signed it into law on June 30, 1961.

Despite Weaver’s hopes, the bill did not usher in a new era in housing. In fact, in the years following its passage, the Housing Act of 1961 seemed to make little impact at all. The sluggish recovery from the recession that began in 1958 weighed down private construction, which only began to pick up in 1962, and when it did, most new home building took place outside the central cities. The housing bill’s low-interest insurance programs for lower-middle-income families were slow to generate loans, and the 221 (d) (3) below-market-interest-rate program was slow to produce homes for low- to moderate-income families. Partly this was because they were novel, partly because FHA field staff did not readily accept working for social goals, and most importantly, the program’s red tape made it unattractive to builders. Yet the venerable public housing program grew even more slowly than the new programs. From 1961 to 1963, the Kennedy administration produced units at lower annual rate than the Eisenhower administration did in its final year. As before, local home owners and government officials increasingly resisted the construction of public housing projects. The 221 (d) (3) program produced only 37,400 units in its first five years of operation, and most of households of low but not poverty-level income could not afford them.<sup>76</sup>

Although Weaver had touted the new moderate-income housing programs as experiments, after the law’s passage the HHFA chief had little opportunity to assess and improve them. Over the next year or so, the Kennedy administration spent most of its time in the urban arena on two disappointing efforts. Kennedy and his advisers botched their attempt to convince the Congress to establish a cabinet-level Department of Urban Affairs and Housing. Playing an insiders’ game again, JFK did nothing to stir up popular support for the department. Most industry lobby groups were unenthusiastic, except for NAHB, which for a time played with supporting the idea. But when the home builders elected a new president who was more

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<sup>75</sup> *Housing a Nation*, 44-45; Oral History of Robert C. Weaver, by Daniel P. Moynihan, 97; Keith, *Politics and the Housing Crisis*, 143-144.

<sup>76</sup> Keith, *Politics and the Housing Crisis*, 145; National Commission on Urban Problems, *Building the American City*, 147.

conservative than Burke, and the Kennedy administration decided to name the new department Urban Affairs and Housing, with housing named second, the organization moved to the opposition. The White House then prematurely forced the issue, alienating both Southern Democrats—many of whom were unwilling to take a stand that might appear to support racial integration—and many Republicans. Lacking skilled floor leaders such as Rains in the House, the urban cabinet was soundly defeated in the House in February 1962.<sup>77</sup>

In the fall of 1962, after much pushing from civil rights groups, Kennedy finally issued the executive order against racial discrimination in the housing field that he had promised on the campaign trail in the fall of 1960. JFK had delayed taking action because he was reluctant to alienate the powerful Southerners in Congress, and when he did act he did so timidly. Kennedy's banned discrimination only on housing built in the future, and so—to the displeasure of the civil rights advocates—left the practices concerning all existing housing untouched.<sup>78</sup>

To make matters worse for Weaver, the White House's attention shifted away from housing and urban development. The leaders of the liberal housing coalition grew dismayed when Kennedy submitted budgets that favored military research and development, the space program, and employment programs. In the early months of 1963, interest groups such as the United States Conference of Mayors and the National Housing Conference grew so impatient that they lobbied the president and Weaver for a White House conference on housing and urban development policy. Both Weaver and the White House were reluctant to let outside groups set policy priorities but eventually acquiesced, however unenthusiastically. Government officials then privately decided to cancel the conference, but before anyone could take any further action, time ran out on the Kennedy administration.<sup>79</sup>

## Conclusion

The journey that ended with the passage of the Housing Act of 1961 did not so much discover a new frontier as it rediscovered long-settled territory.

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<sup>77</sup> Judith Heimlich Parris, "Congress Rejects the President's Urban Department," in Frederic N. Cleaveland, Royce Hanson, et al, *Congress and Urban Problems; a Casebook on the Legislative Process* (Washington, D.C.: Brookings Institution, 1969), 173-223.

<sup>78</sup> *Trends in Housing*, 4:5 (September-October 1960), 5:1 (January-February 1961), 6:5 (September-October 1961); Carl Brauer, *John F. Kennedy and the Second Reconstruction* (New York: Columbia University Press, 1977), 210-211.

<sup>79</sup> Keith, *Politics and the Housing Crisis*, 147-149; Gelfand, *Nation of Cities*, 340-341.

For a time it appeared that new policies and new coalitions might emerge in the late 1950s. Several factors—such as problems with existing programs, the emergence of a new civic movement to save the cities led by businessmen such as Rouse, and the liberals’ political victory in 1958—encouraged the emergence of a new, moderate consensus on housing and urban policies. The appointment of an old-school public houser, Robert Weaver, blunted this movement. Instead of building or relying on consensus or new coalition, Weaver produced more or less unilaterally a blend of old and new programs that he hoped would help achieve the traditional reform goals of public or otherwise non-commercial housing and regional planning.

The process that produced the Housing Act of 1961 reinforced the old programs and introduced new ones on something of an experimental basis. In the debate, the old lobby groups for the most part reverted to their well-worn positions. Public housing survived, and urban renewal won renewed political backing. Robert Weaver incorporated innovations that appeared to buttress private-sector urban programs introduced by the 1954 housing law but in fact encouraged non-commercial housing development. As it turned out, the new programs failed to ignite a fire under either for-profit or nonprofit developers. The law’s showpiece program, Section 221 (d) (3), hoped to expand the government low-income housing policy for those just above public housing levels. Yet in the following years it produced relatively few homes, and many of these were too expensive for their intended market.

It is difficult to say whether the policies that relied more on the opinions and experiences of the interest groups—including new ones such as ACTION—would have been more successful in producing low- and moderate-income housing, even if they probably would not have turned the tide of urban decline. In retrospect, the Housing Act of 1961 gave more funding to familiar programs and tried a couple of experiments that in the short run produced little. Not until 1964 would there be another serious attempt at making housing policy.

But by then, in the wake of a shocking assassination, a different man would sit in the president’s chair. Unlike Kennedy, this president knew and cared a lot about housing and liked to supervise his government closely. At the same time, the home builders, surprisingly, would insist on shaping low-income housing policy as they never had before. And the flagship urban policies—public housing and urban renewal—in different ways would begin to unravel. Weaver would never again have such freedom of movement as he did in the first year of Kennedy’s term—a momentary calm before the storm of the 1960s.