



League of Women Voters of Minnesota Records

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ABC'S OF THE HOUSING PROBLEM IN MINNESOTA

What is the housing problem? When people talk about the "housing problem", they usually mean the "low-cost housing problem", because it has been impossible to build enough good homes at prices low enough for one third of the people in the U. S. to pay.

What makes a good home? Every home should meet certain standards to be a healthful, safe, and decent place to live. While standards for smaller communities might differ in some respects, the minimum standards for urban homes agreed on by the Housing Division of the Public Works Administration in Washington were:

Cross ventilation

150 square feet of floor space for living room, 100 for bedroom, and 75 for kitchens

Running water and some means to heat water

Heating equipment if the climate calls for it

Provision for cooking and refrigerating

Private indoor toilet and provision for bathing

Sound construction and large windows in every room

Limited to members of one family

No more than 2 persons for each bedroom (not counting children under 2); only one person should sleep in a living room

The neighborhood too should come up to certain standards:

Within walking distance of stores and schools

Children should not have to cross main streets on their way to school

Proper playground space for children

Near main lines of transportation (busses and streetcars)

Protected from nuisances by zoning and demolition ordinances and building codes

How good are Minnesota homes? No state-wide survey of housing conditions has been made in Minnesota, but the Real Property Inventory conducted in Minneapolis and St. Paul by the U S Department of Commerce in 1934, and in Duluth by the Works Progress Administration in 1936, gives us facts about homes in our three largest cities:

Minneapolis

One third of tenant occupied homes rented for \$20 a month or less

One fifth of all homes had cold running water only

One fifth " " " had only stove heat

One seventh " " " were crowded

One seventh " " " needed major repairs or replacements

One eighth " " " had no tub or shower

One fifteenth " " " had no private indoor toilet

St. Paul

One third of tenant-occupied homes rented for \$20 a month or less

One fourth of all homes had cold running water only

One fifth " " " had only stove heat

One sixth " " " needed major repairs or replacements

One seventh " " " were crowded

One eighth " " " had no tub or shower

One fifteenth " " " had no private indoor toilet

Duluth

One half of tenant occupied homes	rented for \$20 a month or less
One half of all homes	had no refrigeration
One third " " "	had no central heating
One fourth " " "	had no tub or shower
One sixth " " "	needed major repairs or replacements
One sixth " " "	had no private indoor toilet
One seventh " " "	were crowded
One ninth " " "	had no gas or electricity
One fifteenth " " "	had no running water

These characteristics of sub-standard housing were found, for the most part, in homes clustered in and around the central business districts, railroad, and industrial sections of the three cities.

The National Health Survey by the U S Public Health Service in 1935-36 gives information as to crowding and sanitary facilities in some of our smaller communities. Conditions found are considered representative of most communities in the state under 25,000 population.

Chisholm

One third of the households had more than one person per room
One tenth had no private indoor toilet
2.3% were without city water

Willmar

One fourth of the households had more than one person per room
One fifth had no private indoor toilet
One eighth were without city water

Winona

One fourth of the households had more than one person per room
One fifth had no private indoor toilet
One tenth were without city water

What conditions are associated with bad housing? Studies in Minneapolis, St. Paul, Duluth and other cities show that areas of sub-standard housing are associated with higher rates of crime, juvenile delinquency, prostitution, illegitimacy, disease, death, unemployment, fire hazards, and consequent higher costs of public services than other residential districts of these cities.

It is probable that the cost of such services is greater than tax supported public housing would be. In many cities, costs of public services in slum areas are 4 to 10 times more than these areas yield in taxes. In Cleveland, for example, the cost of the fundamental civic and social services in one small slum area exceeded the tax receipts by \$1,747,402. Other residential and business properties had to make up the difference.

There is much evidence to show that when slum families are relocated in better dwellings, the majority of them experience improvement in standards of living and in morale.

What is the need for new housing? During the depression years, residential construction has been paralyzed. As a result a serious shortage of housing units exists in our three largest cities.

Minneapolis In 1936, it was estimated that a deficit of 12,000 acceptable units existed. This did not include an estimate of new housing to provide for the city's growth in population, or the continual depreciation of existing housing through obsolescence and decay.

St. Paul In 1934, 16,617 new housing units were needed to reduce over-crowding, eliminate doubling-up and houses needing major repairs or unfit for use. About one half of these would have to rent for \$10 to \$20 a month. Another one fourth should rent for \$20 to \$30.

Duluth In 1934, 1800 housing units needed to be demolished and replaced; 4,000 to 6,000 more needed repair and modernization.

Recovery from the business depression in the building trades and in the capital goods industries is essential to total recovery. Well informed persons agree that a revival of activity in house construction is the one most promising stimulus to general business recovery and re-employment.

What are the difficulties of providing enough good housing?

1) Low incomes At least one third of the tenant families in our three largest cities pay \$20 a month or less rent. At the present time, it is impossible for private enterprise to provide adequate housing for this group at a reasonable profit.

Even in 1929, 21% of the population of the U S had less than \$1,000 annual income; an additional 38% had incomes between \$1,000 and \$2,000; a total of 59%. Since not more than one fifth of the family budget should be spent for shelter, a rental of \$20 a month would require at least \$1,200 annual income. In this section of the country, it is improbable that private enterprise could adequately house families with annual incomes of less than \$1,800, who can pay not more than \$30 a month for rent.

2) High cost of building houses The home building industry is set up as a retail, handicraft trade rather than as the mass production industry which the situation requires. Lack of coordination of the many interests involved results in their inability to analyze requirements of the market. High costs are the result. Altho progress is being made toward placing housing on a mass production basis, there are many obstacles to be overcome. It will be many years before the problem of low rent housing can be solved altogether in this way.

Local laws and governmental practices also enter into the difficulty of providing low cost housing. Mortgage laws unduly protect defaulters, increasing the risk of lending money and, in turn, interest rates. Outmoded building codes interfere with the process of decreasing costs in the home building industry by limiting justified experimentation in the use of new materials and methods. Outmoded or inadequate zoning and land planning regulations increase risks involved in housing development by permitting the blighting of residential neighborhoods and, in turn, the shifting of population to other areas.

Heavy real estate taxes are in part the result of uncontrolled land subdivision, adding to costs of city services by over-extension of streets, sewers, water lines, and police and fire protection. Levying taxes on an arbitrary value-appraisal basis, rather than an income-producing basis, also leads to land speculation and higher taxes. Tax delinquent lands which have reverted to the state as trustee usually have to be sold at a sacrifice, resulting in a loss to the city in tax income, which has to be absorbed by other properties.

How does the federal government help? In 1932 our federal government inaugurated a program to aid in stimulating the building of homes. A sound and permanent national policy appears to have been created on the basis of a twofold approach. It embodies:

1) Assistance to private enterprise in dwelling construction through the improvement of credit facilities, and the standardization of mortgage practices. At present two agencies share in this part of the program: the Federal Home Loan Bank Board through Federal Savings and Loan Institutions, and the Federal Housing Administration.

2) Direct aid to those groups of the population beyond the present reach of private enterprise, through a system of loans and grants to local authorities engaged in providing low rent housing. The U S Housing Authority established by Congress under the U S Housing Act of 1937 is concerned solely with this phase of the program. The 51 low-rent housing projects, initiated by the Housing Division of the Public Works Administration, of which Sumner Field Homes in Minneapolis is one, were taken over by the USHA. They are being leased to local housing authorities for management and operation as quickly as practicable.

The USHA does not build homes for low-income families. It provides financial assistance to local housing authorities who select sites, design, construct and manage their own projects.

It loans up to 90 per cent of the total cost of a project at low interest rates. It also contracts to pay a fixed contribution each year to lower the expense of operation, and thereby to help bring rentals within the means of those families who most need better housing.

Projects need not be constructed on sites now occupied by slums if the locality guarantees to eliminate an equal number of slum dwellings in some other way (usually by exercise of police power).

Housing projects aided by the USHA will not compete with private industry. They shall be open only to families of low income now living under sub-standard conditions, and consequently outside the market for private enterprise. Individual tenant income must not exceed 5 times the rental. (Six times where there are three or more children.)

In Great Britain a huge private building program has gone hand in hand with a vast publicly financed and subsidized building program which was inaugurated 20 years ago.

How can Minnesota help to provide low cost housing? Minnesota communities cannot take advantage of USHA aid until the legislature passes an enabling act which will permit establishment of local housing authorities. All but 12 state legislatures have passed such a law.

Several attempts to pass one here have been defeated. Opposition came chiefly from groups fearing the entrance of government into a field of activity hitherto the exclusive province in this country of private enterprise. Some feared governmental competition with private enterprise; others an increased tax load.

A similar bill will undoubtedly be introduced during the next session of the legislature which will meet in January 1939. If it is passed, any community in Minnesota may establish a local housing authority if it wishes. These authorities are usually a board of 5 members appointed by the mayor to serve without compensation. They are empowered to raise money by selling bonds, to raze slums, and to

build and operate new dwellings for low-income families, usually by means of loans and grants from the USHA.

A local authority qualifies for aid by first demonstrating a real local need for low-rent housing and slum clearance. Where adequate information does not already exist, housing surveys must be made. Then it must raise the 10 per cent of the financing not provided by the USHA, and also contract to pay its share of the annual contribution required to achieve low rents. This local contribution usually takes the form of tax exemption.

How can local communities help? Progress toward a solution of the housing problem depends upon the manner in which citizens, acting through their trade, business and civic associations and their local government, meet the challenge now before them.

The immediate aim of such groups should be to cooperate in finding out what the facts are regarding all aspects of the housing problem in their local communities. If such facts do not exist, or are inadequate for a thorough understanding of the situation, local surveys should be encouraged!

Further aims based upon these facts should be to encourage: -

- 1) Removal of legal obstacles in order that a real test of the ability of the building industry to produce might be made.
- 2) Establishment of rational building codes, zoning and land-planning regulations within which enterprise might be enabled to operate on a sound basis.
- 3) Positive action on the part of industry to reorganize itself to take up the responsibilities and opportunities set before it.
- 4) Continuance of aids by the federal and state governments to ameliorate conditions too serious to await a slower development, and to supply aid in the direction and control of that development. Families now hopelessly beyond the reach of housing supplied by private enterprise cannot, with safety to the community, be left to the squalor and degradation of the slums.

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Suggested Reading

Housing Kit, National League of Women Voters (in preparation)

Housing Primer, Minnesota State Planning Board, State Capitol, St. Paul
(in preparation)

*Can America Build Houses? Public Affairs Committee, Inc., 8 West 40th St.,
New York City (10¢)

*Homes at Half Price, American Magazine, February 1938

*Publications of the USHA, Division of Research and Information, Department
of the Interior, Washington, D C

Facing the Facts on Housing, Harpers Magazine, March 1937

Home for Workers, Federal Emergency Administration of Public Works,
Washington, D C (15¢)

Modern Housing, Catherine Bauer, Houghton-Mifflin Co., N Y C, 1934

Slums and Housing, James Ford, Harvard University Press, Cambridge, 1936

*probably to be included in kit

WHAT ABOUT THE HOUSING PROBLEM IN YOUR COMMUNITY

1. What local government officials are directly concerned with improving housing conditions in your community? (Inquire at your city hall)
2. What other groups in the community are concerned? (See your local associations of architects, contractors, labor, dealers in building materials, real estate owners, taxpayers, public spirited citizens)
3. How good are the homes in your community? Where are sub-standard home located? (Make observations, inquire at your library, and from interested people)
4. What conditions go along with them? (See your local health, police and fire officers)
5. Is there a housing shortage? What kind of homes are needed most? (Inquire at your post office for possible information, and from interested people)
6. How much can your towns-people pay to rent or buy homes? Can private enterprise supply their need? Why not?
7. Does your city have a building code or zoning and demolition ordinances? If so, are they enforced? If not, why not?
8. Is the development of your community regulated by any plan, or does it drift as the sands drift?
9. If you have a housing problem in your community, are all interested groups cooperating in working toward a solution?

HOUSING PROJECTS IN MINNESOTA

Sumner Field Homes, Minneapolis

This PWA Housing project was constructed in 1936, following surveys by the City Planning Commission and findings submitted by the Mayor's Housing Committee and its subcommittees on architecture, real estate, finance, etc. Its main difference from a USHA project is that, altho the original request came from the city, it was constructed and is now managed by the Federal Government, there being no local housing authority to which it can be turned over.

It consists of 48 attractive brick buildings, containing 3-story apartments, 2-story flats and 2-story group houses, arranged to permit ample green space around them. It houses 464 families (the former district, though it seemed so crowded, housed only 340 families). For admittance, families must have an income of not over \$680 in the case of a two-person family, graduated up to \$1 250 for a six-person family. They are permitted to stay until their income exceeds five times their rentals, or six times in the case of the six-person families. Last year the average income of occupants was \$1 035. Today, 404 families have incomes less than \$1000 a year. Last year two families had to leave because their income had risen beyond the limit fixed. Rents include heat, hot water, gas and electricity, and range from \$19 for two rooms to \$32 for five. There is 100% occupancy and a waiting list.

The project cost just under 3 million dollars (\$2,909,343). Of this, around \$750,000 went for land, \$1,000,000 for labor, and \$1,000,000 for materials. This figures to something over \$1 750 per room, based on over-all cost (including land and slum clearance). The maximum per room under the present USHA program is \$1000 per room in a city the size of Minneapolis. The rents are not figured on the capital cost.

Tax-exemption As government property, the project is tax-exempt, but it pay an annual service charge of \$4554.00 to city, county and state governments; the city's share of this is around \$3500.00.

The amount the city is losing in taxes is figured in various ways. The tax levy on the former site was about \$17,400, of which a large part was delinquent. The Federal government points out that they paid about \$18 000 in back taxes when they acquired the property. They also point out that the city costs to the area are no doubt reduced. One visiting nurse, for instance, now takes the place of three formerly employed.

The Taxpayers' Association and the Real Estate Board, on the other hand, figure the appraised value at 40% of the \$3,000,000 cost, and hence claim that the city is losing \$144,000 in taxes yearly. They estimate the cost of services to the area for schools, water mains, street lighting, and so on, at \$71,000, which, with the general costs of city government and fixed debt charges added, brings the total of city services to over \$100,000. However, it should be remembered that no residential areas, except perhaps the most expensive ones, ever return taxes equal to the cost of their city services. These costs are borne by industrial and commercial properties, and by the highest taxed residential properties.

A further study is being made by the Minnesota Better Housing Association to determine the cost of the Sumner Field area to the city as compared with the cost of the area before the project was constructed. Factors to be taken into consideration will include cost of juvenile delinquency, police and fire protection costs, public health service, and public utility service.

Social statistics 74% of the families are white, 25% are negro, and there are a few Indian and Phillipine families.

169 families are receiving governmental assistance:

15 are on direct relief

12 receive Old Age Assistance

24 " Aid to Dependent Children grants

96 are on WPA

16 have private employment supplemented by a relief grant

6 receive miscellaneous pensions

The rent is less than that allowed in the relief budget. Of the families formerly occupying the area, only 105 made application when the project was finished. Others had died, moved out of town, lived in standard houses, or were satisfied with their present quarters. Some were ineligible for the project because their incomes were too high; others because of instability or family make-up. 63 now live on the project.

Dr. F Stuart Chapin, of the Sociology Department at the University of Minnesota, has recently completed a study designed to show whether or not the rehousing of slum families in Sumner Field had improved their condition. He compared only similar families, that is, of similar occupational class, education and income. He found that families that had been living in the project for a year were better all-round neighbors, more active in community affairs, and prouder guardians of their homes and possessions than those remaining in the more dismal slums.

Projects of the Resettlement Administration

Thief River Farms, Central Minnesota Farms at Litchfield, and 13 places near Albert Lea were built by the Resettlement Administration and then offered for sale. Duluth Homesteads provides between 5 and 10 acres apiece for 84 families; Austin Acres consists of 44 homes with from 1 to 9 acres, near Austin. The Duluth and Austin projects have each been turned over to a cooperative association composed of the occupants, who are now buying their homes through payments to the association, which in turn makes payments to the government on the purchase note, and for taxes.

These projects have all set out to demonstrate how seasonal industrial jobs can be combined with part-time farming to provide a higher standard of living and at the same time take a periodic burden off the relief rolls. Most of the occupants have had some experience with farming, and most have jobs in the nearby town.

The Beltrami Island Resettlement project is of a somewhat different type. 240 families were moved from land that was unsuitable for farming. They were paid for their farms on an appraisal value, and the land returned to forest. Each family received a loan of \$1300 to \$1900, and help in finding a better farm. In many cases they moved their old timber to construct the new buildings, or cut their own new timber. Each family had the choice of several farm sites and planned its own buildings. Thus each farm was planned about the needs of the individual family, rather than, as in the other projects, building first and then selling or renting to families suitable to the place.

The Farm Security Administration, successor to Resettlement, has 8000 outstanding Rehabilitation loans in the state, for purchase of additional equipment or repair of buildings, and 200 Tenant Purchase loans, which enable a farm tenant to buy his farm. A new program inaugurated in 1940 makes special real estate loans and grants to farmers. Although all FSA loans are made only to people unable to obtain credit elsewhere, they find all but 15% satisfactory. On all loans, family budgets are drawn up, books must be kept, and supervision is given.

SUMMARY SHEET
PUBLIC HOUSING FOR LOW INCOME GROUPS

The Problem If people are to have enough for food and other necessities, not more than one fourth, or preferably one fifth, of their income should go for rent; especially families whose income is less than \$1 000. It is impossible to rent a decent house for much less than \$20 a month. Twelve times 20 is \$240 a year, and that is one fourth of \$960. Yet even in 1929, 21% of the people of the country had incomes of less than \$1,000; in 1936 33% had less than \$750, and another 33% had between \$750 and \$1 500.

These figures being so, we should expect to find a large part of the people living in poor houses. And numerous surveys show it to be the case. Two thousand Minneapolis homes have been declared unfit for use; 750 in St. Paul are "totally unfit for human habitation"; 1800 in Duluth are unsafe and undesirable and should be torn down. The incomes of a large part of Minnesota's rural families are so low that they are obliged to live in substandard shelter. One out of every ten farm homes needs complete replacement; in 1 out of 4 the foundation, in 1 out of 5 the roof, and in 1 out of 6 the walls were found in poor condition; 1 out of every 8 was of log, earth or unpainted frame construction, while 9 out of 10 had no bathtubs, indoor toilets or running water.

And of even these poor houses, there are not enough to go around. Even farm homes are overcrowded. Many families live in substitute homes; trailers, boxcars, deserted out buildings and tarpaper shacks.

It is for such substandard homes as these that the largest part of relief rents are paid; \$600,000 a year in St. Paul alone. This amounts to a subsidy for the upkeep of the slums, and is only the start of the government's bill. The slums are the breeding spots of expensive social evils. Bad housing hatches gangs and crime, and is the biggest customer of hospitals, clinics, court, jails, police and fire departments. Runtown, ramshackle houses are a luxury that no community can afford.

References: Housing in Minnesota, State Conference of Social Work Survey
Farm Housing Survey, U S Dept. of Agric. - Ext. Service, U of M

Remedies It is easy enough to state a problem; much harder to find a solution for it.

It is evident that there should be better zoning for our cities, more extensive planning of larger regions; without planning, neighborhoods deteriorate, land speculation is encouraged, and the public pays the bill in high land costs. In order to meet the situation, the building industry would have to be changed from a handicraft, luxury trade, equipped to do expensive houses on a custom-made basis, to a mass production industry, and cleared of both monopolies in building materials and rackets in certain labor unions. When these causal factors of the general housing problem have been eliminated, we can expect less risk in mortgages, hence lower interest rates, and that will mean lower rents. The whole tax structure needs re-examining. Lower taxes will also mean lower rents. Prefabrication may come to the rescue; in time, houses may be available to lower income groups, as automobiles are.

Can we afford to wait for these necessarily slow developments? Many feel that we cannot, with safety to the community, leave families to the squalor and degradation of the slums, whether urban or rural. If we cannot wait, government subsidies seem to be the inescapable conclusion for the large number of our people who cannot pay enough for decent shelter.

Government subsidies There are two main views on subsidies. One group claims that subsidies should be made directly to families, much as rent aid is given now to relief recipients. They believe that building should be left

strictly to private enterprise. For the replanning of cities, they advocate government help in slum clearance, the rebuilding to be done by limited dividend companies. The rebuilt areas would then be used by middle income families, while the former slum dwellers would move into the acceptable second hand dwellings vacated by them. This plan does not include, however, provision for reducing rents for standard housing, either in existence or new, to within the means of low-income families.

The other group believes in public housing - that is, housing built and operated by government with subsidy paid to the project to make up the difference between the amount its low income tenants can pay as rent, and the amount needed to pay for the project. This is the program that is written into the Housing Act of 1937, which is administered by the United States Housing Authority (USHA).

References: Objections Raised to Public Housing Programs
USHA publications

The USHA Program This program is designed to be the permanent housing policy of the country, as against the emergency Housing Division of the PWA, and the experiments of the Rural and Suburban Resettlement Administrations. It is supposedly based on their experience, and on the experience gained by Great Britain and other European countries with twenty years of various types of government aid to housing. Its three main features, which are also its three main points of difference with the earlier programs, are:

- 1) Aid to public authorities only Both the Reconstruction Finance Corporation and PWA offered low-interest, long-term loans to limited dividend companies, but only 8 projects resulted. (Great Britain also turned from aid to private companies and now aids only public authorities.)
- 2) Local control The PWA and Resettlement projects were necessarily initiated by the federal government, since there were no local housing bodies then to whom the job could be given;
- 3) Annual, not lump sum, subsidies PWA supplied the funds for much the same reason that it managed the projects, because there was no other government unit to do the job. It was thought by some that this original combination of long-distance management and the fact that projects were paid for in a lump sum, led to extravagance. The USHA, therefore, has nothing to do with initiating projects; it helps only by lending money for construction, and with an annual subsidy, usually less than 3% of the value of the project, during its life.

How USHA program is put into operation The necessary steps in making the USHA program available to a community are, briefly;

- 1) Enabling legislation. This would permit any city or county to establish a local housing authority, if it should so desire. The usual form of such legislation provides for the creation of authorities of five members, appointed by the Mayor or local executive, confirmed by local governing body, to serve without compensation, and gives such an authority power to acquire property and issue bonds. Such bonds are classified as revenue bonds, so that they do not affect the debt limitations, and provision is usually made that such bonds shall be legal investments. The power of eminent domain is given the authority, and its property is declared tax-exempt, though it may make a service payment in lieu of taxes. Such acts and powers have been upheld in the Supreme Courts of twenty-seven states. All but ten states have such enabling acts; Minnesota is one of these ten.
- 2) Creation of local authorities in towns which feel a need for low-rent housing, or in country districts desiring to rebuild sub-standard dwellings.
- 3) Surveys by local communities to show that their need is real, study of desirable sites, type and size of project, and finally, detailed plans as to cost, the

amount of rent that tenants could pay, and the amount of subsidy needed.

- 4) Application for a USHA loan. USHA will buy not more than 90% of the bonds issued by the local authority. The other 10% must be sold locally. To have such an application accepted, the local authority must agree to (a) demolish a number of slum buildings equal to the amount of new housing; (b) pay prevailing wages; (c) keep construction costs down to a maximum of \$1,000 a room or \$4000 a dwelling (\$1250 and \$5000 in cities over 500,000); (d) limit occupancy to families whose aggregate annual income is not more than five times the annual rentals, except for families with 3 or more minor dependent children, when incomes may not be more than 6 times rental; also accept as tenants only families who have been living in substandard homes; and (e) make annual contributions equal to at least 20% of the USHA's annual contribution. This local contribution usually takes the form of tax exemption. The USHA's annual contribution may not exceed the current federal rate of interest plus 1% (of the development cost of the project). In the projects now operating, the average annual contribution is 2.8%.
- 5) The application accepted and the financing assured, the local authority is ready to acquire land and go ahead with its project.
- 6) When the project is completed, the local authorities select the tenants.
- 7) And, finally, the local authority must operate and manage the project.

Rural Housing The USHA has always sought to encourage rural housing, and to take into consideration the different needs and living conditions in rural districts. Early in 1940 the first six projects were undertaken with USHA assistance in strictly rural areas. Under the rural housing program, four kinds of low-income families (averaging from \$300 to \$400 per year) will occupy the new homes: small farm owners, tenant farmers, share croppers and rural wage workers. Most of the rural developments will be made up of single frame dwellings built on individual sites (about one acre in size). In the rural projects that have been planned, the over-all costs will be low enough to permit a rental ranging from \$50 a year in the south to about \$75 a year in the north.

Under a pending modification of the Act, home ownership of new farm homes would also be possible. Another pending modification would extend aid thru the Farm Security Administration, even in states without enabling legislation or housing authorities.

League of Women Voters' position The program of the League, adopted by the National convention, authorizes support of slum clearance and public housing for low income groups, but the League "has not yet reached conclusions on the technical aspects of a government housing program, such as rent subsidies and methods of financing loans for capital investment." It promotes interest in and support of local housing projects, but has not taken action on the USHA, and is not in a position to and has not supported federal legislation." (See Explanation of Federal Items, Natl. LWV, Sept. 1940. p. 14)

The Minnesota League of Women Voters has had public housing for low income groups on its program for study in 1938 and again in 1940. The League is not in a position to support enabling legislation at the 1941 session of the legislature. League members can derive great benefit for themselves, however, and give the housing movement great benefit too, by looking into housing conditions, especially in their own communities, by knowing the advantages and disadvantages of various programs that are proposed, and by making up their own minds which program points in the most promising direction.

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DEFENSE HOUSING

The Division of Defense Housing Coordination was created within the Office for Emergency Management of the Executive Office of the President by executive order of President Roosevelt on January 12, 1941. This new division supersedes the Office of the Defense Housing Coordinator which had been functioning under the Advisory Commission to the Council of National Defense. Charles F. Palmer, Chairman of the Atlanta (Ga.) Housing Authority and President of the National Association of Housing Officials, has been appointed Coordinator of Defense Housing. Mr. Palmer had also served as head of the previous defense housing agency.

The Division of Defense Housing Coordination was created to assure efficient, adequate, and speedy construction of homes in connection with the rearmament and military training programs, and it has powers in its own field comparable to those of the Office of Production Management in other fields. The Coordinator of Defense Housing is responsible only to the President and has authority over executive departments and independent agencies of the government engaged in housing activities "including corporations in which the United States owns all or a majority of the stock, either directly or indirectly."

The Division of Defense Housing Coordination does not actually construct defense homes. It has nothing to do with army cantonments, its function being to find homes for civilian employees and for the families of enlisted men and non-commissioned officers. The Coordinator's duties are:

1. To maintain a liaison between governmental agencies and such other private or public agencies as may be necessary to expedite the defense housing program.
2. To anticipate and to analyze housing needs, to coordinate studies and surveys, and to facilitate the full use of existing housing accommodations.
3. To recommend defense housing programs to the President, and to advise each federal agency of its part in each program.
4. To advise with private and governmental agencies in the formulation of plans.
5. To review proposed or existing legislation and to recommend additional legislation.

All defense housing projects must have the approval of the President.

The extent of defense housing needs cannot be definitely determined. In the summer a rough guess was made that between 160,000 and 200,000 units would be needed. As new defense contracts are let, however, and as surveys progress, the picture changes. Additional needs are becoming apparent where new plants are being built, and in some cases where the construction of new homes had been contemplated, it has been found that improved facilities for transporting workers from nearby centers will suffice.

The agencies of the federal government concerned with defense housing are:

1. War and Navy Departments. The Navy Department is constructing its own defense housing projects with assistance in some cases from local housing authorities. The War Department is building some of its own projects, but is using other federal agencies for construction more extensively than is the Navy Department. The War Department and, to a greater extent, the Navy are constructing homes for families of enlisted personnel and civilian workers in both government and private plants.

2. U. S. Housing Authority and Local Authorities. Where competent local housing authorities exist and where funds are available the USHA and the local authorities construct permanent dwellings for low-income families who are unable to pay commercial rents, particularly for families of enlisted personnel and low-income industrial workers. The USHA is authorized to develop projects for the War and Navy Departments, or to develop projects on its own where necessary housing would not otherwise be provided.
3. Public Buildings Administration. The Federal Works Administration through the Public Buildings Administration is taking care of the temporary need which none of the other agencies of government are prepared to provide and which require direct construction by some federal agency other than the War and Navy Departments. The Lanham Act, which makes an appropriation for this purpose, provides that the cost per family dwelling unit in the continental United States shall not be more than \$3,950, or exceed an average of \$3,000, and elsewhere, shall not be more than \$4,750, or exceed an average of \$4,000.
4. Reconstruction Finance Corporation. The Defense Homes Corporation, a subsidiary corporation of the RFC, is constructing permanent houses where an emergency exists and where private capital is not available. These houses are designed for the group which can afford to pay commercial rents, and are designed for sale and must be self-liquidating.
5. The Federal Housing Authority and Home Loan Bank Board. These two agencies provide loans to private industry engaged in defense housing construction.
6. The Farm Security Administration. Where housing has future rural use and in many instances where homes are built around plants in rural areas, the Farm Security Administration is consulted, and in some cases, is providing the houses.
7. Work Projects Administration. The WPA is building public services in connection with defense housing.

There is at present approximately \$290,000,000 available for defense housing. An original \$10,000,000 was granted to the Defense Homes Corporation by the President from an emergency fund in order that projects might get under way immediately. This has been repaid out of funds appropriated by the Lanham Act. In addition, \$40,000,000 in FHA insured mortgages was available to Defense Homes Corporation. Later when the defense appropriation was passed, \$100,000,000 was

allocated for housing projects to the Army and the Navy, and subsequently \$150,000,000 was appropriated in the Lanham Act for the Federal Works Agency. This total of \$290,000,000 however, does not represent a net cost to the Government since some of the money will be recovered ultimately by selling property to private investors. An estimate has been made that \$700,000,000 will be needed to take care of existing housing shortages. Therefore, it appears that Congress will have to appropriate more money, or private industry will have to do more than at present.

A Home Registration Division has been established within the Division of Defense Housing Coordination, to supplement the emergency building program in the provision of shelters for defense workers. This Division acts as an advisory body to the Housing Committees of local Defense Councils and advises them in compiling information on vacant rooms and family dwellings.

The Defense Housing Coordinator is making an effort to provide the needed housing facilities without building new homes. When a shortage is reported, he first tries to find transportation that will bring workers conveniently to the job from where they live. If that is not successful he looks for vacant houses within commuting distance of the work. After that he tries to find private construction enough to make up the full number of new houses needed, and last of all, if no other way will serve, he allocates federal funds and gets one of the federal agencies to build government housing.

In order that private capital shall be invested in new housing, the Defense Housing Coordinator has a policy of not competing with private industry, of defining government intentions so that private real estate operators may have a clear picture of what to expect, and of setting forth the terms on which disposal of defense housing will be made after the emergency. An attempt is being made to

Defense

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encourage private capital by leaving to it entirely the field of houses for sale with the exception of the homes built by the Defense Homes Corporation where private capital is not available. Governmental operations will be confined to rental projects and in most cases the rent per month will be higher than installments under the monthly purchase plan. Defense housing is attempting to stimulate and not interfere with expansion of the other major housing programs, and is planned to fit into the general housing schemes of the communities where it is located.

Central clearance has been established for land purchasing by various federal agencies in order to correlate site selection, and a central purchasing system has been set up through which orders are placed for building materials.

As of February 1, 1941, progress on defense housing was as follows:

For civilians in private industries

Under construction contracts.....	7,000 family dwelling units
Funds allocated.....	10,600 family dwelling units

For civilians in government industrial plants (Arsenals, Navy yards, and government-operated powder plants and ordnance works)

Under construction contracts.....	6,692 family dwelling units
Funds allocated.....	11,492 family dwelling units

For civilian employees of the Army and Navy other than those in government-operated industrial plants

Under construction contracts.....	5,001 family dwelling units
Funds allocated.....	8,646 family dwelling units

For married enlisted personnel of the Army and Navy

Under construction contract.....	16,098 family dwelling units
Funds allocated.....	23,345 family dwelling units

In addition, funds have been allocated for 2,445 units for single persons, and 1,400 units for single persons are under construction contract.

On February 1, 1,314 family dwelling units, financed from federal funds had been completed - 272 for civilians in government industrial plants; 582 for other civilian employees of the Army and Navy; and 460 for married enlisted personnel of the Army and Navy.

The total amount of private capital going into defense housing is difficult to ascertain, since private builders are not building for the emergency alone and do not label their projects "defense." The FHA, however, announced recently, that during the closing months of 1940, new homes started under FHA inspection in important defense industry regions showed an increase of more than 50 percent over the like 1939 period, with gains in individual areas ranging as high as 155 percent. In these same areas public funds have also been used for the modernization of old houses or the conversion of large single-family houses into multi-family dwellings through property improvement loans insured by the FHA.

Dorothy W. Greer

OFFICE OF GOVERNMENT REPORTS

~~1027 POST OFFICE AND CUSTOMHOUSE~~

ST. PAUL, MINNESOTA

December 5, 1941

OFFICE OF THE
STATE DIRECTOR FOR MINNESOTA

102 Federal Courts Building

Mrs. Thomas Wright
Fergus Falls, Minnesota

My dear Mrs. Wright:

With reference to your letter of December 3, I am enclosing a number of pamphlets and bulletins on housing.

Regarding your question on vacancies in various districts, you will find enclosed the following bulletins giving that information: Four Bureau of the Census Reports--one covering housing units in Minnesota, and the other three, housing units in Minneapolis, St. Paul and Duluth; and a WPA Survey of Vacancies in Dwelling Units of Minneapolis and St. Paul.

Mr. C. F. Palmer is the Coordinator of Defense Housing in Washington. In Minnesota, he would work through such agencies as the Federal Housing Administration, Work Projects Administration, Reconstruction Finance Corporations and other agencies; also, through the Housing Committee of the State Defense Council of which Dr. Donald J. Cowling, President of Carleton College, Northfield, is Chairman. Details regarding this setup will be found in the enclosed material, particularly in the booklet "Homes for Defense."

Minnesota is one of the nine states that has passed no state enabling act providing for public housing under the program of the United States Housing Authority. Thirty-nine states have such legislation. Minnesota cannot participate in the USHA program.

About the only program underway in Minnesota to provide housing for defense workers at New Brighton and other plants is the FHA plan under Title VI of the National Housing Act. See page 22 of "Homes for Defense." Minneapolis and St. Paul have been designated as a defense housing area; therefore, priority ratings can be obtained by builders of homes. See PM 1192, Bulletin of the Office of Production Management.

No homes registration office has as yet been established in Minnesota; however, the Mayor of Minneapolis is considering establishing one in the near future.

The Office of Price Administration cannot set a ceiling on rents in defense housing areas unless authorized to do so by law. As yet, no national law exists. The price control bill now before Congress contains a rent-ceiling provision, but has not been enacted into law thus far. Therefore, even though the Twin City area is a defense district, ceilings on rent at this time cannot be placed.

I trust that the information given above, together with the informational material enclosed will be of assistance to you. If we can serve you further, please let us know.

Sincerely yours,

A handwritten signature in cursive script that reads "Anna Dickie Olesen".

Anna Dickie Olesen
THE STATE DIRECTOR

ADO-JG
Enclosures

Minnesota League of Women Voters,
914 Marquette Ave., Minneapolis
September 1942

Minnesota League of Women Voters
81 So. 10th St., Room 515
MINNEAPOLIS 2, MINNESOTA
Price - 1 cent

FILE COPY

WHY WE NEED HOUSING LEGISLATION NOW

After the war a large building program will inevitably take place to provide employment for men released from the armed services, as well as to catch up on the civilian construction which has fallen off during the war. Some of the building for housing people of low income must be subsidized by the government.

Minnesota is one of only eight states which have no Enabling Housing Act, through which Minnesota would be entitled to some of the money appropriated by Congress for housing and would also be entitled to have local housing authorities to administer the use of the money properly. Whatever the federal system of subsidizing housing for low income groups is after the war, Minnesota should be prepared through legislation to participate in the government's program.

Our situation in Minnesota with respect to adequate, safe and sanitary housing is worse than it was when housing surveys were made before the war, in both the rural and urban areas. One reason for this is the shortage of critical materials for anything but war production. Therefore, the building of new homes and the repair of old houses has been curtailed, much as it was in the depression when construction was almost at a standstill. Thus the quantity of available dwellings has not been increased to accommodate an increased war industry population, an appreciable proportion of which will probably remain here.

The providing of homes which are safe and sanitary for people who cannot provide them for themselves has been accepted as a public responsibility, as are schools, parks, libraries, fire and police protection and public health programs. The cost to the public of health and welfare services is excessively high in areas where housing is substandard. When we fail to eradicate substandard housing, we are really subsidizing bad housing and are obstructing some of the aims of programs devoted to public welfare.

We in Minnesota through our federal taxes have been helping to pay for subsidized housing in all the other states which have enabling housing legislation. After the war when construction begins again on a large scale, we will continue to do the same thing without our share of the benefits of the government program unless we have the required legislation.

League Background

A study item on public housing first appeared on the National Program in 1934, with a support item first adopted in 1936. No action has been taken on the U S Housing Act or any housing legislation which has come before Congress. However, Leagues throughout the country have not only been studying the operation of the government housing program but have given active support to their local housing projects and have promoted popular understanding of the housing problem.

In Minnesota the question was on the program for special study for several years before legislative support of enabling legislation for housing was authorized by the 1942 State Convention. Special study material, prepared by the National and State Leagues, has been widely used throughout Minnesota. Recent material, still available, includes:

Summary Sheet, Public Housing for Low Income Groups - Minn. LTV, Feb. 41	-3¢
Housing Projects in Minnesota	Minn. LTV, Feb. 41 -2¢
Housing and Defense - A Quiz	Natl. LTV, Sept. 41 -5¢

Minnesota League of Women Voters,
914 Marquette Ave., Minneapolis
September 1942

Price - 1 cent

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MEMORANDUM RE
MUNICIPAL HOUSING AND REDEVELOPMENT ACT

Introduction

The general purpose of the bill submitted is to establish by legislative action a comprehensive housing policy for the State of Minnesota. The bill comprehends two subjects: (1) what is commonly called low-cost housing, which should more properly be termed housing for persons of low income, and (2) rehabilitation and re-development of blighted areas.

Forty-three of the 48 states have public housing laws. Some run back to 1934, and many to 1937. The constitutionality of such law has been upheld a number of times, particularly in New York City Housing Authority v. Muller, 270 N. Y. 333; Dorner v. Philadelphia Housing Authority (Pa.), 200 A. 834; Krause et al. v. Peoria Housing Authority et al., 370 Ill. 356, 19 N. E. 2d 193; and in cases from a number of other states, which are cited in Marvin v. Housing Authority of Jacksonville (Fla.), 183 So. 145.

A dozen or more states have adopted redevelopment laws, a number of them having been passed in 1943 and 1945. Sustaining the New York Redevelopment Company Act (made a part of this bill), the Court of Appeals of New York, in the Matter of Murray v. LaGuardia, 291 N. Y. 320, 326 (1943), said:

"For a long period of years both state and municipal governments have recognized an ever increasing social and economic loss due to conditions in the blighted urban areas where slums exist. It is a fact within common knowledge that conditions prevailing in slum areas affect the health, safety and welfare of the public, causing indirectly a heavy capital loss and a diminishing rate of tax revenues."

The Wagner-Ellender-Taft bill, passed by the United States Senate at the last session of Congress, recognized the necessity of provision both for housing of persons of low income and for redevelopment and rehabilitation of blighted areas.

It is true that in most states there are separate housing and redevelopment laws, but this is due to the fact that the housing laws were passed at an earlier date and, instead of enacting new legislation, separate redevelopment laws were later enacted, a large number of which confer upon the housing authorities the duty of carrying out the redevelopment acts.

In this bill the two subjects and related subjects are combined because to do otherwise would involve useless duplication. The various subjects are,

however, set up in separate articles in such a manner that housing, rehabilitation of existing buildings, veterans' emergency housing, rural housing, redevelopment projects, and redevelopment companies can each be considered separately.

A careful examination of the bill will disclose that its primary purpose is to encourage private building construction to produce the greatest possible number of houses and preempt the entire housing field, if possible.

Public action is permitted to provide for situations where private industry is unwilling or presently unable to provide proper housing and for the redevelopment of blighted areas, but the restrictions are such that it is only when private industry fails to fill the need that public action is permitted.

Six things should be emphasized:

(1) THE BILL NOWHERE CALLS FOR ANY EXPENDITURE OF STATE FUNDS.

(2) NO COMMUNITY IS REQUIRED TO PROCEED UNDER THE ACT; ANY ACTION TO BE TAKEN WILL BE VOLUNTARILY ON THE PART OF THE LOCAL MUNICIPALITIES AND SUBJECT TO A REFERENDUM. IN OTHER WORDS, IT IS PURELY AND SIMPLY AN ENABLING ACT.

(3) EXCEPT FOR THE SMALL TAX PROVIDED FOR IN CONNECTION WITH THE REDEVELOPMENT OF BLIGHTED AREAS, THERE IS NO PROVISION FOR TAXATION.

(4) VETERANS' PREFERENCES ARE EMPHASIZED THROUGHOUT THE HOUSING PROVISIONS OF THE BILL.

(5) PRESENT AND CONTEMPLATED FEDERAL LEGISLATION HAS BEEN KEPT IN MIND THROUGHOUT THE BILL, AND, WHATEVER FORM FEDERAL LEGISLATION MAY TAKE, COMMUNITIES WILL BE IN A POSITION, WITHOUT FURTHER LEGISLATION, TO TAKE ADVANTAGE OF FEDERAL AID.

(6) IT DOES NOT PROVIDE FOR OR PERMIT COMPETITION BETWEEN THE WORK OF PUBLIC AGENCIES AND PRIVATE CONSTRUCTION BUT DEFINITELY PROVIDES A SAFEGUARD AGAINST SUCH COMPETITION.

A complete and succinct statement of existing conditions, the necessity for the bill, its purposes, and the methods by which those purposes are to be accomplished will be found in the declaration in section 2 of the bill.

Analysis of the Bill

As stated in the introduction, the bill has been divided into articles, and, except for those which are common to all its features, each article may be considered separately in the same manner as though it were a separate bill.

Article I

Article I (pages 1 - 8) contains the short title of the act, the legislative declaration, and the necessary definitions. These provisions have been taken from the laws of other states, and particularly those in which legislation of this character has been sustained, and are standard.

Article II

Article II provides for the creation of authorities to administer the act. It will have been noted by the definitions that the term "municipality" is sufficiently broad to cover not only cities, but counties, villages, and boroughs. The answer to the criticism that it is unnecessary to go beyond cities, or perhaps even beyond cities of the first class, is that the provisions of the act are entirely optional; if a municipality does not desire to use it, no harm has been done, but, if it is believed by the people of any community that the exercise of all or even a small part of the powers granted by the bill is advantageous, the way is open for them to proceed.

The creation of a separate authority, at all times under the control of the governing body of the municipality as to any matters of importance, is found in practically every housing and redevelopment act. While the Indiana law and perhaps one or two others make the authority a department of the city government and take action in the name of the city, there are obvious advantages to having a public body which can act as such, particularly to avoid questions of debt limitations, obligations of the municipalities, etc. It is particularly necessary to provide for an authority in a bill like this which is optional and may be taken advantage of by one or a number of cities.

Before an authority is created, the governing body must make the findings set out in section 4, pages 8 and 9, and determine that there is need for an authority to function in the municipality.

Then - and this is an absolutely new provision - in order to insure public support of the programs provided for, there is provision for a referendum.

The authority is to consist of five commissioners appointed, except in counties, by the mayor with the approval of the governing body, and in case of a county by the county board. The original appointments are staggered over a five-year period, and subsequent appointments are to be made for five years. The matter of terms of office is merely set up tentatively and could easily be changed.

There has also been inserted a provision for regional county authorities, which might be used in cases of thinly settled counties where several might wish to unite.

Article III

Article III prescribes the powers of housing and redevelopment authorities. Practically all these are standard and are found in similar statutes in other states, with a few special provisions from Massachusetts, Ohio, New York, and Illinois. Full power is given to deal with the federal government and take advantage of any federal aid, with special provisions authorizing the agreements which are required as a condition to that aid. The statement of powers appears on pages ¹¹~~14~~ - ¹⁴~~18~~ of the bill.

The state housing commission is given general authority to investigate and examine the affairs of local authorities, the purpose being to have some central coordinating body representing the state.

By section 11 of the act, which appears in the Massachusetts law, an authority, but not its members, is liable in contract or in tort in the same manner as a private corporation. This provision may be subject to debate.

There are provisions as to construction work and purchases, requiring advertisement for bids in the case of expenditures of a thousand dollars or more, which have been taken verbatim from the sanitary district law.

Article IV

Article IV, commencing on page ¹⁶~~20~~, section 13, deals with the matter of low-rent public housing.

The first section of the article is a limiting section. It provides that an authority shall not initiate any low-rent housing project or enter into any contract with respect thereto until it has prepared an analysis demonstrating that there is a need for such low-rent housing which cannot be met by private enterprise and that a gap of at least 20% has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise is providing a substantial supply of decent, safe, and sanitary housing.

Authorities are required to manage their housing projects in an efficient manner to enable them to fix the rentals or payments for dwelling accommodations at rates consistent with their providing decent, safe, and sanitary dwelling accommodations for persons of low income, and they are not to construct or operate

housing projects for profit or as a source of revenue to the municipality. Rents are to be just high enough to produce revenues which, together with all other receipts of the authority, will pay the principal and interest on bonds, create reserves to meet the payment of principal and interest, meet the cost of maintenance and operation and administrative expenses of the authority, and make such payments in lieu of taxes as the authority may determine are consistent with the maintenance of the low-rent character of the projects.

Section 15 on page ¹⁷22 contains further limitations to insure that any public housing will be truly for the benefit of persons of low income. One of the important tests is that a person to be accepted as a tenant shall not have an annual net income in excess of five times the annual rental of the quarters to be furnished, except that in the case of persons with three or more minor dependents the ratio shall be six to one.

A tenant to be accepted must be a citizen of the United States. This is a requirement of the United States housing act. There shall be no discrimination in the selection of tenants, but families who occupy dwellings eliminated by clearance are to be given preference as far as practicable, and for a period of four years, as between applicants equally in need and eligible for occupancy, preference shall be given to the families of servicemen, including families of servicemen who died in service, and the families of discharged veterans.

The bill further provides that dwellings in public low-rent housing shall be available solely for families of low-income whose net family income does not exceed the maximum net family income falling within the lowest 20% by number of all family incomes in the area of operation. This percentage is to be reexamined each year by the state housing commission and may be changed if necessary to make satisfactory progress.

In order to be certain that proper use is being made of the act, periodic investigations must be made to determine whether the persons receiving the benefit of the act are within the proper class. This, except as to income, does not apply to servicemen and veterans, and their families.

The authority is authorized to adopt a regulation that occupancy of any dwelling unit in a housing project shall not exceed four years except that, on findings of changes justifying continuing occupancy, this may be extended not more than two years.

It is further required that no project for low-rent housing or the clearance of a blighted area involving the construction of new dwellings shall be undertaken unless there has been or will be elimination of a substantially equal number of unsafe or unsanitary buildings. This requirement may be deferred not exceeding five years if the housing shortage is so acute as to force dangerous overcrowding.

Under certain circumstances the authority, in order to conserve the existing housing supply, may purchase, lease, or otherwise acquire existing buildings for low-rent housing in lieu of new construction.

Section 23 of the act, which is taken from the New York law but may be debatable, permits loans to owners of existing multiple dwellings to be used for low-rent housing under very stringent conditions.

It should be repeated that a reading of Article IV discloses that there are absolutely no provisions for taxation. In other words, these projects must be, with federal aid, self-sustaining. It has been the experience in other states that, with the federal contributions, the bonds of such authorities have found a ready market and authorities have been able to carry on without the necessity of taxation.

Article V

Article V provides for furnishing temporary housing for veterans and servicemen and their families without regard to the limitations of the public housing sections of the act. These powers are to be exercised only so long as an acute housing shortage exists and in no event after the date of adjournment of the 1951 session of the legislature.

This article contemplating that the housing will be purely temporary, provisions as to planning, zoning, etc., are not to apply.

An authority is also authorized to go outside the limits of the municipality to secure temporary housing, provided the consent of the outside political subdivision is obtained.

Article VI

Article VI authorizes the provision by county and regional authorities of housing for farmers of low income under conditions of need. It must appear that the net annual income of the farm, together with the nonfarm income of those

to be housed, is less than the amount necessary to enable the family to obtain and maintain decent and sanitary housing, but it must also be determined that the farm owner can meet at least the minimum payments required of him. This article provides that there should be a system of variable payments to take care of fluctuations in production.

Article VII

Article VII deals with the subject of redevelopment and rehabilitation. Redevelopment and the provision of low-cost housing should not be confused. It should be remembered that the purpose of redevelopment projects is to replace, rehabilitate, and rebuild blighted areas. While some of the cleared areas may be used for public housing, it is contemplated that those which are redeveloped by private industry particularly will be used to furnish housing for higher and medium-income families as well as those of low income, and, in proper cases, for commercial purposes. In other words, the whole purpose is to change a slum area into an attractive, sanitary, income-producing, and revenue-producing property.

Before any redevelopment project is instituted by a redevelopment company, any individual, firm, or corporation, or by the authority itself, a plan must be prepared, which is to be considered by the authority, and, if there is a planning agency in the municipality, it must be passed upon by that agency before the authority acts. If an authority determines that a redevelopment project should be undertaken, it applies to the governing body of the municipality in which the project is located for approval. Before the governing body can grant its approval, it must find:

- (1) That the project area would not, by private enterprise alone and without the aid sought, be made available for development and redevelopment;
- (2) That the proposed land uses and building requirements in the project areas in the locality will afford maximum opportunity to privately financed development or redevelopment and materially improve conditions in the area; and
- (3) That the redevelopment plan is based upon a local survey and conform to a comprehensive plan for the locality as a whole.

An authority may make any of its land in a redevelopment project available for use by private parties and concerns by sale, lease, or otherwise, or may itself retain property for redevelopment by it. The land is to be made available at its fair-use value.

Leases or sales made of property acquired for redevelopment purposes shall provide that the lessee or purchaser shall carry out the approved redevelopment plan and that no use shall be made of any of the property included in the lease or sale of any building or structure erected thereon which does not conform to that approved plan. The inclusion of other conditions which will insure conformity to the plan are authorized. Leases or sales may be of all of a project or of parts of it.

Until all building constructions and other physical improvements specified to be done and made by a purchaser have been completed, the purchaser shall have no power to convey the area or any part of it without the consent of the authority. Redevelopment plans may be modified. A purchaser or lessee may be required to furnish a bond as security for fulfillment of the agreement.

Before a plan is approved the authority must be satisfied that decent, safe, and sanitary housing is available for the displaced low-income families.

After property has been assembled the authority shall have its use value determined and may have appraisals made by land value experts for that purpose. Inasmuch as it is contemplated that the cost of a redevelopment project may be greater than the proceeds from the sale or lease of property, or since the property may be developed by the authority, authorities are authorized to raise funds by (1) federal aid, which will be first resorted to; (2) local appropriations if any are voluntarily made by the municipality; (3) the issuance of bonds, which may be, with the consent of the governing body, retired from a special bond fund consisting of the increased tax receipts from a redeveloped area as compared with the taxes paid prior to redevelopment; and finally (4) as provided in the so-called Indianapolis plan, by the levy of a tax of not more than ten cents per hundred dollars of assessed value for the first two years and five cents per hundred dollars thereafter.

Article VIII

Article VIII deals with the issuance of bonds by authorities, which may be payable in several ways but which are declared not to be a debt of the city, the county, the state or any political subdivision thereof, the definite provision being made that those bonds shall be payable out of no other funds than those of the authority. These bonds are to be tax exempt. When bonds issued by an authority or by any public authority or agency in the United States are secured by a pledge of annual contributions to be paid by the United States government or any agency

agency thereof, the state, municipal corporations, political subdivisions, and public bodies, financial institutions, insurance companies, and fiduciaries are authorized to invest in them.

Article IX

Article IX makes the real property of an authority exempt from sale under execution, although under other provisions of the act obligations of an authority may be enforced by mandamus. Authorities are authorized to cooperate with each other. The property of an authority is declared to be public property, used for essential and public governmental purposes, and that property and an authority shall be exempt from all taxes and special assessments of the city, the county, the state or any political subdivision thereof, but with these exceptions. First, property which an authority leases for development in connection with a redevelopment project shall have the same tax status as if it were owned by private individuals. Second, provision is made for the payment by authorities of a percentage of the shelter rentals collected each year in a housing project, to be paid in lieu of taxes, the basic figure being set at five per cent with provisions for adjustments up or down in accordance with the situation and the necessity of meeting federal requirements. Such a system has operated very successfully in the case of federal projects, and the provision in this act is taken directly from the Illinois housing authorities act.

Article X

Article X authorizes state public bodies to furnish certain services to authorities and to lend or donate money to an authority.

Article XI

Article XI is taken practically verbatim from the New York redevelopment statute of 1943, as to which Governor Dewey, in approving the act, said:

"This bill amends the Redevelopment Companies Law of 1942. The law permits and encourages the entrance into the housing field of life insurance companies. Since the enactment of the original law there have been no projects. The amendments made by this bill are designed to attract private investment funds into the housing field."

This act is rather lengthy, Article XI constituting about one-fourth of the length of the entire bill, but it was felt advisable to include its provisions so far as practicable because there have been a number of very successful operations under it, particularly by insurance companies.

Briefly, this article provides for the organization of limited dividend corporations, to be known as redevelopment companies. Such a company, after providing for expenses, taxes, and assessments, may receive for interest, amortization, depreciation and dividends not exceeding six per cent of the total actual final cost of a project, these payments to be cumulative. When a company is dissolved or a project sold, any excess profits are to be paid into the general fund of the municipality in which the project is located.

Redevelopment companies may issue income debenture certificates and bonds under trust indentures. Certain of these bonds are made authorized securities. Such companies are to be under the supervision of the state housing commission. They may not acquire any real property or interest therein for a project or projects until approval by the governing body of the municipality. As in the case of all redevelopment projects, the approval of a plan is required in the first instance. It is then contemplated that a contract will be entered into between the authority and the company or, when all the stock, debentures, and mortgage bonds of a company are owned by one or more insurance companies, between the authority, the redevelopment company, and the insurance company or companies.

An authority may take property by condemnation for a redevelopment company and sell it to the redevelopment company for use in accordance with the terms of the act.

Insurance companies are specifically authorized to organize redevelopment companies and hold their stocks, income debenture certificates, and bonds, and to make capital contributions to those companies.

As an inducement to insurance companies and other investors to organize these redevelopment companies and carry out redevelopment projects, the governing body of a municipality in which any project of a redevelopment company is located may exempt from all local taxes (not including special assessments) so much of the value of a property included in a project as represents an increase over the assessed valuation of the property at the time of its acquisition by the redevelopment company. As the bill is drawn, this exemption may not extend for more than ten years. In New York the tax exemption extends for 25 years, and in Wisconsin it was raised in 1945 from ten to 30 years. This means that, if the taxes on the property included in a project were \$2,000 before redevelopment started, and after redevelopment they would on the basis of assessed valuation on the improved

property be \$20,000, during the exemption period the redevelopment company would pay on the \$2,000 valuation basis and be exempt from the payment of taxes on the improvements.

If at any time the company desires to take over the property absolutely, it may do so by paying to the municipality the total of all accrued taxes for which the exemption was granted, with interest at five per cent per annum (this being the rate in the New York law), and, after payment of indebtedness, expenses, accrued dividends, etc., if a cash surplus remains, it shall be paid into the general fund of the municipality, and the project then becomes free of the restrictions of the act.

By the last section of the act the Neighborhood Redevelopment Corporation Law of 1945, under which no action has been taken, is repealed.

NOTE:

The New York act was sustained by the Court of Appeals of New York in the case of Matter of Murray v. LaGuardia, referred to in the introduction. It should be kept in mind that New York in 1938 adopted a constitutional amendment authorizing housing and redevelopment projects, but from a reading of the Murray-LaGuardia case it would appear that, regardless of the constitutional amendment, the act would have been sustained.

Minnesota League of Women Voters
84 South 10th Street, Room 515
Minneapolis, Minnesota

February 19, 1945

FILE COPY

HOUSING

Subsidized housing for families of low income has come to be looked upon as a public responsibility like public schools, public health services, public libraries and roads.

The federal government entered into a housing program for several other reasons. Surveys and studies showed that about one-third of the population was poorly housed and had such low incomes that they could not afford to live in decent houses at rents or costs they could afford to pay. Communities cannot afford to clear their slums and furnish housing for the very low income group without financial aid from the federal government. Private enterprise cannot be expected to build or rent without a profit. The surveys revealed that families of low income were forced to live in unsanitary, unsafe, sub-standard dwellings which were the only ones available to them because of the acute housing shortage which was general throughout the nation. The housing shortage is due partly to the small amount of building and repair done during the depression and the fact that since the war home building and repair have been almost at a standstill. For a period of about fifteen years the situation has been getting worse. The U. S. Housing Act, as it was before applied, required that for every new dwelling unit furnished by the local authority a sub-standard unit must be demolished or rehabilitated. Thus the housing program goes hand in hand with slum clearance, the wiping out of blighted areas, and the prevention of the spread of blight.

Both the larger and smaller cities of Minnesota have an alarming percentage of sub-standard houses: e.g. in 1940, one-fourth of the houses in Minneapolis and in Winona are of this kind. In the rural areas farm surveys showed that by the minimum standards of what constitutes a decent,

safe and sanitary home, one out of every ten farm homes should be completely replaced. The situation calls for a remedy.

A bill known as the "Housing and Redevelopment Law" (H.f.464) has been presented to the Legislature at this session. This bill would permit the establishment of local housing authorities in cities of the first class and in those having a population of 10,000 or more. It would also permit the setting up of an authority in a county or of a regional authority in two or more contiguous counties. This legislation is to permit these communities to have local authorities set up by the local governing body. It is not compulsory to do so. To bring rents down to what people of low income can pay, the U.S. Housing Act says that the community must make an annual contribution of at least one-fifth of that of the Federal Government. This usually takes the form of tax exemption of the housing project. The bill before our legislature, however, provides for an annual payment for services by the local authority to the community not to exceed the amount levied on the site before the project was started. There are clauses in the proposed bill whereby the authority may acquire blighted or undeveloped property, clear it of legal and other practical difficulties and then make it available to private enterprise at a value determined by the authority.

The cost of slums and blighted areas to the taxpayer is excessive. The tax levy in such districts declines steadily as well as the amount of taxes collected, until as the blight progresses, no taxes at all are paid. In communities where public services are rendered such as courts to take care of juvenile and adult crime, police and fire protection, and public health services, the payment for these falls on the taxpayers of the good districts. Since the poor districts require many times more of these services than the good districts, the former are a heavy financial burden.

After the war a vast building program will begin. Much will be done by private enterprise and much by government. War time incomes, which could

buy better housing but could not remedy the housing shortage, will decrease. Minnesota is one of only eight states which has not passed enabling legislation whereby she could take advantage of government assistance in solving her housing problems. Federal taxes from Minnesota help to pay for the subsidized housing in forty other states.

When bad housing and slum conditions with all the evil things that they produce are replaced by good housing, reports from other states where there is low cost housing for people of low income tell of benefits to communities both in money and in public welfare. The real choice is whether to spend money to perpetuate something bad or to spend money for something good.



State of Minnesota

EXECUTIVE DEPARTMENT

Saint Paul 1

EDWARD J. THYE, GOVERNOR



JAN 2 1

December 26, 1945

Mrs. F. W. Grahame, President
Minnesota League of Women Voters
84 S. Tenth Street, Room 515
Minneapolis 2, Minnesota

Dear Mrs. Grahame:

Thank you for your letter of December 18.

The question of the housing shortage has been under study and consideration ever since V-J Day, and I assure you I shall continue to do my utmost to alleviate the situation as speedily as possible.

I have asked the Postwar Planning Council of the State to make a study of this problem through a sub-committee, in order that we may determine what course of action we must take to assure ourselves that every house that can be built in Minnesota will be built.

Sincerely yours

Edward J. Thye
Governor

EJT:m

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

February 6, 1946

Q U E S T I O N N A I R E

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?
2. Is the greatest need for housing in high, low or middle income groups, or minority groups?
3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors?
4. What proportion of the need could be met by private enterprise?
5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?

(b) What is their opinion of the Bill?
6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?
7. What has your League done to build public opinion on this subject?
8. What has been the public response?
9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?

February 13, 1946

National League of Women Voters
726 Jackson Place
Washington 6, D. C.

Mesdames:

Your questions on the housing situation in Minnesota were discussed at the Presidents' Conference held in St. Paul last Wednesday, February 6th. The answers below have been compiled from information obtained from that discussion and from questionnaires distributed at the conference and filled in by a few of the presidents.

1. The extent of the housing need in Minnesota is extreme. This applies to both small and large communities. For example: Litchfield, a village of 3920 population, needs 25 units now, will need at least 25 more by summer and has twenty units now under construction. St. Paul, with a population of 287,736, needs from 7500 to 10,000 units. The need in Minneapolis, with a population of 492,370, is tantamount to that of St. Paul, and the same is true of Duluth, with a population of 101,065.
2. The greatest need for housing is in the low and middle income groups.
3. The consensus of opinion was that the housing need has the following repercussions on the life of the community: (a) health hazards (b) child delinquency (c) increased cost of fire and health protection caused by sub-standard housing. Many old houses, 75 to 80 years old, are deteriorating past the point of suitable housing. In Minneapolis alone more than 6500 homes are at least 45 years old. Many have no central heating or inside plumbing.
4. The consensus of opinion was that most of the need could be met by private enterprise if materials were made available.
5. League members familiarized themselves with the provisions of the Wagner-Ellender-Taft Housing Bill by panel discussion groups, followed by discussion; by discussion groups; by distribution to group members of League material on this bill and copies of the bill.

Most leagues had taken no poll as to the opinion of league members on this bill. Those who had taken such a poll stated that the opinion was favorable. One League (Tracy) reported as follows: "It goes very elaborately into the financing end of the problem, which in our community is not the cause of lack of housing. Lumber yards are empty. Building would be privately taken care of if there were supplies".

February 13, 1946

6. The consensus of opinion was that the reaction of the community to the national housing policy was generally favorable to indifferent.
7. League members in Minnesota have attempted to build public opinion on this subject by cooperating with city planning boards in investigating needs and ways of taking advantage of anything available; by talking to other groups and by attending meetings sponsored by other groups; by discussing housing in directed conversation; by supplying facts of outstanding provisions; by participating in mass meetings sponsored by housing committees; by resolutions to the Governor urging a special session of the Minnesota Legislature; and by letters to congressmen urging their support of general housing legislation such as the Wagner-Taft-Ellender Bill and of legislation establishing ceiling prices on new and existing housing.
8. In general, the public response has been favorable. A few leagues reported indifference and one "interest and hope - with reservations". In the larger cities - Minneapolis and St. Paul - there has been much public response and the Mayors of both cities have actively participated in attempting to secure better housing.
9. Understanding is growing as to the part to be played respectively by public and private efforts in solving the housing problem. However, the feeling seems to prevail that private enterprise could take care of the housing need in many of the smaller communities with just as good terms in financing - if materials were made available.

As you doubtless know, Minnesota is unable to receive the federal financial aid that more than forty other states are qualified to receive because those states have already passed enabling legislation. Minneapolis is the only city of its size in the country which has no local housing authority. The problem at the University of Minnesota is of statewide concern. Many veterans who wish to go back to school now have families and can find no housing accommodations. So far, our Governor has refused to call a special session of the legislature for the enactment of permissive legislation.

Sincerely yours,

S
Encs.

Mrs. Frederick W. Grahame
President

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?

Shortage is extreme

2. Is the greatest need for housing in high, low or middle income groups, or minority groups?

Low + middle

3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors?

Not noticeable

4. What proportion of the need could be met by private enterprise?

Total

5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?

No special discussion occurred but informal polling of members indicates approval of the bill for the most part

- (b) What is their opinion of the Bill?

6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?

Favorable to indifferent

7. What has your League done to build public opinion on this subject?

WE have discussed housing in many FACE TO FACE talking, and have attended public meetings sponsored by various civic groups.

8. What has been the public response?

Red wing has been aware of its responsibility in the housing situation as far as public affairs go. Several meetings have been held for veterans + the general public to explain the housing project that has been planned + is under way.

9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?

Very slowly.

Red wing.

FEB 12

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?

About four "B's" returned married and have to live with folks, until bldg. resumed. See below.

2. Is the greatest need for housing in high, low or middle income groups, or minority groups?

middle income

3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors?

very slight

4. What proportion of the need could be met by private enterprise?

all

5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?

Discussion Groups

- (b) What is their opinion of the Bill?

favorable

6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?

generally favorable

7. What has your League done to build public opinion on this subject?

None other than supply facts of the outstanding provisions

8. What has been the public response?

favorable

9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?

yes

Ours is a new suburban area where very few returning veterans did not already have an established home. No one else moves

into the community until they have
bought a house - All work in Mpls
and St. Paul; so if bldg resumes
much of the overflow of the
Twin Cities will buy property and
build in Spring Lake Park. Of course
there are many desirous of suburban
living who haven't been able to
move out and many who have
lots who and can't build because
of lack of materials - of ~~which~~ ^{these} we have
no check.

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?
7500-1000
2. Is the greatest need for housing in high, low or middle income groups, or minority groups?
Low and middle income groups
3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors?
Definitely
4. What proportion of the need could be met by private enterprise?
No figures available
5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Elender-Taft Housing Bill?
Training meeting
Distribution to group members of League material on this bill.
(b) What is their opinion of the Bill?
No poll has been taken
6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?
Unfavorable
7. What has your League done to build public opinion on this subject?
Participated in mass meeting sponsored by St. Paul Committee on Housing
Sent resolution to Gov. Thye urging special session of Legislature
Letters to congressmen to support legislation re ceiling prices on new and existing housing.
8. What has been the public response?
Not chrystalized as yet
9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?
Yes.

Ramsey

8 FEB

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?

*Need 25 units now - will need at least 25 more by summer
20 units under construction now*

2. Is the greatest need for housing in high, ~~low~~ or middle income groups, or minority groups?

None

3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors?

None

4. What proportion of the need could be met by private enterprise?

All - if material is made available

5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?

Billed for March Study

- (b) What is their opinion of the Bill?

6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?

50-50

Subsided

7. What has your League done to build public opinion on this subject?

8. What has been the public response?

9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?

seem more effective here.

Could be well taken care of if lumber were available.

Seems to be the opinion that farmers having been supplied pretty well the last 4 yrs. with lumber for brooder and hog houses - should now be curtailed somewhat and that lumber channeled to small houses. Lumber for the brooder houses will supply the lumber needs for a small 3 room home. The homes are more needed now.

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community? *We need many new housing units altho there is probably no acute suffering - probably more irritation with inadequate living quarters.*
2. Is the greatest need for housing in high, low or middle income groups, or minority groups? *Low and middle*
3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors? *Possibly some, altho it is mostly young couples with no children or very young children who are most affected. Their contentment*
4. What proportion of the need could be met by private enterprise? *Undoubtedly adversely affected. Probably all.*
5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?
Panel discussion group, followed by general discussion.
(b) What is their opinion of the Bill?
That it goes very elaborately into the financing end of the problem, which in our community, is not the cause of lack of housing. Rental yards are empty. Building would be privately.
6. Is the reaction of your community to the national housing policy generally favorable or unfavorable? *Rather lukewarm, since nothing can be done until materials are available regardless of housing policies.*
7. What has your League done to build public opinion on this subject? *We have cooperated with the planning board in investigating needs and ways of taking advantage of anything available.*
8. What has been the public response? *Talking in other groups. Interest and hope - with reservations.*
9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem? *The feeling seems to prevail that private enterprise could take care of the need in our small community with much less red tape and just as good terms in financing. Some irritation with O.P.A. - strikes - or whatever is holding up production of essential materials.*

Taken care of these with supplies.

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

Two Identities

February 6, 1946

FEB 14

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community? *There are no houses or apartments to be had.*
2. Is the greatest need for housing in high, low or middle income groups, or minority groups? *Big demand for apartments -*
3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors? *Hasn't reached that stage yet but could.*
4. What proportion of the need could be met by private enterprise? *Most of it if material was available.*
5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?
Had evening report on bill
(b) What is their opinion of the Bill? *workable and in favor of it.*
6. Is the reaction of your community to the national housing policy generally favorable, or ~~unfavorable~~?
7. What has your League done to build public opinion on this subject?
*Several local news articles -
Sponsored a housing survey -*
8. What has been the public response? *Good.*
9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?
Yes.

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

FEB 18

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?

Estimated at 100 houses, including 50 for Veterans

2. Is the greatest need for housing in high, low or middle income groups, or minority groups?

low.

3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors?

Undoubtedly

4. What proportion of the need could be met by private enterprise?

It is hard to say. At present, the building going on is for business -

5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?

League material

- (b) What is their opinion of the Bill?

Many are object to any "govt. interference"

6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?

Unfavorable among business groups

7. What has your League done to build public opinion on this subject?

Nothing

8. What has been the public response?

9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?

No houses now available

2. Is the greatest need for housing in high, low or middle income groups, or minority groups?

middle income group

3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors?

no -

4. What proportion of the need could be met by private enterprise?

by all needs could be met by private enterprise - & will be.

5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?

news paper

- (b) What is their opinion of the Bill?

In favor of the bill

6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?

favorable

7. What has your League done to build public opinion on this subject?

8. What has been the public response?

9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?

yes -

Sorry, but this arrived several days past due date -

*Katherine Strong (Pres)
Atwater Union*

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

MAR 1

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?

*Acute - Returning veterans living with relatives.
Business enterprises leaving because of lack of housing facilities.*

2. Is the greatest need for housing in high, low or middle income groups, or minority groups?

3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors? *absolutely.*

4. What proportion of the need could be met by private enterprise?

Perhaps adequate if supplies were available

5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?

Devoted one meeting to discussion

- (b) What is their opinion of the Bill?

Good but slow moving.

6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?

7. What has your League done to build public opinion on this subject?

8. What has been the public response?

9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?

yes

Minnesota League of Women Voters
84 South Tenth Street, Room 515
Minneapolis 2, Minnesota

MAR 4

February 6, 1946

QUESTIONNAIRE

Please fill out and hand in this questionnaire or mail it to the State office not later than February 9th.

The National League requests information on the following points in the Minnesota Housing situation:

1. What is the extent of the housing need in your community?

Serious

2. Is the greatest need for housing in high, low or middle income groups, or minority groups?

Middle

3. Does this need have repercussions on life of community such as juvenile delinquency, disease or other factors?

Some juvenile delinquency - perhaps not due to housing.

4. What proportion of the need could be met by private enterprise?

Private enterprise has no access to materials. Houses started remain unfinished.

5. (a) By what methods did your League members familiarize themselves with the provisions of the Wagner-Ellender-Taft Housing Bill?

Did not study it

- (b) What is their opinion of the Bill?

6. Is the reaction of your community to the national housing policy generally favorable or unfavorable?

Favorable

7. What has your League done to build public opinion on this subject?

Discussion person to person

8. What has been the public response?

Cannot say.

9. Is understanding growing as to the part to be played respectively by public and private efforts in solving the housing problem?

Uncertain

October 18, 1946

H O U S I N G

Why is there a Housing shortage?

The present crisis is the result of an accumulated failure to build enough houses for the past twenty years. When our population was increasing the construction rate was not as great as the rate of obsolescence. During the depression few houses were built or repaired, particularly on farms. During the war residential building was almost zero. When servicemen left their homes for overseas the vacancies created were absorbed by wartime migrations and the normal increase in the number of families. During the war families were forced to double up with other families. Now they want to live by themselves and many thousands of veterans who have married or who wish to marry need and should have their own homes. The National Housing Agency has estimated that by the end of 1947 the total emergency need (with at least 1,200,000 families still doubled up) will be 3,195,000 homes.

What is being done about it?

1. The Patman Veteran's Emergency Housing Act of 1946 provides legislation to carry out the emergency program of National Housing Administrator Wilson Wyatt. This legislation is now a law. This program aims to produce 2,700,000 units in the next two years - 1,200,000 the first year and 1,500,000 the second year. (In the peak building year of 1925 only 937,000 homes were built). The Patman Veteran's Emergency Housing Act is directed to stimulate the production of materials in sufficient quantity for houses for veterans. This emergency legislation will terminate when the emergency is over.
2. The Wagner-Ellender-Taft Bill (S. 1592), a non-partisan bill which declares a long-term housing policy for the nation and provides the machinery necessary for carrying out the policy and its objectives, was passed by the Senate in the last Congress but was not reported out of the House Committee on Ways and Means. In addition to the emergency need we have an accumulation of 10,500,000 units of substandard housing of which 7,000,000 must be completely replaced. Add to this existing figure the fact that obsolescence and decay keep going on at the rate of 500,000 units every year while at the same time 400,000 new families are created each year for which housing accommodations must be furnished.

The Wagner-Ellender-Taft Bill (S. 1592)

Passage of this bill would make permanent the National Housing Agency which has three constituent agencies, two of which would encourage and help private enterprise serve as large a part of the total need as it can with decent, safe and sanitary housing. The program of subsidized housing would be resumed under the third agency, the Federal Public Housing Authority, to care for those families with incomes so low that private enterprise is unable to serve them and make a profit. The amount of subsidized housing

October 18, 1946

contemplated by the bill is 125,000 units a year for a 4-year period, less than 1/10 of that to be furnished by private enterprise over a 10 year period.

This bill would bring the cost of all housing produced within the reach of veterans of all income groups. War Department figures of March 6, 1946, show that less than one-sixth of the veterans can afford rentals or home payments of over \$50 a month; one-half can only pay from \$40 to \$50 per month; and one-third can afford less than \$30 a month.

For low cost housing for FARMS AND RURAL AREAS the Wagner-Ellender-Taft Bill presents two plans:

1. A plan of low-interest loans through the Secretary of Agriculture for farm families of modest income who do not require subsidy.
2. A plan for the Federal Public Housing Authority to work in cooperation with the Department of Agriculture to provide decent housing for families in rural areas and on farms with incomes so low that they cannot be so housed without financial help comparable to that given to low-income families in urban areas. (This includes farm owners, tenants, sharecroppers, laborers, agricultural workers and others.)

Before housing is constructed on a farm it must be certified by the Secretary of Agriculture that the net annual income of those to be housed is so low that they need financial assistance. The normal earning capacity of a farm must also be certified so that the local public agency will know that the farm owner can meet the payments required of him. The Department of Agriculture and the FPHA will advise as to the type of housing suitable for the farm and the needs of the family involved.

The farm owner can establish credits for himself by paying more than the minimum in good production years so that in years of poor production the payment may be less than the minimum. The minimum must equal the average payment of principal required annually to pay off the cost of the house. This payment is small because of the long-term loan.

Financing of such housing would be accomplished through loans and subsidies. The local public agency could borrow from the FPHA. Loans shall not exceed the cost of the housing, shall be at the going Federal interest rate and shall be repaid within 45 years, the length of the period to be decided by the FPHA. No appropriation of state or local tax money is necessary to secure the loans. They are secured by the houses built with the money. In addition to the loan, the FPHA would make an annual contribution or subsidy based on the cost of the housing to the local public agency to reduce the rent. This outright gift would be used to pay the interest on the loan so that that cost would not have to be included in fixing the rent.

The Federal appropriation authorized by the Wagner-Ellender-Taft Bill for farm and rural low-rent housing all over the nation is \$5,000,000 a year for 5 years, but any part of the total for the 5-year period may be made available sooner should the President (with the consent of Congress) determine such expenditure necessary to meet acute shortages of housing in rural areas or to stimulate employment and business activity.

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Surveys and Department of Agriculture studies show that there are slums on farms and in small towns as well as in cities. During the period of war shortages of critical materials nothing was done to check the growth and advance of slums and the decay of home buildings either in cities or on farms. Surveys made of Minnesota farms in 1935 showed that 1 out of 10 farm houses should be torn down and replaced. What was the case then is much more acute now.

Public Housing for Urban Areas

Apart from the rural housing program for subsidized housing, the Wagner-Ellender-Taft Bill proposes a program for the nation of 125,000 subsidized urban units a year over a four-year period, a total of 500,000 units. (The estimated need for such housing is 360,000 a year for a ten year period.) The conservative amount of 125,000 units is to assure that subsidized housing will not compete with that furnished by private enterprise. 125,000 units is one-tenth of the total housing contemplated by the bill; the remaining nine-tenths, or over a million houses a year, is about four times as much as private enterprise built per year for the ten years preceding the war.

The lowest income families can generally afford to pay less than \$20 a month for rent. Up to the present it has not been profitable for private enterprise to provide decent, safe and sanitary housing at this rental. To further guard against competition, the bill requires that a 20% gap be left between the lowest rent for which private enterprise can furnish decent housing and the top rents to be charged in public housing projects.

If a project is approved by the Federal Public Housing Authority, the local housing agency may secure a Federal Loan for the development of the project. The Wagner-Ellender-Taft Bill, however, encourages the entire financing of the development cost of a project by private sources through the sale of bonds by the local agency. There is a very definite tendency towards greater local participation of this kind because it is a safe investment. The loans are paid back out of the rents collected.

To get the rents down within the means of the tenants, Annual Contributions, or subsidies, are needed. The Wagner-Ellender-Taft Bill authorizes \$22,000,000 a year for this purpose for a four-year period. The amount contracted for by the local public agency is based on the cost of developing the project. Annual Contributions in addition to the loan are made by the Federal Government to reduce the cost to the local agency of the loan. Subsidized housing does not compete with private enterprise because it is non-profit. Rents are based on the amount that is necessary to maintain the project and pay off the loans. Rentals can be low because of the non-profit character of the project. Annual Contributions are necessary by both the Federal Government and the community. The Annual Contribution of the community must equal one-fifth of that of the Federal Authority. This usually takes the form of tax exemption. The local public agency, however, is allowed to pay the city for services rendered to the amount of 10% of the rents collected. Tax exemption has been criticized for working a financial hardship on a community. It has been demonstrated, however, that the payment in lieu of taxes usually amounts to more than the taxes actually collected before the project was developed. The local housing authority in Harrisburg, Pennsylvania, paid \$11,000 on two projects in October, 1944, as compared with \$1,450 in annual taxes collected from the sites before the projects.

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In Newark, New Jersey, tax levies on sites before acquisition for six projects amounted to \$76,744, the city never collecting the full amount of the levy. The local housing authority now pays Newark \$74,000 per year.

The Housing situation in Minnesota

1. Rural Areas

A 1935 survey of 17,310 farm homes occupied by 84,094 persons in nine representative Minnesota counties disclosed that 1 out of every 10 such houses was in such bad shape that it should be completely replaced; that over 50% of such houses were overcrowded; that only 1 out of every 10 such houses had a bathroom; that only 1 in 20 had piped hot water; that only 1 in 10 had piped cold water; that the occupants of the remaining 15,559 such dwellings were obliged to carry water by hand an average distance of 267 feet; that only 1 out of every 13 such dwellings had an indoor toilet; that almost 2/3 had only stove or fireplace heat; that only 1/7 had refrigeration; and that approximately 1/3 had no sewage disposal facilities.

At the time this survey was made 52% of the farm families not on relief had incomes of less than \$1,000 per year, including the value of home-grown products; 1/3 of the non-farm families had incomes of between \$750 and \$900 a year and the other 2/3 had barely \$1500 a year. Even though farm and non-farm incomes have increased during the war, there has been little building and repair because of wartime shortages of material and manpower. Consequently conditions with respect to rural housing are worse than they were in 1935.

2. Smaller Cities

The U. S. Public Health service in 1935-36 conducted a survey of housing conditions in some of our Minnesota communities of less than \$25,000 population. The conditions cited for three such communities are representative: In Chisholm 33% of all homes were overcrowded; in Willmar 25% were overcrowded; and in Winona 20% were overcrowded. In Chisholm 2.3% of the homes had no running water; in Willmar 13% had no running water; and in Winona 10% had no running water. In all three communities 1/5 to 1/3 of all homes were substandard.

3. Larger Cities

Duluth A real property inventory (WPA) in 1936 showed that of a total of 27,377 homes 30% had no central heating; 26% had no tub or shower bath; 7% had no running water; 17% had no private indoor toilet; 14% were overcrowded; 12% had no gas or electricity for cooking; 17% needed major repairs; and 334 were totally unfit for use.

St. Paul A real property inventory of the U. S. Department of Commerce disclosed that of a total of 71,570 homes in the city proper 21.6% had no central heating; 12.5% had no tub or shower bath; 21% had cold running water only; 7.2% had no private indoor toilet; 13.9% were overcrowded; 15.8% needed major repairs or were unfit for use.

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Minneapolis A real property inventory of the U. S. Department of Commerce disclosed that of a total of 127,832 homes in the city proper 20.9% had no central heating; 12.3% had no tub or shower bath; 20.8% had cold running water only; 7.1% had no private indoor toilet; 13.7% were overcrowded; 14.8% needed major repairs or were unfit for use.

The fact that conditions which prevailed in 1934, 1935 and 1936 have become worse cannot be overemphasized. Because of the shortage of residential building materials during the war, overcrowding and a shortage of dwellings exists in almost every community. There is scarcely a community in the state that has not felt the housing shortage. There is hardly a farming or rural area without its substandard housing, and even slums. Even the most optimistic appraisal of the means for meeting the housing shortage by private enterprise takes into account the necessity for subsidized housing for our lowest income families.

What effect does the housing shortage in the lower income groups have on the community?

1. Increased cost to the community.

The figures on the cost of slums for Minneapolis are representative of the tax drain imposed on good districts in other cities. The cost of city services in blighted areas in Minneapolis is 4 times the yield in taxes of such areas. The income derived from taxes from the good districts is $2\frac{1}{2}$ times the cost to the city.

2. Increased health hazards.

The communicable disease rates in the poorest districts are 50% higher than for the city as a whole. The death rate of children under five years of age is $2\frac{1}{2}$ times higher in the slum areas than in other sections of the city. Schools in slum areas report 2.3 times more tuberculosis than schools in good areas.

3. Increased juvenile delinquency.

Juvenile delinquency is twice as great in slum areas as in other areas of the city.

What is the history of housing legislation in Minnesota?

The legislation previously proposed for Minnesota under the U. S. Housing Act of 1937 was modeled on that which has operated successfully in 43 other States. It specified that communities of 10,000 or more inhabitants could set up local public housing agencies and that a county, or two or more contiguous counties, could establish a local public housing agency for smaller communities and for farm and rural housing. The agency could be established and the housing commissioners appointed only with the consent of the local governing body. The Act required that subsidized housing be purely local in character. The local agency could not build without the consent of the local governing body; it could not secure federal funds without demonstrating the need for subsidized housing through surveys of local housing conditions, local incomes and prices; it was obliged to employ local labor at pre-

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vailing local wages; it was required to purchase local material as far as possible; it was required to employ local architects and contractors at prevailing local fees.

Enabling legislation has been defeated by the Minnesota State Legislature five successive times. The Minnesota League of Women Voters spent several years studying housing and since 1942 has had Subsidized Housing for Low Income Groups on its State program for legislative support.

What can YOU do to help the housing situation in Minnesota?

Recognize the necessity for and earnestly work for passage by the 1947 legislature of Enabling Legislation to permit the establishment of local housing agencies, through which, and through which alone, communities in Minnesota can share in the Federal subsidized housing program.

Without such enabling legislation Minnesota cannot share in federal funds for the public housing program proposed by the Wagner-Ellender-Taft Bill (S. 1592). The enactment of such enabling legislation by the Minnesota legislature would permit the establishment in Minnesota of local public housing agencies, through which federal funds would become available to help decently house low-income families and at the same time clear away existing slum areas. The U. S. Housing Act of 1937 required that states pass enabling legislation to permit the establishment and operation of local public housing agencies. The U. S. Housing Act has not been changed in this respect.

Whether or not Minnesota passes enabling legislation, public housing in both rural and urban areas is going to go forward in 43 other states--and we will help to pay for such housing in those areas which do have enabling legislation, without being able to take advantage of the housing program ourselves.

[1947?]

THE FUTURE OF HOUSING IN MINNESOTA UNDER THE HOUSING AND REDEVELOPMENT ACT

"Wanted: Young Women To Lick The Housing Crisis" is the title of a fine article on Housing in the Autumn, 1947 issue of the "Living" Magazine. The August, 1947 issue of "Fortune" pointed up again "The Housing Crisis." We have not licked it. We've not even made a dent in it. Yes, houses are being built, but not enough of them, and certainly not at prices the middle and lower-income groups can safely mortgage their next 25 years to try to pay for. The tremendous numbers of families who need rental housing are being almost totally ignored. The lowest income groups, those for whom low-rent public housing is desirable and needed, have been ignored since 1942 because of statutory building cost limitations. These problems all boil down to one thing, the need of housing leadership, which in turn means education for slum clearance and low-rent housing and a community approach to the problem. It means a community approach because no two towns or cities have the identical needs. No two need the identical replanning, or even need the same proportionate number of rental units or owner occupied units. Therefore, if we are to lick the problem, we must begin at home, and then tell our needs to our State Legislature and our Congress.

For several sessions of the Legislature, the Minnesota League of Women Voters worked as "Housers." This time we made the grade. We did not get a perfect law, but we did get one under which some housing can be built, with a community approach, and one under which we can plan for future slum clearance and for low-rent public housing in communities that need and want it. Operations and experience under this law should indicate the kinds of amendments or revisions that will be required when the Legislature meets again.

The Minnesota law was drawn with a two-fold purpose: (1) To enable our cities to qualify for any Federal aid to housing that might be available in the future and (2) To encourage private capital to go into housing and redevelopment in blighted areas in our cities by giving various kinds of financial and other aids. As a consequence, the Minnesota Act is usually described as divided into two main parts--the low-rent public housing part and the redevelopment and slum clearance section.

Both of these purposes can best be served by each city's and each town's having a housing and redevelopment authority. The housing authority's job of administering both parts of the law is a big one. They will need help.

First, we will discuss low-rent public housing and its problems. Minnesota was the 43rd state to pass this kind of legislation. In 1937, the United States Congress passed a law making available funds to the various states with this type of permissive legislation to aid in building dwellings for persons of low income. Since 1942, there has been no low rent public housing built in any city in the country, first because of the war and second, because under the 1937 Federal Housing law, there are limits to what can be spent per room in this type of building. In the last session of Congress the McCarthy Bill was passed allowing cities that are able to do so to contribute to a local housing authority the difference between the Federal statutory cost limitation and the actual cost of building.

Our problems in Minnesota on low-rent public housing are these: (1) Those people who are opposed to low-rent public housing for persons of low income amended the housing bill to exclude from the city's right to give money to the housing authority (2) These same people also amended the law to require a simple majority referendum on each 1,000 units we might wish to build (3) Because there are not now any Federal funds available for such building, we must look to the future when Congress may again appropriate funds, and we must make plans for using such funds to best advantage.

Last year Congress considered the Taft-Ellender-Wagner Bill (Our Housing Problem - National League Memo reviews it) In a recent speech Senator Taft again said he would be interested in a minimum housing program designed only for the low-income groups. At the present, Congress has a Joint Committee investigating "housing." (The Committee will be in Minnesota on November 11th and 12th.) It is hoped this investigation may come up with something that will help get Federal funds appropriated.

Because we must, in this state, have a referendum in each community before we can do any low-rent public housing, it is important for us to begin creating the "Housing Atmosphere," looking to the future. The objections to low-rent public housing are very loud and strongly defended by opponents to it. Always the objections are the same: (1) Private enterprise can do the housing job if left alone and without any kind of government guidance, (2) We are making a big step toward socialization when the Federal government subsidizes housing in any way, (3) Large-scale housing projects in the past have never served the income group they were intended to serve, and (4) Low-rent public housing is tax exempt. These objections can best be answered in this way: (1) Private enterprise has not yet demonstrated it can build decent, safe and sanitary housing at a profit to be rented to the lowest 20% income group of our population. This is a truth that careful thinking real estate men don't work hard to refute. (2) As good League members, we all know about subsidies. They have in the past been given to both big and little industry in various forms without terribly strenuous objection, (3) Under the Minnesota Housing Act, the following provisions for occupancy in any low-rent public housing project are very clearly described:

a. There must be a 20% gap between the highest rent charged in any low-rent public housing unit and the lowest rent private enterprise can build and rent at a profit.

b. Low-rent housing must be built to serve the lowest 20% of income group by number as determined by the housing authority.

c. Four-year limit of occupancy except in emergency when it may be six years.

d. Veterans preference and preference for people living on the site before it was cleared of its slum and redeveloped.

e. Tenant must be investigated every year to prove his income is not above lowest 20% by number.

f. Tenant must be citizen of the United States.

(4) All of these provisions for tenancy are put on top of the requirement that the low-rent housing project must be able to pay off its bonds and pay to the city at least 5% of its annual intake of shelter rental in lieu of taxes.

This is the law in Minnesota and this is how it will be, all hue

and cry to the contrary. These are the things we need to know.

The second part of our discussion is concerned with our part of the law under which we can now, at the present time, be doing some sound permanent building in Minnesota. We were the 18th state to have this kind of legislation.

As Mr. Stuart Rothman, the State Director of Housing, has said, our cities can use any kind of housing we can get, what we get depends on what we want and how much we want it. Both the Federal Housing ~~Act~~ ^{Act} of 1937 and the Minnesota Housing Act of 1947 recognize that housing requires local initiation, determination and promotion.

We must also recognize that the building and housing problem must be met by private capital and private enterprise. As we recognized earlier, private enterprise has not demonstrated it can do the entire job, but it can and must do even more than the "lion's share." Our job is to urge private capital into the market and to do the job in a civic-minded kind of way.

As has been stated twice previously, no two towns or cities have the identical problems. Therefore, it follows no two communities can approach their redevelopment in precisely the same fashion. For those reasons, it is not feasible to discuss redevelopment in a specific way. Our law provides tools for each municipality to use in any combination it so deserves. The tools were given us because redevelopment of our cities without municipal aid to private capital is almost impossibly expensive. It puts the builder who would like to construct in an unfair competitive position with the builder who goes outside the city to buy his land, and to develop raw land unrelated to public services and facilities. Until we redevelop our cities and towns, our population will continue to deploy itself farther and farther out, our slum problem and all its unpleasant results will continue to grow, and the cities' tax problems will continue to increase.

The keystone of our redevelopment plan in Minnesota is the use of municipal property, services and facilities as the equity for F.H.A. insured loans to finance housing. Because no municipality can give money to a housing authority, the use of these facilities is imperative. As for instance, we could imagine a builder in one of our major cities contemplating a large-scale rental project--say 250 units. By getting partial tax exemption from his city, by having the site and its improvement a part of what the city can give as an aid, the rental needed to make the project an economically sound one can be appreciably lowered. This does not sound as tremendous as it really is. The need for rental units in the major cities is acute. It is certain in St. Paul where 5000 additional units of any kind of housing are needed, that an appreciable part of these units need be rental, and for moderate income groups. If by the use of partial tax exemption and site provision and improvement our municipalities can help to provide rental housing, our Minnesota law was well worth the effort it took to get it.

What can the League of Women Voters do? We can (1) Ask for and get each municipality to appoint a housing authority. Go to your Mayor and ask him. Then tell him to write to the Division of Housing and Redevelopment at the State Capitol which will send him all the information he needs. Ask the Mayor of the municipality to appoint to the

housing authority representative, broad-minded people with perspective and business judgment. (2) Upon creation of the housing and redevelopment authority, the League of Women Voters ^{can help to} create the kind of housing and community atmosphere ~~so~~ that the housing authority ~~can~~ proceed to: 10

1. Prepare application to apply to the Housing and Home Financing Agency for Federal aid for low-rent housing and pave the way for a successful local referendum on the problem.

2. Proceed at once to encourage private capital to undertake redevelopment projects of moderate rental housing with municipal aids.

3. Proceed to give immediate consideration to long-range slum clearance programs.

4. To begin to think now of planning for a handsome and healthy community as a whole.

All of these things should always be considered on a sound permanent basis. It has been proved too many times that expedient measures such as any kind of temporary housing only eventually add more slums and do nothing but stave off the crisis for another short period in the history of any community. Too often the temporary or expedient housing of today turns into the slum of tomorrow.

It is a big job, but it can all be done if we want to do it.

The State Division of Housing and Redevelopment has prepared careful and detailed outlines of the parts the municipalities, the housing authorities, and the redevelopment companies can play in this housing crisis. These outlines are available to all communities at their request. Ask your Mayor to send for them.

PERMISSIVE HOUSING BILL IN BRIEF - House File 293
Senate File 245

The housing bill has two subjects: housing for persons of low income and rehabilitation and redevelopment of blighted areas. It is divided into articles each of which may be considered separately as though it were a separate bill. Present (U. S. Housing Act of 1937) and contemplated (Wagner-Elender-Taft General Housing Bill) federal legislation has been kept in mind throughout the bill, and, whatever from federal legislation may take, communities will be in a position, without further legislation, to take advantage of federal aid.

ARTICLE I. Contains the short title "Municipal Housing and Redevelopment Act" and definition of terms used.

ARTICLE II. Provides for the creation of housing and redevelopment authorities to administer the act. Before an authority is created the governing body must determine that there is need for an authority. Then - and this is new - there is provision for a referendum to insure public support of the program provided for. No community is required to proceed under the act; action to be taken will be voluntary and subject to a referendum - it is purely an enabling act, permissive.

ART. III. Prescribes the powers of the authorities.

ART. IV. Deals with the matter of low-rent public housing. The primary purpose of the bill is to encourage private enterprise to produce the greatest possible number of houses, and safeguards are provided against competition of public housing. No appropriations for low-rent housing are provided for. Bonds issued by the local housing authority to finance the housing are purchased by the Federal Public Housing Agency and private investors. Frequently private individuals buy the whole bond issue as a safe investment. Rents paid by the tenants pay off the principal and interest on the bonds and for maintenance, management and repair. However, an annual Federal subsidy or gift, in addition to the tax exemption contribution of the community, is needed to reduce the rents to accommodate families of very low income.

ART. V. Provides for temporary housing for veterans and servicemen and their families.

ART. VI. Provides for housing for farmers of low income by county and regional authorities.

ART. VII. Deals with the subject of redevelopment and rehabilitation.

ART. VIII. Deals with the issuance of bonds by authorities and provides that bonds shall be debts of the authority and not of the city, the county or the state.

Larger and smaller cities have felt the housing crisis more keenly than small towns and rural areas but there are in the state families with incomes so low that they cannot afford housing furnished by private enterprise. It has been recognized in 43 other states as a public responsibility to see that these families are decently housed, just as public health services, public schools, public libraries, etc. are accepted as a public responsibility. Because subsidized housing is publicly owned it is tax exempt like schools and libraries and other public buildings. This tax exemption constitutes the annual contribution or subsidy by the community to bring the rents down low enough for low-income families.

Tax-exemption is thought to be a hardship on the taxpayer. It is the taxpayer, however, who pays for slums and blighted areas which cost much more than the good districts. The blighted areas in Minneapolis, for example, cost the city (the taxpayer) more than 4 times the amount of taxes gathered from them. The communicable disease rate in slums is 50% higher than in good areas; poor people who get sick there are public health charges; there is almost $2\frac{1}{2}$ times as much tuberculosis among children in schools in the slums as in other schools and more juvenile and adult crime; police and fire calls are more numerous. The local housing agency is empowered by the federal law (to which a Minnesota law must conform) to make a payment in lieu of taxes for public services rendered to housing projects. In practically every city where projects have replaced slums this payment is greater than the taxes formerly levied or collected and constitutes a steady rather than a declining income to the community.

The amount of subsidized housing authorized is only a small part of that needed to correct the housing shortage. Under the federal law enough funds would not be allocated to any one community to provide housing for the total need of low-income families. Part of this field is open to private enterprise.

Although rural subsidized housing is necessary and is provided for, it is true that slums and blighted areas are concentrated in the cities. They desperately need federal aid to get rid of such districts and to provide sanitary and decent housing. The plight of the cities cannot be remedied without the enabling legislation which Minnesota does not have now. We want such legislation enacted NOW.

Will you see or write your legislators and ask them to vote favorably on the bill? It is important to write to legislators from your district who are on the Welfare Committees of both the House and Senate. Hearings on the bill are held in the Welfare Committees of both houses. Try to interest people outside your League by having a meeting of both men and women to discuss the pending legislation.

See the "Housing" sheet dated October 18, 1946. There may be information in it that could be used in your local newspaper.

Sponsors of Senate File 245 are: Senators Donald O. Wright, Gerald T. Mullin and R. G. Novak. Sponsors of House File 293 are Representatives Charles W. Root, Judson D. Hilton, Walter Rogosheske and Harold Lundeen.

*Wendell Sedon
PB-Way
Sen. Finance*

March 10, 1947

The Minnesota League of Women Voters since 1942 has worked for the passage of State Housing Legislation to permit communities in Minnesota to take advantage of the benefits available under Federal Legislation, benefits which 43 of the 48 states now enjoy.

Therefore, we strongly urge passage of the Municipal Housing and Redevelopment Act (H.F. 293, S.F. 245) now being considered by the State Legislature. We are supporting this comprehensive plan to restore blighted areas and to provide safe, sanitary and decent housing for people on all income levels for the following reasons:

1. The bill is an enabling act and gives to communities in the State the power to set up local housing authorities if they choose to do so. Under the Federal Act, financial aid is available to communities for housing and redevelopment of blighted areas only through local authorities. If we have no enabling act, we cannot get Federal aid in Minnesota. Our Federal taxes help to pay for public housing in 43 other states.
2. It embodies a plan for emergency housing for veterans at prices they can afford. War Department figures of March, 1946 show that less than one-sixth of the veterans can afford rentals of over fifty dollars a month; one-half can pay from forty to fifty dollars a month; one-third can pay less than thirty dollars a month. The most serious housing shortage is that which rents for forty dollars a month and under.
3. It authorizes Federal and local assistance to private enterprise for the rehabilitation and redevelopment of blighted areas, both rural and urban. A blighted area is always an unprofitable area to the community. The elimination of these areas redounds to the benefit of all other taxable property in the community.
4. The bill offers Federal and local financial aid to private enterprise to enable it to serve lower income groups at a profit. The shortage of decent, safe and sanitary housing in this State is most acute among people of middle and lower

income who can pay rents of less than forty dollars a month.

5. The bill is designed to encourage private investment in housing and redevelopment projects undertaken by private enterprise as well as in public housing projects.

6. The bill encourages the organization of limited dividend companies by insurance companies and other investors and thus make available vast resources of capital for the field of housing and redevelopment.

7. It authorizes the provision by county and regional authorities of housing for farmers of low income and for families in rural areas.

8. It authorizes the local housing authority to provide low-rent public housing for families of very low income for whom private enterprise cannot furnish housing at a profit. Public housing and housing in redevelopment projects initiated by private enterprise are separate activities. The bill provides safeguards against competition of public housing with that supplied by private enterprise. No state or local appropriations are necessary for public housing and none are authorized by the bill. Local control of low-rent public housing is assured.

The Minnesota League of Women Voters has been interested primarily in the public housing aspects of permissive housing legislation. We are interested in the facts concerning tax exemption of public housing projects. Tax exemption constitutes the annual contribution of the community to reduce the rents so that they are within the means of the low-income tenants. It is alleged that tax exemption works a hardship on the taxpayers of a community by increasing the tax burden on private taxpayers. The local housing authority, however, makes a payment in lieu of taxes to the community for the services it renders the projects. Experience in 43 other states has demonstrated that these payments are, almost without exception, greater than the actual taxes collected from the area before the improvement. The few illustrations below are selected at random from hundreds of reports on this matter:

<u>CITY</u>	<u>TAX ASSESSMENT BEFORE PROJECT</u>	<u>PAYMENTS IN LIEU OF TAXES</u>
Hartford, Connecticut	\$ 18,746	\$112,597
Muncie, Indiana	2,636	3,309
New Haven, Connecticut	26,519	28,707
Houston, Texas	18,007	60,836
Chicago, Illinois	111,729	145,300
Louisville, Kentucky	40,591	58,650
Memphis, Tennessee	35,549	62,644
TOTAL	*\$ 253,777	\$472,023
TOTAL INCREASE		\$218,246

* This was total assessment; the actual collection was much less due to general tax delinquency in slum areas.

Minnesota League of Women Voters

914 Marquette Avenue

Minneapolis 2, Minn.



Affiliated with the
National League
of Women Voters

ACTION

Minnesota League of Women Voters
832 Lumber Exchange
MINNEAPOLIS 1, MINNESOTA

FILE COPY

March 31, 1947

Dear League President:

Housing legislation which includes the item on our state program of work, "Permissive legislation to enable Minnesota to participate in the Federal Public Housing Program", has been reported out of the House and Senate Welfare Committees and is awaiting action on the floor of each House. This bill, known as House File 1172 and Senate File 1050, has been amended in committee but, while the result is not all we had hoped for originally, it still embodies the main provisions of an enabling act for low-cost public housing. Full information on the fundamentals of this legislation has been sent to you during the year.

Write, wire, or call your senators and representatives urging that this bill be passed WITHOUT FURTHER AMENDMENTS. Contact as many other people and organizations as possible suggesting that they do the same. We feel sure that every League member will do her part on this call.

Immediate action is imperative! This bill will probably come up for consideration in the Senate on Thursday of this week. Watch your newspapers. If the bill is not taken up until next week, it would be wise to talk to your legislators during the Easter recess.

Sincerely yours,

Irvine McQuarrie

Mrs. Irvine McQuarrie
President

VMcQ:h

April 17, 1947

Miss Anna Lord Strauss, President
League of Women Voters of the U.S.
726 Jackson Place
Washington, D. C.

Dear Miss Strauss:

We are very happy to be able to report that the Minnesota Legislature has passed the enabling act to permit municipalities to take advantage of the Federal Public Housing Program. It was passed unanimously in the Senate and by a vote of 103 to 8 in the House of Representatives. Since it has been especially close to the Governor's heart, there is no doubt but that he will sign it. This legislation has been on the League's state program for several sessions and much hard work has been done on it.

There is a two-fold reason for writing you about it. Since Minnesota has been very stubborn about this bill in the past, we felt that perhaps knowledge of its passage might have a favorable effect upon our National Congressmen and Senators and we wanted you to have the information as soon as possible. I mean in reference to the National Housing legislation. Then too, we feel that it may spur our League members on to greater effort on the National Housing Bill. In that connection, we wondered if there is any special information we should have concerning this legislation, such as amendments, the attitudes of our men in Congress, etc. Mrs. Shearer, our Housing expert in the Minnesota League, is preparing a digest of the bill to make it more readable and understandable to our members. We would appreciate anything your Congressional Secretary thinks we should have to be more effective.

Sincerely yours,

Enc.
VMCQ:h

Mrs. Irvine McQuarrie
President

LEAGUE OF WOMEN VOTERS

OF THE UNITED STATES

726 JACKSON PLACE



WASHINGTON 6, D. C.

MISS ANNA LORD STRAUSS
President

APR 2

April 23, 1947

Mrs. Irvine McQuarrie, President
League of Women Voters of Minnesota
832-33 Lumber Exchange Building
Minneapolis 1, Minnesota

Dear Mrs. McQuarrie:

Congratulations to you on the passage of the state enabling act. You certainly had a fine vote.

After so much work I know it will be disheartening if you are unable to take advantage of the opportunities offered by the Taft-Ellender-Wagner housing bill. However, the prospect for that bill's passage grow dimmer day-by-day. The Senate Banking and Currency Committee has just voted it out favorably by the narrow margin of 7 to 6. The fight on the Senate floor will undoubtedly be much stiffer than last year. The picture in the House is even gloomier. A companion bill to the Taft-Ellender-Wagner bill has been introduced by Mr. Javits (R., N.Y.) and present indications are that the House Banking and Currency Committee will not even hold hearings on it this session. Unnamed members of the leadership of that Committee are quoted as saying, "they have several other more important matters to take up this session."

While Minnesota has no member on either of those Committees, I think your suggestion that the information of the passage of your enabling act be transmitted to your Congressmen and Senators is an excellent one. I should think it would be well if you could write to each one of them informing them of the passage of your legislation and urging their active support of overall federal housing legislation, - specifically, the Taft-Ellender-Wagner bill. The bill as introduced this year is somewhat amended from last year's version but we do not feel the amendments weaken it sufficiently to affect in any way our support of the measure. It is still a good bill and well worth working for. We have a Brief for Action at the printer's now which will point out the differences between the present bill and last year's version. This when used in conjunction with the housing Memo should provide good background material for work on this issue. It is possible that a Request for Action may be sent out at the same time that the Brief goes out since one of the reasons why we are not in a better legislative position is that the opponents of this measure

4/23/47

have been and are exceedingly vocal, whereas the proponents (though much greater in number) have not made themselves sufficiently heard.

I should like to add to this letter, if I may, comment on an interview I had yesterday with Mr. Blatnik, the Congressman from your 8th District. Mr. Blatnik called this office on Monday and inquired whether the League had issued any material on Aid to Greece and Turkey as he would be interested to have the League's point of view. I arranged to go to his office yesterday morning and I had an exceedingly pleasant conversation with him. I found him intelligent and conscientious and with his office organized in such a way as to help him do a legislative job based on accurate information. I discussed with him the various issues in which the League is interested, including housing, and we seemed to see eye-to-eye on all matters that we discussed. He told me that of all the groups he had met with in his District he thought the League people were the best informed and most intelligent on the issues facing this country. (This should undoubtedly be kept within the bosom of the family!). At the conclusion of the interview he asked to be put on a mailing list to receive all League material. We have no provision for handling such matters from this office and prefer not to try since we believe it is better for League material to come to the Congressmen from their own states. Can you arrange for Mr. Blatnik to get all League publications either from your office or from one of the Leagues in his District, whichever way you usually handle such matters?

If you wish any additional information I shall be glad to hear from you.

Sincerely,

Muriel Ferris

Muriel Ferris
Congressional Secretary

MF:lew

November 20, 1947

THE FUTURE OF HOUSING IN MINNESOTA UNDER THE HOUSING AND REDEVELOPMENT ACT

"Wanted: Young Women To Lick The Housing Crisis" is the title of a fine article on Housing in the Autumn, 1947 issue of "Living" magazine. The August, 1947 issue of "Fortune" pointed up again "the housing crisis". We have not licked it. We've not even made a dent in it. Yes, houses are being built, but not enough of them, and certainly not at prices the middle and lower-income groups can safely mortgage their next 25 years to try to pay for. The tremendous numbers of families who need rental housing are being almost totally ignored. The lowest income groups, those for whom low-rent public housing is desirable and needed, have been ignored since 1942 because of statutory building cost limitations. These problems all boil down to one thing, the need of housing leadership, which in turn means education for slum clearance and low-rent housing and a community approach to the problem. It means a community approach because no two towns or cities have the identical needs. No two need the identical replanning, or even need the same proportionate number of rental units to owner occupied units. Therefore, if we are to lick the problem, we must begin at home, and then tell our needs to our State Legislature and our Congress.

For several sessions of the Legislature, the Minnesota League of Women Voters worked as "Housers". This time we made the grade. We did not get a perfect law, but we did get one under which some housing can be built, with a community approach, and one under which we can plan for future slum clearance and for low-rent public housing in communities that need and want it. Operations and experience under this law should indicate the kinds of amendments or revisions that will be required when the Legislature meets again.

The Minnesota law was drawn with a two-fold purpose: (1) To enable our cities to qualify for any Federal aid to housing that might be available in the future and (2) To encourage private capital to go in to housing and redevelopment in blighted areas in our cities by giving various kinds of financial and other aids. As a consequence, the Minnesota Act is usually described as divided into two main parts--the low-rent public housing part and the redevelopment and slum clearance section.

Both of these purposes can best be served by each city's and each town's having a housing and redevelopment authority. The housing authority's job of administering both parts of the law is a big one. They will need help.

First, we will discuss low-rent public housing and its problems. Minnesota was the 43rd state to pass this kind of legislation. In 1937, the United States Congress passed a law making available funds to the various states with this type of permissive legislation to aid in building dwellings for persons of low income. Since 1942, there has been no low rent public housing built in any city in the country, first because of the war and second, because under the 1937 Federal Housing law, there are limits to what can be spent per room in this type of building. In the last session of Congress the McCarthy Bill was passed allowing cities that are able to do so to contribute to a local housing authority the difference between the Federal statutory cost limitation and the actual cost of building.

Our problems in Minnesota on low-rent public housing are these:
(1) Those people who are opposed to low-rent public housing for persons of low income amended the housing bill to exclude from the cities the right to give money to the housing authority;(2) These same people also amended the law to require a simple majority referendum on each 1,000 units we might wish to build;(3) Because there are not now any Federal funds available for such building, we must look to the future when Congress may again appropriate funds, and we must make plans for using such funds to best advantage.

Last year Congress considered the Taft-Ellender-Wagner Bill ("Our Housing Problem", National League Memorandum, reviews it). In a recent speech Senator Taft again said he would be interested in a minimum housing program designed only for the low-income groups. At the present, Congress has a Joint Committee investigating "housing". It is hoped this investigation may come up with something that will help get Federal funds appropriated.

Because we must, in this state, have a referendum in each community before we can do any low-rent public housing, it is important for us to begin creating the "Housing Atmosphere", looking to the future. The objections to low-rent public housing are very loud and strongly defended by opponents to it. Always the objections are the same: (1) Private enterprise can do the housing job if left alone and without any kind of government guidance, (2) We are making a big step toward socialization when the Federal government subsidizes housing in any way, (3) Large-scale housing projects in the past have never served the income group they were intended to serve, and (4) Low-rent public housing is tax-exempt. These objections can best be answered in this way: (1) Private enterprise has not yet demonstrated it can build decent, safe and sanitary housing at a profit to be rented to the lowest 20% income group of our population. This is a truth that careful thinking real estate men don't work hard to refute. (2) As good League members, we all know about subsidies. They have in the past been given to both big and little industry in various forms without terribly strenuous objection, (3) Under the Minnesota Housing Act, the following provisions for occupancy in any low-rent public housing project are very clearly described:

- a. There must be a 20% gap between the highest rent charged in any low-rent public housing unit and the lowest rent private enterprise can build and rent at a profit.
- b. Low-rent housing must be built to serve the lowest 20% of income group by number as determined by the housing authority.
- c. Four-year limit of occupancy except in emergency when it may be six years.
- d. Veterans preference and preference for people living on the site before it was cleared of its slum and redeveloped.
- e. Tenant must be investigated every year to prove his income is not above lowest 20% by number.
- f. Tenant must be citizen of the United States.

(4) All of these provisions for tenancy are put on top of the requirement that the low-rent housing project must be able to pay off its bonds and pay to the city at least 5% of its annual intake of shelter rental in lieu of taxes.

This is the law in Minnesota and this is how it will be, all hue and cry to the contrary. These are the things we need to know.

The second part of our discussion is concerned with our part of the law under which we can now, at the present time, be doing some sound permanent building in Minnesota. We were the 18th state to have this kind of legislation.

As Mr. Stuart Rothman, the State Director of Housing, has said, our cities can use any kind of housing we can get; what we get depends on what we want and how much we want it. Both the Federal Housing Act of 1937 and the Minnesota Housing Act of 1947 recognize that housing requires local initiation, determination and promotion.

We must also recognize that the building and housing problem must be met by private capital and private enterprise. As we recognized earlier, private enterprise has not demonstrated it can do the entire job, but it can and must do even more than the "lion's share". Our job is to urge private capital into the market and to do the job in a civic-minded kind of way.

As has been stated twice previously, no two towns or cities have the identical problems. Therefore, it follows no two communities can approach their redevelopment in precisely the same fashion. For those reasons, it is not feasible to discuss redevelopment in a specific way. Our law provides tools for each municipality to use in any combination it so deserves. The tools were given us because redevelopment of our cities without municipal aid to private capital is almost impossibly expensive. It puts the builder who would like to construct in an unfair competitive position with the builder who goes outside the city to buy his land, and to develop raw land unrelated to public services and facilities. Until we redevelop our cities and towns, our population will continue to deploy itself farther and farther out, our slum problem and all its unpleasant results will continue to grow, and the cities' tax problems will continue to increase.

The keystone of our redevelopment plan in Minnesota is the use of municipal property, services and facilities as the equity for F.H.A. insured loans to finance housing. Because no municipality can give money to a housing authority, the use of these facilities is imperative. As, for instance, we could imagine a builder in one of our major cities contemplating a large-scale rental project—say 250 units. By getting partial tax exemption from his city, by having the site and its improvement a part of what the city can give as an aid, the rental needed to make the project an economically sound one can be appreciably lowered. This does not sound as tremendous as it really is. The need for rental units in the major cities is acute. It is certain in St. Paul where 5000 additional units of any kind of housing are needed, that an appreciable part of these units need be rental, and for moderate income groups. If by the use of partial tax exemption and site provision and improvement our municipalities can help to provide rental housing, our Minnesota law was well worth the effort it took to get it.

WHAT CAN THE LEAGUE OF WOMEN VOTERS DO?

We can:

- (1) Ask for and get each municipality to appoint a housing authority. Go to your Mayor and ask him. Then tell him to write to the Division of Housing and Redevelopment at the State Capitol which will send him all the information he needs. Ask the Mayor of

the municipality to appoint to the housing authority representative, broad-minded people with perspective and business judgment.

(2) Upon creation of the housing and redevelopment authority, the League of Women Voters can help to develop the kind of housing and community atmosphere that will encourage the housing authority to:

- a. Proceed to prepare application to apply to the Housing and Home Financing Agency for Federal aid for low-rent housing and pave the way for a successful local referendum on the problem.
- b. Proceed at once to encourage private capital to undertake redevelopment projects of moderate rental housing with municipal aids.
- c. Proceed to give immediate consideration to long-range slum clearance programs.
- d. Begin to think now of planning for a handsome and healthy community as a whole.

All of these things should always be considered on a sound permanent basis. It has been proved too many times that expedient measures such as any kind of temporary housing only eventually add more slums and do nothing but stave off the crisis for another short period in the history of any community. Too often the temporary or expedient housing of today turns into the slum of tomorrow.

It is a big job, but it can all be done if we want to do it!

The State Division of Housing and Redevelopment has prepared careful and detailed outlines of the parts the municipalities, the housing authorities, and the redevelopment companies can play in this housing crisis. These outlines are available to all communities at their request. Ask your Mayor to send for them.

Perhaps the best attitude for us all to have is to know that the program the League of Women Voters has so long supported will take a long time. Slum Clearance in our cities and relocation - or low-rent public housing - will take more than a few years. But we should not lose interest - rather should we continue to believe that decent, safe, and sanitary housing for all income groups is in the best interest of us all and continue to press for legislation at all levels of our government that will eventually produce the needed housing.

LEAGUE OF WOMEN VOTERS OF MINNESOTA
832-33 Lumber Exchange Building
Minneapolis 1, Minnesota
Atlantic 0941

November 25, 1947

Dear League President:

Because the Housing crisis is still with us, we must be alert to do whatever we can to urge Congressional action. No one yet knows what kind of housing bills will be proposed during the coming session but almost everyone agrees that something will be done. (It is not to be expected that anything will be done during the special session now going on.)

A letter to your own Congressman in support of the Taft-Ellender-Wagner Bill (S866) is again in order. (You will recall that this bill made the Senate Calendar last spring but no action whatever was taken in the House.)

The enclosed material, "The Future of Housing in Minnesota under the Housing and Redevelopment Act", will make the situation clear to you what each League and League member can do in her own town to help. Let's take action now!

Sincerely yours,

Avis N. Brustuen

Mrs. Reuben C. Brustuen, Chairman
Committee on Equalizing Opportunities

ANB:h
Enc.

STATE OF MINNESOTA
DEPARTMENT OF ADMINISTRATION
DIVISION OF HOUSING AND REDEVELOPMENT

FILE COPY

DECEMBER, 1947

SUMMARY OF THE
MINNESOTA MUNICIPAL HOUSING AND REDEVELOPMENT ACT

The Minnesota State Legislature at its last regular session, enacted a Municipal Housing and Redevelopment Act which establishes by legislative action a comprehensive housing policy for the State of Minnesota. With the active support of Governor Luther W. Youngdahl, the housing and redevelopment bill was a non-partisan measure which received the support of civic interest groups of the state and received an almost unanimous vote. The measure was endorsed by such organizations as the Minnesota League of Women Voters and the Minneapolis Real Estate Board.

The Act comprehends two subjects:

1. What is commonly known as low-cost housing which should be more properly termed housing for persons of low income and
2. Redevelopment projects for the rehabilitation of deteriorating or blighted areas.

The Municipal Housing and Redevelopment Act covers broadly the following subjects:

1. Authorizes cities, villages and boroughs to create housing and redevelopment authorities and to transfer property already owned by the municipality to these authorities with or without consideration.
2. Power for local housing and redevelopment authorities to acquire land for private or public housing developments or for other uses, including public purposes other than housing, or for industrial and commercial use, and to sell or lease acquired property to private enterprise for housing and development purposes. These authorities may exercise the power of eminent domain, clear land and prepare sites for building by putting in the necessary improvements.
3. Authorizes for housing and redevelopment authorities to undertake public low-rent housing projects subject to local public referendum. Cities can be prepared to

take advantage of any federal aids to housing that are made available.

4. Authorizes cities, villages and boroughs to provide special types of financing for the purpose of getting housing and redevelopment projects started.

5. Permits housing and redevelopment authorities to improve sites for construction and pay back the cost of such improvements out of the increased tax collections from the new construction.

6. Authorizes cities to cooperate in providing housing by furnishing without cost, for redevelopment projects, parks, playgrounds, recreational, community, educational, water, sewer or drainage facilities, or any other work which the city is empowered to undertake under its general powers.

7. Authorizes insurance companies, savings banks, and building and loan associations to invest in bonds and securities of redevelopment corporations engaged directly in housing development.

8. Permits insurance companies to organize redevelopment corporations and engage directly in housing.

9. Permits, but does not require, cities to grant limited tax exemption to redevelopment companies building rental housing. The exemption cannot exceed ten years, but may be for a shorter period and only applies to the increased excess valuation after construction.

Upward of more than 40 states have public housing laws. Some run back to 1934 and many to 1937. The constitutionality of such laws have been upheld in several dozen instances.

Approximately two dozen states have now adopted redevelopment laws, a number of them having been passed in 1943 and 1945. In sustaining the New York redevelopment law which is similar in many respects to the Minnesota Act, the highest court of the State of New York said:

"For a long period of years both state and municipal governments have recognized an ever increasing social and economic loss due to conditions in the blighted urban areas where slums exist. It is a fact within common knowledge that conditions prevailing in slum areas affect the health, safety and welfare of the public, causing indirectly a heavy capital loss and a diminishing rate of tax revenues."

In some states, there is a separate act for low-rent housing and a separate act for redevelopment work, but this is because the housing laws were passed at an earlier date before there was a nationwide movement toward redevelopment programs. In such states where redevelopment laws were later enacted,

separate acts are sometimes used, but in a large number of these cases, the redevelopment laws confer upon the existing housing authorities the duty to carry out the redevelopment projects.

In the Minnesota Act, the two subjects, low-rent housing and redevelopment work and related subjects, are combined because to do otherwise would involve useless duplication. The local housing and redevelopment authority created by a municipality under the State Act exercises both kinds of powers. The various subjects are, however, set up in separate articles of the State Act in such a manner that low-rent housing, redevelopment of existing buildings, redevelopment projects and private redevelopment companies are treated separately.

The primary purpose of the State Act is to encourage private building construction to produce the greatest number of houses and pre-empt the entire housing field if possible. Major emphasis in housing must be on a program which produces permanent housing by assisting private capital to do the job. Although housing by public bodies for persons of low income is authorized by the Act, it must be recognized that the only solution broad enough to be significant in solving the housing problem lies in tapping the sources of private capital which have always financed volume construction. The Act encourages sound municipal planning so that new construction is properly related to necessary public services and facilities thereby protecting the sources of public revenue.

Public action is permitted to provide for situations where private industry is unwilling or presently unable to provide proper housing and for the redevelopment of deteriorating or blighted areas, but the restrictions are such that it is only when private industry fails to fill the need that public action is permitted. Eight points should be emphasized:

1. The bill nowhere calls for any expenditure of state funds.

2. No community is required to proceed under the Act; any action to be taken will be voluntarily on the part of the local municipalities and low-rent housing projects and subject to a referendum. In other words, it is an enabling act.

3. Except for the small tax which city councils are authorized to levy in connection with the redevelopment of blighted areas, there is no provision for taxation. Cities may elect not to levy this tax. Other methods of local financing are provided for in the Act.

4. Veterans' preferences are emphasized throughout the housing provisions of the bill.

5. Present and contemplated federal legislation has been kept in mind throughout the bill, and, whatever form federal legislation may take, communities should be in a position, without further legislation, to take advantage of federal aid.

6. It does not provide for or permit competition between the work of public agencies and private construction but definitely provides a safeguard against such competition.

7. The full faith and credit of the city or village is not pledged for the payment of any obligations incurred by a housing and redevelopment authority. Cities cannot make any appropriations out of its general revenue for housing and redevelopment work. Financing low-rent housing for persons of low income and for redevelopment projects must be self-sustaining in the manner provided by the Act.

8. Redevelopment projects calling for the use of municipal aids including the power of eminent domain and other municipal services and facilities may include the provision of sites for industrial and commercial purposes.

The Act has been divided into articles and except for those provisions, which are common to all of its features, each article may be considered separately as though it were a separate topic.

ARTICLE I.

Article I contains the short title of the Act which is the "Municipal Housing and Redevelopment Act."

A complete and succinct statement of existing conditions, the necessity for the Act, its purposes and the methods by which these purposes are to be accomplished may be found in the declaration in Section 2 of the Act, and Section 3 contains the necessary definitions. These provisions are similar to the laws of other states; particularly those in which legislation of this character has been sustained and are standard provisions.

ARTICLE II.

Article II provides for the creation of local housing and redevelopment authorities to administer the Act. It will have been noted under the section in Article I dealing with definitions that the term "municipality" is sufficiently broad enough to include not only cities but also villages and boroughs. The provisions of the Act are entirely optional; consequently, if the city, village or borough does not desire to use it, there is no compelling force requiring a city to proceed, but if it is believed by the people of any community that the exercise of all or even a small part of the powers granted by the bill is advantageous, the way is open for any city, village or borough to proceed. It is interesting to note that smaller cities and villages are taking advantage of the new powers made available by the Act. Not only have the cities of the first class formed housing authorities, but smaller cities have also done so.

The creation of a separate housing and redevelopment authority, at all times under the control of the governing body of the municipality as to matters of broad policy or importance

is found in practically every housing and redevelopment act. In Michigan and perhaps in one or two other states, the housing and redevelopment authority is a department of the city government and takes action in the name of the city, but there are obvious advantages to having a separate public body which can act as such, particularly to avoid questions of debt limitations, obligations of the municipalities, etc. It is particularly necessary in an act of this type which is optional and may be taken advantage of by one or a number of cities.

Before a local housing authority is created, the governing body must determine that any one or several of the following conditions exist: Adequate housing accommodations are not available to veterans and servicemen and their families, or there is a shortage of decent, safe and sanitary dwelling accommodations available to persons of low income and their families at rentals they can afford, or substandard slums or blighted areas exist which cannot be redeveloped without the assistance made available by the Act. If any one of these conditions exist in a municipality, the governing body is justified in creating a housing and redevelopment authority.

Then, and this is an absolutely new provision not found in the laws of other states, in order to assure public support of housing for low-income families, there is a provision that a referendum must be held on the question before any such projects may be undertaken. A referendum does not have to be held for redevelopment projects.

The housing and redevelopment authority consists of five commissioners appointed by the Mayor with the approval of the governing body. The original appointments are staggered over a five-year period, and subsequent appointments are to be made for five years. The members of the authority must be residents of the municipality and hold no other public office.

ARTICLE III.

Article III prescribes the general powers of housing and redevelopment authorities. These provisions are standard and are found in similar statutes in many other states. Powers are given to deal with the Federal Government and to take advantage of any federal aid. Members of a housing authority have no financial responsibility for their official acts. In line with the modern idea concerning tort liability of public bodies, the housing and redevelopment authority made responsible for tort in the same manner as a private corporation. The housing authority in the management of any housing or redevelopment project protects itself under this provision by public liability insurance. There are provisions in this Article as to construction work and purchases requiring competitive bidding and advertisement for bids in the case of expenditures of a thousand dollars or more.

ARTICLE IV.

Article IV deals with housing for persons of low income. A local housing and redevelopment authority cannot

initiate any low-rent housing projects until an analysis is prepared demonstrating that there is a need for such low-rent (1) which cannot be met by private enterprise, (2) a gap of at least 20 per cent has been left between the upper rental limitation for admission to the proposed low-rent housing project and the lowest rents which private builders are providing a substantial supply of decent, safe and sanitary housing, and (3) housing for families of low income has been approved by the voters at a referendum election.

Under the Act, only families in the lowest 20 per cent of the income group of the community are eligible to live in the project. A tenant must be a citizen of the United States. As between applicants equally in need and eligible for occupancy, preference shall be given to the families of servicemen including families of servicemen who died in service and families of discharged veterans. Occupancy of any dwelling unit in a low-rent housing project may not exceed four years except that the local authority may extend it for two years on findings of changes justifying continuing occupancy.

Local authorities are required to manage their low-rent housing project in an efficient manner to enable them to fix the rentals or payments for dwelling accommodations at rents consistent with their providing decent, safe and sanitary dwelling accommodations for persons of low income, and they are not to construct or operate housing projects for profit or as a source of revenue to the municipality.

Rents are to be just high enough to produce revenues which together with all other receipts of the authority, will pay the principal and interest on bonds, create reserves to meet the payment of principle and interest, meet the cost of maintenance and operation and administrative expenses of the authority and make a payment to the municipality of not less than 5 per cent of the shelter rent received from the operation of the project. Low-rent housing projects are owned by a public body and are not taxable under the Act and the laws of the state, but the authority is required to make a payment of not less than 5 per cent of the shelter rent in lieu of taxes.

The low-rent character of the project is maintained by the use of federal financial assistance. There are some 600 housing authorities in the United States today and several hundred of these authorities have constructed low-rent housing projects. In the principal cities, each authority has several projects. The Act contains limits and safeguards to insure that low-rent housing will be truly for the benefit of persons of low income. Periodic investigations must be made to determine whether the persons who receive the benefit are within the proper class.

It is further required that no project for low-rent housing or the clearance of a blighted area involving the construction of new low-rent housing units shall be undertaken unless there has been or will be an elimination of a substantially equal number of unsafe or unsanitary buildings. This

requirement may be deferred not exceeding five years if the housing shortage is so acute as to force dangerous overcrowding. Low-rent housing may, under this requirement, be built on vacant land.

Under certain circumstances, the local authority, in order to conserve the existing housing supply, may purchase, lease, or otherwise acquire existing buildings for low-rent housing in lieu of new construction.

It should be noted that in Article IV there are absolutely no provisions for taxation. These low-rent housing projects must be, with federal aid, self-sustaining. It has been the experience in other states that with the federal contributions, the bonds of such authorities have found a ready market and authorities have been able to carry on without the necessity of taxation.

According to a 1947 report of the Federal Government, the average monthly gross rents in low-rent housing (including utilities) were as follows:

All localities	\$ 19.11
Metropolitan districts over 500,000	22.34
Other cities, north and west	20.98
South - white families	16.63
South - Negro families	14.55

There has been no construction of public low-rent housing projects with federal financial assistance since 1942 and none can be undertaken at the present time until the Congress acts further in amending the United States Housing Act of 1937. Under municipal home rule in Minnesota, our cities could have undertaken these projects, and several efforts to provide for public low-rent housing through charter amendments were considered. The Municipal Housing and Redevelopment Act eases this situation by making a smaller vote necessary for the passage of a referendum on the question than is required for a charter amendment.

ARTICLE V.

Article V deals with the subject of redevelopment and rehabilitation. Redevelopment and the provision of low-cost housing should not be confused. It should be remembered that the purpose of redevelopment projects is to replace, rehabilitate, and rebuild blighted areas. While some of the cleared areas may be used for public housing, it is contemplated that those which are redeveloped by private industry particularly will be used to furnish housing for higher and medium-income families as well as those of low income, and, in proper cases, for industrial and commercial purposes. In other words, the whole purpose is to change a deteriorating area into an attractive, sanitary, income-producing and revenue-producing property.

Before any redevelopment project is instituted by a redevelopment company, any individual, firm, or corporation, or by the authority itself, a plan must be prepared, which is to be considered by the authority, and, if there is a planning agency in the municipality, it must be reviewed by that agency before the authority acts. If an authority determines that a redevelopment project should be undertaken, it applies to the governing body of the municipality in which the project is located for approval. Before the governing body can grant its approval, it must find:

1. That the project area would not, by private enterprise alone and without the aid sought, be made available for development and redevelopment;

2. That the proposed land uses and building requirements in the project areas in the locality will afford maximum opportunity to privately financed development or redevelopment and materially improve conditions in the area; and

3. That the redevelopment plan is based upon a local survey and conform to a comprehensive plan for the locality as a whole.

An authority may make any of its land in a redevelopment project available for use by private parties and concerns by sale, lease, or otherwise, or may itself retain property for redevelopment by it. The land is to be made available at its fair use value.

Leases or sales made of property acquired for redevelopment purposes shall provide that the lessee or purchaser shall carry out the approved redevelopment plan and that no use shall be made of any of the property included in the lease or sale of any building or structure erected thereon which does not conform to that approved plan. The inclusion of other conditions which will insure conformity to the plan are authorized. Leases or sales may be of all of a project or of parts of it.

Until all building constructions and other physical improvements specified to be done and made by a purchaser have been completed, the purchaser shall have no power to convey the area or any part of it without the consent of the authority. Redevelopment plans may be modified. A purchaser or lessee may be required to furnish a bond as security for fulfillment of the agreement.

Before a plan is approved the authority must be satisfied that decent, safe and sanitary housing is available for the displaced low-income families.

After property has been assembled, the authority shall have its use value determined and may have appraisals made by land value experts for that purpose. Inasmuch as it is contemplated that the cost of a redevelopment project may be greater than the proceeds from the sale or lease of property, or since the property may be developed by the authority, authorities are authorized to raise funds by (1) federal aid, which will be first

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resorted to; (2) the issuance of bonds, which may be, with the consent of the governing body, retired from a special bond fund consisting of the increased tax receipts from a redeveloped area as compared with the taxes paid prior to redevelopment; and finally (3) as provided in the so-called Indianapolis plan, by the levy of a tax of not more than ten cents per hundred dollars of assessed value for the first two years and five cents per hundred dollars thereafter. Since this is an enabling act, cities are not required to levy this one-mill tax for redevelopment purposes.

ARTICLE VI.

Article VI deals with the issuance of bonds by authorities, which may be payable in several ways but which are declared not to be a debt of the city, the county, the state or any political subdivision thereof, the definite provision being made that those bonds shall be payable out of no other funds than those of the authority. These bonds are to be tax exempt. When bonds issued by an authority or by any public authority or agency in the United States are secured by a pledge of annual contributions to be paid by the United States government or any agency thereof, the state, municipal corporations, political subdivisions, and public bodies, financial institutions, insurance companies, and fiduciaries are authorized to invest in them.

ARTICLE VII.

Article VII makes the real property of an authority exempt from sale under execution, although under other provisions of the act, obligations of an authority may be enforced by mandamus. Authorities are authorized to cooperate with each other. The property of an authority is declared to be public property, used for essential and public governmental purposes, and that property and an authority shall be exempt from all taxes and special assessments of the city, the county, the state or any political subdivision thereof, but with these exceptions. First, property which an authority leases for development in connection with a redevelopment project shall have the same tax status as if it were owned by private individuals. Second, provision is made for the payment by authorities of a percentage of the shelter rentals collected each year in a low-rent housing project, to be paid in lieu of taxes, the basic figure being set at five per cent with provisions for adjustments upward in accordance with the situation and the necessity of meeting federal requirements. Such a system has operated very successfully in the case of low-rent housing projects.

ARTICLE VIII.

Article VIII authorizes state public bodies to furnish certain public facilities and services to authorities. Authorities in turn may assist private builders with these facilities or others furnished by the authority to build up the necessary equity for private home financing.

ARTICLE IX.

Article IX deals with private limited dividend companies which undertake housing projects in redevelopment areas. Its provisions were included because there have been a number of very successful operations under provisions of this type, particularly by insurance companies. A person, firm or other company does not have to form a redevelopment company if it wants to participate in redevelopment projects under Article V of the Act. It must be a redevelopment company if it requests partial tax exemption.

Briefly, this article provides for the organization of limited dividend corporations, to be known as redevelopment companies. Such a company, after providing for expenses, taxes, and assessments, may receive for interest, amortization, depreciation and dividends not exceeding 6 per cent of the total actual final cost of a project, these payments to be cumulative. When a company is dissolved or a project sold, any excess profits are to be paid into the general fund of the municipality in which the project is located. X

Redevelopment companies may issue income debenture certificates and bonds under trust indentures. Certain of these bonds are made authorized securities. They may not acquire any real property or interest therein for a project or projects until approval by the governing body of the municipality. As in the case of all redevelopment projects, the approval of a plan is required in the first instance. It is then contemplated that a contract will be entered into between the authority and the company or, when all the stock, debentures, and mortgage bonds of a company are owned by one or more insurance companies, between the authority, the redevelopment company and the insurance company or companies.

An authority may take property by condemnation for a redevelopment company and sell it to the redevelopment company for use in accordance with the terms of the act.

Insurance companies are specifically authorized to organize redevelopment companies and hold their stocks, income debenture certificates, and bonds, and to make capital contributions to those companies.

As an inducement to insurance companies and other investors to organize these redevelopment companies and carry out redevelopment projects, the governing body of a municipality in which any project of a redevelopment company is located may exempt from all local taxes (not including special assessments) so much of the value of a property included in a project as represents an increase over the assessed valuation of the property at the time of its acquisition by the redevelopment company. This exemption may not extend for more than ten years. In New York, the tax exemption extends for 50 years, and in Wisconsin, it was raised in 1945 from 10 to 30 years. This means that, if the taxes on the property included in a project were \$2,000 before redevelopment started, and after redevelopment,

they would on the basis of assessed valuation on the improved property be \$20,000, during the exemption period the redevelopment company would pay on the \$2,000 valuation basis and be exempt from the payment of taxes on the improvements. The city, therefore, does not lose any taxes but builds up the assessed valuation of the community.

THE STATE HOUSING ACT. Chapter 137 Laws of 1917.

This act was made applicable to Minneapolis, St. Paul and Duluth, all cities of the first class. It was one of the very earliest Housing Laws in the United States, to control the planning of new housing and regulate existing housing. It now applies only to the city of Minneapolis, having been made a part of the charter of 1920 by reference. It was amended once by a long charter amendment adopted in 1923. It is now entirely out of date and since it is part of the charter, the city can not get it changed by legislative action. For new construction the law casts a rigid pattern both for dwelling and apartments. In apartment building the law virtually prohibits planning arrangements such as are now the pattern for good housing in other cities. It prescribes a center hall with apartment windows all facing narrow side yards.

The Housing Act is in fact a building code and should be a part of the Building Ordinances and the City Council should have authority to amend it to keep abreast of new ideas in planning and construction of multiple dwellings. As a matter of fact, apartment planning has made immense strides since 1917. The type of apartment building which is now being built by the large insurance companies in other cities in accordance with the requirements of the Federal Housing Administration are not permitted under the Housing Act. The act is filled with obsolete and costly requirements as to planning and construction which it is estimated increase the cost of multiple dwelling by at least 15% and actually create poorer housing than would be built under modern housing constructions standards as promulgated by the Federal Housing Administration.

The provisions of the act in reference to existing buildings, have never been enforced. The major portion of the duty of enforcement of these regulations falls upon the Health Department. Dr. Harrington, former City Health Commissioner, testified before a Council hearing that no part of the Housing Act had ever been enforced by that department. The Hennepin County Grand Jury in 1940 made an inspection tour of many buildings and found only two which were not violating the Housing Act. The jury charged that only the proper enforcement of the law would wipe out conditions which it found undesirable.

The enforcement of some parts of this obsolete law would be highly desirable while enforcement of other parts would be ridiculous. Under that law, neither the Building Inspector nor the Health Commissioner are given any discretionary power in connection with enforcement. There are no provisions covering special conditions not explicitly within the law.

In addition to its more obsolete provisions the Act contains the following absurdities:

1. Apartments must have at least a 20 foot open yard in the rear where there may be no windows, while the side yards, where there must be windows, need be only 5 feet wide.
2. Single bed room apartments cannot have the bath connected with the bed room.
3. A four family apartment can have one janitor's apartment in the basement while a sixty family apartment may have no more than one.
4. Basementless houses and bungalow courts are prohibited.

5. Apartments are required to have larger living rooms than are required for private dwellings.
6. The Act prescribes a minimum bed room size of 10 feet square but two adults are prohibited from sleeping in it unless it is 10 by 16.
7. A sink or washbowl is required in every dwelling unless the owner or his family are living therein.
8. Fire escapes constructed according to the Act would be definitely dangerous.
9. No goats may be kept in connection with an apartment building but the keeping of mules is not prohibited.
10. Built-in kitchen sinks and bath tubs and clay-tile sewer drains are all prohibited.
11. Although the requirement as to courts and side yards is so restricted that good lighting is an impossibility, the Commissioner of Health is required to see that walls and ceilings are white-washed or calcimined with white paint in all apartment buildings to insure better natural lighting without regard to the amount of artificial lighting provided.

If new building construction is to come to Minneapolis in order to provide decent housing and to increase the tax base it is essential that this obsolete law be repealed. The veterans and other groups needing housing are the losers immediately but every taxpayer must also suffer from this law.

December 28, 1948

SUGGESTIONS OF THE MINNEAPOLIS & REDEVELOPMENT
AUTHORITY FOR AMENDMENTS TO THE MINNESOTA MUNICIPAL
HOUSING AND REDEVELOPMENT ACT.

A Statement Presented to the Hearing Held by the Hennepin County Delegation
of the Minnesota State Legislature on the Legislative Needs and
Interests of the City of Minneapolis and Other Local Agencies.

No request for the expenditure of funds by the State of Minnesota is involved in this statement.

The Minnesota Municipal Housing and Redevelopment Act (Ch. 487, Laws of 1947) established housing and redevelopment authorities in the cities of Minnesota and empowered them to perform two major functions: urban redevelopment and low-rent housing. A summary of the Act is attached for the information of the members of the delegation.

Experience with the law since enactment has indicated the need for several improvements in order to carry out effectively the expressed intent of the legislature and of the various local legislative bodies to eliminate blighted areas and to provide low-rent housing. The most important of these changes are listed below. Their adoption would bring the Minnesota law closely in line with similar legislation in states where successful redevelopment and housing activity has taken place or is under way.

It now appears that aid for urban redevelopment and low-rent housing will be voted by the 81st session of Congress. Failure of Minnesota to facilitate fullest participation in a federally-aided program may well force certain cities to either initiate or continue various emergency housing programs that must be financed 100% locally and that do not have the benefit of standards laid down by state legislation. It is important, therefore, that Minnesota cities be completely prepared, as regards legislation, administrative organization, and preparatory planning, to utilize federal assistance.

The State Director of Housing and Redevelopment in the Department of Administration has assumed leadership in the preparation of suggested amendments to the law. However, the Minneapolis Housing and Redevelopment Authority welcomes the opportunity afforded by the Hennepin County delegation to discuss at first hand some of the major changes that are deemed desirable.

The redevelopment function consists primarily in the determination, acquisition, replanning and revaluation of blighted areas and the conveyance of these areas to private enterprise for redevelopment in order to diminish the social and economic drain of blight upon the cities and to substitute for blight, sound areas properly related to the plan of the community. In order to accomplish this purpose, the authorities were granted certain special powers, including the right to use the power of eminent domain, a limited taxing power, and a number of special financial devices. The exercise of these powers is subject to the strict control of the legislative body of the city in which an authority has jurisdiction.

The low-rent housing function of housing and redevelopment authorities consists of the construction and operation of rental housing for families of low income that are unable to find dwellings of a minimum standard of decency, either in the existing supply of housing or in new housing provided by the operations of private enterprise. Such permanent, low-rent housing has received various forms of federal aid for the past 14 years. Both federal and state legislation contain adequate safeguards to prevent competition of this housing with that produced or operated by private enterprise.

Major Changes Desired

Each suggested amendment is identified in the left margin by the pertinent section and subdivision numbers of the Act and is presented in general terms followed by a statement of the reasons it is desirable.

4,5 Ineligibility of public employees or officers as Authority Commissioners.

The prohibition against any public employee or officer serving as a commissioner of an Authority should be modified to be less limiting.

Reason: It may have been the intent of the legislature to prevent any appointed or elected employee of a local government from serving. However, the law as written and currently construed prevents any person on a public payroll or any person holding an unpaid public office from serving. Thus staff members of state universities or colleges are barred as are also members of a park board or school board. It is suggested that the prohibition be reworded to apply only to employees, or paid officers of the city or county in which the Authority's field of operation lies.

3,4,(2) Performing related functions for other public bodies.

Authorities should be empowered to perform as agents or contractors, housing or redevelopment functions that are, or might be, performed by other public bodies.

Reason: Several cities in which Authorities exist have embarked upon the construction and operation of public housing as an emergency undertaking. According to some legal opinion, these operations are outside of the jurisdiction of the Authorities. Furthermore, the cities having no specific legislation as a guide for this emergency activity and, lacking proper administrative organization, find some difficulty in directing either development or management phases of such housing properly. Legislative bodies are required to spend much time on administrative detail, and various responsibilities are assigned to city departments, none of which has complete responsibility for the housing job or any particular organization for this work.

Furthermore, where Authorities exist, the public is confused by the situation where the only official housing agency in the community does not handle all housing matters. In Minneapolis, for instance, the operation of some 800 units of public housing is in the hands of the Relief Division of the Board of Public Welfare, while the Housing and Redevelopment Authority operates no housing at all. The suggested change would permit the performance of emergency housing functions by the Authority when an agreement for such was deemed desirable by both the City and the Authority.

In order to assure that Authorities may have all powers necessary to enter into contractual relations with other bodies for the performance of housing or redevelopment functions, the phrase "charter powers" should be added to the end of the subdivision. It might also be advisable to amend the Inter-Municipal Powers Act (Laws of 1943, Chapt. 557) to add to the list of governmental units that may arrange for joint exercise of powers, the phrase "or other subdivisions of the State".

3,4,(3) Prohibition of purchase or management of federal project.

The prohibition against the purchase, lease or management of any project owned and operated by the federal government should be removed.

Reason: It is believed that the Sumner Field Homes development in Minneapolis is the only project affected by this restriction. This project is one of 45 built in 36 cities of 21 states by the Public Works Administration between 1934 and 1937. In only 7 of the 36 cities are these P.W.A. projects not locally managed on lease from the federal government. In 4 of these 7 cities there are no housing authorities. Besides Minneapolis, there are only 2 cities having authorities but not managing the federally-owned projects.

Some cities have created housing authorities for the principal purpose of managing this type or other types of federal projects such as war housing.

Some six authorities managing P.W.A. projects were requested recently to give their opinions on relative desirability of federal and local management. The replies indicated, without exception, that local management was preferable by all means.

The importance of consolidating public housing functions in one local agency, the economies possible in management, and the general ability to shape management to local policies, were all cited as reasons for this preference. Several of the authorities questioned felt that only through local management can a public housing project be properly related to the best interests of the community. Certainly in the case of Minneapolis a program for the removal of over-income tenants in the Sumner Field Homes could be shaped to the needs of the City better by the Authority than by the federal government which operates without local counsel or guidance.

12,1-2 Referendum on public housing.

The requirement that no low-rent public housing project can be undertaken by an Authority without a referendum should be eliminated.

Reason: There is no comparable requirement in any of the 40 other states that have enabling legislation for public housing. The act provides for extensive controls over planning and operation of housing to be exercised by the local legislative body. Therefore, the referendum is not necessary to assure that a project is properly related to the plan of the city or does not compete with private enterprise.

There is no justification for the referendum as a means of demonstrating need for public low-rent housing. This need has been established by years of study and has been confirmed by both the findings of the state legislature embodied in the Act (Sec. 2, Subd. 1) and the local findings embodied in the resolution adopted by local legislative bodies prior to the appointment of local Authorities. It should be noted that the referendum is not held on any particular project or proposal, but merely on the question of whether or not the Authority should engage

in public housing. The public cannot be expected to vote intelligently without many of the details of a proposed project being made available, but the law prohibits the Authority from preparing a project up to the stage of determining these details.

It would be a waste of time and money to hold a special election to conduct a referendum in the absence of federal aid or when other factors prevented successful development of low-rent housing, as appears to be the case at present. Yet, if federal aid becomes available in 1949, as it well may, municipalities might be put to the expense of special elections to qualify for immediate use of federal funds.

It seems only reasonable to remove the referendum requirement in order to permit Authorities to engage in actual preliminary work on low-rent projects, including site optioning or acquisition, and thus to be ready to take advantage of federal aids as soon as they become available. Minnesota, in the past, has been in the unenviable position of contributing substantially through federal taxes to financial aids for housing granted to the cities of other states, yet not realizing these benefits herself. Continuance of the referendum requirement might well prolong this situation.

28,6

Custody and disbursement of Redevelopment Project Fund.

The requirement that the County hold and disburse the Redevelopment Project Fund should be altered to permit custody and disbursement by the Authority.

Reason: The Redevelopment Project Fund will be built up during 1949 by the receipts of a 1-mill tax levy on city property approved by the Minneapolis City Council. It is a revolving fund to be used mainly for acquisition of blighted areas. An opinion of the Attorney General rendered November 23, 1948 to Michael Dillon, Hennepin County Attorney, holds that the "Redevelopment Project Fund" must be held by the County Treasurer and must be disbursed by the County directly to creditors of the Authority.

The controls over the expenditure of the Fund to be exercised by the state and the city, as provided for in the law, are adequate to protect the public interest without providing for controls by the county as well.

The County Treasurer's office and the County Auditor's office have both expressed dislike for assuming responsibility for the fund beyond the collection of the tax levy.

ie, therefore, have a situation in which neither the County nor the City wishes the responsibility for permanent custody of the fund or for handling detailed disbursement procedures. The law apparently now requires the County to assume this responsibility.

The law should be amended to provide specifically that the County Treasurer pay the Redevelopment Project Fund over to the Authority in lump sums as such fund accumulates through the collection of taxes levied by the Authority.

35,(1) Prohibition of direct financial aid from municipality to public housing or redevelopment.

This prohibition should be removed.

Reason: It is found in no other state enabling legislation on either public housing or urban redevelopment.

It is well-known that public housing and redevelopment projects now underway in other states are dependent for success largely on the availability of local and/or state funds. For instance, the federal legislation providing for financial aid to localities for public low-rent housing establishes a ceiling on development cost that is three or four thousand dollars per dwelling unit below costs that are attainable today. However, costs above the federal ceiling may be approved if the excess is borne locally. The only federally-aided public projects that are being built now are those in which this is being done.

It is probable that the federal project cost ceiling will be increased when the law is otherwise amended during the forthcoming session of Congress. However, there is not assurance that a new ceiling will be high enough to permit construction in Minnesota today, or to allow for any further increases in construction cost.

The removal of the prohibition would, in no sense, require direct local financial aid, but would permit it in circumstances where an acceptable project could not otherwise be developed.

Here, as in the case of the referendum provisions of the Act, the local governing body has adequate control over approval of projects and any related financial commitments. It appears unnecessary and unwise for the legislature to withhold from local governments a power that could be useful in attaining the objectives of the Act, and that could be exercised by local legislative bodies at their discretion without any adverse effects on the State.

49,1 Limitations on tax freeze of redevelopment projects.

The denial of any tax freeze privileges to redevelopment projects providing rental housing on which physical construction does not begin on or before August 1, 1949 should be removed, and the maximum duration of tax privilege that may be granted should be increased from 10 to 25 years.

Reason: It is quite unlikely that construction on any redevelopment project in Minnesota will be under way by the deadline in the Act.

Redevelopment is a long-range program. Therefore, the incentives offered to bring about the sort of participation by private capital that is required, must be tendered over a long enough period to be attractive and to permit long-range planning by both government and private enterprise.

As regards the exact duration of the period of tax abatement which may be enjoyed by redevelopment companies, all of the other states but Michigan which provide for this type of aid allow maximum periods ranging from 25 years in New York to 40 years in Massachusetts.

Again it should be stressed that the legislation is permissive, and that degree and duration of tax abatement are both subject to approval by the local governing body. There may be cases, such as those involving reuse of sites for industrial or commercial purposes, in which no public financial aid is required. On the other hand, the success of an insurance company in developing moderate-rent housing on an expensive site might well hinge on tax abatement for a period of more than 10 years. As a practical matter, few operators would set up a rent schedule in a housing project that would have to be increased sharply in the 11th year to cover a sudden increase in taxes.

Conferences with three of the major life insurance companies that have built, or are building rental housing as part of redevelopment in other cities, indicate that a freeze of about 25 years is considered to be one of the prime inducements to investment.

Minnesota League of Women Voters

914 Marquette Avenue

Minneapolis 2, Minn.



Affiliated with the
National League
of Women Voters

ACTION

April 7, 1949

Dear President:

Yesterday, Thursday, April 7, the Minnesota House of Representatives passed unanimously H. F. 576, the amendments to the 1947 Housing and Redevelopment Act including the important amendment which removes the referendum requirement. If you were ever skeptical of the effectiveness of your communications to your state representatives, let me tell you that one of the wires from one of you touched off an hour and one half debate (giving the League much good publicity incidentally) and because of the debate the bill passed. Now, of course, it is due to come up in the Senate.

The same opponents will start working like mad on all of the senators. When I say the "same" opponents I mean practically the same men who have opposed all housing legislation since 1939. Outside of the Senate they are the same few men who represent the firmly entrenched big city opposition. Inside the Senate the opposition is much better organized than in the House but some of the usual opponents are beginning to weaken. An affirmative vote is in part up to us.

Some of us here are going to talk to every senator. They don't give us much time, however, and we need more help from you. Because of the very satisfactory results of your wires to members of the House, we who are working here on the spot think that if you would wire or write immediately once more to your senators it could very well mean passage of the housing amendments bill, S. F. 424. Then our state legislation would be in good form and it is about time after ten years and six legislative sessions.

It is unusual to send out another Call for Action on the same bill but the opposition in the Senate will be led by some very experienced legislators. What happened in the House yesterday demonstrated that word from the leagues had a good deal of effect. If word from the League were to have as much effect in the Senate, the League of Women Voters of Minnesota could take a lot of credit for a good housing and redevelopment law which has been on our Program and for which we have worked since 1939.

Of course, this is urgent. It might come up on Special Orders on Tuesday.

Sincerely,

Henrietta Shearer

Mrs. David Shearer

League of Women Voters of Minnesota
Room 406, 84 South Tenth Street
Minneapolis 2, Minnesota
May 9, 1950

SOME INFORMATION ON RENT CONTROL EXTENSION

Federal Rent Control expires June 30, 1950 unless it is extended by Congress. The only reason for its extension is the continued critical shortage of rental housing. New construction is mostly for sale. There has been little increase in the number of rental units. The greatest concentration of people is in the urban centers where from 45% to 50% rent their dwellings.

Decontrol is now going on in these ways:

1. By the federal housing expediter, Tighe Woods
2. By "local option"
 - a. By state legislation decontrolling a whole state or part of it. After decontrol by Texas and Kansas rents rose in Dallas, Houston and Topeka, 35.4%, 41.3%, 30.3% respectively. A New York law, effective May 1, replaced federal control with much stricter provisions.
 - b. An incorporated city, town or village may by resolution decontrol itself if the governor approves.

Decontrol by local option is final. If done by Tighe Woods and rents rise or threaten to rise to unreasonable heights, he can restore control.

If federal control were to expire, the distress in the larger cities would be acute. Nationally, as of Jan. 1, 1950 about 40,000,000 people in 12,000,000 housing units were under control.

In Minnesota, communities in Hennepin, Ramsey, Anoka, Washington and Dakota counties are still controlled as are Rochester, Austin, Albert Lea, Owatonna, Faribault, Mankato, New Ulm, Duluth, Hibbing, Virginia, Brainerd, Moorhead and St. Cloud. At least six Minnesota city councils in 1949 resisted decontrol by Tighe Woods. This indicates that while in some of the smaller communities the rental housing situation has not been as serious as in larger cities, if rent control still prevails it is because the supply has not yet met the demand.

Minneapolis - Conditions are proportionately the same in St. Paul, Duluth and the other large Minnesota cities.

There are about 100,000 units under rent control. Statistics show that 3.3 people occupy each unit - about 330,000 people. Now Minneapolis is said to have a population of 560,000 people, 68,000 more than in 1940. In 1949 there were 3,400 new family units and only 2,479 new building units, most of them for sale, not for rent. There is only a 1% vacancy factor now and just one 10th of this 1% are actually for rent. The normal vacancy rate is 5%. Landlords obviously do not lack tenants; in fact they have a virtual monopoly of the market. One group of landlords, the Minneapolis Rental Property Association, is said to have a paid-up membership of 350 landlords controlling 15,000 units - the housing accommodations of at least 49,500 people, on the 3.3 persons per unit basis.

Rent Increases for Landlords In addition to the 15% rent-increase leases with tenants made in 1948 and 1949 (covering more than 30,000 units in Minneapolis) landlords may now get rent increases for major improvements, redecorating, increased operating and improvement costs up to an amount where he will receive a fair net operating income of from 20%-30% of his gross annual income from his property.

May 9, 1950

Rent for Tenants Newly constructed rental units rent for \$85 to \$125 per month in Minneapolis. The average wage earner cannot generally pay more than from \$40 to \$60 a month for rent without sacrifice of other necessities. This group would suffer the most if rent control is removed and it comprises the greatest number of people.

In response to an inquiry made by Minnesota's housing expediter, Mr. Stuart Rothman, of the governors of all states with rent control, nearly all replied that while the need for continued control exists in their states, they do not intend to call special sessions to enact state rent control laws. Governor Youngdahl has said that he will not. The general opinion expressed was that Congress should deal with this national emergency through its existing machinery and should extend rent control. There was approval of a suggested amendment which would reverse the present local option provision and require that the federal expediter must decontrol unless within a specified number of months after extension of federal rent control the governing body of an area, after making findings, declares a need for further control.

Some expert opinion is that rent control would be prolonged indefinitely if states enacted their own laws. The reason given is that Congress then will postpone indefinitely adopting a program that will end the rental housing shortage for middle-income families; a program similar to the program to stimulate construction of more units that rent for \$85 to \$125 per month for higher income families.

It would be interesting to ask your local or area rent control boards these suggested questions:

- How many renters are there in your community in proportion to the population?
- What is the vacancy rate of rental units?
- What is the rate of construction of rental units and of those for sale?
- What is the average rent for various types of units?
- What is the average income of people needing rental units?

The House Banking and Currency Committee is holding hearings May 8 through May 12. Chairman is Representative Brent Spence of Kentucky.

The Chairman of the Senate Banking and Currency Committee is Senator Burnet Maybank of South Carolina.

[1953]

Dausing

STATE OF MINNESOTA

FIFTY-EIGHTH
SESSION }

S. F.

No. 368

Introduced and Read First Time Feb. 3, 1953 By Messrs. Vukelich, Peterson.

Referred to Committee on Public Welfare.

Reported Back Feb. 13, 1953 To Pass, As Amended.

Read Second Time Feb. 13, 1953.

Matter in italics is new; matter in capitals when in () is old law to be omitted.

A BILL

For an Act Relating to Municipal Housing and Redevelopment; Amending Minnesota Statutes 1949, Section 462.545.

Be it enacted by the Legislature of the State of Minnesota:

SECTION 1. Minnesota Statutes 1949, Section 462.545, is amended by the addition of the following subdivision 7:

Subd. 7. *The authority is hereby authorized to transfer to the municipality in and for which it was created all property, assets, cash or other funds held or used by the authority which were derived from the special benefit tax for redevelopment levied pursuant to subdivision 6 of this section and levied prior to the effective date of this act whenever collected, provided, however, that upon any such transfer an authority shall not thereafter levy said tax or exercise the redevelopment powers of this act. All cash or other funds transferred to the municipality shall be used exclusively for permanent improvements in the municipality or the retirement of debts or bonds incurred for permanent improvements in the municipality. An authority heretofore established which transfers its property, assets, cash or other funds derived from said special benefit tax for redevelopment and which has not entered into a contract with the federal government or any agency or instrumentality thereof with respect to any low-rent public housing project prior to the effective date of this act shall be dissolved as herein provided. After a public hearing after ten days' published notice thereof in a newspaper of general circulation in the municipality, the governing body of a municipality in and for which an authority has been created may dissolve the authority if the authority has not entered into any contract with the federal government or any agency or instrumentality thereof for a loan*

18 or a grant with respect to any urban redevelopment or low-rent public housing project. The reso-
19 lution or ordinance dissolving the authority shall be published in the same manner in which ordi-
20 nances are published in the municipality and the authority shall be dissolved when the resolution or
21 ordinance becomes finally effective. The clerk of the governing body of the municipality shall fur-
22 nish to the state housing commission a certified copy of the resolution or ordinance of the governing
23 body dissolving the authority. All property, records, assets, cash or other funds held or used by an
24 authority shall be transferred to and become the property of the municipality and cash or other
25 funds shall be used as herein provided. Upon dissolution of an authority all rights of an authority
26 against any person, firm or corporation shall accrue to and be enforced by the municipality.

Hausung [1953]

STATE OF MINNESOTA

FIFTY-EIGHTH
SESSION }

H. F.

No. 390

Introduced and Read First Time Jan. 30, 1953, By Messrs. Rutter, Silvola, Cina,
Widstrand, Shipka.

Referred to Committee on Municipal Affairs.

Withdrawn and Re-referred to Committee on Welfare Feb. 3, 1953.

Reported Back To Pass As Amended Feb. 19, 1953.

Read Second Time Feb. 19, 1953.

Matter in italics is new; matter in capitals when in () is old law to be omitted.

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16 for which an authority has been created may dissolve the authority if the authority has not entered
17 into any contract with the federal government or any agency or instrumentality thereof for a loan
18 or a grant with respect to any urban redevelopment or low-rent public housing project. The reso-
19 lution or ordinance dissolving the authority shall be published in the same manner in which ordi-
20 nances are published in the municipality and the authority shall be dissolved when the resolution or
21 ordinance becomes finally effective. The clerk of the governing body of the municipality shall fur-
22 nish to the state housing commission a certified copy of the resolution or ordinance of the governing
23 body dissolving the authority. All property, records, assets, cash or other funds held or used by an
24 authority shall be transferred to and become the property of the municipality and cash or other
25 funds shall be used as herein provided. Upon dissolution of an authority all rights of an authority
26 against any person, firm or corporation shall accrue to and be enforced by the municipality.

REPORT OF THE HOUSING COMMITTEE OF THE CITY COUNCIL

Regular Meeting - February 16, 1953

Gentlemen:

Your committee has carefully analyzed House File No. _____, Senate File No. 610, sponsored by Senators B. G. Novak, Raymond Julkowski and Hans Pederson and Representatives Clarence Langley, Emil Ernst, H. P. Goodin, Sheldon Beanblossom and Ernest Windmiller, a Bill for an Act relating to Municipal Housing and Redevelopment and amending Minnesota Statutes of 1949 so as to make inoperative as of July 1, 1953, present statutes creating The Housing and Redevelopment Authority in and for the City of Minneapolis and as of that date providing that the powers of the Authority shall be vested in and performed by the governing body (The City Council) of the City.

The Bill provides further for placing of employees of the Authority under City Civil Service, the use of present city departments for the furthering of the purposes of the original act and the transfer and keeping of accounts to the proper departments of the city government.

Section 1 of the bill states:

"The purpose of this act is to promote efficiency and economy in the administration of local housing and redevelopment authorities by providing for the performance of the work of housing and redevelopment authorities by municipalities; by increasing the responsibility of elected public officials for the levy of taxes and expenditure of public funds; by increasing the local accountability of housing and redevelopment authorities by making elected municipal officials the commissioners of housing and redevelopment."

As related to the City of Minneapolis, we do not believe that the imposing of the administrative responsibilities of Housing and Redevelopment upon the City Council and its operating departments will promote either efficiency or economy.

The purposes of the Bill in our opinion, are not in the best interest of the City of Minneapolis and we recommend that the City Council request the authors of the Bill, the Hennepin County delegation in the state legislature and the State Legislature to redraft the Bill so that in its further consideration, the City of Minneapolis and The Housing and Redevelopment Authority in and for the City of Minneapolis be not included.

Records of our committee and of the City Council show that in the interim since the legislative session of 1951, at which the 1949 statutes relating to Housing and Redevelopment were amended, there has been complete and constructive cooperation between the Local Authority and the City Council as represented by your committee in the furtherance of the purposes of the existing act.

As provided by existing law, the Mayor and the City Council as elected public officials, now have the responsibility of approval of budgets of the Local Authority for operating and development purposes: the levy of taxes for accumulation of funds for redevelopment and slum clearance; the selection of sites for both low-rent and slum clearance projects; the adjustment of Local Authority programs to the City Plan and to the utility and street plans of the city and the responsibility of approval of requests of the Authority to the Federal Government for Federal grants and funds for the furtherance of the program.

Without such City Council approval applications to the Federal government cannot be considered.

The Local Authority has assumed the administrative functions of slum clearance, redevelopment, and of low-rent housing as specified in the cooperative agreement with the City Council.

They have also the responsibility of research and development of physical and financial plans for slum clearance and redevelopment preparatory to negotiation with the Federal government and presentation to the public and to the City Council. Final action is subsequent to public hearings and approval of resolution of the City Council.

The Annual Report of the Authority for 1952 shows that they have operated within their budgets, have made no requests for variance from city ordinances or established procedures that relate to all other city departments, have cooperated with all city departments so as to obtain the maximum of efficiency and economy.

The program for low-rent housing has been established with the consent of this committee for 184 units at Glen-Dale, completed below estimated costs and in advance of contract dates and now fully occupied; for Q-West, 296 units in the Glenwood area, plans for which have been pending Federal approval since September, 1952, and for Q-North and Q-South, also in the Glenwood area, for the remaining 520 units, preliminary plans of which are now available.

Delay in the local program has been due solely to congressional action, limiting funds for the fiscal year - 1952 and 1953.

The redevelopment project known as Hi-Lo (without Federal participation) has been completed below estimated costs and returns from sale of land for residential

use have exceeded estimates. This area, formerly tax delinquent, is now being developed under private effort and ownership and will in the near future, return approximately \$20,000.00 annual tax income to the city. The public cost will be less than that in the original estimate approved by the Council.

Public Hearings have been held on Redevelopment Plans prepared by the Authority and tentatively approved by this Committee and the City Council for the large slum clearance and redevelopment area known as R-3 in the Glenwood Area.

Preliminary plans have been completed for the redevelopment of the Riverside Area, R-3 and requests are now before the City Council and the Authority for the development of the Lower Loop Area.

Federal approval of the R-3 development plan is expected prior to July 1, 1953.

The above progress has been made through cooperation with this Committee and regular reports to the City Council.

The transfer to the City Council of the administrative, financial and development functions of the Authority, including legal, financial, engineering and social services, would require reorganization of existing departments, and as an addition to present duties, an unnecessary burden on the members of the Council leading to confusion rather than to efficiency and economy as purported in the Bill.

THE HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNEAPOLIS
1014 METROPOLITAN BUILDING, MINNEAPOLIS 1, MINNESOTA

Exhibit D

January 8, 1953

Mr. S. L. Stolte, Chairman
The Housing and Redevelopment Authority in and for
The City of Minneapolis, Minnesota

Dear Mr. Stolte:

We beg to submit to you a preliminary and brief report as to the progress of the program of the Local Authority during the calendar and fiscal year of 1952 and an outline of a possible program for 1953.

Obviously, actual progress in 1953 will be contingent upon the continuation of contributions and cooperation of the Federal, State and Local municipal governments in keeping with their commitments of preceding years.

The City Council has by resolutions in March and April, 1952, approved site locations of MINN 2-2 (200 units), MINN-2-3 (320 units) and MINN-2-4 (296 units) to complete the total of 1000 low-rent housing units of their cooperative agreement and commitment. These projects, under Title III of the Federal Act, are all part of a large and comprehensive slum clearance and redevelopment project of approximately 120 acres in the Glenwood or Lyndale Avenue North and Floyd B. Olson Highway area under Title I of the Federal Act. Site location and preliminary plans for the redevelopment area also have been considered in public hearing and approved by the City Council as of October, 1951. The general public and the affected ownerships are apparently in complete sympathy with those projects which constitute the Authority's program of acquisition and construction procedure in 1953, and we anticipate complete local cooperation. Further, the City Council has levied for the year 1953 the full tax levy of 1/2 mill as permitted by state law for redevelopment purposes by the Housing Authority.

The Legislature of the State of Minnesota is now in session, and as of this date we have no advice of any contemplated amendments of the state law other than minor and constructive revisions to further its purpose.

Progress in 1953, both in construction of the remaining 816 authorized units of low-rent housing at an estimated cost in excess of ten millions of dollars of Federal Funds and in slum clearance and redevelopment of the Glenwood area at an estimated net cost in excess of four millions of dollars of which one-third is being financed by the City of Minneapolis, is obviously contingent upon the continuation and timing of Federal support.

The Local Authority program for 1952 contemplated completion of preliminary, development and final Plans for low-rent housing project Q-West, MINN-2-4, 296 units and Q South, MINN-2-3, 320 units early in the fall of 1952, with land acquisition completed and contracts for construction to be let early in 1953, for partial occupancy prior to January, 1954. Progress in low-rent housing construction was to be expedited to permit

January 8, 1953

relocation of the large number of families dislocated by the slum clearance of both housing and redevelopment areas. It had been ascertained that the program involved:

MINN-2-2, Q-North	15	properties	12	structures	120	families
MINN-2-3, Q-South	90	"	115	"	230	"
MINN-2-4, Q-West	75	"	85	"	100	"
Redevelopment Area 3	740	"	650	"	1000	"
Total	920	"	862	"	1450	"

The properties, largely because of poor foundation conditions and also because of diversity of ownership, can only be consolidated and developed by use of eminent domain and subsidy and as a part of a comprehensive plan so as to contribute to the city's economic welfare. The existing structures now used for either residential or other purposes are predominantly sub-standard and constitute a slum area. The families are approximately one-third of minority groups, and approximately one-third of all groups are in income brackets eligible for low-rent housing.

By Congressional action the number of low-rent housing unit starts for the fiscal year July, 1952 to July, 1953 was limited to 35,000, and prior applications of other communities exceeded this quota, thereby postponing approval and financing of the Minneapolis projects to new allocations of 1953-1954 at the earliest.

It should be apparent that, because of the economic and human relation problems involved in this large venture--including low-rent housing and slum clearance and redevelopment on contiguous areas -, progress in these developments is as a practical matter interdependent; and the program for 1952 was necessarily delayed by the postponement of the low-rent housing projects.

Acquisition - land and structures	Title I-slum clearance	\$3,585,000
" " "	Title III-low-rent site	1,065,000
Relocation of families	Title I areas	1120
" " "	Title III areas	510
Development of private areas	Residential Title I	36 acres
" " " "	Commercial Title I	15 "
" " " "	Industrial Title I	41 "
Construction of low-rent housing		816 units

Beginning July 1, 1953, the Authority is prepared to proceed rapidly.

Preliminary plans of R-3, Slum Clearance and Redevelopment, have been completed, and with City Council and Local Authority approval have been forwarded to Washington authorities. With approval of these plans, final plans preparatory to land acquisition, family relocation, demolition, and redevelopment can be made available in 1953.

Preliminary development plans for MINN 2-4, Q-West, 296 low-rent housing

Mr. S. L. Stolte

(3)

January 8, 1953

units have been completed, approved by the Local Authority and City Council and by the Chicago office of P.H.A. and are currently being forwarded to Washington for final approval and preparation of an Annual Contributions Contract. Early final approval of such contract will permit land acquisition, relocation of families, completion of detailed plans and contracts, and actual construction of this project begun by August 1, 1953 and completion early in 1954, if Federal approval and funds are made available as of July 1, 1953, the beginning of the new Federal fiscal year.

Preliminary development plans for MINN-2-3, Q-South are in process on an approved site, and final plans, estimates, specifications and contracts can be ready for letting and construction beginning in October, 1953 with completion in the fall of 1954, should congressional allocation for 1953-1954 permit the inclusion of this project.

Problems of family relocation make necessary the deferment of MINN-2-2 Q-North until the year 1954.

Project MINN-2-1, Site F, Glen-Dale 184 units was completed in October, 1952 and fully occupied in November.

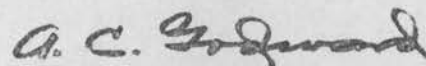
Hi-Lo, a non-Federal redevelopment project, was completed in 1952. Property for residential use has been transferred to private ownership, and residential construction is proceeding rapidly. With the sale and development of commercial areas in 1953, this project will be substantially self-liquidating and will produce tax income of approximately \$20,000.00 per year.

In the planning stage during the year 1953 we contemplate a study of the slum clearance and redevelopment of the Lower Loop area or Entrance to the City as recommended by the Planning Commission and the City Council and requested by the Chamber of Commerce of the city.

Also, because of the conservation of redevelopment funds by the use of Title III Federal funds in the acquisition and slum clearance of part of the Glenwood Area (R-3), the planning of the Riverside Area (R-4) in 1953 and progress in its development in 1954 appears possible.

Detail reports of progress and expenditure in 1952 and programming for 1953 on the various projects initiated by the Authority are attached.

Respectfully,



A. C. Godward
Executive Director

Mrs. Sale

**THE HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNEAPOLIS**

1014 METROPOLITAN BUILDING, MINNEAPOLIS 1, MINNESOTA

February 27, 1953

To the Members of the Hennepin Delegation
Minnesota State Legislature
State Capitol
St. Paul 1, Minnesota

RE: S. F. 610 - Abolition of Housing Authorities

Gentlemen:

A public hearing was held on Monday, February 24, before the Sub Committee of the State Senate Welfare Committee on Senate File 610, a bill for an act to abolish Local Housing and Redevelopment Authorities as created by Minnesota Statutes of 1949, Sect. 462-425 and Sect. 462-431 as amended.

Because of statements made relating to the operations of The Housing and Redevelopment Authority in and for the City of Minneapolis, the chairman requested that for his information, we file with the committee a copy of the Annual Report of the Authority for the year 1952.

Detail reports of all authority activities are on file with the State Housing Commissioner.

As to the subjects which were a matter of discussion at the hearing, these reports include the following information which may be of value in your considerations.

No site location or plan of development for either low rent housing or slum clearance has been or can be advanced without resolution of approval of the City Council after public hearing.

No request for funds from the Federal government can be honored except by concurrence of the City Council.

All local tax levy for Housing Authority use is by vote of the City Council after approval by the Ways and Means Committee and the Board of Estimate and Taxation.

All actions and accounts of the Authority are reviewed periodically and audited annually by both the Public Housing Administration and the Division of Slum Clearance of the Housing and Home Finance Agency of the Federal government.

The City Council and the Housing Authority of Minneapolis have, after public hearing, agreed upon plans for Slum Clearance and Redevelopment in the Glenwood area, approximately 135 acres and the site location and plans for the remaining 816 units of low rent housing allotted to Minneapolis.

Glen-Dale low rent housing, 184 units (Site F) has been completed and is fully occupied.

Plans for Q-West, 296 units of low rent housing involving slum clearance, 14 acres, and relocation of 118 families in the Glenwood area, were completed July 14, 1952, but because of Congressional action reducing funds available for the Fiscal year - July, 1952 to July, 1953, Federal approval and financing is still pending although Chicago office of P.H.A. has approved the plans and program.

Plans for Q-South, 300 units, 16 acres, and relocation of 230 families, are complete in preliminary stage and have been approved by Chicago P.H.A., with completion and final approval also held pending Congressional action on the Federal Budget for 1953-1954.

Public hearings and council approval of slum clearance and redevelopment of the Glenwood area, 132 acres, were as of October, 1951, with complete preliminary plans to Washington early in 1953, with Federal approval again pending action on the Federal Budget for 1953-1954.

Federal approval before June 1 will assure actual acquisition, demolition and construction to proceed in the Glenwood area in the fall of 1953 on plans approved by the City Council.

As to Glen-Dale (Site F), which was in part the subject of discussion at the Public Hearing of the Senate Sub-Committee.

It consists of 184 units of low rent housing, i.e. - 26 one bedroom, 70 two bedroom, 70 three bedroom and 18 four bedroom units in 28 buildings of row house type on 11 acres of formerly sparsely occupied land in south-east Minneapolis.

Federal Authorization was received in:	January, 1951
Detail plans and specifications completed in:	July, 1951
Bids received from nine Minnesota contractors:	September, 1951
Order to contractor to proceed:	October 1, 1951
First occupancy:	July 1, 1952
Completion of contracts:	October 18, 1952
Complete occupancy - 184 families:	November, 1952
Cost to 12-31-52 - 99% complete:	

	Total Cost	Cost per Unit
Overhead Cost of Authority	\$ 25,165.20	\$ 136.76
Interest during development	52,019.17	282.71
Architectural & Inspection	70,811.72	384.84
Site Acquisition	194,536.80	1,057.26
Site Improvements	224,270.82	1,218.90
Building Construction	1,498,756.55	8,145.41
Swelling Equipment	33,871.51	184.08
Administration Building	23,376.00	127.04
Administration Equipment	4,225.23	22.96
	<u>\$2,127,032.70</u>	<u>\$ 11,559.96</u>
Original Estimated Cost	\$2,170,000.00	\$ 11,793.48

Contract Time of Completion December 29, 1952

Contemplated Complete Occupancy February, 1953

Funds provided by Federal Government.

As relates to operation of Glen-Dale Project:

Estimated contract rents - Annual:	\$60,000.00
Estimated operating cost:	32,407.00
Reserve for interest and amortization:	27,593.00

Deficiency for interest and amortization is to be supplied by the Federal Government as per terms of its contract with the city. Fiscal Bond Agent is - 1st National Bank of Minneapolis.

Occupancy in Glen-Dale was selected as provided by State and Federal Laws. Registration and screening of applications was provided for by arrangement with the Department of Public Welfare and its Social Service Department at Federal expense. Selection of applicants was made by the Authority under assistance and direction of the staff of Federal Public Housing Administration. Selection was on the basis of need, with dislocated families and families of veterans given preference as qualified by income limits for admission of:

Maximum annual income	- 2 persons	\$2200.00		
"	"	"	- 3 or 4 persons	2300.00
"	"	"	- 5 or more persons	2500.00

with credit of \$100.00 for each dependent. Tenant applicants having in excess of \$3,000.00 capital assets were not considered as eligible.

The actual average annual gross income of the 184 families admitted was \$2327.73 per family.

The actual average annual income for admission after deduction of veteran disability and credit for dependents was \$1820.29 per family.

Changes in family income are reported monthly and reviewed quarterly for rent adjustments.

Rent is based on family income, and not on size of unit occupied and average contract rent (exclusive of utilities cost) was for December, 1952, \$25.47, with a minimum of \$12.00 per month and a maximum of \$67.00 per month. Tenants pay for cost of heat, light, and utility service directly to the utility company.

Tenants are allowed four year occupancy provided their income does not increase to exceed:

Maximum annual income	- 2 persons	\$3125.00		
"	"	"	- 3 or 4 persons	3312.00
"	"	"	- 5 or more persons	3500.00

Tenants maintain their own units, front and back yards, and the Authority maintains the building exterior and repairs and public yard and street spaces.

The city is paid in lieu of taxes, 10% of the amount of contract rent. For 1952 this will be \$1,752. For 1953 it is estimated as \$6,000.00. Taxes previously paid on the site area were less than \$3,000 per year.

As relates to the social problem, the following is informative:

OCCUPANCY - - 184 FAMILY UNITS

Adults		315
Children under 5 years	274	
Children 5 years to 10 years	136	
Children 10 years to 15 years	70	
Children 15 years and over	22	502
TOTAL POPULATION		817

(of the above 6 families are of so-called minority racial groups)

Veteran Status

Students at University of Minnesota	23	
Students at other colleges	10	
Veterans other than students	90	
Disabled Veterans	25	
Non-Veteran Status	36	
Total number of families		184
Total number of families with veteran status		145

Recipients of Public Financial Aid and for Pensions

Families reporting relief from D.P.R.	5
Families reporting aid to dependent children	38
Families reporting Old Age Assistance	7
Families reporting Social Security	11
Families reporting Veterans Pensions	36
Families reporting other pensions	4
Total of families, on pensions or assistance (Some families receive assistance from more than one source)	80
Residents receiving some family support	16
Families with one adult only	55

Employment

Partial or full time employment by	105 persons
Automobiles owned by tenants	49

From the above you can readily appreciate the problems now confronting us in the already developed plans for completing 816 additional low rent units and the redevelopment of 132 acres of slum area and relocation of 1500 families in the Glenwood area as soon as Federal Funds are available.

The Hi-Lo Redevelopment Project was approved by City Council as of March 1, 1950, and is now substantially complete within the costs approved by the City Council. This project, undertaken by the Minneapolis Authority prior to passage of federal legislation, is one of the first redevelopment project carried to substantial completion in the nation. By action of the Authority, 159 lots, many of them delinquent in taxes and almost all vacant since platting in 1880, have been reclaimed for residential land use. Grading, filling, rezoning, and replatting have resulted in 92 lots for good homes, of which 57 are sold and 35 are built upon. Tax income to the city prior to this Authority action was \$1,100.00 a year. Tax income to the city when the project is complete will be upward of \$18,000.00 a year. Cost of this activity to the city is negligible and will be balanced in one or two years by the increased revenue arising from this redeveloped neighborhood.

The Authority reports to the Housing Committee of the City Council twice each month and through them, to the City Council all matters requiring council action or deemed by the Housing Committee as worthy of Council interest.

Very truly yours,

A. C. Godward

A. C. Godward
Executive Director

ACG/ik

Copies sent to:

Hennepin County Delegation
Minneapolis City Council
Minneapolis Housing Authority
Sub Committee of Senate Welfare Committee

File Copy
Hanswry [1953]
-(authorities
dissolved
→ council

A BILL
FOR AN ACT RELATING TO MUNICIPAL HOUSING AND RE-
DEVELOPMENT; AMENDING MINNESOTA STATUTES 1949,
SECTION 462.425; SECTION 462.431, AS AMENDED;
SECTION 462.435; SECTION 462.441; SECTION 462.451,
AS AMENDED; SECTION 462.471 AND SECTION 462.581.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. The purpose of this act is to promote efficiency and economy in the administration of local housing and redevelopment authorities by providing for the performance of the work of housing and redevelopment authorities by municipalities; by increasing the responsibility of elected public officials for the levy of taxes and expenditure of public funds; by increasing the local accountability of housing and redevelopment authorities by making elected municipal officials the commissioners of housing and redevelopment authorities.

Sec. 2. Minnesota Statutes 1949, Section 462.425, subdivision 5, is amended to read:

Subd. 5. An authority shall consist of five commissioners, who shall be residents of the area of operation of the authority, who shall be appointed after the resolution provided for in this section becomes finally effective. No public officer or employee shall be eligible to serve as a commissioner, but a commissioner may be a notary public. Effective July 1, 1953, this subdivision shall be inoperative.

Sec. 3. Minnesota Statutes 1949, Section 462.425, subdivision 6, is amended to read:

Subd. 6. The commissioners constituting an authority shall be appointed by the mayor, with the approval of the governing body. Those initially appointed shall be appointed for terms of one, two, three, four, and five years, respectively. Thereafter all commissioners shall be appointed for five-year

terms. Each vacancy in an unexpired term shall be filled in the same manner in which the original appointment was made. Effective July 1, 1953, this subdivision shall be inoperative.

Sec. 4. Minnesota Statutes 1949, Section 462.425, subdivision 7, is amended to read:

Subd. 7. Commissioners shall hold office until their successors have been appointed and qualified. A certificate of appointment of each commissioner shall be filed with the clerk and a certified copy thereof shall be transmitted to the state housing commission. Whenever the membership of an authority is changed by reason of a new appointment, a certificate of that appointment and a certified copy thereof shall be promptly so filed. A certificate so filed shall be conclusive evidence of appointment or change in membership. Commissioners are likewise referred to in sections 462.411 to 462.711 as "members" of an authority. Effective July 1, 1953, this subdivision shall be inoperative.

Sec. 5. Minnesota Statutes 1949, Section 462.425, is amended by the addition of the following subdivision 8:

Subd. 8. Effective July 1, 1953, the powers of each authority shall be vested in and performed by the governing body of the municipality which shall act in the performance of such powers pursuant to and by virtue of the act. At the termination of June 30, 1953, the terms of the commissioners theretofore appointed pursuant to section 462.425, subdivision 6, shall terminate. The governing body shall act as the commissioners of the authority and shall act in the name of the authority acting by and through the governing body and any action taken by the governing body in the exercise of the powers of an authority by virtue of the act shall be deemed to be taken in the name of the authority. The powers of the authority shall be exercised by resolution and such resolution shall be adopted pursuant to the same procedure established by charter or other local law applicable to the governing body of the municipality

relating to the procedure to be followed in passing resolutions. The mayor shall be chairman of the authority but his right to vote shall be limited to the same right that he has to vote upon resolutions of the governing body of the municipality. Each authority shall select a vice-chairman from among the commissioners. The clerk of the municipality shall be the clerk of the authority. The authority shall adopt such by-laws and other rules for the conduct of its affairs as it deems appropriate. The by-laws and rules of an authority in effect on June 30, 1953, not inconsistent with this act shall remain in effect until changed by the authority. The majority of the commissioners shall constitute a quorum for all purposes. No commissioner shall receive compensation for his services on the authority, but such commissioners shall be entitled to receive necessary expenses, including travel expenses, in the performance of his duties. Nothing herein shall impair or affect any outstanding obligations or contracts of an authority authorized by the act and lawfully incurred prior to the termination of June 30, 1953; provided, an authority shall not between the effective date of this act and the termination of June 30, 1953, enter into any contracts which may extend beyond June 30, 1953, without the prior approval of the governing body of the municipality by resolution. In any case where an authority has prior to February 1, 1953, executed a valid written agreement for legal services or other employment for a fixed term at a fixed total amount, the services shall be retained by the municipality through the departments thereof handling the business of the authority until the expiration of the term, unless terminated prior to July 1, 1953, by the authority.

Sec. 6. Minnesota Statutes 1949, Section 462.425, is amended by the addition of the following subdivision 9:

Subd. 9. Effective July 1, 1953, the authorization, approval or other action of the governing body of the municipality relating to any project or power of an authority required in sections 462.445, subdivision 3, 462.465, subdivisions 1, 2 and 3, 462.515, 462.521, subdivisions 1 and 2, 462.525, subdivision 6, 462.545, subdivisions 5 and 6, 462.521, subdivision 1, and 462.655 shall be continued to be made by and in the name of the governing body of the municipality subject to all charter or other local law applicable to the governing body of the municipality; provided that such authorization, approval or other action when so taken by the governing body of the municipality shall be deemed to include any authorization, approval, or other action required of the authority with respect to the matter to which the authorization, approval or other action of the governing body relates. Effective July 1, 1953, whenever in sections 462.411 to 462.711 the governing body is authorized to act by resolution, it may act by ordinance. It is the intention of this section that the authorizations, approvals, or other actions of the governing body required in the act shall be continued for the purpose of subjecting said determinations to charter and other local law provisions as action of the governing body.

Sec. 7. Minnesota Statutes 462.425 is amended by the addition of the following subdivision 10:

Subd. 10. Effective July 1, 1953, the business of an authority shall be transacted through municipal departments or agencies as determined by the governing body of the municipality by resolution. All other municipal departments or agencies shall perform for such municipal departments or agencies, pursuant to the provisions of this act, such duties as they are required to perform for any other departments or agencies of the municipality. It is the intention of this section that the

departments and agencies of the municipality shall serve the authority and the departments and agencies of the municipality which transact the business of the authority in the same manner in which they serve other departments or agencies of the municipality, provided they shall act pursuant to and by virtue of the act and subject to the final decision of the authority.

Sec. 8. Minnesota Statutes 1949, Section 462.425, is amended by the addition of the following subdivision 11:

Subd. 11. Effective July 1, 1953, the municipality shall employ those employees of the authority required for the transaction of the business of an authority and the employees so retained are hereby granted municipal civil service rights. The selection, appointment, compensation, terms and conditions of employment relating to the business of an authority shall otherwise be the same as the selection, appointment, compensation, terms and conditions of employment for other business of the municipality.

Sec. 9. Minnesota Statutes 1949, Section 462.425, is amended by the addition of the following subdivision 12:

Subd. 12. All costs to the municipality of conducting the business of an authority shall be paid for by the authority. Such payment may be made to the municipality or the departments or agencies thereof in advance or by reimbursement and shall be in such amounts as the authority shall approve. The municipality shall not finance the cost of conducting the business of an authority or any work or service in connection with any project except as provided in this act. Moneys paid to the municipality or directly to departments and agencies thereof shall not be considered moneys within any per capita or other limitations upon expenditures by the municipality.

Sec. 10. Minnesota Statutes 1949, Section 462.425, is amended by the addition of the following subdivision 13:

Subd. 13. Effective July 1, 1953, an authority is authorized upon resolution or ordinance of the governing body of the municipality to take over or manage or dispose of any existing housing owned, controlled or managed by the municipality, Minnesota Statutes 1949, Section 462.445, subdivision 4, subparagraph 2, to the contrary notwithstanding.

Sec. 11. Minnesota Statutes 1949, Section 462.431, as amended by Laws 1951, Chapter 568, section 10, is amended to read:

No commissioner or employee of an authority shall acquire any interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall he have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any project-, provided, however, that this section shall not be applicable to any property of a member of the governing body or the mayor included in a project prior to July 1, 1953, or any contract between a member of the governing body of the municipality or the mayor and the authority entered into prior to July 1, 1953. This section shall not apply to the deposit of any funds of an authority in any bank in which a member of an authority shall have an interest if such funds are deposited and protected in accordance with Minnesota Statutes 1949, Chapter 118. If any commissioner or employee of an authority previously owned or controlled an interest, direct or indirect, in any property included or planned to be included in any project, or presently has such interest, he immediately shall disclose such interest in writing to the authority, and such disclosure shall be entered upon the minutes of the authority. Whoever violates any provision of this section shall be punished by a fine of not less than \$50 nor more than \$1,000, or by imprisonment for not more than three months, or both.

Sec. 12. Minnesota Statutes 1949, Section 462.435, is amended to read:

For inefficiency or neglect of duty, or misconduct in office, a commissioner of an authority may be removed by the governing body of the municipality, but a commissioner shall be removed only after a hearing and after he shall have been given a copy of the charges at least ten days prior to the hearing and had an opportunity to be heard in person or by counsel. When charges in writing have been preferred against a commissioner, pending final action thereon the governing body may temporarily suspend him, but, if it is found that those charges have not been substantiated, he shall immediately be reinstated in his office. In the event of the removal of any commissioner, a record of the proceedings, together with the charges and findings thereon, shall be filed in the office of the clerk. Effective July 1, 1953, this section shall be inoperative.

Sec. 13. Minnesota Statutes 1949, Section 462.441, is amended to read:

The powers of each authority shall be vested in the commissioners thereof in office at any time; a majority of whom shall constitute a quorum for all purposes. Each authority shall select a chairman and a secretary from among its commissioners and shall adopt such by-laws and other rules for the conduct of its affairs as it deems appropriate. The regular meetings of an authority shall be held in a fixed place and shall be open to the public. No commissioner shall receive compensation for his services, but each commissioner shall be entitled to receive necessary expenses, including traveling expenses, incurred in the performance of his duties. Effective July 1, 1953, this section shall be inoperative.

Sec. 14. Minnesota Statutes 1949, Section 462.451, subdivision 1, as amended by Laws 1951, Chapter 568, section 3, is amended to read:

Subdivision 1. Each authority shall keep an accurate account of all its activities and of all its receipts and expenditures and shall annually in the month of January make a report thereof to the

state housing commission, to the state public examiner, and to the governing body of the municipality, such reports to be in a form prescribed by the state housing commission. All powers conferred and duties imposed upon the public examiner with respect to state and county officers, institutions, property and improvements, are hereby extended to authorities, except the authority to prescribe the form of reports or accounts provided in this act. The public examiner shall file a written report covering his audits with the authority, the city clerk of the municipality, and the state housing commission. The first report of the public examiner shall include all expenditures and activities of the local authority from the creation of the authority. Each authority shall be liable to the state and shall pay all costs and expenses of such examination, solely from funds lawfully available for such purposes. Effective July 1, 1953, the annual report to the governing body shall be discontinued.

Sec. 15. Minnesota Statutes 1949, Section 462.471, subdivision 2, as amended by Laws 1951, Chapter 568, section 5, is amended to read:

Subd. 2. With respect to the management and operation of a housing project the authority may, in its discretion, employ reliable real estate operators or firms or brokers ~~or the municipality~~ to perform those services for it, but no such real estate operators or firms or brokers ~~or the municipality~~ shall have any authority in the matter of tenant selection or the fixing of rentals. Each authority employing any such real estate operators or firms or brokers ~~or the municipality~~ shall require the execution of a contract of employment stating the terms and conditions under which the services are to be performed, which shall be subject to the approval of the state housing commission.

Sec. 16. Minnesota Statutes 1949, Section 462.581, is amended to read:

For the purpose of aiding and cooperating in the planning,

undertaking, construction, or operation of housing and redevelopment projects of housing authorities located within the area in which an authority is authorized to act, any municipality may upon such terms, with or without consideration, as it may determine:

(1) Dedicate, sell, convey, or lease any of its interests in any property, or grant easements, licenses, or any other rights or privileges therein, to an authority; provided that no municipality may use any revenues or money of that municipality to pay the bonds of or make any loans or contributions to any redevelopment or public housing project; except that,

(i) This proviso shall not apply to the proceeds of taxes for redevelopment projects levied pursuant to subdivision 6 of section 462.545;

(ii) a municipality is authorized to make an advance on account of the taxes for redevelopment purposes levied pursuant to section 462.545, subdivision 6, provided that any such advance shall be repaid out of the proceeds of the next tax levy;

(iii) this proviso shall not be applicable to any public low-rent housing project for which financial assistance is provided by the federal government or any agency or instrumentality thereof which requires a municipality or other local public body to use its revenues or money for a direct loan or grant to such project as a condition for federal financial assistance where such local financial assistance for such project is authorized by a vote of the people on a referendum on the question conducted in accordance with referendum requirements of section 462.465, subdivision 2 of this act.

(2) Cause parks, playgrounds, recreational, community, educational, water, sewer or drainage facilities, or any other works which it is otherwise empowered to undertake, to be furnished adjacent to or in connection with such projects;

(3) Approve (through its governing body or through an agency designated by it for the purpose) redevelopment plans as

defined in sections 462.411 to 462.711; plan or replan, zone or rezone its parks; in the case of a city or town, make changes in its map; the governing body of any municipality may waive any building code requirements in connection with the development of projects;

(4) Cause services to be furnished to the authority of the character which it is otherwise empowered to furnish;

(5) Enter into agreements with respect to the exercise by it of its powers relating to the repair, closing, or demolition of unsafe, unsanitary, or unfit buildings;

(6) Do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of such projects;

(7) Incur the entire expense of any public improvements made by it in exercising the powers granted in this sections 462.411 to 462.711; and

(8) Enter into agreements (which may extend over any period, notwithstanding any provision or rule of law to the contrary) with an authority respecting action to be taken by the municipality pursuant to any of the powers granted to this sections 462.411 to 462.711. Effective July 1, 1953, a contract or agreement by a governing body of a municipality authorized by 462.411 to 462.711 shall mean an ordinance of the governing body of the municipality setting forth the action to be taken or the matter determined, and the governing body is authorized to act by ordinance. Such ordinances shall be subject to the provisions of the charter or other law applicable to the procedures to be followed in the municipality in passing all other ordinances. Such ordinances shall be deemed to be agreements made for the benefit of bonds then outstanding or thereafter issued in connection with projects and for the benefit of any person, firm, corporation or the federal government which has agreed or thereafter agrees to make a loan, grant or annual contribution for or in aid of such projects.