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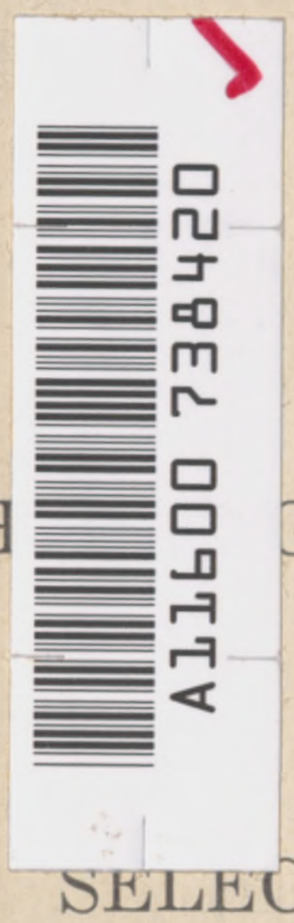


# PROMISES TO KEEP

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# H G NEED AND FEDERAL FAILURE IN RURAL AMERICA

PREPARED BY THE

## SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS

## UNITED STATES SENATE

JANUARY 1971

Printed for the use of the Select Committee on Nutrition and Human Needs

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# INTRODUCTION

> Clearly, we as a nation have promises to keep, and * * * time is running out. Today, as a direct consequence of massive indifference on the part of our Government, we face a full-scale housing famine in rural America. This famine—this daily hunger for housing—is as painful and as destructive of human life as hunger for food would be. We will be discussing an emergency of truly monstrous porportions. If all of our 50 States were simultaneously struck by hurricanes, the resulting emergency—the deaths, the destruction, the shortages of water and sanitation, and shelter—would be no greater than the emergency we now confront in rural America. But rural America has never been declared a disaster area.
>
> RICHARD J. MARGOLIS,
> *Chairman, Rural Housing Alliance.*

The mandate of the Select Committee on Nutrition and Human Needs requires it to "study the food, medical and other related basic needs among the people of the United States" and to make "such recommendations as the committee finds necessary to establish a coordinated program or programs which will assure every U.S. resident adequate food, medical assistance, and other related basic necessities of life and health. * * * " In carrying out this mandate, the select committee has studied extensively the scope and effectiveness of the Government's major food programs—the food stamp program, the commodity distribution program, the national school lunch program—and has played a significant role in improving the performance of those programs. The select committee has devoted most of its effort to the specific problem of hunger and malnutrition because it considered that its immediate and primary mission.

During its investigations of the hunger problem, however, the committee was constantly reminded of the remainder of its mandate, i.e., "medical and related human needs." No matter what testimony the committee received on hunger, and no matter where the committee traveled on its field investigations, the broader problems of health and housing and basic living conditions continually came to the surface. Aaron Henry, president of the Mississippi NAACP, was one of the witnesses who clearly saw the connection:

> Your assignment from the Senate is to look at the broad problem of nutrition and human need, and you can't do that without looking at housing—the shameful housing of the poor, the ill, and the hungry. That is true not only in the obvious, visual sense—it is true in the medical, the economic and the social sense.

The clear meaning that came through as the committee investigations proceeded was that hungry people are not merely afflicted with an empty or swollen stomach. They are also subjected to life in an

environment that breeds disease, stifles incentive and hope, and, quite frequently, nullifies the good effects of the Federal food programs designed to meet their nutritional needs. A physician practicing in the Mississippi Delta graphically described this total living situation:

> It is in this context that we view the environment, and environmental health. For many people in poverty, particularly rural poverty, the recent national focus on the environment must seem a bitter irony. We approve the national concern about garbage, smog, air pollution. The rural poor have been drinking dirty water, fighting the elements, living amidst society's garbage long before the Nation became concerned about smog on Park Avenue, industrial pollution in Lake Erie, or the exhaust fumes from automobiles on the Los Angeles freeways.
>
> I am not, of course, opposing that national concern; I am asking you to look at some of the environmental pictures we have provided you and consider whether we are entitled to cynicism if you neglect the human environmental needs of the poor—which are, literally, matters of life and death—in favor of a focus on environmental quality for the affluent.
>
> It is just not true that the rich and poor share the same environment, breathe the same air, drink the same water, except perhaps in the largest and vaguest ecological sense. For the past week, the Nation has been deeply concerned about the fate of hostages held in airliners on a desert airstrip in Jordan. I believe their environment—trapped on those planes—was better in most essential respects than the environment in which our patients live and work each day—and we have seen no national concern for this population, nor has the Red Cross been sent in to help.
>
> The environment, in short, has always meant health. We have known that for decades—and forgotten it, as we traveled the highway of modern scientific medicine, molecular biology, research, cobalt therapy, the university medical center and teaching hospital to exclusion of concern for the basic circumstances in which people live.
>
> To feed people in this situation and pretend that we are providing for their health needs, indeed for their ability to survive, is cruel. We have known this, I would add, finally, for almost two centuries.
>
> —H. Jack Geiger, M.D.,
> *Director, Tufts-Delta Health Project.*

The interrelated nature of the problems of hunger, housing and health were explicitly recognized by President Nixon when he sent his historic message on hunger in America to the Congress in May of 1969, saying that "special efforts must be made to see that the benefits of proper foods are not lost amidst poor health and sanitary conditions." The American Public Health Association has further urged on the committee the proposition that "it is simply impossible to maintain health in houses that are physically unsafe and do not have elementary sanitation facilities." In other words, what good is ultimately done for a child who is provided with food but is, at the same time, subjected to diarrhea from contaminated water or worms because of a lack of sanitary facilities?

The select committee initiated an exploration of these broader questions with a series of hearings starting last September 14. All told, the committee held 7 days of hearings and took testimony from 28 witnesses, including physicians, public health officials, sanitarians, housing specialists, community workers, and just plain people. The witnesses presented an array of detailed information regarding the problems of housing and health in the country, particularly in rural areas. This is not to imply that the problem is not deeply serious in urban areas as well. In fact, the committee made one field trip during its hearings to the South Bronx in New York City where conditions of daily life are so deprived as to defy the average American's imagination. But the weight of the testimony before the committee dealt with rural problems. The extent and depth of that problem, as well as the apparent inability of the Government to respond to it through existing programs, is the focus of this report. The committee's hearings will, of course, be published in full in due time but the committee staff felt that the importance of the problem justified a preliminary staff study, based on the hearings and subsequent research, that could be made available to the public more quickly. The following findings and analysis of the housing-health problem, particularly in rural areas in America, are based on the committee staff's review of testimony given during the recent hearings and the staff's subsequent research.

## FINDINGS

### 1. The Dimensions of the Need

The full extent of the housing need in America is yet to be clearly established. The absence of detailed, current data on a national problem of such importance is itself an indication of neglect.

However, in housing as in hunger, it is clear that greatest need parallels lowest income. Nonwhites, including blacks, Indians and Mexican Americans, occupy a disproportionate share of the Nation's bad housing. *From 1960 to 1968 the percentage of nonwhites occupying standard housing actually increased from 22 to 33%.*

Despite the unavailability of suitable data, the experts' best estimate is that *two-thirds of America's inadequate housing is in rural areas.* In nonmetropolitan areas 34,000 communities lack modern water facilities, and 44,000 lack modern sanitation facilities.

If a "decent home" is what the Nation's accepted housing codes say is the minimum essential for health and safety, *then our official housing goal of 26 million units over a 10-year period is far too low and could be as much as 45 million units.*

There is an immediate need for a national housing survey based on cross-tabulations of the 1970 census data including information on crowding and income levels, to establish the Nation's real need in housing.

### 2. The Inadequacy of the Response

Neglect of rural housing seemingly has been and continues to be national policy. Though there have been repeated national pledges to solve America's housing problems, dating from 1937 through 1949 to 1968, the pledges remain unfulfilled. A legislative effort over a 33-year period has achieved a cumulative output of less than a million and a half subsidized units through 1969. *The real need requires that level of output each year, not each third of a century.*

The Federal Government, in implementing its programs, relies too heavily on inadequate State and local machinery. Twelve hundred of the Nation's counties, *one-third of all counties in the country,* still have no public housing program. *Areas that contain 50 percent of the Nation's poor and 67 percent of its worst housing, have received less than 20 percent of the Nation's public housing.*

The Federal Housing Administration does not operate effectively in rural areas and in towns of less than 25,000 population. Farmers Home Administration cannot operate in towns of more than 5,500 population. *Millions of Americans in bad housing are left out by the gap between those two agencies.*

The Federal Government has proved to be more efficient at destroying low- and moderate-income housing than at providing it. *Urban renewal, highway construction, and other Federal programs destroyed more units in the past decade than Federal housing subsidies created.*

The Department of Health, Education, and Welfare spends an estimated $9 billion a year on payments which go for housing—at least



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half of which is probably subsidizing substandard homes. *Thus, the Federal Government spends far more money to provide bad housing than it does to provide good housing.*

It is clear that Federal housing programs and policies continue to operate more in favor of the well-to-do than the poor. *FHA's mortgage insurance program for unassisted, middle- and upper-income housing has affected at least seven times as many housing units as has its programs of assisted, low- and moderate-income housing. There are literally no home-ownership programs for those with incomes of less than $3,000 a year.*

Similarly, hidden subsidies to middle- and upper-income households dwarf the open ones to lower-income families. *The tax deductions for mortgage interest, property taxes, and depreciation will cost the Treasury five times as much this year as all of the direct expenditures under the various assisted housing programs.*

### 3. The Impact of Housing on Health

There is ample empirical evidence regarding the relationship between bad housing and poor health. Infant mortality, childhood illnesses, lead-paint poisoning, higher accident rates, mental and emotional disturbances, poor performance in school—all are associated with deprived living conditions. But association and proof are different matters. Just as there is unsatisfactory data regarding the full extent of bad housing in the Nation, so is there a lack of satisfactory data on the relationship of that inadequate housing to health problems.

As a first step toward this end, any National Housing Survey might have as an integral part of its function, the compilation of data on the relationship between housing and health. If the Nation were fully aware of the cost of substandard housing in terms of human sickness and wasted lives, it might more readily respond to the problem of poor housing itself. Certainly this was the case in regard to hunger. Only when the National Nutrition Survey established the link between hunger and clinical malnutrition in America did the Nation and the Government begin to respond adequately to the problem.

### 4. The Urban Relationship

The rural housing problem is tragic, not just in and of itself, but even more so in the larger context of the Nation's urban crisis. The failure to meet the problem of rural poverty, of which housing is the most serious, has been a major factor in the migration of America's rural poor to the big cities. This is not to say that Government action could stop the flow of migration from rural to urban areas; the attraction of urban living is historic and will continue. It is to say that Government policies could make the migration less severe. In fact, past policies—farm, housing and welfare—have exacerbated the problem by practically forcing millions to leave rural areas for the cities. The creation of the urban crisis has simply led to the rural housing problem being even more neglected. A more even housing policy could lead to an easing of both the rural and the urban crisis.

### 5. Similarity of Housing and Hunger Problems

A striking similarity exists between the findings of the select committee in its investigations of the housing and hunger problems of Americans.

When the committee studied hunger and malnutrition and the Federal programs designed to deal with the problems it found that far too often those entrusted with carrying out the program thought it had another purpose, for example, the disposal of surplus commodities. Too often the Federal housing programs appear to be aimed at reviving a lagging construction industry rather than serving the needs of ill-housed families.

The Federal food programs failed in many instances because the administration was turned over to local governments. This, too, appears to be the case in the public housing program.

In early hearings, the committee heard medical testimony on the extent of malnutrition, obesity, and so on among the middle class. Recently Secretary Romney of HUD said that 80 percent of the American people cannot afford to buy and maintain a new home at today's prices.*

In the hunger hearings, it was found that Federal programs aggravated the situation, for example, farm subsidy programs that threw hundreds of thousands of small farmers and sharecroppers out of work. Federal farm programs as well as highway, urban renewal, and other programs have accelerated the need for housing.

*See Romney, in testimony before the House Banking and Currency Committee, March 3, 1970.

## THE PROBLEM

There has been a lot of talk in the last couple of years about a housing crisis. But the word "crisis" generally refers to a temporary situation, and, for people living in the Nation's worst housing, there's nothing temporary about it.

—AARON HENRY.

A major obstacle to meaningful assessment of the dimensions of housing need in the United States is the lack of agreement on an adequate definition of need and the lack of available data predicated on such a definition. The National Commission on Urban Problems concluded: "There is no single definition of substandard housing; there are instead many conflicting definitions * * * . Most of the definitions of substandard housing used in various Federal housing programs are inadequate (in addition to being inconsistent with one another) * * * . Failure to clarify the definition of substandard housing and to use it consistently creates a built-in element of potential failure in Federal housing programs." [1]

The most widely used definition is probably the extremely narrow one keyed to only two characteristics as tabulated and published by the Bureau of the Census.[2] Those characteristics are adequate plumbing facilities within the structure and/or a state of structural dilapidation. Both are certainly important characteristics and useful as the core of a definition of inadequate housing, but only as a core. As one critic put it, this definition calls only for "a nearly weathertight box with pipes in it." Ignored are such characteristics as density of occupancy, size and number of rooms, type and adequacy of heating equipment, amount and adequacy of light and ventilation, infestation of rodents or insects, and adequacy of cooking and refrigeration equipment. Yet, clearly, all of these characteristics have obvious relationships to health and safety, not to mention the culturally accepted standards of housing amenities.

The plumbing and structural-condition aspects are themselves not adequately reflected in this limited but widely-accepted definition of substandard. The plumbing need not, for example, be connected to an approved water supply to be rated as "standard" by the Census Bureau—it need only be there. Nor need it be in the unit itself, but only in the structure (possibly to be shared with one or more other units). A house can have rotted beams, unsafe porch steps or railings, broken or loose stair treads, a makeshift chimney, and rotted or loose window frames and still not be regarded as dilapidated by the Census Bureau. [3]

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[1] Oscar Sutermeister, "Inadequacies and Inconsistencies in the Definition of Substandard Housing," report prepared for the National Commission on Urban Problems.

[2] The Census Bureau disclaims any usage of the "terms 'substandard' and 'not substandard' " but notes that they are "used officially by the Department of Housing and Urban Development and other agencies, and may be derived from published Census categories * * *." "Measuring the Quality of Housing," Working Paper No. 25.

[3] These and other shortcomings are noted and commented on by Oscar Sutermeister, op. cit.

*Many pay more than they can afford*

Still another characteristic was pinpointed in testimony before the select committee: the relationship of the cost of housing to the family's income. It was argued with considerable logic that "a household which shorts its food, clothing, and medical budgets in order to occupy a 'standard' unit also exhibits a dimension of housing need."

Little wonder that the National Commission on Urban Problems called the usual measure of quality hopelessly inadequate and pointed out that it leads to a gross understatement of housing needs. One witness before the select committee estimated that allowance for only one additional characteristic—that of overcrowding—might well double the number of occupied units classified as in need. While we don't have 1968 data, we know that in 1960, 9 percent of all households in otherwise standard units were overcrowded. If that incidence were reduced by as much as one-fourth between 1960 and 1968, it would still mean that almost 4 million households were in that category as of the latter year.

*Better definition of "substandard" needed*

Even this, however, seems to fall far short of the real dimensions of the problem. A logical working definition of substandard is that suggested by the consultants to the Douglas Commission:

> Substandard housing means any dwelling or dwelling unit in which there is substantial departure from the accepted minimum housing code provisions . . . "Since the whole point of housing codes is to establish minimum standards for safe and healthy occupancy, they are the logical basis for a rational definition of "substandard."

Some idea of what such a working definition would do to our current impression of the size of housing need in the United States can be obtained by the following projection. A 1965–66 survey in Washington, D.C., found approximately 124,500 units in violation of the local housing code. If we assume that one-third of those violations did not represent substantial departures from code, and further assume that the remaining two-thirds included all the units found to be substandard in the citywide census survey of 1960; the survey still indicates that about one-fourth of the units the census rated as standard were actually substandard by the more rigorous definition. Such a pattern, projected to national figures for 1968—the most recent year yet available—would add to the 4.7 million substandard units another 14.6 million units representing substantial departures from code—thus indicating a level of housing need four times as great as that usually considered. Even if one assumed that only half of the units noted in the survey represented substantial code violations, the projection would still mean a tripling of our measure of housing need.[4]

*Who is affected?*

While we do not know the real extent of housing need in the United States, we do know a good deal about how that need is distributed, and while much of this seems so obvious as to be self-evident, it bears repeating because of its basic importance in terms of assessing our efforts to deal with housing need.

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[4] This still omits the aspect of financial burden referred to earlier.

It is, for example, generally recognized that need is greatest where income is lowest. The prevalence of the worst housing—that meeting the census definition of substandard—was, in 1960, more than three times as great among households with incomes below $4,000 as among households with incomes between $4,000 and $8,000; and it was almost 13 times as prevalent among that lowest income group as among households with incomes of $8,000 and above.[5]

It is not so well known that two-thirds of that worst housing is to be found outside of the metropolitan areas, although, the same nonmetropolitan counties include only 36 percent of the Nation's households. These are, it should be noted, 1968 data. This disproportion appears to stem from a complex of factors. Rural areas and small towns suffer from generally lower incomes, exhibit a more frequent need for water and sanitation facilities and related plumbing amenities, have generally older housing, and, because of certain institutional shortages, receive less than a proportionate share of housing assistance—a point which will be commented upon later. In these nonmetropolitan areas, 34,000 communities lack modern water facilities and 44,000 communities do not have modern sanitation facilities. We have no figures on the number of communities that lack the minimum facilities for community functions, for meetings, or day care, and other socially essential purposes.

*Nonwhite households suffer most*

Nonwhite households suffer from bad housing to a far greater extent (proportionately, though not absolutely) than white households. The incidence of the worst housing was more than four times as high in 1968 for nonwhite as for white households. The situation was worst, of course, for nonwhite households living in nonmetropolitan areas: more than 55 percent of those families were in units rated as substandard by even the Census Bureau's narrow definition. And the word housing applies to sanitation and utilities, as well. Mr. Rogers B. Morris, director of the Tufts-Delta Health Center in Mound Bayou, Miss., testified that in North Bolivar County:

1. Only three of every 10 units had piped water.
2. Only one in four had a bathtub or shower.
3. Seven of 10 had outhouses.
4. Only half had heat for the entire house.

Within that general rubric of nonwhite, there are still other subgroups with special needs. American Indians under the jurisdiction of the Bureau of Indian Affairs may well constitute the worst housed ethnic group in the Nation. BIA, as recently as the middle of this year, estimated that two out of every three such families were occupying substandard housing or otherwise in need of housing.[6] Detailed data on Indian households which have left the Bureau's jurisdiction are not available though the consensus seems to be that their housing situation is probably no better and perhaps worse.

In a recent report, a BIA official was quoted as saying that it would take 49,000 new houses and 19,000 repaired houses to clean up the Indian housing dilemma in one fell swoop. The report stated that the

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[5] The 1960 data on housing and income are still the latest available; those from this year's census being probably a year away as yet. If the pattern of the 1950's was repeated in the 1960's, the disproportions will be even worse in the 1970 data.

[6] The BIA's definition of substandard is roughly equivalent to the Census Bureau—HUD definition.

49,000 homes involves the replacement of the present 35,000 homes that are not repairable plus 14,000 for Indian families who have no home at all. The budget request the official submitted for BIA's own housing activity in fiscal 1970 called only for the repair of 3,750 Indian homes and the building of only 200 [7]

The dimensions of the Indian housing problem become greater when it is noted that many present homes are dilapidated log huts, small army tents, flimsy tar paper shacks, abandoned chicken brooders, tumbledown huts and occasionally, an automobile body.[8]

Similarly, there are little or no data to indicate with numerical precision the incidence of bad housing among Chicano families, but it is known to be extremely high. Finally, migrant farmworkers, who are frequently Chicano or black, constitute another group on which detailed national information is unavailable. What information is available indicates that they probably compete with the Indians for the title of worst housed.[9]

*Better information is essential*

As the foregoing indicates, what we do know about the size and shape of housing need in the United States is general in character and lacks both detail and currency to an extent which is incredible in a country as given to statistical measurement and manipulation as ours. The inadequacy of our official definition of substandard is compounded by the way in which census data are tabulated and presented. Information is collected on a substantial range of housing characteristics—going beyond the extent of plumbing facilities and the structural condition. That information includes data on crowding, heating and other equipment, and rent-to-income ratios. Were the information to be properly cross tabulated it would permit an analysis of the housing stock in a manner which would represent a great improvement over the current standard/substandard breakdown. But those cross tabulations are not published and, as a result, that sort of a net count of units suffering from one or more of those characteristics of inadequacy is not available.

These difficulties are still further compounded by the infrequency of collection and the delay in analysis and publication of housing census data. The type of detailed information required to make even a beginning analysis of the problem is collected only once every 10 years. This means that to analyze housing need (even as measured only by our current limited definition) in terms of income, we are still dependent on data which is more than a decade out of date.[10] Among other things, such timelags frustrate efforts to assess programs of housing assistance in terms of their delivery to areas and populations of need. If our intelligence on foreign problems were no more detailed and timely than that on the domestic problem of housing it would provoke a national outcry and probably stimulate a tripling of the CIA's budget.

*National Housing Survey needed*

In view of this situation, a National Housing Survey, comparable to the National Nutrition Survey, might be considered. Such a survey

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[7] The Red Man in America, Hilda Bryant, p. 20.
[8] *Ibid.*
[9] See, for example, Lee Reno, Pieces and Scraps: Farm Labor Housing in the United States.
[10] As noted in footnote 5, 1970 data on the quality of housing are not expected until late next year. They will, moreover, be based on sampling and estimating techniques and will not be as detailed (at least on structural condition) as were the 1960 data.

could begin by taking the 1970 data on housing now being processed by the Census Bureau, and securing cross-tabulations which would cover as many of the characteristics related to quality as possible. Sampling techniques could be utilized to add field evaluations of housing in terms of the standards set by accepted national housing codes (such as the model code recommended by the American Public Health Association and the U.S. Public Health Service), and possibly to collect data on the relationship of housing expense to income. Cross checking of the two sets of data would make possible estimates on a county-by-county basis of the real extent of housing need and of the people affected by it.[11]

At this point it can only be concluded with confidence that the problem is much greater than is usually recognized. How much greater remains to be determined, but testimony before the committee and considerations of the type outlined earlier in this report suggest that at least 8 million households, and perhaps twice that number, are living in housing which either fails to meet official standards of adequacy or takes an excessive portion of their income or both.

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[11] The estimating techniques could be similar to those being utilized by the Census Bureau in the preparation of its figures on structural condition this year.

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## THE RESPONSE

The primary blame for the neglect of the subject of rural housing must be placed on several Presidents, the Congress, and on the U.S. Department of Agriculture. Except for Farmers Home Administration, the Department of Agriculture and its agencies * * * have virtually abandoned the poor people of small towns and rural areas.

—CLAY COCHRAN.

In striking contrast to the general nature of our information as to the dimensions of the housing problem is our longstanding, quite specific but unfulfilled pledge to solve it. The U.S. Housing Act of 1937 stated as its purpose "the provision of decent, safe, and sanitary dwellings for families of low income." The Housing Act of 1949 renewed and broadened the pledge, making a more sweeping promise to a larger number of people by calling for the "realization as soon as possible of the goal of a decent home and a suitable living environment for every American family." Nearly two decades later, the 1968 act specifically reaffirmed that same pledge and called for it to be "substantially achieved within the next decade," adding a numerical target of 26 million units started or rehabilitated between 1968 and 1978.

### THE FEDERAL EFFORT

The Federal effort to redeem the pledges of 1937, 1949, and 1968 has operated through a series of assisted housing programs. The oldest of these, providing the deepest subsidy, is the public housing program, established by the U.S. Housing Act of 1937. Perhaps the first significant aspect about that program is that it came 3 years after a Federal program to assist middle- and upper-income families to buy homes. The second significant aspect is that because of the controversy which had been stimulated by the Federal construction of public housing (under the public works and related New Deal programs), the 1937 act established a hybrid program in which the Federal Government furnished the money, but local government retained control. Under this arrangement, ownership and management of public housing is by local housing authorities, which are set up under State and local law. The capital costs of the housing—both principal and interest—are covered, however, by annual contributions from the Federal Government.

Since its initiation, this program has provided less than 804,000 low-rent units. In its first decade, the program averaged about 15,000 units a year—only a little more than twice the annual output which the public works effort had achieved in the mid-1930's. One third of a century after the 1937 act, public housing is still not achieving 100,000 units a year.

The next major piece of housing legislation was the Housing Act of 1949. As has been noted, it committed the Federal Government to "a decent home * * * for every American family." Pursuant to the commitment, it authorized an expanded public housing program, initiated the urban program and it began, in a small way, what was to become one of the Nation's major programs of assisted housing by authorizing the Farmers Home Administration to make loans and grants for farm housing. The entry of Farmers Home Administration into the housing field reflected recognition that rural areas suffer not only from low incomes but also from a scarcity of credit resources. FmHA was thus in effect, directed to bridge the credit gap by making public credit available to those who needed it. For more than a decade, however, that bridge was available only to farmers and the impact of the program was minimal in terms of the total housing scene.

TABLE 1.—LEGISLATIVE CHRONOLOGY: MAJOR FEDERAL HOUSING ASSISTANCE PROGRAMS

| | Yearly output | Average annual output, all Federally-assisted programs (units) |
|---|---|---|
| Mid-1930's: Public housing under public works and related programs | 1935–38 | 7,200 |
| 1937: Low-rent public housing (U.S. Housing Act) | 1939–49 | 15,500 |
| 1949: Pledge of "a decent home"; expanded public housing; urban renewal; Secs. 502 and 504 farm housing loans and grants | 1950–59 | 23,000 |
| 1959: Sec. 202 direct loans for elderly | | |
| 1961: Sec. 221(d)(3) Below-market-interest-rate loans; Sec. 514 farm labor housing loans; Secs. 502 and 504 rural housing loans and grants extended to nonfarm families | | |
| 1962: Sec. 515 rural rental and cooperative housing loans for elderly | 1960–64 | 39,900 |
| 1964: Sec. 312 urban renewal rehabilitation loans; Sec. 516 farm labor housing grants | | |
| 1965: Rent supplement; leased public housing; Sec. 115 urban renewal rehabilitation grants | | |
| 1966: Sec. 221(h) Below-market-interest-rate rehabilitation loans | | |
| 1968: Sec. 235 Mortgage assistance for homeownership; Sec. 236 Interest reduction for rental and cooperative housing; comparable interest subsidies for rural housing | 1965–69 | 133,000 |

Despite the landmark character of the 1949 act, its actual impact on assisted housing production was curiously slight. Later congressional actions cut back on the proposed rejuvenation of public housing; average annual output in the 1950's was only about 7,500 units higher than in the 1940's.

*More units demolished than built*

Ironically, the 1949 act may have even been self-defeating, having a more negative than positive impact on low-income housing. A recent report of the General Accounting Office notes that the urban renewal program, which had its genesis in that year's legislation, by mid-1968 had demolished about 440,000 units, some 3½ times as many units as it had built by that date. And, less than half of those it had built or planned to build were for low- and moderate-income families.

The GAO report points out, however, that "substantially all the dwelling units demolished * * * had been occupied prior to urban renewal by low- and moderate-income families." [1] This pattern is illustrated in Washington's own Southwest Renewal Area, where it is reported that 23,000 low-income families were displaced to make room for 310 moderate-income units and 5,600 units for high-income occupants.[2] The human consequences of this policy became apparent

[1] GAO Report B-118754, *Opportunity to Improve Allocation of Program Funds to Better Meet the National Housing Goal.*

[2] *Washington Post*, June 2, 1969.

in the 1960's when neighborhoods to which the low-income families were dispersed—Cardoza and Anacostia—became high crime, socially disorganized and, eventually, riot areas. Patterns such as that found in Baltimore earned the program the name "Negro Removal." There, between 1951 and 1964, over 89 percent of the households displaced by public projects were black; and it has been estimated that 21 percent of the entire housing inventory for low-income blacks was included.[3]

Another decade passed and in 1959, Congress began a new series of programs for assisted housing, largely aimed at combining public subsidy with private effort. This new series also reflected a shift of emphasis from the needs of low-income families—which a continuing public housing program was assumed to serve—to the needs of moderate-income households too rich to qualify for public housing, but still not able to secure adequate housing on the private market without assistance. The initial object of this new concern was the elderly and section 202 of the 1959 act provided for direct Federal loans at 3 percent interest to private nonprofit sponsors who would use it to build moderate-rent housing for senior citizens. In 10 years of existence, this particular program produced less than 41,000 units.

In 1961, Congress again used the principle of mortgage financing at interest rates below the market level with section 221(d)(3) BMIR (below-market-interest-rate) program. The housing was no longer limited to the elderly and sponsorship was extended beyond nonprofit organizations to those who would accept a limited-profit arrangement. Moreover, at this point, private financing was brought into the picture. A private lender makes the loan, and then a Federal agency—initially the Federal National Mortgage Association, now the Government National Mortgage Association—buys the loan from the private lender. Although it will soon be eclipsed by the newer program of rental housing assistance (section 236), the 221(d)(3) BMIR program had accounted for more than half of all FHA-assisted housing through 1969. That it has done so with an output that totals less than 162,000 units—or just over 20,000 units a year—is a commentary on the minimal magnitude of those programs.

*FHA Enters the Assisted Housing Field*

The 1961 act was also significant in that it brought FHA, the Federal Housing Administration into the field of assisted housing. Prior to that, the Housing Assistance Administration had handled both public housing and the direct loans under section 202. FHA had been concerned only with insuring mortgages which carried no direct subsidy, and were at a regular market interest rate.

At the same time, Congress broadened the scope of the other FHA—Farmers Home Administration—in the field of housing. It extended eligibility for housing loans and grants to nonfarm families in rural areas, and it authorized loans for farm labor housing under section 514. The following year, it added loans for rental housing to FmHA's authority, though it limited such housing initially to senior citizens. All of these loan programs represented some degree of assistance, since they were being made at an interest rate below that which the ordinary private borrower could get elsewhere. Also, except for the home-ownership loans under section 502, FmHA housing programs have not been large. In 7 years of operation, the rental program has resulted in less than 7,000 units of housing. The farm

[3] Anthony Downs. *Housing Relocation and Compensation [etc.] in Baltimore, Md.*

labor housing program, which began with a loan authority and was provided with increased—though limited—subsidies under a grant program initiated in 1964, has not yet produced 5,000 family units.

*Rehabilitation emphasized*

The years 1964 through 1966 saw several additions to the list of programs. Rehabilitation of housing became the focus of several. For urban renewal areas—and later extended to additional territory—the 1964 act provided low-interest loans for rehabilitation of housing (section 312) and the 1965 act added grants to go with those loans (section 115). The two programs in combination have assisted the upgrading of perhaps 29,000 housing units. The 1966 act adapted the BMIR mechanism specifically for rehabilitation of housing, and its subsequent resale to low- and moderate-income occupants. The impact of this specialized program has been small—less than 2,000 units.

As was noted earlier, the 1965 legislation gave Farmers Home Administration a grant component for its farm labor housing program. The 1965 act also made a major change in the financing mechanism used by FmHA. Where it had previously made only direct loans, the agency was now authorized to make insured loans. Superficially, this would seem to extend to FmHA the type of mechanism used by FHA (HUD's Federal Housing Administration). However, the fact that FmHA must bridge the credit gap in rural areas and small towns means that it must operate differently from HUD's FHA. FmHA borrowers do not obtain their loan from a private lender, but directly from FmHA, which also continued to service the loan (collect payments, etc.).The agency sells the loan to a private investor on an insured basis and agrees to buy it back after a certain period. But the borrower continues to do business with the agency. (In short, an FmHA loan looks like a direct loan to the borrower but like an insured loan to the accountants.)

*Dodging the budgetary impact*

A primary reason for adoption of this bookkeeping technique was budgetary impact. As long as FmHA loans were made directly, they were treated in the Federal budget as if they were expenditures rather than loans. Under the new mechanism, the loans are sold to the private sector and thus removed from the budget. To do this, the Government has to pay a premium (the difference between the interest rate paid by the borrower—which is the same as the cost of money to the Government—and that demanded by the private investor). The total cost of this premium is large, but it is spread out over a long period and consequently has less immediate impact on the budget.

The shift to this "insured" financing mechanism has been accompanied by a substantial expansion in FmHA loans under section 502. In recent years it has averaged 40 to 50 thousand new loans a year and the total under the program was about 288,000 units through 1969. It should be stressed that this program is basically a moderate-income program. More than half of all initial borrowers under the section 502 program in the last 2 fiscal years had incomes of $6,000 a year or more; only 13 percent of the loans went to borrowers with incomes of less than $4,000. The program of home repair assistance under section 504 is FmHA's primary low-income housing instrument. Even its effectiveness has been reduced in recent years by the refusal of Congress to allow use of grant funds, and its total impact has been limited to about 30,000 units.

*Rent supplements and rent certificates*

Two other, very important, assisted housing techniques came into being in 1965. One was the rent supplement program, under which eligible occupants pay a minimum percentage of their income and the Federal Government makes up the difference between that and the rent required to cover the cost of the housing. Where this is combined with housing built with subsidized financing, it can potentially reach as low in the income scale as much of public housing. Congress has, however, limited the degree to which the two types of subsidy—rent supplement and assisted mortgage financing—can be combined. Most rent supplement units—totaling less than 40,000—are in housing financed with market interest rate mortgages. Only about 8,900 are in BMIR projects.

The other innovation of the 1965 act was leased public housing (called "rent certificates" by its sponsor), which works in a manner similar to rent supplements but finds the subsidy routed through the local housing authority instead of being paid by FHA. Because of its increased involvement of the private sector, the leasing program has been extremely popular and is now accounting for one-fourth to one-third of all units being brought under the public housing program.

The 1968 Housing and Urban Development Act, which reaffirmed the national commitment, added two important new programs to the range of those available to FHA. Both of these reflect a renewed concern with budgetary impact and thus substitute for the use of public credit a public subsidization of the use of private credit. In both the section 235 (for homeownership) and the section 236 (for rental and cooperative housing) programs, the basic financing is by a federally insured private loan at the market rate of interest. The borrower, whether homebuyer or non-profit or limited-profit sponsor, is not required, however, to pay the full interest. The Federal Government pays a portion of it (the amount of the portion being related to occupant income). A comparable authority to subsidize interest rates as low as 1 percent was furnished Farmers Home Administration by the act assisted housing production by both FmHA and FHA has been rapidly increasing since inauguration of these new programs. It was not until the late 1960's, a decade and a half and five major housing acts after the 1949 pledge of "a decent home * * * for every American family," that our output of federally assisted housing averaged as much as 100,000 units a year. It is, perhaps, no accident, that this substantial increase in output took place after the legislation began to focus increasingly on the problem of the moderate-income, as distinguished from the low-income household.

## The Size of the Response

What has been the cumulative achievement of this legislative effort—stretching over a 33-year period? Table 2 sets forth the magnitudes, by program.[4] It shows that the grant total had not yet reached a million-and-a-half units through 1969, although testimony before the Select Committee was to the effect that our real need requires that level of output each year, rather than each one-third-of-a-century.

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[4] "Note that table 2 is largely in starts. This means that a substantial number of the units counted are not yet ready for occupancy. For example, while there had been something like 250,000 units started under the various FHA-assisted rental programs through the end of 1969, an FHA report as of mid-1970 stated the number under management as approximately 175,000. Washington Post, 11/14/70."

The record of our assisted housing program can be put into perspective in several ways. We might remember, for example, that the Federal Housing Administration's mortgage insurance program for unassisted housing—aimed at the construction industry, the mortgage market, and the middle-class household—has affected at least seven times as many housing units.

Alternatively, we might note that a recent and respected study of demolition as a factor in changes in our housing inventory [5] estimates that during the 1960's alone, Federal programs resulted in the removal of about 1.4 million housing units from the stock. While it is doubtless true that not all of those demolitions affect households in need of housing assistance, it is generally conceded that a very large share of them do. If that share is as much as two-thirds, it means that Federal programs were destroying as much low- and moderate-income housing as they were producing during the 1960's.

TABLE 2.—FEDERALLY ASSISTED HOUSING STARTS, THROUGH 1969

| Program | Number of units | |
|---|---|---|
| | Cumulative total | Non-Metro share |
| Public housing (operated by local housing authorities, which are governmental entities; Federal subsidies are by annual contributions which go primarily to amortize costs of acquiring the housing) | [1] 803,700 | [2] 168,800 |
| Federal Housing Administration programs: | | |
| Sec. 221(d)(3) BMIR (rental and cooperative housing; privately sponsored but financed with mortgages at 3 percent interest which are purchased by GNMA) | 161,700 | ---------- |
| Sec. 202 (rental and cooperative housing; privately sponsored but financed with direct Federal loans at 3 percent interest) | 40,600 | ---------- |
| Rent supplements (occupant pays fixed portion of income in rent; Federal subsidies make up the difference; limited to housing built under certain programs by private sponsors) | [3] 39,300 | ---------- |
| Secs. 115 and 312 (direct loans at 3 percent interest and grants made to low- and moderate-income owners to rehabilitate their housing) | 28,800 | ---------- |
| Sec. 235 (homebuyer pays certain minimum portion of income to repay loan and at least 1 percent interest; Federal subsidies make up remaining interest costs) | 23,200 | ---------- |
| Sec. 236 (occupant pays fixed portion of income in rent to cover at least the cost of financing the housing at 1 percent interest plus operating costs; Federal Government subsidizes interests costs of private sponsor) | 10,500 | ---------- |
| Other BMIR programs (Federal subsidies reduce interest rates to private borrowers) | [4] 3,200 | ---------- |
| Total, FHA assisted programs | 307,300 | [5] 33,700 |
| Farmers Home Administration Programs: | | |
| Sec. 502 (homebuyer pays certain minimum portion of income to repay loan and least 1 percent interest; Federal subsidies make up remaining interest costs) | [6] 287,900 | ---------- |
| Sec. 504 (direct Federal loans at interest rates as low as 1 percent to permit repairs and rehabilitation of owner-occupant housing) | [7] 30,000 | ---------- |
| Sec. 515 (private sponsor receives assistance in form of interest subsidies to allow development of rental or cooperative housing for low- and moderate-income occupants) | 6,800 | ---------- |
| Secs. 514 and 516 (public and private sponsors receive assistance in form of interest subsidies and grant funds to provide low-rent housing for farmworkers) | 4,600 | ---------- |
| Total FmHA-assisted programs | 329,300 | [8] 286,500 |
| Total federally assisted programs | 1,440,300 | [9] 489,000 |

[1] Net units under management or construction end of 1969; does not include starts of earlier years subsequently lost from inventory; low-rent program only.
[2] 21 percent.
[3] Does not include rent supplement units in projects financed with below-market-interest-rate mortgage credit, since those are included under other programs.
[4] Includes rehabilitation for resale under secs. 221(h) and 235(f); experimental housing under sec. 233; units financed in declining areas under sec. 223; etc.
[5] 11 percent.
[6] Excludes about 14,500 loans to "above-moderate income" borrowers.
[7] Includes some financed with grants, but no grant funds have been provided since 1964.
[8] 87 percent.
[9] 34 percent.

[5] Michael Sumichrast and Norman Farquahar, Demolition and Other Factors in Housing Replacement Demand.

*The Government as subsidizer of bad housing*

Still another perspective is gained if one considers the role of the Department of Health, Education, and Welfare in housing assistance. It has been estimated that as much as $9 billion annually of the funds disbursed by HEW in welfare and social security payments goes to pay for housing. In other words, HEW spends more on housing assistance for more households than do the nominal housing agencies, HUD, and the Farmers Home Administration. More shocking is the fact that there is little doubt that a large share—probably a half to two-thirds—of those receiving HEW's housing assistance live in inadequate housing. This means that the Federal Government has not only been more efficient in destroying housing than in providing it, but that it spends considerably more money subsidizing bad housing than it does subsidizing good.

The Nation's official housing goals for this decade are well known; 26 million units to be achieved through new construction and subsidized rehabilitation of existing units, with 6 million of the total to be aimed at low- and moderate-income households. Equally well known is the fact that housing production in the 2 years since the goals were enunciated has fallen woefully short of the average required if they are to be met—about 2 million units short.

One finds it difficult to ignore the disquieting thought that perhaps the Nation's housing goal was decided upon and then justified, rather than based on objective estimates—especially when one compares the First and Second Annual Report on National Housing Goals. In the latter there have been a series of revisions made in the various estimates underlying the goal. Those regarding expected family formations and the number of units expected to become dilapidated during the decade are both substantially increased. The estimates of the required increase in vacancies, the existing stock of dilapidated units, and the number of rehabilitations which can be achieved with subsidy are all reduced. One category, units abandoned because of population shifts, has been dropped; while another new one, replacement of mobile homes to be scrapped over the period, has been added. Yet, when we reach the bottom of the column, the total—"led," one might say with Adam Smith, "as by an unseen hand"—turns out to be the same as before.

*Official goal too low*

The goal had to be estimated, of course, in the absence of detailed current data on the state of the Nation's housing stock. It was suggested by witnesses before the select committee, and is restated here, that beyond the revision of those goals which would naturally follow the availability of this year's census data, their basic premises require reconsideration. The total goals were predicated on the need to do three things: meet the needs of newly formed households during the period, replace units lost from the inventory during the period, and replace those units which were inadequate at the beginning of the period or would become so during the period. This third aspect is of critical importance to redemption of our national commitment.

The goal as arrived at was predicated on the accepted narrow definition of "substandard" as the measure of inadequate. If, as has been contended by both the Douglas commission and this report, that measure understates the extent of housing inadequacy, it clearly follows that the official goal is understated as well. (The 26 million unit goal for the decade includes providing for 6.3 million units which

are, or are expected to become, "substandard" by the narrow definition.[6] Tripling the size of this component of the goal would require expanding the total goal to 38.6 million units; quadrupling it would mean a total goal of almost 45 million units.)

Questions about the adequacy of the official goal of 6 million assisted units are even more widespread. The National Housing Conference estimated the need at 10 million units 2 years ago. Others, as was noted earlier in this report, have suggested that an even higher level would be more realistic. Among other things, this goal must be seen in the context of the overall goal and our success in achieving it. (When total production falls below total need, one result is to price additional would-be consumers out of the market, adding their number to those in need of housing assistance.) In this light, it is difficult to understand administration assertions that we are virtually on schedule in terms of the goal for assisted starts and rehabilitations.

*State and local programs*

This report has focused thus far on the Federal response to housing need. State and local governmental programs represent an area worth more examination by the select committee, especially in view of increased evidence of activity at that level. A recent publication of the Council of State Governments reports, for example, that 13 States now have housing finance agencies designed to support the development of low- and moderate-income housing.[7] Nor is all of the Nation's public housing federally assisted. In the last 5 years an average of 2,400 units a year have been started under purely State financing. Almost 40 percent of these, however, were by the New York City Housing Authority. The Library of Congress, which only recently hired its first housing expert, reported to the committee staff:

> We have practically no data on housing produced under State and local programs. The largest and oldest State program, which probably accounts for over 90 percent of State-aided housing is that of New York State * * * New York City has the only significant program of city aid for housing * * * It has been dormant in recent years.

Moreover, to a very large extent, the State and local programs are designed to complement, rather than substitute for Federal programs. This is particularly true of State housing finance agencies. They are, therefore, dependent on the Federal effort for their maximum effectiveness. (As is noted later, a similar Federal dependency upon local action in many housing programs is a major shortcoming of our response to housing need.)

*The Private Sector*

Any look at housing need and public response must also examine carefully the role of the private sector—both apart from and in tandem with governmental programs. It is in the nature of the private sector, however, that it follows the imperatives of effective demand rather than of need. An example of what this can mean for housing is furnished by the last decade's shift in the real estate investments of the life insurance industry. At the end of 1959, some 70 percent of those investments were in residential mortgages. Ten years later only 58

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[6] See "Second Annual Report on National Housing Goals."
[7] Council of State governments, "1971 Suggested State Legislation."

percent of them were. Conversely, whereas life insurance companies had provided one-fifth of the mortgage credit for 1-to-4 family homes in the mid-1950's, they now provide only about one-tenth of it. Their investment in office buildings, commercial structures, and the like, have risen more than three times as rapidly as their investment in housing.

Thus, while no one can deny the need to involve the private sector, it remains true that those in housing need are, essentially, those which the market mechanism—left to itself—has been unable to serve adequately. And, as McGraw-Hill's editors have recently pointed out that is an increasingly numerous group:

> The median U.S. family income is now about $9,000 a year. Based on the rate of 20 percent of gross income traditionally allocated to monthly housing, this means that at least 30 million families in this country can afford no more than $150 a month for shelter.
>
> To put it another way, if the housing industry is to provide new housing of the quality most of us are used to, then nearly half the families who buy or rent this new housing must have some form of subsidy.[8]

## The Focus of the Response

The select committee's examination of the housing problem has brought out that criticisms of our national response to it go beyond what might be called the quantitative aspect. There seems to be widespread acceptance of the fact (if not of its implications) that Federal programs in housing have not yet been sufficiently funded to do the job. Witness after witness before the committee charged also that these programs go neither to the places nor to the people most in need.

*Geographical inequities*

Data confirming that nonmetropolitan counties contain about half of the poorest households and two-thirds of those occupying the worst housing were contrasted with information indicating that they receive only about one-third of housing assistance and only about one-fifth of that focused on lower-income needs. (On the other hand, it has been estimated that nearly half of housing demolitions occur in nonmetropolitan counties [9]—so it may be argued that not all programs affecting housing ignore them.) That is only one of countless pieces of evidence that can be marshaled to demonstrate that our housing programs have not necessarily gone where the need is. It is symbolic of the permissive character of Federal housing programs that nearly 1,200 of the Nation's counties—that's more than a third of the total of 3,100-plus—do not have any public housing even under reservation—after more than 30 years.

This imbalance in the delivery of housing programs has been officially conceded by the HUD–USDA interagency task force on rural housing.[10] Its successor, the HUD–USDA rural housing coordinating group has confirmed that there has been little change in the situation. Figures prepared for the group by the statisticians at

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[8] Editorial, "House and Home," October 1970.
[9] Sumichrast and Farquahar, "op. cit."
[10] See "Congressional Record," Oct. 6, 1969, pp. H9117-9126.

HUD and the Farmers Home Administration, pointed out that while an estimated 24 percent of the Nation's population lives in nonmetropolitan counties without a town exceeding 25,000 in population (this includes 94 percent of all nonmetropolitan counties); less than 11 percent of the housing units financed or insured by HUD in the last 3 years were located in those same counties.[11]

As has been noted, the select committee received testimony pointing out that 38 percent of the Nation's counties have not participated in the public housing program throughout its 33-year history. There are indications that these are overwhelmingly the more rural counties. A national housing survey should develop a list of those counties and compare it with the data on the quality of housing by county—possibly as a part of a general study of the relationship between counties with the greatest housing need and those with the most federally assisted units.

A witness from eastern Kentucky reported that no program was making any substantial impact in that area and that the State director of the Federal Housing Administration "says frankly that his agency is virtually helpless when faced with the kinds of housing needs our people have." The area in question includes the county with the lowest per capita income in the State, and has a very high incidence of elderly residents. One-fourth of the people in the area receive public assistance.

*Inequities due to income*

Another recurrent theme in the testimony taken by the select committee was that Federal programs are not aimed at those groups which are most in need. Indeed, many witnesses contended that there simply is no program aimed at the lowest-income households.

Census data reflect the fact that our housing structure works substantially better for those who are unpoor and unblack. In 1950, for example, the households in the bottom one-third of the income distribution occupied 56 percent of the substandard housing. This is, of course, predictable. The important point is that during the decade, only 35 percent of the net reduction in substandard occupancies went to those in the bottom third, and the 1960 census showed that they accounted for 69 percent of substandard occupancies.

Budget Bureau estimates were cited indicating that only 22 percent of this year's assisted units will go to households with incomes under $3,500. More striking was an analysis showing that Federal subsidies to middle- and upper-income families in the form of tax deductions are five times as large as the subsidies directed at housing for low- and moderate-income families. As a result, almost half of the housing subsidies represented by both forms go to families with incomes of $10,000 a year and above. An analysis of current housing programs and trends presented by another witness concluded that there is "no program available" to those with incomes below $2,000 a year.

The neglect of the rural poor in our housing programs is especially acute. Nearly two-thirds of the occupants of substandard housing in rural areas in 1960 had family incomes of less than $3,000 a year, which at a stroke makes it functionally impossible to obtain a Federal loan for housing.

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[11] This includes unassisted FHA-insured housing, as well as assisted units. If Farmers Home Administration programs are added, the share of these counties rises to 17 percent but still fails to reach parity.

For example, in the target areas served by the Tufts Health Center, 6 out of 10 households contain five or more members and this factor, coupled with the less than $3,000 income, makes it impossible to obtain a Federal loan even with the interest reduction offered through FHA.

Another witness from the Delta Health Center in Mississippi reported that two-thirds of the low-income black families with which they work are rejected in their efforts to secure housing loans from the Farmers Home Administration because "the minimum new house it will approve is within your reach only if you make $6,000 or $7,000 a year or more." Another witness reporting on a case in Flordia, summed up these policies as creating "a whole stratum of 'nonpeople' out there," whom the agency is unable or unwilling to serve, despite their obvious need.

*Inequities due to discrimination*

The imbalance which relates to income levels is compounded by those stemming from discrimination—public and private—on the basis of race, ethnic origins, and occupational situation. Not only is the housing situation of nonwhites worse than that of whites (in proportional terms), but it is being improved less rapidly. In 1960, they represented 27 percent of all substandard occupancies. Only 19 percent of the net reduction in such occupancies during the next 8 years was accounted for by nonwhites and, as a result, by 1968, their share of substandard occupancies had increased to 33 percent. Hired farm workers are known to be one of the Nation's worst-housed groups, but efforts in Florida to utilize the new mortgage assistance program of section 235 on their behalf have been totally frustrated. In more than 8 years, an assisted housing program supposedly designed specifically for farmworkers has built less than 5,000 family units—an average of less than 600 a year—and is generally considered to be a failure.

Some statistics on the operation of the Federal Housing Administration speak clearly on this issue. A 1968 survey done by HUD itself on the subdivision housing provided under FHA-insured financing during the years 1962–67 revealed that only 3.5 percent had gone to Negroes, 3.1 percent to Spanish-surnamed citizens, 2 percent to orientals, and 0.2 percent to American Indians.[12]

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[12] 1970 Report of U.S. Commission on Civil Rights, *Federal Civil Rights Enforcement Effort.*

## THE BASIC FAILURES

It seems as though our delivery fails to match our promises in Government programs when we lose sight of our principal goals and begin to serve those ends which were originally nothing more than third-party beneficiaries. When the select committee studied hunger and malnutrition and the Federal feeding programs designed to deal with the problem, we found that far too often those entrusted with carrying out the program thought it had another purpose, for example the disposal of surplus commodities. True, this was a goal. Difficulty arose when this goal eclipsed the primary goal of feeding the hungry.

The committee has heard testimony which alleges a similar situation in our Federal housing programs. Dr. Aaron Henry, president of the Mississippi NAACP said of the Federal Housing Administration insurance program:

> The oldest of them, the FHA-insurance program, was admittedly aimed at reviving a lagging construction industry and we still tailor our housing programs to the needs of the builders and developers. And when we do set out to reach "moderate income" families, we do so by subsidizing the mortgage-bankers and the money-lenders in the hopes of thus getting them to serve markets they would otherwise not have.

The problems our programs run into are often due to their inability to adjust to changing circumstances. Those for whose benefit the program was originally intended, it seems, get left by the wayside. The current state of the economy has served to paralyze many of our housing programs. As Dr. Henry said, ". . . the cost of money has gone up so fast and the price of land risen so steeply, that we have found ourselves pricing people out of the housing market faster than we expand the programs to meet them."

Put rather simply, America's poor just cannot afford even the maintenance of adequate shelter for their families. The poor are forced to pay anywhere from 30–50 percent of their income on housing that is "substandard" while the rest of America pays 15 or 20 percent. When it was determined that America's poor were forced to pay one-third or more of their income on food, it was difficult to understand how they financed their other basic human needs. Obviously they cannot. The relationship between nutrition and housing is clear. Many of America's poor are plagued by, not only inadequate food, but substandard housing as well.

*Has the Federal Government abdicated its responsibility?*

The committee has heard testimony over the last few months questioning the effectiveness of State and local administration of public housing. The Federal Government has provided the funds, but the utilization of these resources has been left up to the State and local

agencies. Far too often, it has been charged, this structure has discriminated against rural needs in favor of temporarily quelling the tension of our urban areas. This clearly should not be a forced decision.

It is inexcusable that the Federal Government has forced this alternative on the State and local governments; no level of government can be excused for neglecting those areas which have the greatest need. The Nation's nonmetropolitan counties, which contain over 50 percent of the Nation's poor and over 65 percent of its substandard housing, have received less than 20 percent of the public housing benefits.

Assisted housing programs fared no better. Dr. Henry spoke for many of our witnesses when he said:

> The newer programs of so-called assisted housing are predicated on an even more permissive structure. They require action by private institutions at the local level and generally manage to give the local governmental structure a veto power as well just to be on the safe side. As a result, the affluent, white suburbs continue to say "no" to the poor—black or white.

*Not just the poor*

Although the committee's concern, in Federal housing programs is focused on those who truly suffer, the poor, it is worthwhile to look at another parallel we found between hunger and housing.

In our early hearings, the committee heard medical testimony on the extent of malnutrition, obesity and so on among the middle-class. But not, of course, hunger. Often, the existence of these problems among the middle-class attests to the intensity of the problem for the poor. Recently, Secretary Romney of HUD said that 80 percent of the American people cannot afford to buy and maintain a new home at today's prices. Behind these startling statistics are, presumably, high demand and low supply, high interest rates, high real estate prices and so on down the line. Clay Cochran, chairman of the National Rural Housing Coalition added to this list:

> * * * the lack of a land policy, and the existence of a tax system which encourages land speculation and does nothing to inhibit it. Zoning has made its dent in the supply; and outmoded production practices should bear some part, but a minor part, of the blame.

## ROLE OF HEW

*Agency Failures*

It is common to limit a study of housing problems in America to the role of the Departments of Housing and Urban Development and Agriculture.

The Federal Government's role, however, does not stop there—far from it. It was pointed out in the committee's hearings that the Government spends some $9 billion a year subsidizing what are frequently substandard "homes," through social security and welfare payments. Although we have made an investment of this magnitude, we have done nothing to insure that our money goes to subsidize healthy, sanitary, and safe housing rather than run-down slums and shacks, whose inhabitants are subject to maladies ranging from rat and insect bites, to lead-paint poisoning, asthma, and more. This undoubtedly contributes greatly to the so-called failure of welfare to assist people to obtain a more decent quality of life. Substandard

housing, as stated above, frequently serves as the locale for numerous human tragedies: stillbirth, high infant mortality, physical and mental retardation, diseases of all sorts, juvenile delinquency and other crime, lack of normal advancement in school, etc.

*Federal Housing Administration*

FHA has failed to relieve the symptoms of our housing breakdown or attack its root causes. Where FHA is most needed, it is not to be found. The central cities have been, as one witness put it "red lined," i.e., FHA will not insure loans in those areas. The combination of the denial of FHA benefits and the high interest rates that accompany inflation has strangled the pipeline of credit and capital into our central cities. This practice constitutes a significant contribution to the deterioration of our nation's cities and the consequent social ills we claim to deplore, from rising crime rates to high infant mortality. So, as far as FHA is concerned, the Federal Government has failed dismally to relieve the housing crisis in this country.

Perhaps we could forgive FHA of its discrimination against the central cities if it were addressing its concern to the areas most in question before us. It appears not, however, for the practice of red lining does not stop with the central cities. Mr. Cochran charged that:

> * * * where FHA as the appointed handmaiden of private investors has worked hand-in-hand with some less than creative forces, this red lining has been almost ubiquitous in small towns and rural areas since the memory of man runneth not * * * In other words, FHA never has functioned in small towns and rural areas except under exceptions to the rule, and it is still not doing so. To impute blame here in the normal moral sense is fruitless because Congress apparently never intended that FHA should be anything except a scow on which lenders, realtors, developers, surveyors, title finance companies, and the rest of the camp followers of the housing industry could ride when they could not get aboard the yacht operated by banks, insurance companies, savings and loan and other lenders, catering to the better quality (i.e., more affluent) folk.

*Public housing*

Problems uncovered in public housing again parallel the problems of Federal food programs. Essentially, it is that the poor in one State are not viewed as poor in another State. Reliance on the authorities of the lower levels of Government to take advantage of what inadequate Federal subsidies are available and to complement them with funds of their own does not work. Some States are technically unable, some are disinterested, and many just have a too small revenue to undertake the development of public housing. This is another Federal program which relies heavily on the ability of the State to participate. But it is clear that in rural America, where two-thirds of the actual need is, State governments simply cannot do the part that the Federal Government would like to do.

*Farmers Home*

Farmers Home administers 20 different programs. One witness pointed out that in 11 years the size of its programs has increased over 620 percent while its staff size has increased only 77 percent. This year FmHA requested administrative funds of $146 million; the Administration cut them back to $85 million.

As for the incredible backlog FmHA is faced with:

Despite a backlog need of some $11 billion in community facilities in the FmHA areas, the funds available for last fiscal year in grants was only $46 million and the ceiling on direct loans is $64 million. If the maximum amount of both were expended each year, it would be more than a century before the backlog of present need is met.

FmHA is operating under a statutory limit that restricts it to towns of 5,500 and below. FHA red-lines most towns of 25,000 and below, leaving literally millions of people caught in between without housing programs of any kind. Neglect on the part of the Federal Government of this magnitude demands earnest reevaluation of our current programs.

The committee has not fully evaluated the operating procedures of all of the Federal agencies concerned with housing. However, the manner in which FmHA determines loan eligibility of low-income families offers one example.

When FmHA deals with a low-income family on a housing loan, officials construct a budget for the family including everything except shelter, ascertain the family income and subtract the family budget from that income. The residual, whatever is left over, is the amount which FmHA considers to be the mortgage paying capacity of the family. So, if a family has been paying $50 a month for a shack to some slumlord for years, and wants to buy or build a house costing half that amount per month, FmHa's curious logic would result in denial of a loan on the grounds that the family has no rent paying capacity after the deduction of its other needs from its income.

In sum, there are millions of Americans who are getting "homes" unfit for human habitation from slumlords, there are millions who are denied public housing, and there are millions who cannot overcome the arbitrary and illogical hurdles erected by FmHA. All are living in substandard housing that threatens their health and safety.

## RURAL HOUSING AND HEALTH

As the select committee traveled rural America, it often questioned the value of feeding a mother and her children in an environment of squalor—in a shack with no clean water, no sanitation, no heat. Witnesses appearing before the committee reinforced observations that increased food supplies often provided better nourishment for parasites that infested people living in such conditions than for the people themselves.

These observations are hardly new. As early as 1937, Congress declared that its housing policy is in part a health policy too. Section 1 of the U.S. Housing Act of 1937 declared it to be the policy of the United States "* * * to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income * * *"

But the true dimensions of the impact of housing on health cannot be accurately understood without recognizing what constitutes "health." As one committee witness (Dr. James Kimmey, executive director of the American Public Health Association) put it: "Health is a state of complete physical, mental, and social well-being, and not simply the absence of disease." He further stated:

> It has become popular in recent years to refer to health as a basic human right. In the context of the broad definition of health, is this Nation really ready to accept the implications of establishing health as a basic right of man? Are we ready to move in an organized fashion *to create the structures of law and programs required to secure a health right* as we have for the other rights as defined in the Constitution and Bill of Rights? [Emphasis added.]

As previously stated above, Congress has already made note of the interdependency of decent health and decent housing. Yet the facts cited in the following sections of this report will reveal how much remains to be done in eradicating the housing problems in America. And recently the select committee has heard shocking evidence supporting the urgent need for decent housing as a matter of national health.

A consensus of testimony before the committee indicated that as a family's income drops, so does the condition of its housing. And as the housing conditions decline, indications of all types of illnesses rise: stillbirth, infant mortality, lack of normal advancement in school, sickness-absence rates, juvenile delinquency, school dropouts, higher accident rates, especially among children and youths, and mental and emotional disturbances among adults.

Several witnesses focused on specific incidences of the rural housing/health relationship which demonstrate its far-reaching dimensions.

Dr. Jack Geiger of the Tufts-Delta Health Center at Mound Bayou, Miss., showed the committee a photograph of an emaciated 2-month-old child under his project's care. Speaking of the child, Dr. Geiger said:

> He is not atypical. I have to assume that he is not premature and he is not dead. He is 2 months old in that picture and weighs 2 pounds less than when he was born. He had infectious diarrhea, dehydration, malnutrition, and anemia.
>
> On the basis of all our data and our experience in the area let me tell you some more positive statements we can make about him. Even in that state, he is a lucky survivor. Our environment is such that many of his brothers and sisters literally die before they are born. * * *. The probability is good * * * that he was taken home to a deteriorating shack with a contaminated water supply, a sunshine privy, a crumbling ceiling, open windows, holes in the walls patched with newspaper, inadequate heat, to share an environment with three of four other people per room and countless flies, mosquitoes, roaches, and an occasional rat. In that environment, with the water supply, the probability is good that within the first week of his life he was ingesting some of his own excrement—or his brother's, or sister's, or his neighbor's, or an animal's.

Mr. Andrew James, an associate of Dr. Geiger, offered further testimony on the poor housing-poor health relationship:

> [A Mississippi child] was brought to the health center at 9 months of age because of a persistent rash covering his whole body. The rash subsequently became infected. The child was found to have atopic eczema, asthma, diarrhea, nutritional anemia, and iron deficiency. Salmonella was isolated from his stool. The environmental services division found his home—like thousands of others—to be a rural shack unfit for human habitation.

Witness after witness offered similar testimony leading to the conclusion that housing is of unquestionable importance in determining health levels. It was clear that: A person living in a collapsing, dilapidated, or substandard house has a far greater possibility of becoming infected by mosquitoes or flies. A person living in a shack with broken windows, holes in the roof, walls, and floor is much likelier to freeze, to die of pneumonia, or to be burned out. A family living five to a bed and 10 to a room is much more vulnerable to every infection, including tuberculosis. It was reported that in some instances families were forced to cannibalize their own homes—tearing boards from the walls to burn in an old stove for heat to get through the worst of the winter months. Communities were described in which families move from shack to shack each night, crowding together with others—infants, youths, adults, and elderly together—just to keep warm.

Many families feel compelled to move from such conditions, and seek refuge in the cities. That mobility itself, shifting from one environment to another, can be a noxious influence on the mental and physical health of the individual. Nevertheless, many families are forced to uproot and settle in the urban centers where they find much the same problems but with a few new twists to which they are unaccustomed.

Hundreds of urban children fall to their deaths from dilapidated buildings which lack window guards. Lead-paint poisoning, carbon monoxide poisoning from the use of indoor heaters where windows are kept shut against the cold, tuberculosis, rat and insect bites on children—all exist within the urban areas. To add to the dreariness, there are piles of garbage in halls, sidewalks, alleys and vacant lots. Witnesses from the Dr. Martin Luther King, Jr. Neighborhood Health Center in the South Bronx testified they had found that the incidence of upper respiratory infections was directly related to the degree of dilapidation of the buildings in which people lived. Dr. Elihu Richter of the Mount Sinai School of Medicine in New York told of his suspicions that bronchial asthma, the second or third most frequent emergency room diagnosis at Mount Sinai Hospital, was triggered by allergic reactions to rodent dander and mites in house dust.

*Better housing means better health*

It is evident that ill-health follows bad housing. Equally important is that improved health follows wherever there is improved housing. For example, it was reported that at the Rosebud Indian Reservation in South Dakota, hospital admissions dropped 30 percent and daily patient census was down almost 40 percent after 375 families moved into new homes.[1]

It has become increasingly clear that an effective national health policy for the poor of this country will require an effective national housing policy. The American Public Health Association told the select committee in November 1969, that:

> * * * a national program to improve housing for the poor is urgently needed as a health measure. It is simply impossible to maintain health in houses that are physically unsafe and do not have elementary sanitation features. * * * Overall, housing may be at least as important to health as hospitals. We believe that health interests require the same approach to housing as that taken to hospitals.

The Government's failure to deal with housing as a preventive health measure is obvious. After 30 years of public housing, the primary program serving the poor has housed only 10 percent of its target population (and less than 3 percent of the target population in rural areas and small towns). Decent housing is distributed to the citizenry as a privilege in reward for a level of income minimally above the poverty line and in reward for perseverance outstanding in the face of an incredible tangle of redtape.

By the rank we accord housing in national priorities at funding time, and by the very admission that it will take at least another decade to fulfill a 20-year-old promise, it is clear that we still do not regard the sound health of the people of this Nation as essential to the security of the Nation, or as a basic human right. If we are going to create the conditions under which people are healthy, long-lived, and productive citizens who live in harmony with their society, we must give primary attention to creating better places for people to live and work, so that members of a family can carry out in comfort and without conflict those interpersonal relations upon which human growth, development, and health so much depend.

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[1] Bryant, Hilda; *Red Man in America.*

## THE URBAN RELATIONSHIP

To a great extent, this report concentrates on the housing crisis of rural America. The empty promises, redtape and malnourished funding of the Federal role in rural housing have been detailed. But it is not the tensions of rural America that are in the minds of most of our citizens. Rather we fear tension in the Nation's cities, and justly so. This fear has been accompanied by even greater neglect of the problems of rural America. In doing so, we have only added fuel to our fears. We have, in the last analysis, ignored a prime source of preventive care for the urban crisis. One witness described the results of this fear-oriented social policy this way:

> There has been a lot more attention given to the problems of the cities because of the overt anger there and the justified uneasiness that someone is just about to burn down the penthouses or make them unuseable because the streets are either actually unsafe or reported to be. But the problems in the small towns and rural areas are no less real or tragic.[1]

The decline of rural America and the dilemma of urban decay are closely related. Urban blight feeds, in part, upon our failure to keep our promises to the area of most desperate housing and sanitation need: Rural America.

The development of this relationship was described for the committee by several witnesses. Clay Cochran, of the National Rural Housing Coalition called the process the "American Enclosure Movement." He said:

> This American enclosure movement which is the basic "push" behind the out-migration of millions of rural people in the last 20 years was the result of deliberate congressional policy . . . For documentation, compare the appropriations for price support with the appropriations for FHA and its predecessor agency to retain a family-type agriculture.

The obvious relationship between urban and rural America has been all but forgotten. The Federal Government has all but ignored this relationship and has forced the rural residents into an unwelcoming urban environment. One witness put it this way:

> We are witnessing an increasing movement from rural areas to central cities. People wishing to escape from unpleasant situations in their rural homes often make their way to the larger cities of our country. Unfortunately, they are more often than not rudely awakened to the fact that escape is impossible. In the central cities they find they are no better off, and in many cases are in worse circumstances

[1] Clay Cochran, Chairman, National Rural Housing Coalition, testimony before this committee, Oct. 7, 1970.

because they lack a familiarity with their new surroundings. The illusion that a rural resident can find a new life and happiness in a central city is often no more than a cruel joke.[2]

The results of this misdirected policy have been nothing less than tragic. We have, first of all, ignored the millions left behind:

> This enclosure movement and the resulting outmigration has created a crises in the cities without curing the rural housing problem because rural areas have suffered from deficiencies in modern facilities and housing for so long that the out-migration did not make available decent housing even to those who remained.
>
> Heaven only knows how many families have been expelled from rural homes through this enclosure movement, and how many are still allowed to live in shacks for which the landlord no longer feels any need for maintenance.[3]

A continuance of the urban-rural migration can only feed the fuels of social economic and health crises in our Nation's cities. This stark warning was offered by Mr. Rogers B. Morris.

> If this Nation does not begin now to solve the environmental problems of the rural poor, then large cities will find these same masses standing at their doorsteps in search of jobs, decent housing, food, municipal services, education, and community control in urban areas. I believe this has been happening for two decades as the South's rural blacks have been forced to migrate out for survival. I believe it is happening now. I believe you call it the urban crisis.

Consequently, our attention to rural America is not a one-sided affair. We have long-overdue promises to keep in rural America and we have a need for vision in combating the total decay of our urban environments. The future magnitude of urban housing and other problems is dependent, to a great extent, upon the fullness and quality of our Federal policy in rural America.

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[2] John J. Gunther, Executive Director, U.S. Conference of Mayors, testimony before this committee, Oct. 6, 1970.

[3] Clay Cochran, Chairman, National Rural Housing Coalition, testimony before this committee, Oct.7, 1970.

## SUMMARY

In summary, the select committee's investigation to date raises questions in a number of areas.

(1) There is every evidence that the extent of housing need in the United States is substantially greater than is recognized, and that our information about the nature and location of that need is also wholly inadequate.

(2) It is clear that our national response to that need has been totally inadequate, especially in rural and small-town America. The low-income programs—which were the most numerous as of the end of last year only because public housing is a third of a century old, and the others are comparatively new programs—have not yet served 10 percent of their constituency, and in nonmetropolitan areas, they have not yet served 5 percent. This may be, in large part, a matter of our unwillingness to date to commit the necessary resources to the job and to fund fully the programs Congress has legislated.

(3) Indications that the implementation of these programs is not being achieved on a basis of equity point to the need for a third area of investigation—into the administrative policies and practices, and the institutional factors which may represent constraints to their availability in particular areas and for particular groups.

(4) And, beyond even this, the basic adequacy of the programs themselves—in terms of the meaningful achievement of our national goal of "a decent home in a suitable living environment for every American family"—represents a fourth area of potential examination.

## What Needs to Be Done

In its hearings, the select committee heard scores of suggestions for action on the housing crisis in America. Staff research and discussion disclosed still others. Some suggestions called for possible reforms in the existing programs; some for fiscal changes, some for major reforms, eradicating present programs in certain cases. The committee staff felt that many of these suggestions are of value and deserving of further investigation. As stated before, this report is not intended to offer conclusive solutions. The intent is to make known what was revealed in past hearings to promote greater understanding and interest in the problem.



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