HOW TAX EXEMPTION BROKE THE HOUSING DEADLOCK IN NEW YORK CITY

A Report of a Study of the Post World War I Housing Shortage and the Various Efforts to Overcome It

Special Committee

on Tax Policies

Organized by

Citizens' Housing and Planning Council of New York, Inc.

TAX POLICIES COMMITTEE

Dr. Arthur P. Becker
Mr. S. Howard Evans
Mr. Earle K. Moore
Mr. Pierrepont I. Prentice
Dr. George Sause
Dr. Edwin H. Spengler

PREFACE

Mr. Walter Rybeck

STUDY STAFF

Albert Pleydell, *Director*
Elizabeth Wood, *Associate Director*

Alice F. Barton
Jean F. McIntyre

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IN

NEW YORK CITY

A report of a study of the post World War I housing shortage and the various efforts to overcome it, with particular emphasis on the four-year period of 1921-1924, during which limited exemption was granted from local taxation for all new buildings intended exclusively for dwelling purposes.

This study was sponsored by the Citizens' Housing and Planning Council of New York, Inc., under grant from the Robert Schalkenbach Foundation. CHPC is happy to publish this report as a public service.

All opinions expressed herein are either Mr. Rybeck's, in the Preface, or drawn from records of the period studied, and do not necessarily reflect those of the Committee or of the sponsor.

May, 1960

Committee on Tax Policies

Citizens' Housing and Planning Council of New York, Inc.

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PREFACE

The chronology of the Twenties casts long shadows of the very plaints besetting New York today.

This was the picture four decades ago: A critical housing shortage. Rent-gouging landlords. Miserable slums dehumanizing the people in them. Inflated prices for land, labor, materials. Ineffectual controls. A welter of recommendations.

Differing in detail but not in essence is the pattern today: Shortages of low- and middle-income housing. Blight on the march. Delinquency, crime, intergroup friction erupting out of squalor. An array of controls and subsidies. Sporadic demands for action.

The failure to master the compelling need for decent housing over the past 40 years is incongruous in light of fantastic gains in other fields. In seeking the cause of this failure, one cannot point to any lack of productive techniques. These are the genius of the country, visible on every hand, from the wizardry of electronic computers to dime store potato peelers.

Why has so little of our gigantic productive capacity been used to cope with urban decay, to blot out blight? Why hasn't this happened in ways consistent with cherished American freedoms?

One such way was found - in the tax exemption measure of the early Twenties - although its lasting value was lost sight of in the succeeding crises of the era. It brought into play, for housing, the essential dynamic that accounts for progress in other industries. It made housing an attractive investment.

The tax exemption law thawed the building freeze almost overnight. It attracted mortgage capital. It brought acres and acres of unused and underdeveloped land into use. It raised land values. It boosted

municipal revenue. It paved the way for several pilot developments of low-rent housing units. It ended the acute shortage of dwellings in three years. It injected new vitality into the City.

No awesome powers, no vast public expenditures were involved in writing this chapter of New York City history, reconstructed in the following pages from accounts in The New York Times, and from official records. The formula excused property owners from real estate taxes on the value of new homes and apartments. This exemption specifically did not apply to sites, only to buildings on them. As the construction boom gained momentum, assessments on steadily increasing land values brought more tax money into the City's treasury.

After the emergency exemption laws lapsed, the real estate tax once more applied to all dwellings. Again, it rests heavily on new construction. This penalizes decent housing, stacking the cards in favor of the slum owners.

The experience of the Twenties showed that a simple alteration of the real estate tax could make it good business for the property owner to do just what the community wanted him to do - supply the demand for more and better housing.

Walter Rybeck

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FOREWORD

Last fall, the Citizens' Housing and Planning Council of New York, Inc., deeply disturbed by the persistent housing shortage and the absence of a comprehensive program of urban renewal, sought and obtained a study grant from the Lavanburg Foundation. This grant covered the planning, organization and relocation aspects of urban renewal. Mr. Albert Pleydell, management consultant, was appointed study director, and Miss Elizabeth Wood, housing specialist, was named associate director. Coincidentally, Mayor Robert F. Wagner appointed a Special Adviser, J. Anthony Panuch, Esq., to conduct an official inquiry into these same areas. Informing the Mayor of its own project, CHPC offered its full and complete cooperation. The Mayor accepted the offer and, in return, made available the records of the various agencies involved.

CHPC then arranged with Mr. Panuch for both study staffs to maintain liaison with each other. Over the months, these relationships proved to be both harmonious and mutually helpful.

During the early stages of the project, it became clear that other important and closely related facets of the problem would have to be scrutinized in the interests of a more complete and realistic understanding. Each of the collateral studies was defined and private funds secured to carry them forward.

One of these inquiries, outlined in the following pages, dealt with the effects of tax policies on the availability of adequate housing, and on urban renewal. It was financed by a grant from the Robert Schalkenbach Foundation. To avoid any duplication of effort, this supplementary task was placed under the direction of Mr. Pleydell and Miss Wood. CHPC designated a special Tax Policies Committee to guide the staff and assume over-all responsibility for its work. Serving as members of this Committee were:

Dr. Arthur P. Becker, Chairman, Department of Economics, University of Wisconsin, Milwaukee, Wisconsin
Mr. S. Howard Evans, Former Director, Urban Renewal Service Branch and Program Demonstration Branch, Federal Urban Renewal Administration, Washington, D.C.
Mr. Earle K. Moore, Attorney at Law, New York, New York
Mr. Pierrepont I. Prentice, Publisher, House and Home Publications, New York, New York
Dr. George Sause, Professor of Economics, Lafayette College, Easton, Pennsylvania
Dr. Edwin H. Spengler, Professor of Economics and Director of School of General Studies and Summer Session, Brooklyn College, Brooklyn, New York

Among the various problems studied was that of tax abatement. New York City presently has limited powers to grant tax abatements on new housing facilities, when they are sponsored by cooperatives, limited-dividend or redevelopment corporations. By way of contrast, during the period immediately following World War I, when a similar housing crisis existed in 1920, the City was authorized to grant full exemption to new housing, regardless of sponsorship.

The Committee felt that a study of that earlier experience might prove valuable today. It therefore requested the staff to review the history of the 1920 tax exemption legislation.

The Committee believes that the carefully documented record of the tax exemption experiment compiled by the staff is an invaluable addition to the literature of taxation and housing. The full story of the experiment is told in this volume. Facts about the housing shortage; suggested solutions; the origin of the tax exemption plan; its legislative history; opinions pro and con as expressed by contemporaries, both public officials and private citizens; findings of official commissions - these are the record of how tax exemption broke the housing deadlock.

In compiling this report, great care was taken by the editors to refrain from injecting any of their personal opinions into the text. In the following pages, statements of opinion or conclusions drawn from the facts are solely those of the participants in or contemporary observers of the experiment (with one exception: the final paragraph of Section 1 - G. Conclusions).

In presenting the documentary material, we have arranged the report in three sections and an appendix. Section 1 consists of a narrative summary of the entire experiment. Section 2, divided into seven parts, consists of highly condensed summaries of the actual documents: ordinances of the Board of Aldermen; expressions of opinion received by the Board; bills and resolutions introduced in the Legislature; laws passed by the Legislature; and reports of the legislative committees and commissions. The style used here is deliberately condensed to the extreme - as the most practical means of presenting the voluminous factual material. Readers desiring to read the original documents will find references to the sources. Section 3 consists of a condensed summary of expressions of opinion taken from The New York Times for the period. The Appendix consists of

photocopies or transcripts of pertinent documents. For the readers' convenience, symbols are used in the text to indicate which of the materials summarized in Section 2 are reproduced in full or as excerpts in the Appendix.

The Committee wishes to acknowledge with appreciation the cooperation received from the staffs of the following libraries and foundations:

New York Public Library: Economics Division and Municipal Reference Library

New York State Library: Legislative Reference Library and Gift and Exchange Section

The City College (New York) Morris Raphael Cohen Library: Social Science Division, Russell Sage Collection

Russell Sage Foundation

Thanks to their invaluable assistance, the Committee is pleased to be able to include in the Appendix photographic copies of many of the original documents.

SECTION 1. SUMMARY OF FINDINGS[1]

A. RECOGNITION OF THE HOUSING PROBLEM

In 1919, at the end of World War I, New York State was confronted with many postwar difficulties. None of these problems was more pressing or intricate than housing. Particularly in New York City, housing evils had become so acute during the war that, by 1919, an emergency situation existed. Abnormally high rents continued to rise; building activity was virtually at a standstill; and social unrest was mounting. Immediate action was essential. Prior to this time, State action with regard to housing had been restricted to the Tenement House Law, which merely set minimum standards for construction; no constructive State housing policy existed. The emergency conditions following the war necessitated a degree of governmental action formerly unknown in housing. The legislation of the period varied from provisions for rent control to indirect subsidies for building.

1. Official Committees and Civic Groups

By early 1918, both City and State officials were aware of the housing emergency and the need for immediate action. Official committees were appointed on both levels. In January 1919, the Governor appointed the State Reconstruction Commission, urging its members to study housing needs throughout the State and to formulate plans for a legislative program. In April of 1919, the Legislature formed the Joint Legislative Committee on Housing to study the causes of high rents and the reasons for lack of construction.

New York City, more seriously afflicted by the housing shortage than any other city in the State, was very active in attempting to find solutions. Prior to 1919, the Mayor had appointed a Committee on Rent Profiteering and Taxation to investigate high rents and to arbitrate tenant-landlord disputes. In 1919, the Board of Aldermen empowered its Committee on General Welfare to cooperate with the Mayor's Committee in rent studies. The Mayor took further steps, in 1920, by forming the Housing Conference Committee to draw up plans for increasing housing accommodations. The Committee was composed of representatives of capital, labor and real estate interests.

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[1]Opinions expressed herein are those of the period being reviewed, as expressed in reports, correspondence and newspaper accounts.

The active cooperation of such leaders and the formation of many civic organizations to suggest legislation and to take action manifested the great degree of public interest in the problem.

Among these various groups, civic and official, there was general agreement with regard to the existence of an emergency. Recognition of the more permanent aspects of the problem and the degree of governmental action necessary and desirable was not general. Many felt that, once emergency legislation had stimulated building and re-established a proper balance between supply and demand, conditions would right themselves without further State or City action. However, the causes of the emergency were so deeply rooted in the more fundamental problem that emergency measures often proved inadequate and only emphasized the more permanent ills of the over-all housing situation.

2. Rent Laws

In 1920, the Legislature officially declared a state of emergency on the basis of the exaction of unjust rents, impaired freedom of contract and intolerably congested living conditions. Immediate relief for tenants of all income groups was necessary. Several emergency laws were passed, including the so-called rent laws to protect the tenants against rent profiteering, and constructive legislation to stimulate building. These laws, and the many proposed measures on which no action was taken, were often justifiable only because of the emergency situation. They left much to be desired from the point of view of a permanent housing policy. The New York Times suggested that the "wise ones" were so little confident of their powers that they were willing to try anything, provided that it was new; they deserved unqualified support for their good intentions, if not for the wide variety of suggested legislation, much of which was of questionable soundness.

No permanent relief was expected from the rent laws, which merely protected the tenants against rent profiteering. High rents were only symptomatic of a shortage of dwellings; but until adequate accommodations were provided, the tenants desperately needed protection. Landlords and realtors bitterly opposed interference with the natural operation of the law of supply and demand. They argued that high rents were due to increased costs and were necessary to provide money for new building operations. The law of supply and demand would, they insisted, solve the problem without the artificial interference of the State.

The Reconstruction Commission declared that no law with regard to rent profiteering could be expected to give relief. The opponents of the laws seemed to feel that the tenants should be philosophical about their sufferings and wait until high rents produced new buildings. The Legislature was aware of the shortcomings of the laws in solving the housing problem, but recognized also the need for the protection they afforded. The laws, liberal in their nature, provided for normal increases in rents while protecting the tenants against profiteering. New construction, however, was exempted from their application, in order that new builders might not be discouraged.

Recognition of high rents as symptomatic of an alarming scarcity of dwellings was immediate; constructive action was relatively slow. The exclusively restrictive nature of the rent laws passed in the 1919 and 1920 sessions of the Legislature caused public demand for a special session to provide measures which would stimulate building. The attitude of the public and the press was that the rent laws had been passed in hysteria; it was now time to get down to serious business. The task of the Legislature in drafting constructive laws was not an easy one, because the reasons for lack of building activity were many and involved. Some of these causes were a direct outgrowth of war conditions, but others were more fundamental and could not be alleviated by temporary, emergency measures.

B. BUILDING DEADLOCK

The most frequently cited reasons for the lack of construction were: (a) shortage of capital; (b) scarcity and high cost of labor and building materials; and (c) excessive realty taxes. These causes were apparently related, since capital was unwilling to invest or builders to build in a period of inflated costs and high taxation. In 1920, general uncertainty with regard to normal market levels caused a complete deadlock in building activity. The first and most important step in breaking the deadlock was to establish a degree of confidence in continuing high costs. Officials insisted that prices would never return to prewar levels. Even after a degree of confidence was effected, the unwillingness to invest and build remained. There were still too many obstacles in the way of safe and profitable building. Constructive municipal and State proposals for housing aimed at overcoming the various factors

that hindered building. The great variety of these proposals and their frequently extreme nature seemed to indicate the existence of an almost hopeless situation.

1. Scarcity of Capital

In 1919 and 1920, the scarcity of capital was declared to be the chief cause for the lack of construction. The existing mortgage system was not adequate to finance the great amount of building necessary to make up for the complete cessation during the war years. This was apparently the case throughout the country. In 1919, a survey revealed that the general trend throughout the nation with regard to housing was the establishment of funds from which the small owner could borrow. Although plans for establishing funds were proposed in New York, organized financing never became a reality. Virtually all constructive housing suggestions during 1919 and 1920 dealt with the stimulation of capital. In 1919, the Legislature attempted to free capital for building operations by amending the Banking Law to liberalize the policy of savings banks in making building loans. The measure had little effect; the shortage of capital seemed too closely connected with other difficulties. State and City officials made appeals to the civic spirit of lenders and heads of lending institutions, stressing the social aspects of the problem and the civic responsibility of monied citizens during the emergency. The New York Times also urged investors to recognize their duty, lest the government be forced to provide funds or to construct buildings. These appeals had little success in 1920,because investments at that time were too great a risk due to inflated costs. The Joint Legislative Committee conducted a series of investigations in 1921 to determine what more could be done by insurance companies and savings banks. The Committee suggested a law compelling insurance companies to invest up to a certain percent of their funds in mortgages. No action was taken on the measure.

The most attractive proposal for stimulating capital seemed to be the exemption of mortgages from State and Federal income taxes. Savings banks and insurance companies were unable to provide sufficient capital. Other lenders had to be attracted by means more effective than appeals to civic spirit. Because the limited 6% return on mortgages was seriously reduced by taxes,

these securities were unable to compete with others yielding a higher return or exempt from taxation. The proposal to exempt mortgages had many adherents, who insisted that money was diverted from the mortgage market largely because of the great number of exempt securities. The measure to exempt mortgages would, they felt, cause a flow of capital sufficient to stimulate a building boom. There were also many opponents, who deemed the proposal class legislation and warned of the bad effects of exemptions. A far wiser solution, they felt, would be to tax the many securities which were enjoying exemptions. This, of course, would take time and would not provide an immediate solution to the problem. The State exemption would have been negligible without the Federal exemption. An awareness that Congress was unwilling to grant the exemption finally caused the State to abandon the idea. The measure was reintroduced several times by those who insisted that the crux of the housing problem was financial, and that the only solution was the exemption.

Because capital from private sources was reluctant to enter the building field, use of public funds was repeatedly urged. Congress was asked to act on the Federal Home Loan Act and the Federal Urban Mortgage Bank. The formation of State building and loan associations and the extension of State and municipal funds were suggested. Government financing was viewed by the majority as socialistic, a course of action which should be adopted only after all else had failed. Constitutional amendments would have been necessary for such a plan. Because of the length of time needed for an amendment, it was difficult to consider public funds as an immediate solution to the emergency shortage of dwellings.

The question of capital, its scarcity and expense, although overcome sufficiently to stimulate a building boom in 1923, 1924 and 1925, remained a very important problem which had to be faced in proposing a permanent housing program. The capital for emergency building was made available largely because of the action of public-spirited men, the benefits of other emergency laws and the relative stability of market levels after 1920. Large amounts of inexpensive capital, however, were never readily availabe. The State realized that no adequate housing program could be launched until some kind of legislation made substantial capital available at low interest rates. It was for this

reason that the Governor, the Mayor of New York City and the Reconstruction Commission repeatedly urged the extension of public credits as a permanent measure.

2. Construction Costs

The high costs of building materials and labor were as serious deterrents to construction as was the shortage of capital. Unfortunately, these obstacles did not respond so readily to emergency measures. Capital was secured for emergency building, but costs were never greatly lowered. Had costs been substantially reduced, perhaps some low-cost housing would have resulted. In 1920, a peak of inflation was reached; after that time, prices began to recede slightly, but continued to remain far above prewar levels.

Continuing high costs were caused partly by the strain which the building boom placed on the already inadequate supply of labor and materials. State investigations revealed that building costs were kept high because of illegal combinations in restraint of trade and transportation difficulties. The Federal Government was urged to grant priority in transportation to building materials; to place a limited embargo on their exportation; and to take action against illegal combinations. Labor costs were kept high by union abuses and unsettled labor conditions.

The Joint Legislative Committee recommended changes in the organization and management of unions and later urged government control over them. The Mayor of New York City offered to arbitrate labor disputes. These measures added to the natural decline of market levels in slightly lowering costs, but builders were still reluctant to build new housing to compete with that constructed during a period of much lower costs, unless such housing could be rented at levels which would insure a profit.

3. Realty Taxes

High realty taxes and a flexible tax rate also discouraged new building. In an early report, the Reconstruction Commission declared that real estate could bear no further tax burdens and suggested a fixed tax rate. It was felt that increasing taxes on real estate increased rents, discouraged construction and drove capital into other fields of interest. The crisis, realtors insisted, would be overcome only by stimulating construction, which

would not happen unless rents were to rise or taxes to go down. That lower assessments and a fixed rate would have stimulated building is quite probable; that the reduced taxes would have lowered rents in existing apartments and caused the building of low-rental dwellings is doubtful.

4. Miscellaneous Proposals

Many miscellaneous proposals to provide dwellings were suggested. The Tenement House Law was amended to permit kinds of remodeling formerly forbidden. The enforcement of this law almost ceased until the emergency had passed. According to the testimony of the Tenement House Commissioner of New York City, many violations were necessarily overlooked. An architectural competition sponsored by the Joint Legislative Committee and the Reconstruction Commission aimed at stimulating the rebuilding of old-law tenements. The City desired to use its power of excess condemnation to take over and remodel old tenements and to rent them at cost. Municipal building was seriously considered; the Mayor submitted a detailed program for such a plan. Some suggested that the only solution to the housing problem lay in the distribution of population through improved rapid transit facilities to outlying areas where land was inexpensive.

C. CONSTRUCTIVE LEGISLATION - TAX EXEMPTION LAW

Until the special session of the Legislature in 1920, none of the proposed or actual measures was adequate to put the building industry back on its feet. The problem was too complex to be remedied by any patchwork medicine applied to either finances or high costs. Something more comprehensive was needed - a plan which would make building an attractive investment, offset the high cost to the builder and be effective immediately. The local tax exemption law was such a plan.

1. Reasons for Urging the Law

The idea of exempting new buildings planned for dwelling purposes from local taxation for a period of years appeared early in 1919. Public demand for the law increased through 1920. When passed in September of 1920, at the special session, the measure was hailed as the one ray of hope, more comprehen-

sive in scope than any other proposed measure. The general aim of the law was to lower rents through an equalization of supply and demand; the immediate aim was to stimulate building. The law would, it was hoped, in some way overcome each of the obstacles to construction: a flow of capital would be stimulated because tax savings would guard against the risk of possible fall in costs; builders could save up to 20% of the cost of the building. This 20% saving would offset the high cost of building materials and labor and put new construction on an more equal footing with old construction.

2. Objections to Passage of the Law

The wisdom of the law was not universally acclaimed. Many felt that it would cause a serious loss of revenue to the City. Others objected to it as class legislation, insisting that a shift in tax burdens would result. Supporters of the measure pointed out that building operations were at a complete standstill; without tax exemption, no new buildings would be constructed. Since the land on which the buildings were to be erected would remain taxed, often with higher assessments due to the new construction, the City could lose no money on buildings which would not be built without the exemption. Additional costs to the City for public improvements would be more than offset by the increased land values. There existed, then, a choice between no buildings with no tax, or untaxed new buildings. Since the exemption would ultimately provide a great source of permanent revenue, the proponents of tax exemption argued that the City had little or nothing to lose financially and much to gain in improved general welfare. Tax exemption was a far wiser step than cash subsidies or public building. The owners of old buildings would not, as was feared, have extra burdens to bear. It was claimed that the City could lose nothing; there was, therefore, no burden to shift. In many cases, new construction would actually benefit the old owner by enhancing existing realty values.

3. The Law and the Ordinance

After considerable debate, the law was passed in the special session of the Legislature in 1920. As passed, the law exempted from local taxation, except for local improvements, until 1932, all buildings to be used exclusively for dwelling purposes, or all buildings of four or more stories to be used exclusively for dwelling purposes above the ground floor. These buildings

were to be completed within two years, were to be in the course of construction when the law was passed, or were to have been completed by April 1, 1920. The law was permissive in nature, requiring local legislation to make it effective. In New York City, the passage of an ordinance under the enabling act was repeatedly delayed by attempts to limit the statute so that the construction of moderate-priced dwellings would be encouraged. The Mayor felt that, unless restrictions were carefully provided, exemptions amounting to one-third of the cost of new buildings would be granted as a gratuity to builders and owners. He believed that exemptions should be granted only in certain cases. The first proposed ordinance provided that the Tenement House Commissioner and the Board of Estimate and Apportionment must determine whether or not the building for which the exemption was being sought would actually provide relief in the emergency. From the many suggested ordinances and amendments, an ordinance limiting the exemption to $1,000 per room up to $5,000 per family unit was passed on February 15, 1921. This gave a proportionately greater advantage to housing of moderate price, built on low-cost land. The City felt that, since the advantages of the exemption decreased proportionately to the increased cost of building and land, builders would erect low-cost housing. The Legislature of 1921 supported the action of the City in limiting the exemption.

4. Results of Tax Exemption

In the spring of 1921, a building boom commenced which was to increase in volume for four years. Great numbers of tenements and apartments were built. Statistics show a marked increase in plan filing in March of each year. These increases were interpreted as indicating a rush to build before the exemption expired. Even greater activity was seen in the construction of one- and two-family homes; many Manhattan tenants bought homes in the outskirts to avoid paying high rents.

Cumulative Tax Exemptions, by Years

	Completed Structures
1922	$ 83,448,945
1923	224,973,665
1924	482,066,870
1925	803,625,400
1926	895,717,700
1927	916,512,915

Although tax exemption stimulated new building, it did not achieve the more general aim of lowering rents through an equalization of supply and demand. The supply of buildings continued to increase for four years, but so did the rentals, especially in low-cost housing. It became obvious that, in spite of the limitations in the ordinance, the type of multi-family housing being built was for that level of apartment dweller who had never really felt the serious pressure of the housing shortage. Low-cost housing was not being produced. Consequently, in 1923, the City further limited the ordinance, granting to multi-family housing a total exemption of only $15,000 per house. The limitation reflected the belief of the City that encouragement for one- and two-family homes was still necessary and desirable, but that multi-family housing did not really need the benefits of the exemption. Rents in these new buildings, not subject to control, were generally much higher than in the old buildings. The benefits of the exemption were being retained by the speculators and the builders, rather than being passed on to the tenants in the form of low rents. The construction of multi-family housing did not decrease after the limitations; the high rents were a sufficient inducement to build.

Many felt that besides having no effect on rents, tax exemption was undesirable; that it had, in fact, boomeranged by placing a strain on the already inadequate supply of capital, labor and building materials, thereby keeping costs high. With such costs, builders insisted, even with a small profit, low-cost housing at low rents could not be produced. However, two experiments[1] proved that low-cost housing could be produced under certain conditions, with the aid of tax exemption. The Metropolitan Life Insurance Company had constructed housing to rent at $9 per room per month. The Phelps Stokes Fund had constructed similar low-cost housing. Both were satisfied with a return of 6% - a return not considered adequate by the speculators. These projects had the further advantages of ready and inexpensive capital and large-scale production.

5. Suggested Changes in Tax Exemption Plan

An awareness of the type of housing being produced by tax exemption caused many to urge that the law be extended, but with a limited-profit clause or with

[1]Projects constructed pursuant to Chapter 658, Laws of 1922.

rent controls. Neither plan was adopted by the Legislature nor the City. The limitation of the exemption to $15,000 in New York City may have increased the revenue of the City considerably, but it produced no low-cost housing.

6. Tax Exemption as Emergency Legislation - Summary

That the Legislature regarded tax exemption as emergency legislation was evident. It was consistently classed with the emergency rent laws; its extension was granted only on the proof of the continuance of the emergency. The constitutionality of the law, questioned in Hermitage vs. Goldfogle, was upheld as emergency legislation. As such, tax exemption was effective - if only psychologically, in the case of multi-family dwellings. There was, in 1920, a desperate need for housing of all kinds, and tax exemption provided housing in great quantities. Supply and demand appeared to have reached a near-normal ratio by 1925, largely as a result of tax exemption. However, the increased supply did not include adequate provision for low-income tenants. As this became more obvious, attempts to link tax exemption with some kind of control became more persistent. The crisis had been averted by the exemption, but the more permanent problem - the inability of private initiative to provide accommodations for those with low incomes - remained unsolved. As the tendency, from 1925 onward, was to replace emergency legislation with legislation of a more permanent kind, the most effective of the emergency laws were to be considered seriously as a possible part of the plan to solve the permanent housing problem. Tax exemption was to become a part of the permanent housing policy, but it was to be granted only after the profit motive in building had been eliminated, or minimized through the application of the limited-dividend principle.

D. STEPS TOWARD A PERMANENT HOUSING POLICY

In 1924, statistics showed that the emergency shortage of dwellings had passed. On paper, the number of vacancies in New York City indicated normal conditions. The same conditions which had caused the Legislature to declare an emergency in 1920 still prevailed, however, for over two-thirds of the population, who still suffered from high rents, lack of bargaining power and intolerably congested living conditions. The vacancies which appeared on paper were found in apartments for which the low- and middle-income families could

not compete - those renting for $25 per room and upward. The emergency shortage of dwellings was over, but the more permanent problem of insufficient accommodations for these families had not responded to emergency treatment. Although the effects of the emergency and the permanent problem were similar, differing in that only two-thirds of the population felt the pressures of the latter, the causes of the permanent problem were more fundamental than the cessation of building activity during the war. Studies revealed that private initiative was then, always had been and apparently always would be, unable and unwilling to provide adequate housing for the lower income groups. Under the existing conditions, it was unprofitable to do so. Because adequate housing is essential to the general welfare, the State gradually accepted as its responsibility the creation of the proper conditions for building homes for those with very low incomes. Legislation which would do more than provide dwellings and control rents was necessary; the State must provide the means for the construction of low-cost housing. Amid cries of "paternalism" and "socialism" the State launched a program predicated on the theory that providing such housing is a public purpose.

1. Reconstruction Commission

The Reconstruction Commission, appointed in 1919, had studied housing as a permanent problem and had attempted to formulate plans leading toward a permanent housing policy. The Commission pointed out, very early in 1920, the great differences and the marked similarities between the permanent and the emergency housing problems. The research and study carried on by the Commission laid the foundations for the permanent housing program. Its most significant request was for the creation of State, regional and local planning boards.

2. Commission of Housing and Regional Planning

Largely as a result of this request, the Commission of Housing and Regional Planning was formed in 1923. Created as a bureau in the State Architect's office, the Commission was to study housing needs throughout the State and prepare plans to meet these needs; study means of lowering rents by securing economies in building; and collect and distribute information relating to housing and regional planning. As a special duty during the emergency, the Commission was

asked to study existing conditions and suggest legislation with regard to the rent laws and tax exemption. The latter requests made the initial work of the Commission twofold, but even its emergency reports indicate a concern with permanent housing plans.

In its first report, in 1923, the Commission insisted that the emergency still existed and recommended the extension of the rent laws. It also requested the Legislature to prepare a constitutional amendment leading to the extension of public credit for building. Again in 1925, the Commission urged the extension of the rent laws until 1927, but with modifications leading through a gradual process of decontrol back to the open market. The lifting of controls was to be accompanied by constructive measures to produce low-cost housing. In its second emergency report, concerning tax exemption, the Commission declared that the exemption had broken the building deadlock and led to a great increase in construction, but had not provided low-cost housing. Tax exemption was a subsidy and, as such, had been justified in 1920, even if the benefits were absorbed by the speculators and builders. In 1924, this was no longer true. The exemption should be extended, but so limited that the benefits would go only to the tenants, for whom the exemption was granted. It should apply only to one- and two family homes to be sold at a limited price, or apartments to be rented at limited rentals.

E. PERMANENT HOUSING POLICY

The Commission's later reports were based on intensive studies of the reports of earlier committees, of existing conditions and of past practices in housing. The end result of this research was the submission to the Legislature of a proposed state housing act. The resulting State Housing Law of 1926 reflected the intensive research and basic suggestions of the Commission and the experience of seven years. The group had stated that a permanent housing policy must reduce costs and minimize the speculative aspect of building. It was to provide for a gradual reconstruction of slum areas and the production of low-cost housing. The State Housing Law embodied a plan designed to achieve these ends. It provided for public and private limited-dividend corporations with power of eminent domain, entitled to tax abatement but subject to special controls over rents. This represented a series of compromises limiting governmental control.

The Governor's original plan, submitted to the Legislature in January of 1926, had included provisions for the use of public credit. The Commission modified the plan by substituting a State Housing Bank for the use of public funds. A later plan submitted by the Republicans omitted the State Housing Bank and further reduced the role of the government. Even with modifications, the plan was judged socialistic by many who insisted on the free operation of the law of supply and demand.

1. Reduction of Costs

The obstacles to construction which had caused the building deadlock in 1920 were seen to be permanent obstacles to the production of low-cost housing. The remedies in the Housing Law differed in many ways from the action taken during the emergency, but traces of the emergency legislation and of many of the proposed emergency measures can be seen. Capital was still scarce and expensive; building costs and taxes were high; speculators were exacting too much profit. The Law included provisions for securing inexpensive capital in large amounts and for reducing costs. It also eliminated the profit motive and established rent maximums, in order that cost reductions would benefit the tenants.

The reduction of costs was not merely a question of attacking illegal combinations and supervising labor unions to avoid abuses. This action had been taken during the emergency and had failed to reduce costs to a degree that would aid substantially in producing low-cost housing. Cost reduction was to be achieved in the permanent program through careful planning to avoid waste. Research had shown that the inefficiencies of small-scale production and the great extravagance and waste in building trades organization and in regional development were the greatest factors in keeping costs high. The planning necessary to achieve maximum economy was to be accomplished through the State Housing Board, established under the Law.

Cost reductions through planned activity supervised by the Board were insufficient. In order to achieve lower rents, costs had to be further reduced. Two of the greatest expenses in construction were the high cost of land and the high rates of interest on capital. The builders could not secure sufficient land quickly and inexpensively enough to carry on large-scale building. The Law clothed the limited-dividend companies with the power of condemnation,

subject to approval by the Board. The use of condemnation greatly reduced the cost of land and also provided for the scrapping of the slums of New York City. Housing developments could be built in block units, thus securing the economic benefits of large-scale production.

The expense and difficulty of securing capital in large amounts was the greatest hindrance to economical, large-scale building. In the permanent housing program, not only the scarcity, but also the great expense, of capital had to be overcome. Interest charges on money constituted one of the greatest factors in high rents. The extension of public credit, as suggested by the Governor, and the creation of the State Housing Bank, suggested by the Commission, were eliminated from the Law. Economy in capital expense was to be secured, instead, through tax exemptions. Public limited-dividend companies were exempted from taxes of all kinds. Their bonds, mortgages and income debentures were declared instrumentalities of the State and exempted from Federal taxes. By such exemptions, the cost of capital was lessened and mortgage bonds were made a reasonably attractive investment. Realty taxes were another great expense. Cities were permitted to exempt from local taxation the construction and improvements of limited-dividend companies, to reduce costs still further.

2. Reduction of Speculation in Building

In order that the reduction of costs would benefit the tenants and not the speculators and builders, the preceding measures were accompanied by efforts to reduce the speculative aspect of building through the creation of limited-dividend companies and the establishment of rent controls. The limited-dividend company was to provide one-third of the capital necessary for the entire project; this money was to be raised from stock limited to a return of 6%. The remaining two-thirds of the cost of the project was to be secured by mortgages at interest rates not exceeding 5%. Interest costs were thus reduced to 5-1/3% of the total cost of the investment. Land costs had been reduced by condemnation, and other savings effected through local tax exemptions and carefully supervised activity. The establishment of a rent maximum insured that only low-cost housing would be constructed; the limited-dividend principle insured that a percentage of surplus profits would be returned to the tenants in rent reductions. Without these

controls, the savings achieved under the Law would have been consumed by speculation. New York City's experience with tax exemption had demonstrated that such a limit was necessary to conserve the benefits of tax exemption to the tenants.

F. TAX EXEMPTION AS PART OF THE PERMANENT POLICY

A very important part of the Housing Law was local tax exemption. In its early report on tax exemption, in 1924, the Commission had discussed the measure as emergency legislation and recommended its extension, with modifications. The Commission later urged the exemption as part of the permanent program. The Law included tax exemption, not so much as a stimulant to building, but as a factor in reducing costs. The Commission had stated its belief that only a limited-dividend principle with rent controls could conserve the benefits of the exemption in a market that would sustain a higher price. The Law provided for the limited-dividend principle and the rent maximum. Tax exemption, with these safeguards, should operate for the benefit of the tenants.

The Commission's recommendation of tax exemption with a limited-dividend principle was based largely on its study of the few instances in which the emergency law had operated in this way. The two experiments on which the recommendations of the Commission were based were the Metropolitan Life Insurance Company Housing and the Phelps Stokes Fund Development.

The Phelps Stokes Fund, a semiphilanthropic organization, had constructed buildings during the tax exemption period which operated on a return of 6%. An additional 2% was required for depreciation and for future taxes. In March of 1923, these buildings were rented at $9 per room per month. In 1924, rents were raised to $10.50, in order that the 6% return could be secured. The experiment demonstrated that, in spite of high costs, a nonspeculative organization could provide low-rent housing if profit were limited.

Another valuable experiment was conducted by the Metropolitan Life Insurance Company. The law under which the company built stipulated that rents should not exceed $9 per room per month. The venture was undertaken, officials of the company stated, only because of tax exemption. The buildings earned a return of 8 to 9%. Of this amount, 6% was interest on the investment; the remainder

was an allowance for amortization. The company reported that, without the tax exemption, this surplus of 2 to 3% would have been consumed, leaving only a bare 6%. Tax exemption saved $1.25 per room per month. This experiment, involving rent control and earning 6% on its investment, provided an excellent working model of what could be achieved in moderate-priced housing, with the benefits of tax exemption. The increased rent maximum in the State Housing Law ($12.50 per room per month) was determined to be necessary because of the higher land values in Manhattan. The insurance company had built in Queens, where land was inexpensive, and could therefore rent at $9 per room.

1. The State Housing Law and Tax Exemption

Despite all the economies achieved under the State Housing Law, the program would have been a failure without the local tax exemption. It would have been impossible, without the exemption, to build apartments to be rented at, or under, the maximum established in the Law. According to the computations of the State Housing Board, the exemption would make a difference of from $1.45 to $1.62 per room per month in rents. For several months, the operation of the Law was thwarted by New York City's reluctance to pass an ordinance exempting dwellings from local taxation.

2. The Ordinance - Tax Modification

After repeated delays, the ordinance was finally passed. The measure was referred to as a tax limitation or tax modification, rather than a tax exemption. It was restricted to improvements erected on sites on which obsolete tenements had formerly stood. The City was to continue to receive in taxes what it had formerly received from the old site and building, but it was not to assess the new improvement. Increased assessments for increased land values could be charged. The tax limitation was to last for a period of 20 years, during which time approximately two-thirds of the mortgage could be amortized. Realtors continued to cry class legislation and warned of the bad effect the Law would have on the City's debt-incurring power. The passage of the ordinance put the final touch on the work of seven years. Hopes were high; it was expected that within a short period of years, the permanent housing problem would be solved.

G. CONCLUSIONS

This was a study of the period between 1919 and early June of 1927, when the State Housing Law - the "permanent housing policy" of New York State - was made effective through the passage of the New York City tax limitation ordinance. It does not always read like past history, because the problems of these years are our own problems. Money is still scarce; taxes are high; there is inefficiency in building activity causing high costs; low-cost housing is not produced in sufficient quantities. Despite tax abatements, large-scale production, subsidies and public building, we are little better off than were those of 1926 who believed in the State Housing Law as the final solution of the complex housing problem. The permanent policy embodied in the 1926 Law was not the answer, and no subsequent law or act has yet provided an adequate solution. New York slums are still to be abolished; low- and middle-income families are still in need of adequate housing at rents which they can afford. In short, the permanent and truly effective housing policy is yet to be found.

SECTION 2. CHRONOLOGY OF OFFICIAL ACTION

A. New York City: Official Recognition of Housing Crisis; Efforts to Cope with It

The following material consists of excerpts and summaries of resolutions, messages and ordinances relating to the housing crisis, taken from the Proceedings of the Board of Aldermen of the City of New York for the years 1919-27.

1-28-19 No. 1194.

Resolution Urging Upon the State Legislature the Passage of Assembly Bill No. 324, Int. No. 320, Being an Act to Enable Cities to Acquire Land and Erect Dwellings.

The whereases: Housing conditions for working people in City continual menace to life and health; their welfare and urgent necessity for relieving unemployment demand wide housing construction by City itself; therefore

Resolved, that Board expresses approval of Assembly Bill introduced by Mr. Solomon, to enable cities to purchase land and erect dwellings to be rented to their inhabitants at cost; that Board urges immediate enactment; that a copy of this resolution be transmitted to Governor, President of Senate and Speaker of Assembly.

Bill would amend Chapter 26, Laws of 1909, by inserting Sections 13d to 13i, providing for: acquisition of land by cities, erection of dwellings and their rental at cost; dwelling commissions to be in charge of such programs; rental of dwellings to be at cost, determined by amortizing over 50 years the cost of land, erection of dwellings and all necessary administrative and maintenance costs; building employees to be civil service and may form unions; funds for programs to be raised by taxation and administered by commissions; there shall be a referendum to the people in any city where the program is not put into effect by 30 days prior to next general election.

Referred to Committee on State Legislation Affecting the City of New York.

2-4-19 No. 1227.

Resolution Disapproving Action of a Lending Institution in Discouraging Building Loans, Operating in Detriment to Labor and the Needed Housing Facilities of the City.

The whereases: Extracts from annual report of one of largest institutions lending money on real estate, appearing in press recently, contained statements to effect that:

> It is not yet time to consider building loans; existing buildings can be purchased at prices paying better incomes than new buildings constructed with materials at present high prices; lenders do not want to advance money for "buildings that are not needed;" in Manhattan and Bronx, lack of dwelling space not yet severely felt; increase in rent has not offset increased cost of operation; "it seems unkind to suggest that rents must be higher....but until....policy of making real estate bear the major burden of the taxes for the support of City government is changed, rents have got to go up."

and it is common knowledge that the City has never experienced such a shortage, particularly in Manhattan and the Bronx; and need for immediate construction of dwellings is urgent; therefore

Resolved, that Board strongly disapproves action of aforementioned lending institution in discouraging building loans and thus postponing commencement of construction of new dwellings in City.

Such an improper attitude is designed to force increased rentals on already overburdened rentpayers of City; will deprive thousands of employment during current trying reconstruction period; will hamper and embarrass the City, State and national governments at a time requiring best cooperation of all interests to return to normal.

Referred to Committee on Labor and Industries.

4-1-19 No. 1194.

Report of the Committee on State Legislation Affecting the City of New York in Favor of Filing Resolution Urging Upon the State Legislature the Passage of Assembly Bill No. 324, Int. No. 320, Being an Act to Enable Cities to Acquire Land and Erect Dwellings.

Committee reports disapproval of bill on following grounds: not proper municipal function; City's debt-incurring power even now too small to do many other necessary things; nothing of real value would be accomplished by bill; it is of doubtful constitutionality.

Motion to recommit was lost. Report accepted and resolution filed.

4-15-19 No. 1464.*

Resolution Empowering the Committee on General Welfare to Co-operate With the Mayor's Committee to Investigate the Unreasonable Increases in Rentals.

Committee is instructed to cooperate fully with Mayor's committee and is empowered to investigate all matters relating to increases in rentals; to investigate practice of agreements between landlords and lessees, to increase rentals unduly; to hold public hearings; and to compel by subpoena the appearance of witnesses and production of books, records, etc.

Resolution adopted.

4-15-19 No. 1465.

Resolution With Respect to Unjust Increases in Rents.

Approving Senator Abeles' bill relating to increase of taxation on property in cases where rents have been unjustly increased. Urges Legislature to pass said bill.

Referred to Committee on General Welfare.

5-20-19 No. 1227.* (See above, 2-4-19.)

Report of the Committee on Labor and Industries in Favor of Adopting Resolution Disapproving Action of Lending Institutions in Discouraging Building Loans, Operating in Detriment to Labor and Needed Housing Facilities of This City.

Report accepted and resolution adopted.

6-17-19 No. 1639.

Resolution Concerning the Housing Problem.

The whereases: Public Works and Construction Division of U. S. Department of Labor reports a shortage of one million homes throughout country and immediate need for 75,000 dwelling units in New York City; profiteering landlords are raising rents unwarrantedly; this has brought hardship to working population and forced families to double up in apartments; City has large tracts of land available for building purposes; and doubt exists as to City's power to use this land for purposes of erecting dwellings and renting them at cost; therefore

Resolved, that the State Legislature now meeting in special session be urged to enact legislation removing all question of City's legal right to perform a function so needful to general welfare of its inhabitants.

Resolution filed, without objection.

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*Throughout this Section, * beside an item number indicates that it is reproduced in full in the Appendix.

6-24-19 No. 1671.*

A Resolution Concerning the Housing Problem.

Identical in wording with No. 1639, above, except for:

Resolved, that the Governor is urged to call a special session of the Legislature to enact legislation removing all question....

Referred to Committee on State Legislation Affecting the City of New York.

NOTE: A special session was convened on June 16, 1919, to act on women's suffrage, and lasted only the one day. Hence the resolution introduced on June 17 was too late for that session.

10-21-19 No. 1870.*

Resolution in Reference to Taxation Legislation.

Recommend to new legislative bodies about to be elected to pass legislation at next session amending Charter of City of New York to give Bureau of Taxes and Assessments power to omit taxation upon all buildings for housing or living purposes, including tenements, flats and apartment houses, built within next six months, for ten years, and those built within a year, for five years; also that a copy of this resolution be sent to all candidates elected to both houses at the proper time.

Referred to Committee on State Legislation Affecting the City of New York.

10-28-19 No. 1671. (See above, 6-24-19.)

Recommitted to Committee on State Legislation Affecting the City of New York.

11-16-19 No. 1671 (G. O. 388).

Taken from Committee and made General Order for next meeting.

11-23-19 G. O. 388 (Int. No. 1671).

Recommitted to Committee on State Legislation Affecting the City of New York.

2-3-20 No. 173.

Resolution Urging Favorable Consideration of Assembly Bill No. 227, Relative to Rents of Dwellings and Apartment Houses.

To fix maximum rents for one year, from May to May, despite changes of ownership during year. Evasion made misdemeanor.

Referred to Committee on State Legislation Affecting the City of New York.

2-17-20 No. 220 (Ord. No. 15).

Ordinance Providing for the Formation of a Municipal Housing Bureau in the Department of Plant and Structures for the Purpose of Erecting Dwellings to be Rented to the People at Cost.

Duties of Bureau of Municipal Housing to be: secure list of all City-owned land available for building purposes; secure from builders and architects plans and estimates for large-scale construction of modern municipal dwellings; determine rent, based on cost of construction, maintenance, deterioration and amortization; secure from Board of Estimate and Apportionment an issue of corporate stock bonds to cover the purpose; begin as soon as possible construction of municipal houses to be rented at cost.

Referred to Committee on General Welfare.

2-24-20 No. 250.

Resolution Relative to Rent Profiteering and Calling Upon the Legislature for Enactment

of Law Making the Offense Punishable by Imprisonment.

To make it an offense to increase rent "of good tenants who are willing to meet their just obligations" by more than 10% per annum, for period of five years from date, or until builders have caught up with demand.

Referred to Committee on State Legislation Affecting the City of New York.

3-9-20 No. 278.*

Resolution Relative to Shortage in Housing Accommodations, with Measures of Relief for Consideration by Committee on General Welfare.

The whereases: Discontinuance of building during and since war has caused a housing shortage in City; certain owners have increased rentals from 50 to 150% over 1916; at recent public hearing, a real estate interest representative stated that rents will go up at least 300% this year "because we can get it;" therefore

Resolved, that emergency exists and following measures be considered by Committee on General Welfare:

1. Recommend enactment of law (along lines of bill introduced in Assembly on January 20) providing for exemption from increased valuation of real property improved for dwelling purposes in the City, the valuation not to be increased over that on the day building plans are approved until assessed valuations for 1926 are fixed, provided ready for occupancy before December 31, 1921.
2. Request Corporation Counsel to advise Board whether City can legally make loans to builders of housing accommodations provided completed and ready for occupancy on December 31, 1921.
3. In view of nationwide housing shortage, request Congress to enact legislation regulating building supplies, with priority for building projects for new buildings.
4. For immediate relief, recommend enactment of legislation whereby, during emergency period only, rentals to be regulated by a Rent Commission along lines of Rent Commission Law now enforced in City of Washington, D.C.

Referred to Committee on General Welfare.

3-16-20 Nos. 220 and 278. (See above, 2-17-20, 3-9-20.)

Report of the Committee on General Welfare on Proposed Resolutions and Proposed Ordinances on the Subject of the High Cost of Living, Profiteering and House and Rent Extortion.

Majority Report.

Recap of situation: Sixteen months after Armistice, cost of living worse instead of better, largely due to profiteering. Need emergency legislation. Rent increases in apartment houses from 150 to 200% quite common; from 50 to 100% quite ordinary. Preparations currently being made for another increase in rent throughout City. Convinced unless Legislature provides substantial relief, panic crisis cannot be avoided.

Legislature has constitutional powers to: (a) fix rents; (b) impose emergency excess profits tax on rents in excess of fixed amounts. Temporary measures until housing supply meets demand. Authority of Board of Aldermen limited; therefore, recommend memorializing Legislature, encouraging citizen committees and taking such action as it can. Recommend adoption of following resolutions:

1. Memorialize Legislature to enact legislation to relieve present rent crisis.
2. Commend Mayor for his efforts to relieve situation.
3. Request Board of Estimate and Apportionment to: prepare lists of City-owned land available for building purposes; secure plans and estimates for construction of

temporary or substantial buildings that may be speedily available for occupancy in event of housing crisis; provide for construction of such buildings if situation arises to warrant such action; authorize Comptroller to rent such buildings to citizens during crisis for a period and at rental values to be determined by Board of Estimate and Apportionment.

In view of foregoing, recommend filing of proposed Int. Nos. 220 and 278.

Minority Report.

Only immediate and drastic action will bring relief. Tenants expect more than rhetoric from the Administration. Majority commendation of Mayor undeserved and untrue. Mayor's Committee on Rent Profiteering merely justified rent increases. (In anticipation of complaints, landlords raised rents in prospect of compromise.) Committee, Mayor, Police Department and City Judges have brutally and unjustly attacked tenant organizations and threatened them with criminal prosecution. Department of Taxes and Assessments had power (had it had authority) to assess property at a sum so high as to make rent profiteering unprofitable.

No objection to petitioning Legislature, but feel only solution will be municipal housing on a large scale. Believe it will be impossible to enforce legislation against rent profiteers without the support of tenant organizations.

Therefore, move substitution of following recommendations for Majority Report:

1. Request Board of Estimate and Apportionment and Department of Plant and Structures to proceed immediately with all preparations, both technical and financial, necessary for construction of dwellings by City, to be rented to the people at cost.
2. Board of Aldermen to endorse activities of tenant organizations and to call upon the people to organize for the purpose of resisting profiteers.

Board agreed to file Int. Nos. 220 and 278; did not agree to substitute the Minority for the Majority Report; adopted the three resolutions of the Majority Report.

3-23-20 No. 343.

Resolution Approving the Activities of the Mayor in the Housing Shortage and Providing that Telegrams be Forwarded to Albany in Connection Therewith.

The whereases: Legislature is holding public hearing on March 23; duly accredited representatives of Mayor will attend to submit an appeal; therefore

Resolved, that it is appropriate to forward expression of approval of Mayor's activities to Legislature prior to hearing.

Resolution filed.

3-30-20 Nos. 173, 250, 321. (See above, 2-3-20, 2-24-20 and Part B, 3-23-20.)

Report of the Committee on State Legislation Affecting the City of New York in Favor of Filing Resolutions Relative to Rent Profiteering.

In view of adoption of resolutions and report, on 3-16-20, recommends filing of Int. Nos. 173, 250, 321. Sponsor of Int. No. 173 wishes to withdraw it.

Report accepted.

3-30-20 No. 377.

Resolution Protesting Against a Bill Before the State Legislature Which in Effect Legalizes Further Rent Profiteering.

If passed, would permit raise in rentals amounting to 24% above 1919. Financial resources and endurance of the people already taxed beyond capacity limits.

Referred to Committee on State Legislation Affecting the City of New York.

6-29-20 No. 748.

Resolution Relative to Co-operative Apartment Renting and Purchasing Schemes.

Unequivocally opposed to all cooperative schemes embracing tenants of so-called apartment houses. Calls upon Commissioner of Tenement House Department to investigate any and all cooperative schemes and, if necessary, take them before Judges of the Municipal Court, by means of cooperation of Corporation Counsel, for financial inspection before tenants are permitted to participate in any such cooperative transaction. Copies of this resolution to be sent to Governor, Mayor, Commissioner, Corporation Counsel and Municipal Court Judges.

Referred to Committee on General Welfare.

10-5-20 No. 973.*

The Mayor - Recommending Passage of an Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes.

Urgent need for new housing resulted in calling of special session of Legislature, to enact appropriate measures for relief.

Series of bills prepared under his direction would, if enacted, have provided means to encourage construction of new dwellings during emergency. Proposed to enable Commissioners of Sinking Fund, as trustees, to issue building loan bonds, proceeds to be loaned to those owners who agreed to construct dwellings under prescribed conditions, to meet emergency, in compensation for which exemptions from taxes were granted, with effect that present high cost of building would be offset, and consequent high rentals relieved. Provisions of that law precluded any obligation to arise against the City credit, although the bonds were declared to be securities in which Sinking Fund accruals might be invested.

Passed Senate by substantial majority; failed to pass Assembly because of two-thirds rule. Seriousness of City's situation not appreciated by Assemblymen from up-State rural areas.

Great misfortune for City - must now wait for next session. Only possible relief to provide for new houses at this time appears to be Chapter 949,* Laws of 1920, entitled: "An Act to amend the Tax Law in relation to exemption from local taxation of new buildings planned for dwelling purposes."

Desirable, therefore, to pass local legislation to make provisions of this law applicable to New York City, with such restrictions as will protect City from a raid on its Treasury.

Unless restrictions are carefully provided for, exemption from taxes amounting in the period to almost one-third of cost of building will be granted as a gratuity to owners of buildings already erected, which have been completed since April 1, or are now under way; and exemptions are provided for owners of future dwellings and apartment houses for rich or well-to-do people, for whom there is no need for relief. Exemptions of this character will amount to millions of dollars, loaded as an additional burden upon general body of taxpayers, without affording any real relief for new houses.

In granting exemptions and applying this law, City should not grant any exemptions in such cases as:

1. Buildings which have been, are being, or will be erected, regardless of the emergency relief.
2. Buildings of a character which will not provide the relief necessitated by the emergency.
3. Buildings where exemption will merely afford an additional and unearned profit to owner, or in effect simply refund losses already incurred.

4. Buildings whose occupancy will affect those persons for whom there is ample accommodation now available.

Calls for ordinance to accomplish intent of this law, with suitable safeguards to protect City. Each application should be examined on its merits, as to whether it will provide desired relief.

Accompanying this message was Senate Bill No. 2 (Int. No. 2),* dated September 20, 1920, which was enacted into law on September 27, 1920, as Chapter 949, Laws of 1920. This version of bill differs from law in certain important respects. Bill does not exclude hotels or assessments for local improvements; nor include four-story buildings used exclusively for dwellings above ground floor. Further, bill provides for commencement of construction before October 1, 1921, with completion within 18 months, or if currently under construction, within 18 months from effective date of bill. Comparable figures in the law are: April 1, 1922, and two years, in each case.

Although Mayor's message was dated October 5, 1920, nine days after enactment of the law, no explanation is given as to why text of bill is used, instead of law. However, ordinance, introduced by Alderman Collins in connection with the message, followed the wording of law, not bill, differing only in adding detailed provisions for unanimous approval of each application by Board of Estimate and Apportionment, following written certification by Tenement House Commissioner that granting of exemption would provide relief, and further certification by Board to Commissioners of Taxation and Assessments "for their appropriate action in assessing the property."

Referred to Committee on General Welfare.

10-5-20 No. 986.

Resolution in Favor of Tax Exemption to Stimulate the Building of Dwelling Houses and Calling for Appointment of a Special Committee on the Matter.

The Committee on Rules shall appoint a committee to examine all details of application of exemption from taxation, its constitutionality and length of time during which exemption should be effective.

Referred to Committee on Rules.

11-9-20 No. 1084 (Ord. No. 67).

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Differs from No. 973 (see above, 10-5-20), in omitting everything in Section 1 following and including "provided, however, that the Board of Estimate and...." to end of Section 1 (i.e., all provisions in No. 973 which went beyond provisions of the law).

Referred to Committee on General Welfare.

11-23-20 Nos. 973 and 1084 (G. O. 139).

Report of the Committee on General Welfare in Favor of Adopting a Substitute Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Majority Report.

Offers substitute in hope of careful review and with view to bringing out further suggestions for implementing intent of Legislature to stimulate building for housing purposes. Alarming picture of present situation given at hearing by Commissioner of Health, who stated that unless something was done to stimulate building, he would be compelled to commandeer vacant or partially vacant houses in order to stay incursion of diseases and epidemics due to dangerously insanitary manner in which a large portion of the population of City are housed at present.

In face of such warning, not only the authorities, but builders, banks, trust companies and loaning institutions of all character and the public generally must realize the seriousness of the situation.

In order to promote construction of moderate-priced houses and apartment buildings within reach of wage earner and small- and moderate-salaried man with growing children, without benefiting opulent citizen, Section 2 has been inserted. Some members of Committee were strongly disposed to limit exemption to apartment buildings where a rental of $10 instead of $15 per room may be charged, as now set forth in that Section.

Numbers of citizens appeared before Committee to protest that passage of this ordinance would place burden of sustaining the City government for next 10 years primarily on present real estate owners. "Surely the existing taxpayer is not compelled to bear any additional burden, for this real property would not be created by any other means than partial tax exemption, and which in a few years will be compelled to take up its proper share of local taxation."

Committee is of opinion that if some scheme of tax exemption is not put into effect, then City will have to undertake policy of building to meet emergency.

Seems quite clear that such departure would completely destroy private enterprise in line of building construction for housing purposes and speculative and building investors would abandon this field of operation entirely. The safer course would seem to be temporary tax exemption, the end of which we can see and cost of which can be approximately gauged, rather than embarkation on a municipal housing project, with all its incalculable costs and entanglements.

Committee recommends adoption of substitute ordinance and filing of Nos. 973 and 1084.

Minority Report.

In connection with forgoing Majority Report, Alderman Beckerman offered following Minority Report on No. 973.

This ordinance is a prime example of governmental evasions and stupidities recently perpetrated in name of relief of suffering tenants. If true nature of this ordinance and State law to which it gives effect were generally understood, both law and ordinance here proposed would raise a storm of opposition from the masses of working men and women against whose interests they work.

Rents are high because houses are few. When houses are scarce, they come as high as the traffic will bear. That is the rent problem in a nutshell. New York faces today not so much a rent problem as a shortage of houses.

The extent of shortage is staggering. Mayor's Housing Conference Committee, in its report of July 21, stated that "The construction of houses if fully four years behind. It is safe to say that at least 100,000 apartments are now urgently needed, which number will apparently be increased in 1921 to at least 115,000." What this means in rent increases is common knowledge. Tenement House Commissioner Mann has publicly stated that, as a result of shortage, there are 400,000 people in New York at present improperly housed. Health Commissioner Copeland revealed the imminent dangers of this situation when he said last month that housing conditions pertaining today are menace to health of City and fertile field for plagues raging abroad.

The truth is that private initiative in housing construction has completely broken down. Private ownership of land and buildings, conducted for private profit, has failed to produce enough houses for the people to live in. Present crisis sets seal of failure on an instrumentality that has collapsed.

When private initiative fails to meet a widespread human need, public control, always desirable, becomes an absolute necessity. This necessity is now admitted even by

most conservative. Private initiative in building of dwellings, at least for the masses, must give way to action by City and State.

Municipal housing on a large scale, and State financial aid for dwellings are irreducible necessity of the situation. City must build houses and rent them at cost. State must make loans on easy terms to finance cooperative building operations.

Recommends that this ordinance be filed, for following specific reasons:

1. The main effect of this ordinance will be to lend impetus to the efforts of certain moneyed interests to escape the burdens of taxation.

   To exempt from taxation certain building investments on plea that it will indirectly build houses and lower rents, is a precedent full of danger to the masses of the people.

2. The passage of this ordinance would cut off a major source of public revenue.

   Assuming no increase in building as a result of passage of this ordinance and that $100,000,000 is erected yearly, value of property exempted during 12 years this ordinance will be in effect would amount to $7,800,000,000. This means, at the present rate of taxation of 2.48, loss to City of $193,440,000 in 12 years.

3. This ordinance would put vast sums of the City's money into the pockets of the landlord which might be turned into relief for tenants and assets for the City.

   The $193,440,000 lost to the City in 12 years would be gift to landlord. City loses revenue and landlord keeps his money. This money might be invested by City in municipal housing projects that would give the people low rent and City a permanent and valuable asset.

4. No evidence has been presented before the State Legislature or the Board of Aldermen that the exemptions contemplated in this ordinance will actually increase building operations to any considerable extent.

   Recent expert testimony revealed that property tax is an insignificant factor in shortage of money for building. High materials costs, taxes on mortgages and rent laws "that make landlords shriek revolution" make effectiveness of this ordinance questionable.

5. If passed, this ordinance would give to the Board of Estimate and Apportionment and to the Tenement House Commissioner a measure of authority dangerous to the welfare of the people.

   Granting these agencies power to exempt valuable properties from taxation at their own discretion is an action subject to grave abuses.

6. This ordinance is so carelessly drawn as to necessitate new drafting, even were its intent commendable.

   NOTE: Criticisms included here resulted from his comparison of the ordinance with the bill, not the law. See full text in Appendix.

SUBSTITUTE

Differs from Nos. 973 and 1084 in providing as Section 2: exemption for single-family house only where assessed valuation is not more than $10,000; a two-family house, where not more than $20,000; and a multi-family house, where not more than $10,000 per family apartment, but only where rentals do not exceed $15 per room per month. "Habitable room" shall not include bathroom, toilet, pantry, or alcove.

Adds Section 3, providing that if provisions of Section 2 are held by competent court to be inconsistent with Chapter 949, or otherwise invalid, then Section 1 shall remain in effect unmodified.

Laid over.

11-30-20 Nos. 973 and 1084-H (G. O. 139).

Report of the Committee on General Welfare in Favor of Adopting a Substitute Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Again laid over.

12-6-20 Nos. 973 and 1084-H (G. O. 139).

Again laid over.

12-6-20 No. 1163.

An Ordinance Creating a Bureau of Municipal Housing and Providing for Its Activities.

Bureau of Municipal Housing to be established, consisting of Commissioners of Health and Tenement House Departments and Chairman of Board of Standards and Appeals. Purpose shall be to build and maintain dwelling houses for benefit of people of New York. Grades of positions within bureau to be determined by Board of Aldermen upon recommendation of Board of Estimate and Apportionment and Bureau of Municipal Housing. Shall be organized immediately. Shall at once lay out plans for comprehensive municipal housing undertaking and present same to Board of Estimate and Apportionment for action, with specific recommendations as to condemnation of necessary real estate, together with complete plans and specifications for erection of contemplated dwellings. Shall be the agency for operation of such dwellings and for any other activities in respect to municipal housing delegated to it by this Board or Board of Estimate and Apportionment. Rentals of municipal dwellings shall not exceed cost of maintaining same, plus usual reserves for depreciation. Shall have power to turn over these municipal dwellings to cooperative organizations of tenants on terms and conditions consistent with interests of City.

Referred to Committee on General Welfare.

12-14-20 Nos. 973 and 1084-H (G. O. 139).

Report of the Committee on General Welfare in Favor of Adopting a Substitute Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Alderman Collins offered an ordinance as a substitute proposition and moved that it be so substituted.

Motion was adopted and the paper laid over.

12-21-20 Nos. 973 and 1084-H (G. O. 139).

Committee offered a "substitute for the whole," which provided in Section 2: exemption for every single-family house to extent only of $10,000 of value of building; two-family house, $20,000 of value of building; and multi-family house, $10,000 per family apartment.

Provided in Section 3: if any clause, setence, paragraph, or part of this ordinance, or of Chapter 949, shall be adjudged invalid, such judgment shall be limited to only that part directly involved, and not involve the entire ordinance or law.

Put to vote and decided in negative.

1-3-21 No. 1245.

Message of the President to the Board of Alderment Relative to Legislative Activities During 1920.

In annual message, President LaGuardia discussed action taken in regard to school construction, transit problems, etc., but not a word about housing crisis or tax exemption.

1-3-21 No. 1268.

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Differs from defeated "substitute for the whole," (see above, 12-21-20), by providing in Section 2: exemption for single-family house only of $5,000 of value of building; two-family house, $10,000; and multi-family house, $5,000 per family apartment.

Did not carry over provisions of previous Section 3.

Referred to Committee on General Welfare.

1-18-21 No. 1345.

Resolution Requesting the State Legislature to Extend the Powers of The City of New York.

The whereases: Difference of opinion exists as to right of City to build houses for dwelling purposes; municipal housing is only feasible, practical, economical solution to City's housing problem; therefore

Resolved, that City's representatives in State Legislature be requested to promote legislation unequivocally granting to City all powers necessary to proceed with municipal housing.

Referred to Committee on General Welfare.

1-25-21 No. 1390.*

Resolution Calling Upon the Legislature to Enact Matters Tending to the Relief of the Housing Situation.

Request Legislature to enact during present session legislation along following lines:

1. Establishment and operation of a State Savings Bank.
2. Funds or deposits of such banks to be devoted to loans at 5% for building of dwellings only, in cities of all classes, during present emergency.
3. State to guarantee all accounts and pay depositors a rate of interest equal to that paid by other savings banks in State; all profits over actual operating expenses and upkeep to be prorated among depositors of a certain duration.
4. Prevention of erection of buildings not intended solely for dwelling purposes, in cities of all classes, during present emergency.

Referred to Committee on State Legislation Affecting the City of New York.

2-1-21 No. 1413.*

Resolution Authorizing Board of Commissioners of the Sinking Fund to Lease Certain City-Owned Lands for the Purpose of the Erection Thereon of Dwelling Houses.

The whereases: Public emergency resulting from shortage of dwellings; physically impossible to relieve shortage within next five years by building multi-family houses; City owns unimproved land yielding no revenue; Charter authorizes Board of Sinking Fund to lease such lands under certain conditions; thousands of families living in crowded, unhygienic quarters would rent such land and build one- or two-family houses; therefore

Resolved that Board of Commissioners of Sinking Fund be authorized to lease such lands at highest obtainable rental for period of 10 years, with option for renewal for 10 years; rentals not to exceed tax levy for similar lands for same period; limited to persons who, within six months, construct dwellings for themselves and families; such

improvements to be property of lessees and builders, not part of realty. May provide for no other tax, assessment, or other levy by City except the rents and charge for use of Croton water.

Referred to Committee on General Welfare.

2-8-21 No. 1268 (G. O. 181). (See above, 1-3-21.)

Report of the Committee on General Welfare in Favor of Presenting to the Board, Without Recommendation, an Ordinance in Relation to "Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes."

Committee, unable to agree as to merits of proposed ordinance and not wishing to delay final action by Board on subject, presents matter to Board without recommendation.

Laid over.

2-15-21 No. 1268 (G. O. 181).*

A substitute ordinance was offered, differing from original in first part of Section 2: exemptions limited to $1,000 for each living room, including kitchens but not bathrooms, total not to exceed $5,000 of value of building for single-family house; $10,000 for two-family house; and $5,000 per family apartment in multi-family house.

President LaGuardia offered an amendment to Section 1, enlarging on the purpose to include relieving housing crisis, relieving congestion and providing homes at fair and reasonable rates.

He offered a second amendment, to add a separate section following Section 2, to provide that exemption should be terminated at any time any exempt dwelling or part thereof was rented at an excessive, unfair, or unreasonable rental. Corporation Counsel empowered to start action in any such case.

Alderman Vladeck offered an amendment to second amendment, to add after word "rented" the words "at a rental not to exceed a return of 6 per cent, on the original cost of the building."

Amendments defeated. Substitute ordinance adopted.

3-1-21 No. 1345. (See above, 1-18-21.)

Report of the Committee on General Welfare in Favor of Adopting Resolution Requesting the State Legislature to Extend the Powers of the City of New York.

Committee reports that it is necessary to settle question. Does not agree that municipal housing is only feasible policy or most economical one to adopt. Believes, however, that City should have ample power to meet every possible emergency. Therefore recommends adoption of substitute ordinance.

Substitute differs from original only in omitting statement about municipal housing being only feasible, practical and economical solution.

Laid over.

3-8-21 G. O. 192 (Int. No. 1345.)* (See above, 3-1-21.)

The resolution, including substitute and original, was brought to vote again and decided in affirmative.

3-15-21 No. 1163. (See above, 12-6-20.)

Report of the Committee on General Welfare in Favor of Filing an Ordinance Creating a Bureau of Municipal Housing and Providing for Its Activities.

Committee reports that, as result of recent adoption of ordinance partially exempting from taxation buildings erected for dwelling purposes, in the expectation of stimulating construction of new houses (No. 1268 (G. O. 181), see above, 2-15-21) and

resolution asking State Legislature to empower City authorities to construct dwellings, should such course become necessary (G. O. 192 (Int. No. 1345), see above, 3-8-21), it is of opinion that no further legislation on subject should be enacted at this time and recommends filing this ordinance.

Recommitted to Committee on General Welfare.

1-17-22 No. 118 (Ord. No. 3).

An Ordinance to Amend "An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York."

Proposed amendment of Section 1 of ordinance adopted 2-15-21, to eliminate from taxation storage room in apartment building for not more than two private motor vehicles owned by occupants of building.

Referred to Committee on General Welfare.

3-28-22 No. 361.*

The Mayor - Recommendation for Adoption of an Ordinance Relating to Tax Exemption.

Recommends adoption of ordinance amending ordinance adopted 2-15-21, in relation to exemption from local taxation of new buildings planned for dwelling purposes, by extending from April 1, 1922 to April 1, 1923, the time in which to commence construction.

Retains same restrictions on dollar amount of exemption from previous ordinance.

Ordinance adopted.

11-28-22 Nos. 118.... (See above, 1-17-22.)

Report of the Committee on General Welfare in Favor of Filing Int. Nos. 118, 203, 204, 359, 620 and 622.

No. 118 (Ord. No. 3).

Committee's opinion that proposed ordinance would not come within provisions of Chapter 949, Laws of 1920. Ordinance of 2-15-21 followed wording of act of Legislature. Committee therefore recommends that proposed ordinance be filed.

Report accepted.

2-20-23 No. 2013.*

Resolution for Appointment of a Special Committee on City Dwellings.

The whereases: Problems of housing, congestion of population and difficulties of transit are interrelated; solution lies in building great number of dwellings soon in outlying sections of City; at present rate, shortage will last a generation; City could properly invest public funds in constructing and selling on easy terms to low-salaried people; therefore

Resolved, that Committee on Rules appoint a Special Committeee on City Dwellings to obtain information and recommend suitable ordinances.

Referred to Committee on Rules.

5-1-23 No. 2263.

An Ordinance in Relation to the Exemption From Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Extends time limit for commencement of construction to April 1, 1924 (pursuant to amendments in State law in 1922 and 1923).

Same restrictions on the dollar amount are continued from previous ordinance.

Referred to Committee on General Welfare.

5-22-23 No. 2263 (G. O. 226).

Report of the Committee on General Welfare in Favor of Adopting an Ordinance in Relation to Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

The Committee reports: This ordinance extends for one year, or until April 1, 1924, period in which construction of buildings planned for dwelling purposes may be commenced. There is no doubt that building construction has been very greatly accelerated by tax exemption ordinance and Committee feels that exemption should be extended for another year. During closing hours of session of last Legislature, Tax Exemption Law was amended by extending to buildings of three stories in height, used exclusively for dwelling purposes above the ground floor, same provisions that heretofore applied to buildings of four stories in height. Representations were made to Committee that construction of this class of building would be greatly accelerated in Boroughs of Brooklyn and Queens. Therefore, Committee recommends for adoption an amended ordinance with this provision inserted.

Substitute differs from original only in inclusion of the three-story provision.

Laid over.

6-5-23 No. 2263 (G. O. 226).

Laid over for three weeks.

6-26-23 No. 2263 (G. O. 226).*

Alderman Cunningham offered a substitute ordinance for the original and substitute which had been offered by Committee on General Welfare.

In Section 1, he dropped extension to three-story buildings. He expanded Section 2 to provide different exemptions for different starting and completion dates, applying only to multi-family houses, as follows: For every multi-family house commenced after April 1, 1923, and before April 1, 1924, and completed for occupancy within two years, $15,000 of the value of the building; and if construction was completed since April 1, 1920, and prior to April 1, 1923, or if construction was commenced prior to April 1, 1923 and completed within two years, $5,000 of value of building per family apartment.

Alderman Cunningham's substitute motion was agreed with.

Alderman Falkener moved to amend the duly substituted ordinance by adding at end of Section 2: "provided, however, that any multi-family house on which construction is begun after April 1, 1923, and before April 1, 1924, shall be exempted to the full amount of $5,000 for each apartment in the said building so long as no such apartment is rented at more than $17 per room per month."

Amendment defeated. Alderman Cunningham's substitute ordinance adopted.

7-10-23 No. 2451.*

The Mayor - Memorandum in Connection With Approval of an Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Mentions that before and since passage of ordinance there has been considerable editorial comment in the newspapers - recently, particularly adverse concerning the limitation to a maximum exemption of $15,000.

Generally conceded that the principal object of exemption was and is to assist average citizen of moderate means to own a home to properly house his family, thus also helping to alleviate housing shortage. That object has been conserved in ordinance just enacted.

Tax exemption was not designed to provide a perennial harvest for large realty speculators, some of whom have enjoyed exemptions on multi-family houses often exceeding a quarter of a million dollars a year.

The compelling reason for these generous exemptions was to speed construction of apartment houses, creating competition which would lead to reasonable rents. But the beneficent purpose has not altogether been realized. It is an open secret that rent profiteering among a grasping minority still continues.

The Evening World insists that the City's munificent reward to facilitate housing construction should be continued to large realty speculators in order that they may continue to rent "expensive apartments" at figures ranging from $20 to $100 or more per month for a solitary room, without any diminution in rentals reflective of the gifts of the City.

That newspaper and other quarters have suggested that limitation of exemption in the case of high-class apartments will restrict construction of that character. However, that particular type of dwelling is not far behind normal demand.

Moreover, a definite limitation of exemption in the case of such buildings should prove a decided benefit to taxpayers at large. Many millions of dollars will now be saved for the people which, under prior tax ordinance, were greedily swallowed up by the realty speculators. This money will now be used to help lessen the burden on other property owners who do not share benefits of tax exemption ordinance.

This City needs more homes of one- and two-family types. The tax exemption ordinance is intended to continue the stimulus given to such construction.

Recent "Own Your Own Home" exposition attracted hundreds of thousands of eager visitors. Possibilities of such ownership, through liberal advances plus impetus of tax exemption, have transformed many potential buyers into actual homeowners.

3-31-25 No. 1249.*

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Extended to April 1, 1925, time for commencement of construction.

Referred to Committee on General Welfare.

11-24-25 No. 1649.*

Resolution Placing the Board of Aldermen on Record in Favor of Continuation of the Emergency Rent Laws.

The whereases: Recent surveys by City's Housing Commission indicate extreme shortage of walk-up or tenement houses; this vitally affects welfare of more than 100,000 families; opinion of most people that crisis exists due to insufficient construction of moderate-priced tenement houses; expiration in February, 1926, of emergency rent laws will put overburdened working people at mercy of profiteers; therefore

Resolved, that Board go on record as favoring extension of existing emergency rent laws when they expire; that copies of this resolution be sent to Governor and both branches of Legislature.

Made general order for the day and adopted.

6-8-26 No. 531 (Ord. 32).*

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York Under the State Housing Law.

Under provisions of Chapter 823* of Laws of 1926, exempts from taxation for all local purposes, other than assessment for local improvements, dwellings erected before

January 1, 1927, by limited dividend housing companies under and pursuant to State Housing Law, so long as operated and maintained under and in accordance with said law.

Referred to Committee on General Welfare.

2-15-27 No. 969 (Ord. No. 55).*

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York Under the State Housing Law.

Under provisions of Chapter 823 of Laws of 1926, exempts from taxation for all local purposes, other than assessments for local improvements, dwellings erected before January 1, 1937, by public or private limited dividend companies organized and operating under and pursuant to the State Housing Law. Exemption applies only to improvements, not to land. Land to be assessed at not less than assessment for both land and improvements thereon at time acquired by such companies for erecting dwellings. Exemption applies only while such dwellings are owned, operated and maintained by such companies in accordance with provisions of said law, but not longer than 20 years after ready for occupancy.

Referred to Committee on General Welfare.

4-5-27 Nos. 531.... (See above, 6-8-26.)

Report of the Committee on General Welfare in Favor of Filing Int. Nos. 531 and 661.

No. 531 (Ord. No. 32).

Committee recommends filing this ordinance because there is now pending in the Committee a supplementary ordinance (Int. No. 969 (Ord. No. 55), see above, 2-13-27).

Report accepted.

5-31-27 Rec. No. 19 - E. & A. 8.

Message from the Board of Estimate and Apportionment as a Separate Branch of the municipal Assembly - A Local Law in Relation to the Limitation of Local Taxation on Buildings and Improvements Owned, Operated and Managed by Public Limited Dividend Housing Companies and Private Limited Dividend Housing Companies Organized and Existing Under the State Housing Law.

Section 1: Congested and unsanitary conditions existing in certain low-priced dwellings in City menace health, safety, morals, welfare and comfort of citizens; projects under State Housing Law should be encouraged in City.

Section 2: under provisions of Sections 39 and 51 of State Housing Law (Chapter 35, Laws of 1927, enacted February 17, 1927), buildings and improvements erected within City prior to January 1, 1927, by public or private limited dividend housing companies in connection with projects authorized under Article 2 of the law shall be exempt from local taxation, other than assessments for local improvements, for 20 years from date completed. Applies only while owned, operated and managed by such companies.

Referred to Committee on Local Laws, with instructions to hold a public hearing on the bill on Friday, June 3, 1927, at 2 o'clock p.m.

5-31-27 No. 1226 (Ord. No. 73).

An Ordinance in Relation to the Limitation of Local Taxation on Buildings and Improvements Owned, Operated and Managed by Public Limited Dividend Housing Companies and Private Limited Dividend Housing Companies Organized and Existing Under the State Housing Law.

Identical with Rec. No. 19 - E. & A. 8 (see above, 5-31-27).

Referred to Committee on General Welfare, with instruction to hold a public hearing on Friday, June 3, 1927, at 2 o'clock p.m.

6-7-27 Rec. No. 19 - E. & A. 8.* (See above, 5-31-27.)

Report of Committee on Local Laws in Favor of Adopting a Local Law in Relation to the Limitation of Local Taxation on Buildings and Improvements Owned, Operated and Managed by Public Limited Dividend Housing Companies and Private Limited Dividend Housing Companies Organized and Existing Under the State Housing Law.

Committee reports that it gave a public hearing on this bill. Purpose of bill is demolition of unsanitary tenements in congested population centers and replacement by modern structures under limited dividend housing companies. State Commission will exercise supervision and control over local housing corporations. Committee believes any loss in taxes by City is problematical and would be amply justified by bettered living conditions. Recommends favorable action.

Report agreed with. Local law passed.

6-7-27 No. 969.

Report of the Committee on General Welfare in Favor of Filing an Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York Under the State Housing Law.

Committee reports this ordinance seeks to accomplish same end as Int. No. 1226 (see above, 5-31-27) and Local Law Rec. No. 19 (see above 6-7-27), both of which have already been favorably reported. Therefore recommend filing.

Report accepted.

6-7-27 No. 1226.*

Report of the Committee on General Welfare in Favor of Adopting an Ordinance in Relation to the Limitation of Local Taxation on Buildings and Improvements Owned, Operated and Managed by Public Limited Dividend Housing Companies and Private Limited Dividend Housing Companies Organized and Existing Under the State Housing Law.

Committee reports that this ordinance is a duplicate of Local Law Rec. No. 19 (see above, 6-7-27), reported favorably to the Aldermanic Branch of the Municipal Assembly. Therefore recommends its adoption in form of an ordinance, to clear up any doubt as to proper form of procedure.

Made General Order for day. Adopted.

B. New York City: Expressions of Public Opinion

The following material consists of excerpts and summaries of letters and petitions received by the Board of Aldermen of the City of New York during the period 1919-27, relating to the housing crisis.

9-23-19 No. 1726.

Peter Herter - Submission of Plan for "Reform of Real Estate."

Letter dated July 20, 1919, to Board of Aldermen from Peter Herter, architect:

Proposes radical plan to overcome critical housing shortage in less than three months, by permitting addition of 1 story to each tenement or apartment house, factory or loft building, or private house. Same plan in greater detail was submitted to the Mayor on July 9.

Makes two declarations: (a) this is safe, provided each building was built within past 20 years and is completely dry; (b) the light and air question can be provided for by following the suggestions he offers.

Mentions the advantages to accrue to City and citizens by thus raising the valuation by one-tenth at an expense to owners of only one-sixteenth, making possible lower rents and restoration of supply and demand. Attractive to first mortgagees. Will create a building boom. Attractive to building trades because cleaner than new construction and greater security for contractors.

Referred to Committee on Finance.

10-21-19 No. 1726

Report of the Committee on Finance Referring to the Committee on Buildings a Communication from Mr. Peter Herter Submitting a Plan for "Reform of Real Estate."

The Committee reports that having examined the subject, it believes this matter properly belongs in the Building Committee and recommends it be so referred.

Report accepted.

3-23-20 No. 321.

National Federation of Federal Employees - Resolution Relative to Intolerable Situation in Matter of Renting of Habitation.

On letterhead of National Federation of Federal Employees, affiliated to the A.F.L. Federal Employees Union No. 4, dated March 17, 1920:

Resolution passed at regular meeting of Board of Representatives of Federal Employees Union No. 4, held on March 15, 1920, expressing sentiments of the 5,000 organized federal employees in the organization:

Whereas the housing and rent problem has developed into an economic menace to the well-being and contentment of the workers of the City, Federal Employees Union No. 4 endorses the action of the Central Federated Union in its efforts to relieve the situation, and requests that the Mayor, the Board of Estimate and the Board of Aldermen use every effort to do something about such measures as will give the people of the City opportunities to rent homes at reasonable rates.

Referred to the Committee on State Legislation Affecting the City of New York.

12-14-20 No. 1173.

Charles P. Root - Communication Urging Passage of Ordinance Relative to Exempting New Housing Construction from Taxation.

On letterhead of Executive Offices of the United Publisher's Corporation, dated December 13, 1920, addressed to Hon. F. H. LaGuardia, President of the Board of Aldermen:

"Let me urge you to use your influence to secure acceptance of the proposed measure exempting new housing construction from taxation for a term of years.

"I have given this matter a good deal of study, and believe it is the most immediately effective measure for encouraging building that is a legislative possibility."

Referred to Committee on General Welfare.

2-15-21 No. 1444

Metropolitan League of Building and Loan Associations - Petition for Passage of Realty Tax Exemption Ordinance.

Letter dated February 9, 1921, to Members of the Board of Aldermen and the Board of Estimate:

"The matter of exemption from taxation for a period of years of new dwelling houses in the City comes up....in a few days before the Board of Aldermen.

"I....represent....over 50,000 citizens, members of our local building and loan associations, a large proportion of whom are slowly accumulating their savings in the hope of owning their own homes.

"The passage of this ordinance will decide many of these to undertake immediate construction, and....benefits in every direction....will result from even a small increase in house construction.

"At a recent hearing in the City Hall I heard it stated that the loss of revenue to the City would be serious. I cannot see that, for the City is now receiving only the taxes on the unimproved land and will get no less afterwards. And without the proposed help through this exemption it will get no more. In short, the relief to the people will be large, the loss to the city nil."

Ordered printed and placed on file.

2-15-21 No. 1445.

Ridgewood Community Council - Petition for Passage of Realty Tax Exemption Ordinance.

On letterhead of Ridgewood Community Council, dated February 11, 1921, addressed to Mr. P. J. Scully, Clerk, Board of Aldermen:

At a meeting last evening the following resolution was unanimously adopted:

"Resolved that we petition the members of the Board of Aldermen to vote in favor of realty tax exemption when it comes before the Board this coming Tuesday.

"The people of Ridgewood are heartily behind this movement and we therefore respectfully urge that you give this resolution your favorable consideration when same comes before you for discussion."

Ordered printed and placed on file.

5-17-21 No. 1760

Vanderveer Park Taxpayers' Association - Resolution Calling for Rescindment of "An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York."

On letterhead of Vanderveer Park Taxpayers' Association, Inc., dated May 11, 1921, to Secretary, Board of Aldermen:

At the regular meeting on May 9, the following resolution was unanimously passed:

"Whereas some time ago the City Administration saw fit and proper to pass an ordinance to exempt from taxation all new dwellings to the extent of $5,000 for each family, with the intention of creating more building of dwellings and thereby reducing rent;

"This ordinance, together with the State Housing Laws passed, has practically stopped the sale of tenement property, and has caused the unfortunate tenants to pay more rent. The owners of these tax-exempt dwellings are asking all the rent they can get. This law merely adds additional taxes on non-tax exempt property; being of no benefit to anybody except possibly a few builders.

"It is a fact that in this section certain new buildings are getting $125 per floor monthly rent while similar older buildings in same streets are only renting for $40 to $55 per month. This means that the rentals of the older buildings will be raised until they come nearer to the $125 rental.

"We also believe this law exempting certain buildings from taxation is unconstitutional.

"Be it resolved, therefore, That we request the Mayor, the Board of Estimate and the Board of Aldermen to immediately rescind the said resolution exempting certain properties from taxes for ten years.

"We also recommend the passage of an ordinance prohibiting the tearing down of any dwelling property except to be immediately replaced by a like number or more living apartments. We understand the City Administration allowed the destruction of 500 more living apartments than were constructed during the past year."

Referred to Committee on General Welfare.

3-28-22 No.363.

Frederick Johnson - Request that Tax Exemption Be Refused.

On letterhead of Estate of George S. Johnson, dated March 28, 1922, addressed Honorable Murray Hulbert, President, Board of Aldermen:

"If the Board of Aldermen will refuse to extend the tax exemption at this time the construction of a great many multi-family houses in The Bronx will go forward immediately; while, if the tax exemption is extended, I can name you at least twenty on which construction will stop.

"A great many builders in The Bronx have put in foundations and intend to go on with the construction if the tax exemption is not extended.

"In view of the fact that the legislation is permissive, would it not be well for your Board to postpone any action until next fall.

"In any event, I think that a public hearing should be held before any extension is granted."

Filed.

1-9-23 No. 1077.

Register, County of Bronx - Communication Relative to Extension of Tax Exemption Ordinances Beyond April 1, 1923.

On letterhead of Register's Office, County of Bronx, dated January 8, 1923, addressed to the members of the Board of Aldermen, Hon. Murray Hulbert, President, signed by Edward Polak:

"The extension of the real estate tax exemption laws beyond April 1, 1923, is a question of vital importance to all the inhabitants of New York City....

"It is stated that exemption from taxation on new buildings benefits the owners thereof, and not the tenants, because the owners of new buildings....are enabled to charge exorbitant rents and save the taxes besides....

"While it is true that the owners of new houses may at first profit by the exemption law, the greater financial returns will attract capital to the building industry

which would otherwise be diverted to other investments....Once the demand is met by the supply, rents will regulate themselves by competition under free conditions.

"It is claimed that the exemption of new houses is unfair to the owners of old houses, as the burden of taxes falls on them.

"The fact is that the taxes on old houses have not increased during the period of tax exemption beyond the normal yearly tax increase. On the other hand, rentals and the selling price of old houses have greatly increased and more than offset the slight increase in taxes. (Besides, real estate activities due to tax exemption has greatly benefited the owners of old houses.)....

"That rents are reduced by competition is already being demonstrated, for rents have fallen somewhat since the stimulus to building was given by the Tax Exemption Law. All that remains is to extend the exemption until the new buildings catch up with the demand....

"Not only will tax exemption be the means by which greater numbers of houses can be provided for poorer tenants, but it will supply better houses for them at lower rents. As more of the better houses are produced, rents will naturally be lowered all the way down to the poorest houses.

"That the City's income is decreased due to exemption, and that public improvements are retarded is disproved by the facts. The City's tax revenue since tax exemption has increased more than heretofore, and public improvements have also increased, and yet the tax rate has varied but slightly and the assessed valuation on real estate has only increased normally....

"Last year showed the largest number of buildings for dwelling purposes ever constructed in this City in any one year. Everyone interested concurs that this phenomenal growth is due mainly to the law exempting from taxation houses erected for dwelling purposes only....

"Let us not deceive ourselves that there are a sufficient number of apartments to go round; that is not the case. We must take into consideration the number of families that are "doubled-up"; other families crammed into small quarters and the thousands of families being driven out of the City because of their inability to obtain adequate apartments at a rental which they can afford, beside the newly married couples and those expecting to be married. All these factors must be taken into consideration...."

Motion to order on file, lost; then referred to Committee on General Welfare.

2-20-23 Nos. 1016 and 1077.

Report of the Committee on General Welfare in Favor of Filing Communications Relative to Question of Protection to Losers of Pawn Tickets, and the Question of Tax Exemption Beyond April 1, 1923.

No. 1077. (See above, 1-9-23.)

In regard to Int. No. 1077, the subject matter is now before the State Legislature and will be decided according to the judgment of said body.

The Committee therefore concludes the matter may be placed on file.

Accepted.

5-22-23 No. 2317.

Bedford Park Taxpayers' Association, Inc.; Associated Builders of Kings County, Inc. - Protests Against Further Extension of Tax Exemptions.

Filed.

6-26-23 No. 2424.

Marble Carvers' and Cutters' and Setters' Union, New York; Glen Morris Civic Club, Inc., Queens; Associated Builders, Brooklyn - Protests Against Passage of an Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Filed.

4-1-24 No. 382.

Assemblyman Ruttenberg - Suggestion Relative to Tax Exemption.

Letter from Albany, dated March 31, 1924, addressed to Board of Aldermen, signed by Nelson Ruttenberg, Assemblyman, 23rd Assembly District, New York County:

"The Legislature has just passed the Dunnigan Bill extending the Tax Exemption Law. Unfortunately, sufficient time was not afforded to consider the proposal of limiting such exemptions to specified types of dwellings. Under the enabling law just passed, that power rests with your honorable body. Respectfully submit that a general tax exemption in favor of all new buildings merely gives real estate speculators an additional profit and is of no benefit to tenants. I suggest that the granting of any tax exemption be limited to one- and two-family houses and multi-family houses which are leased to rent for $8 per room, if unheated, and $10 per room if heated. If we are to encourage new building, let us provide homes for the average wage-earner who cannot afford to pay the exorbitant rentals which are demanded for the new buildings now being constructed."

Referred to Committee on General Welfare.

11-25-24 Nos. ....382.... (See above, 4-1-24.)

Report of the Committee on General Welfare in Favor of Filing Int. Nos. 200, 313, 283, 421, 459, 451, 583, 621.

The Committee recommends the filing of all the above introductory numbers, for the reasons severally stated:

Int. No. 382 has served its purpose by notice to the Board of Aldermen in the matter of tax exemption legislation.

Filed.

C. New York State: Bills and Resolutions Dealing with Housing Shortage and Tax Exemption of Dwellings

The following material consists of excerpts and summaries of bills[1] and resolutions relating to the housing crisis, as taken from the New York Senate Journal, New York Assembly Journal and New York Legislative Record and Index for the period 1919-27.

1919

During the Regular Session of 1919, 2 bills were introduced to provide a measure of tax exemption to relieve the housing situation; neither passed. A joint legislative committee was created, to investigate housing and ice conditions in State.

2-5-19 No. 482, Int. 470.*[2] Assembly. Mr. Fertig.

AN ACT to amend the Greater New York charter, in relation to the exemption from increased assessed valuation of real estate improved for dwelling purposes.

Section 889-b added to Greater New York Charter, as re-enacted by Chapter 466, Laws of 1901.

Where unimproved land is improved by erecting a tenement house or apartment building within 2 years after act takes effect, assessed valuation of such land for said 2 years shall not be increased because of such improvements.

Referred to Committee on Affairs of Cities.

2-10-19. Resolution. Assembly. Mr. McKee.

The whereases: Continuous increase in rentals for dwellings in New York City causing serious distress and unrest; lack of dwellings and consequent increased rentals due to suspension of building during war and resultant scarcity of labor and increased cost of materials; immediate resumption of building operations would alleviate distressing conditions now existing; therefore,

Resolved (if Senate concur), that committee of 3 Senators and 3 Assemblymen be appointed to devise means to encourage, facilitate and provide for immediate erection of apartment houses and other necessary dwellings. Approved expenses not exceeding $1,000 payable from Legislature's contingent fund.

Referred to Committee on Ways and Means.

3-28-19 No. 1775, Int. 1433.* Assembly. Mr. Wells.

AN ACT to amend the tax law, in relation to exemption of improvements.

Subdivision 11-a added to Section 4, Chapter 62, Laws of 1909.

Exempts from taxation, to amount not exceeding $5,000, for 5 years from commencement of construction, each dwelling house or building used for domestic or commercial purposes constructed on unimproved land, or in addition to or substitution for existing buildings on improved lands. Shall not exclude land valuation for purpose of taxation.

Referred to Committee on Taxation and Retrenchment.

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[1]To avoid repetition, bills which were passed are not summarized here, but identified by the chapter numbers of the respective laws, which are summarized in D, below. Content of bills was obtained partly by reference to microfilm copies of bills, partly by taking summaries from New York Legislative Record and Index.

[2]Throughout this Section, * beside an item number indicates that it is reproduced in full in the Appendix. Bills are listed as such in Bibliography for Appendix. Resolutions occur in excerpts of reports of Joint Legislative Committee on Housing. Two of the four resolutions so reproduced (4-17-19 and 2-28-22) are as excerpts only.

4-14-19 No. 1982, Int. 470. Assembly. Committee on Affairs of Cities.

AN ACT to amend the Greater New York charter, in relation to the exemption from increased assessed valuation of real estate improved for dwelling purposes.

Amends No. 482 (2-5-19), changing effective period to 5 (instead of 2) years during which assessed valuation shall not be increased.

Recommitted to Committee on Affairs of Cities.

4-14-19 Resolution. Assembly. Mr. Adler.

Resolved (if Senate concur), that joint committee of 4 Senators and 5 Assemblymen be hereby created, to investigate tenement house conditions and their rental throughout State, especially in New York City, and supply and distribution of ice in cities, especially New York City, and to formulate and recommend remedial legislation deemed practicable; committee to have full powers of legislative committees (given in detail); committee to make report to Legislature, accompanied by proposed bills, as soon as practicable; approved expenses not exceeding $5,000 payable from contingent fund.

Passed and ordered sent to Senate.

Received in Senate same day. Referred to Committee on Finance.

4-17-19 Resolution.* Senate. Committee on Finance.

Concerning resolution relative to investigation of housing in cities, received from Assembly on April 14, and referred to Committee on Finance, it is reported amended:

To be 5 (instead of 4) Senators and 5 Assemblymen; to investigate all housing and tenement house conditions and causes for lack of construction of new dwellings for rent in cities, especially New York City, and causes of continuous increase in rents for dwellings in cities, especially New York City; to report and disclose facts showing whether such increase and such lack of construction justified; also to investigate supply and distribution of ice in cities, especially New York City; to formulate practicable legislative plan to prevent exaction of excessive rents and to remedy conditions with respect to ice. Powers unchanged. To start immediately and report to Legislature of 1920, with proposed bills. Limit on expenses to be $10,000 (instead of $5,000).

Passed and ordered sent to Assembly.

Returned by Assembly on March 18, with message that they concurred in passage of same.

1920

During the Regular Session of 1920, 6 bills were introduced concerning tax exemption of dwellings; none passed. The Joint Legislative Committee on Housing was continued.

1-12-20 No. 14, Int. 14. Assembly. Mr. Dimin.

AN ACT to amend the Greater New York charter, in relation to the exemption from increased assessed valuation of real estate improved for dwelling purposes.

Same as No. 1982 (4-14-19), except changes effective period to 4 (instead of 5) years.

Referred to Committee on Affairs of Cities.

1-20-20 No. 172, Int. 172. Assembly. Mr. Jesse.

AN ACT in relation to the exemption from increased assessed valuation of real property improved for dwelling purposes.

Provides that, in New York City, assessed valuation of real property improved for dwelling purposes shall not be increased over that of date building plans approved, until

assessed valuations for 1926 are fixed, provided plans approved on or before January 1, 1920, and building ready for occupancy before December 31, 1921.

Referred to Committee on Taxation and Retrenchment.

1-20-20 Resolution. Senate. Mr. Lockwood.

Resolved (if Assembly concur), that 1,000 additional copies of preliminary report of committee appointed to investigate housing and ice conditions of State, dated January 7, 1920, be printed.

Referred to Committee on Finance.

3-11-20 No. 1275, Int. 1122.* Assembly. Mr. McCue.

AN ACT to amend the Greater New York charter, in relation to reduction in assessed valuation of real property on which tenement houses may be hereafter constructed, within a limited period.

Section 892-b added to Greater New York Charter, as re-enacted by Chapter 466, Laws of 1901.

Applies to real property on which tenement houses for occupancy by at least 6 families are constructed after act takes effect, if ready for occupancy by May 1, 1921. May be assessed on basis of potential selling price if unimproved. Rate to apply for 7 years, if average occupancy is at least 6 families. In any year not so occupied, valuation shall be on basis of improved value.

Referred to Committee on Affairs of Cities.

Report of hearing on this bill on March 23, 1920, was available:

1. Mr. McCue stated bill introduced after consultation with builders who assured him it would induce building of tenement houses. He believes only way to relieve housing situation is to induce builders to build. Realizes need to curb profiteering, but feels punishment of landlords, controlling disposses, etc., will not solve problem.

2. Judge Joseph M. Callahan stated his opinion that relief can be given only by limiting process known as "summary dispossess proceedings."

3. In favor of McCue bill: Judge Olcott; a landlady from Bronx; 2 representatives of tenant organizations in Borough Park, Brooklyn; American Legion of Bronx County; and City Club of New York.

4. Against McCue bill: Mr. Stewart Browne, President of United Real Estate Owners Association; President LaGuardia of Board of Aldermen; and Secretary of Fordham-Bedford Park Community Council (felt relieving builders of taxation would be bribe, with no guarantee of moderate rents).

3-15-20 Resolution. Senate. Mr. Walker.

The whereases: Many landlords in New York City and other congested areas taking advantage of existing housing shortage and profiteering to alarming extent; this affects citizens of all classes and is calculated to cause hardship, confusion, disorder and breach of peace; situation calls for immediate action by Legislature without regard to party policies or progams; therefore,

Resolved, that majority and minority leaders of Senate appoint committee of 8 members to confer immediately for purpose of agreeing upon such bill(s) to check reprehensible practice as they deem will be acceptable to members of Legislature.

Passed.

3-16-20 Resolution. Senate. Mr. Lockwood.

Resolved (if Assembly concur), that $10,000 be appropriated from contingent fund to be disbursed for allowed expenses of joint committee to investigate housing and tenement house conditions; that committee be coninued and shall report the result of its investigation to this Legislative on or before April 15, 1920.

Referred to Committee on Finance; discharged immediately from Committee; put to vote; passed and ordered sent to Assembly.

Returned by Assembly same day, with message that they concurred.

3-17-20 No. 1514, Int. 1312.* Assembly. Mr. Healey.

AN ACT to amend the tax law, in relation to the exemption of certain real property from taxation.

Subdivision 19-a added to Section 4, Chapter 62, Laws of 1909.

Applies to all one- and two-family dwelling houses constructed between April 1, 1920, and April 1, 1925, by individual owners, in cities of over 1 million population.

Referred to Committee on Taxation and Retrenchment.

4-17-20 No. 2170, Int. 1691.* Senate. Mr. Boylan.

AN ACT to amend the tax law, in relation to exemptions.

Subdivision 22 added to Section 4, Chapter 62, Laws of 1909, as last amended by Chapter 288, Laws of 1918.

Board of Estimate in New York City, and corresponding body in other cities of first class in State, shall define districts in such cities to which this section applies. Such districts to be those in which no construction has taken place in 20 years. Area to be not less than 1 city block, except when no construction in 40 years. If improved before December 31, 1921, by construction of tenement for 10 or more families, renting at not more than $10 per month per room, property and buildings to be exempt from all taxation for 5 years from completion of such construction.

Referred to Committee on Taxation and Retrenchment.

4-23-20 Resolution. Senate. Mr. Walters.

Resolved (if Assembly concur), that Joint Legislative Committee on Housing be continued with full powers and duties; that time for making final report be extended to March 1, 1921; that $7,500 be appropriated from contingent fund for necessary expenses.

Passed and ordered sent to Assembly.

Returned by Assembly on April 24, with message that they concurred without amendment.

During the Extraordinary Session of 1920, 6 bills were introduced concerning tax exemption of dwellings; 1 passed. The time and powers of the Joint Legislative Committee on Housing were extended.

9-20-20 No. 2, Int. 2. Senate. Joint Legislative Committee on Housing.

AN ACT to amend the tax law in relation to the exemption from local taxation of new buildings planned for dwelling purposes.

Section 4-b added to Chapter 62, Laws of 1909.

Passed. Approved by Governor as Chapter 949.*

9-20-20 No. 21, Int. 21. Senate. Mr. Walker.

AN ACT to amend the tax law, in relation to exemption from taxation where dwelling, tenement and apartment improvements are erected under the control and direction of a municipal board or commission as trustees to provide relief in emergency due to lack of housing in cities of the first class.

Adds Sections 18 and 359-a and amends Section 252, Chapter 62, Laws of 1909.

Exempts dwellings erected under municipal board or commission to provide relief in first class cities.

Referred to Committee on Affairs of Cities. Passed on September 24, and ordered sent to Assembly.

Assembly referred bill to Committee on Affairs of Cities. Motion to discharge Committee lost.

9-20-20 Senate. Mr. Lockwood.

Presented report of Joint Legislative Committee on Housing.

Referred to Committee on Affairs of Cities.

9-21-20 No. 3, Int. 3. Assembly. Joint Legislative Committee on Housing.

AN ACT to amend the tax law, in relation to the exemption from local taxation of new buildings planned for dwelling purposes.

Same as No. 2 (Senate, 9-20-20), which became Chapter 949.*

9-21-20 No. 13, Int. 13. Assembly. Mr. Donahue.

AN ACT to amend the tax law in relation to exemptions from taxation for local purposes of new buildings used or intended to be used for dwellings.

Section 4-b added to Chapter 62, Laws of 1909.

Exempts from local taxation new buildings used exclusively for dwelling purposes if construction commenced before October 1, 1922, and completed prior to January 1, 1925. Exemption not to include land on which building is situated.

Referred to Committee on Affairs of Cities, and copy to Committee on Taxation and Retrenchment, for its opinion.

9-23-20 No. 45, Int. 45. Assembly. Mr. Evans.

AN ACT to amend the Greater New York charter, in relation to the exemption of certain real property and the buildings thereon erected from taxation.

Section 905-a added to Greater New York Charter.

Exempts from taxation lands owned by City, leased for dwelling purposes, and dwellings erected thereon.

Referred to Committee on Affairs of Cities.

9-23-20 No. 57, Int. 57. Assembly. Mr. McCue.

AN ACT to amend the tax law, in relation to the exemption from taxation for local purposes of certain new buildings.

Section 4-b added to Chapter 62, Laws of 1909.

Exempts from taxation for local purposes for 15 years from date of completion, any new building housing 5 or more families and ready for occupancy before October 1, 1921. Also, similar buildings ready before October 1, 1922, for a period of 10 years; and buildings ready before October 1, 1923, for 5 years.

Referred to Committee on Taxation and Retrenchment.

9-24-20 Resolution.* Senate. Mr. Lockwood.

The whereases: From preliminary report of Joint Legislative Committee on Housing, it appears its investigations unfinished and cannot be concluded during this session; and resolution under which acting insufficient in delegation of powers to permit necessary scope of inquiry; therefore,

Resolved (if Assembly concur), that resolution be amended and added to as follows:

The whereases touch on the following: alarming shortage of new dwellings has led to cessation of building operations and resulted in exorbitant rents; people cannot secure accommodations within means; it is charged this results from maintenance of high prices of building materials by unlawful combinations, and inability to obtain building loans; imperative to relieve emergency by stimulating construction of new dwellings; requires corrective legislation based on exhaustive inquiry into causes; therefore,

Resolved (if Assembly concur), that committee be continued and delegated further powers and additional duties, including: ascertain and report fully facts concerning housing conditions; lack of construction; rent increases; combinations in restraint of trade; effect on construction of scarcity of building loans; reason for scarcity; character of investments made in lieu of such loans and their advantages to lenders; practices in building trades; any other relevant and pertinent matters. Continue full powers of legislative committee. To start immediately and report with all convenient speed. Appropriate $25,000 from contingent fund for necessary expenses.

Passed and ordered sent to Assembly. Returned by Assembly same day, with message that they concurred, with following amendments to be inserted:

Whereas: Cost of building materials affected by cost of transportation, by rail or water, especially on canals of State, and to excessive charges for privately owned docks and piers along navigable waters of State;

Resolved, that committee investigate rates, tariffs, equipment and conditions in towing business, together with dockage facilities, rates and tariffs, in ports, harbors, and along navigable streams and canals of State.

Received in Senate; passed and ordered returned to Assembly, with message that Senate concurred in amendments. Returned by Assembly.

1921

During the Regular Session of 1921, 3 bills were introduced concerning tax exemption of dwellings; 1 passed. The time and powers of the Joint Legislative Committee on Housing were extended.

2-10-21 No. 650, Int. 616.* Assembly. Mr. Reiburn.

AN ACT to amend the tax law, in relation to exemption from taxation where dwelling, tenement and apartment improvements are erected under the control and direction of a municipal board or commission as trustees to provide relief in emergency due to lack of housing in cities of the first class.

Adds Sections 18 and 359-a and amends Section 252, Chapter 62, Laws of 1909.

Section 18. Limits assessed valuation of land upon which improvements are erected under control of municipal board or commission, to relieve lack of housing. Improvements exempt during term of mortgage; premises, during same period, to be assessed at value at time of making such loan. Such valuation not to be used as standard in determining value of neighboring property. Exemption in nature of compensation to owners for permitting premises to be used to relieve housing situation, and for submitting to control and direction by such board or commission.

Section 359-a. Exempts income where building improvements provided under control of municipal board or commission. Term "gross income" not to include interest on bonds of

such boards in cities of first class, whenever authorized by Legislature to acquire funds to be loaned for erection of buildings to relieve lack of housing; nor income from use of property so improved, during term of mortgage; nor income from such bond and mortgage. Such interest and income exempt from taxation under this article. Provisions of this section effective until such bonds and mortgages mature. Exemption in nature of compensation to purchasers of such bonds and owners of such property and bonds, in providing such relief, and for submitting to control and direction by such board or commission.

Section 252. Amended to provide that mortgages of real property to secure loans made by municipal board or commission, in cities of first class, whenever authorized by Legislature to acquire funds to be loaned to relieve lack of housing, shall be exempt from tax provided by this article. Exemption in nature of compensation to mortgagors and mortgagees for providing such relief, and for submitting to control and direction by such municipal board or commission.

Referred to Committee on Taxation and Retrenchment.

2-15-21 Resolution.* Assembly. Mr. McWhinney.

The whereases: It appeared from preliminary report of Joint Legislative Committee on Housing, presented in September, 1920, that investigations still unfinished and enabling resolution of insufficient power; Legislature at Extraordinary Session continued and enlarged investigation; Committee is still not finished and should be continued; powers should be enlarged; therefore,

Resolved (if Senate concur), that Committee be continued with full powers; shall consist of 10 members, with vacancies to be filled as they may occur; may set up subcommittees to act with full powers of full committee. Committee shall be given additional powers to permit inquiry into: every matter bearing on construction, ownership, transfer, leasing and renting of stores, houses, lofts, apartments and other buildings in every city in State, especially in New York City; causes and remedies for lack of living and business accommodations; increase in construction costs and rents and reasons and remedies therefor, including report on effect of various laws on these subjects passed in 1919 and 1920, and advisability of amending or repealing any of same; and all other relevant matters. Committee to resume immediately and may continue beyond adjournment of Legislature. To report not later than March 1, 1922. May make intermediate reports to recommend remedial legislation. Appropriate $75,000 from contingent fund for necessary expenses.

First introduced January 17, 1921; referred to Committee on Ways and Means; reported, amended, by that Committee on January 26; passed and ordered sent to Senate. Returned by Senate on February 15, with message that they concurred, with further amendments. Returned by Assembly on February 16.

4-7-21 No. 1688, Int. 1345. Senate. Mr. Harris.

AN ACT to amend the tax law, in relation to the exemption from local taxation of buildings altered for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, amended.

Exempts old buildings so altered as to increase housing facilities of City, to extent of amount expended on such alterations.

Referred to Committee on Cities. Reported favorably by Committee on April 15; recommitted.

4-16-21 No. 1871, Int. 1436. Senate. Joint Legislative Committee on Housing.

AN ACT to amend the tax law, in relation to the exemption from local taxation of buildings planned for dwelling purposes and validating the action of local legislative bodies in granting certain exemptions.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, amended.

Passed. Approved by Governor as Chapter 444.*

1922

During the Regular Session of 1922, 3 bills were introduced concerning tax exemption of dwellings; 2 passed. The time of the Joint Legislative Committee on Housing was extended.

1-30-22 No. 387, Int. 369. Senate. Joint Legislative Committee on Housing.

AN ACT to amend the insurance law, in relation to the power of insurance companies to purchase, improve and sell or convey real property during certain emergencies.

Section 20-a added to Chapter 33, Laws of 1909.

Passed. Approved by Governor as Chapter 658.*

2-15-22 No. 812, Int. 728. Senate. Mr. McGarry.

AN ACT to amend the tax law, in relation to the time of commencing construction of building for the purpose of securing exemption from tax.

Section 4-b, Chapter 62, Laws of 1909, amended.

To be exempt, building must be commenced before April 1, 1923, instead of 1922, as at present, and completed within 2 years.

Referred to Committee on Taxation and Retrenchment.

2-28-22 Resolution. Senate. Mr. Lockwood.

Resolved (if Assembly concur), that Joint Legislative Committee on Housing be continued with all powers, duties and jurisdiction, and report to Legislature not later than February 1, 1923. Appropriate $79,000 from contingent fund for expenditures heretofore incurred and $40,000 for necessary expenses.

Referred to Committee on Finance. Reported by Committee; passed and ordered sent to Assembly. Returned by Assembly, with message that they concurred.

3-2-22 No. 1414, Int. 1198. Senate. Joint Legislative Committee on Housing.

AN ACT to amend the tax law, in relation to extending the time for the commencement of construction for the purpose of securing exemption from local taxation of buildings planned for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, and amended by Chapter 444, Laws of 1921, amended.

Passed. Approved by Governor as Chapter 281.*

1923

During the Regular Session of 1923, 2 bills were introduced concerning tax exemption of dwellings; both passed. The time of the Joint Legislative Committee on Housing was not extended. In May, a Bureau (Commission) of Housing and Regional Planning was created by Chapter 694,* and took over the activities of the Committee.

1-30-23 Resolution. Senate. Mr. Dunnigan.

Resolved (if Assembly concur), that Joint Legislative Committee on Housing be continued to April 1, 1923. Appropriate $10,000 from contingent fund for necessary expenses.

Referred to Committee on Finance.

2-12-23 Resolution. Senate. Mr. Dunnigan.

Resolved (if Assembly concur), that a new Joint Legislative Committee on Housing be created, having all powers, etc., granted former Committee under previous resolutions. To report to Legislature by April 1, 1924. Appropriate $50,000 from contingent fund for necessary expenses.

Referred to Committee on Finance. Reported by Committee on February 14, amended to have report by May 1, 1923, and to appropriate $10,000. Passed and ordered sent to Assembly.

3-19-23 No. 1934, Int. 1369. Senate. Mr. Dunnigan.

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, and last amended by Chapter 281, Laws of 1922, amended.

Passed. Approved by Governor as Chapter 243.*

4-23-23 No. 2360, Int. 1891. Senate. Mr. Farrell.

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, and amended by Chapter 243, Laws of 1923, amended.

Passed. Approved by Governor as Chapter 337.*

4-25-23 Resolution. Senate. Mr. Dunnigan.

Resubmitted same resolution he had presented on February 12.

Referred to Committee on Finance. Reported favorably by Committee on May 2. Passed and ordered sent to Assembly.

1924

During the Regular Session of 1924, 5 bills were introduced concerning tax exemption of dwellings; 1 passed. The Commission of Housing and Regional Planning continued its activities.

1-17-24 No. 341, Int. 341. Assembly. Mr. Steingut.

AN ACT to amend the tax law, in relation to exemption of certain dwelling houses in cities of one million or more inhabitants from local taxation.

Section 4-c added to Chapter 62, Laws of 1909.

Exempts from taxation for local purposes, other than local improvements, dwelling houses in New York City under construction before January 1, 1932, where monthly rental does not exceed $10 per room, unheated, or $12, heated.

Referred to Committee on Taxation and Retrenchment.

1-31-24 No. 708, Int. 697. Assembly. Mr. Steinberg.

AN ACT to amend the tax law, in relation to exemption of certain buildings erected for dwelling purposes in cities.

Section 4-c added to Chapter 62, Laws of 1909.

Exempts from local taxation new dwellings commenced after this section takes effect and completed before January 31, 1932, with or without stores on ground floor, and fulfilling certain other conditions.

Referred to Committee on Taxation and Retrenchment.

2-12-24 No. 933, Int. 894. Assembly. Mr. Male.

AN ACT to amend the tax law, in relation to extending the time of commencement of construction for the purpose of securing exemption from local taxation of buildings planned for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, amended.

Extends to April 1, 1926, the time for commencement of construction for purpose of securing exemption.

Referred to Committee on Taxation and Retrenchment.

2-13-24 No. 1627, No. 701. Senate. Mr. Dunnigan.

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, and last amended by Chapter 337, Laws of 1923, amended.

Passed. Approved by Governor as Chapter 87.*

3-26-24 No. 2117, Int. 1762. Assembly. Mr. Steinberg.

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, amended.

Provides that new buildings erected for dwelling purposes, to be exempt from taxation, must be commenced before April 1, 1925, instead of 1924, as at present.

Referred to Committee on Taxation and Retrenchment.

1925

During the Regular Session of 1925, no bills were introduced to extend the tax exemption law; 1 bill defining "ground floor" of exempt dwellings was introduced and passed as Chapter 651. The Commission of Housing and Regional Planning continued its activities.

1926

During the Regular Session of 1926, 1 bill was introduced concerning tax exemption of dwellings; it did not pass. In May, the Bureau of Housing and Regional Planning was replaced by a State Housing Board, created by Chapter 823,* which also permitted the formation of limited dividend housing corporations.

3-26-26 No. 1618, Int. 1362. Senate. Mr. Whitley.

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, amended.

Provides that new buildings erected for dwelling purposes, to be exempt from taxation, must be commenced before April 1, 1927, instead of 1925, as at present.

Referred to Committee on Taxation and Retrenchment.

1927

During the Regular Session of 1927, no bills were introduced concerning tax exemption of dwellings. Chapter 823, creating the State Housing Board, was re-enacted and amended as Chapter 35.

D. New York State: Laws Dealing with Housing Shortage and Unreasonable Rents

The following material consists of excerpts and summaries of laws relating to the housing crisis, as taken from Laws of New York for the period 1919-27.

1919

During the Regular Session for 1919, two laws relating to the summary proceedings were enacted.

5-9-19 Chapter 512.

AN ACT to amend chapter three hundred and three of the laws of eighteen hundred and eighty-two, re-entitled "An act in relation to summary proceedings to remove monthly tenants in the cites of New York and Brooklyn for holding over," by chapter three hundred and fifty-seven of the laws of eighteen hundred and eighty-nine, in relation to notices to tenants.

Section 1, Chapter 303, Laws of 1882, as re-entitled and amended by Chapter 357, Laws of 1889, amended.

No monthly tenants in New York City (omits Brooklyn) shall be removed for holding over his term (omits "except when the same expires on the first day of May") unless landlord or agent serves written notice, at least 10 days (formerly 5) before expiration of term, of intention to terminate tenancy and to commence summary proceedings unless tenant removes on day term expires. Effective September 1, 1919.

5-19-19 Chapter 639.

AN ACT to amend the code of civil procedure in relation to pleadings in summary proceedings to recover the possession of real property.

Section 2244, Code of Civil Procedure, amended.

Provides that answer to precept, denying allegations, may be oral or written. If oral, substance to be endorsed on petition. Formerly, written answer had to be filed with judge who issued precept, as in action in Supreme Court.

During the Extraordinary Session in June of 1919, all laws enacted related to the housing shortage, but none included any provision for tax exemption.

6-23-19 Chapter 647.*[1]

AN ACT to amend the banking law, in relation to authorized investments by savings banks.

Subdivision 6, Section 239, Chapter 369, Laws of 1914, constituting Chapter 2 of Consolidated Laws, amended.

Savings banks may lend not more than 65% of whole amount of deposits and guaranty fund on unencumbered real property situated in State, to extent of 60% of appraised value. If lending on unimproved and unproductive real property, not more than 40% of appraised value. Loans made only upon report of committee of bank's trustees as to value of premises to be mortgaged.

New material: "For the purposes of this subdivision real property on which there is a building in process of construction, which when completed will constitute a permanent improvement, shall be considered improved and productive real property."

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[1]Throughout this Section * beside an item number indicates that it is reproduced in full in the Appendix.

6-23-19 Chapter 648.

AN ACT to amend the tenement-house law in relation to four-family converted dwellings.

Subdivision 14 added to Section 2, Chapter 99, Laws of 1909, last amended by Chapter 806, Laws of 1917. Also amended: Sections 18, 21-26, 30, 37, 62-67, 75, 78 and 144, as severally amended by Chapter 551, Laws of 1913, Chapter 806, Laws of 1917, and Chapter 447, Laws of 1919.

Four family converted dwellings defined. Provisions to cover conversion inserted.

6-27-19 Chapter 649.

AN ACT to amend chapter three hundred and three of the laws of eighteen hundred and eighty-two, re-entitled "An act in relation to summary proceedings to remove monthly tenants in the cites of New York and Brooklyn for holding over," by chapter three hundred and fifty-seven of the laws of eighteen hundred and eighty-nine, in relation to notices to tenants.

Section 1, Chapter 303, Laws of 1882, as re-entitled and amended by Chapter 357, Laws of 1889, and last amended by Chapter 512, Laws of 1919, amended.

Provides for written notice 20 days (formerly 10) prior to expiration of tenant's term.

6-27-19 Chapter 650.

AN ACT to amend the New York city municipal court code, in relation to stays in summary proceedings.

Subdivision 3, Section 6, Chapter 279, Laws of 1915, as amended by Chapter 357, Laws of 1889, amended.

Amendment provides that in summary proceedings, a stay may be granted for not more than 20 days (formerly 5), if proceeding is for eviction of tenant from tenement house occupied by three or more families and provided tenant deposits amount of rent for period of stay at rate fixed by landlord for month immediately prior to issuance of warrant.

1920

During the Regular Session of 1920, 10 laws were enacted dealing with leases, rental agreements and recovery of real property, and 1 dealing with emergency use of existing tenements:

4-1-20 Chapter 130.

AN ACT to amend the real property law, in relation to certain agreements for the occupation of real estate.

Section 232, Chapter 52, Laws of 1909, as amended by Chapter 303, Laws of 1918, amended.

A lease in New York City which does not specify duration of occupancy shall be deemed to continue to October 1 next after occupancy commences under the agreement. Formerly, "shall create a tenancy from month to month" unless duration specified in writing.

4-1-20 Chapter 131.

AN ACT to amend the penal law, in relation to wilful violation of the terms of a lease.

Section 2040 added to Article 182, Chapter 88, Laws of 1909.

Makes it misdemeanor for lessor to fail to furnish water, heat, light, power, elevator service, telephone service, or other service or facility, if required in lease, whenever necessary to proper or customary use of building; or to willfully interfere with occupant's quiet enjoyment of leased premises.

4-1-20 Chapter 132.

AN ACT to amend the code of civil procedure, in relation to summary proceedings to recover the possession of real property.

Section 2244, Code of Civil Procedure, as last amended by Chapter 639, Laws of 1919, amended.

Adds: If court finds that defense or counterclaim has been established, it shall determine amount of rent due to petitioner or make such other disposition as shall determine rights of the parties and give affirmative judgment of amount found due on counterclaim.

4-1-20 Chapter 133.

AN ACT to amend the code of civil procedure, in relation to summary proceedings to recover the possession of real property.

Subdivision 6 added to Section 231, Code of Civil Procedure.

Proceeding to recover property on termination of term of lease, where lease provides landlord permitted to terminate occupancy of tenant he deems objectionable, maintainable only if landlord can satisfy court that tenant is objectionable.

4-1-20 Chapter 134.

AN ACT to amend the code of civil procedure, in relation to summary proceedings to recover the possession of real property.

Subdivision 1, Section 254, Code of Civil Procedure, amended.

In holding over after default in payment of rent or taxes or assessments, tenant may effect a stay by depositing amount (formal payment) of the rent due, or of such taxes or assessments, plus interest and penalty, plus cost of special proceeding, with clerk or judge, who shall pay on demand to petitioner or agent; or by delivering his undertaking to pay rent, etc., within 10 days, subject to issue of warrant if he fails to produce for judge satisfactory evidence of payment.

4-1-20 Chapter 135.

AN ACT to amend the code of civil procedure, in relation to action to recover real property.

Section 1531-a added to Article 1, Title 1, Chapter 14, Code of Civil Procedure.

In action against person holding over after expiration of term or after default, answer may set up as defense or counterclaim any state of facts permitted under Title 2, Chapter 17. Court may render affirmative judgment. Answer may be oral or written. If oral, defendant must appear before clerk and state facts of defense, which must be endorsed on complaint.

4-1-20 Chapter 136.

AN ACT in relation to defenses in actions based upon unjust, unreasonable and oppressive agreements for rent of premises occupied for dwelling purposes in cities of the first class or in cities in a county adjoining a city of the first class.

Unreasonable rent and oppressive agreement constitute defense to action for rent under agreement. Agreement presumptively unjust where rent increased by more than 25%. Nothing herein prevents plaintiff from pleading and proving a fair and reasonable rent and recovering judgment therefor, or from instituting separate action for recovery thereof. In force until November 1, 1922.

4-1-20 Chapter 137.

AN ACT in relation to summary proceedings to recover the possession of real property in cities of the first class or in cities in a county adjoining a city of the first class during the existing emergency.

Applies only to summary proceeding to recover possession of premises occupied for dwelling purposes, other than room(s) in hotel, lodging house, or rooming house, if holding over without permission of landlord, and governs notwithstanding any general or

special act inconsistent herewith. Relief provided shall be in addition to that provided by any act not inconsistent herewith. Emergency legislation, to be liberally construed to carry out its intent.

Judge may on discretion stay issuance of warrant or execution of judgment to collect costs of the proceeding for not more than 12 months.

If, at hearing for stay, it appears that premises are used for dwelling; that applicant cannot secure suitable similar premises for self and family, within neighborhood; that he has used due and reasonable effort to secure such other premises; that his application is made in good faith and that he will abide by terms and provisions prescribed by court, stay may be granted as provided herein, on condition that terms be complied with.

Such stay shall be granted only on condition that person against whom final order is made shall deposit in court entire amount, or installments, for occupation at rate to which he was liable as rent for month prior to expiration of his tenancy, plus additional amount subject to discretion of judge, plus all rent unpaid prior to period of stay. Amount to be determined by court; separate account to be kept of each proceeding; all to be deposited in bank or trust company, subject to check of clerk or judge, who shall pay to landlord or agent.

Any provision of lease whereby tenant waives any provision of this act shall be deemed against public policy and void. In force until November 1, 1922.

4-1-20 Chapter 138.

AN ACT to repeal section two hundred and thirty of the real property law, relating to liability of tenant holding over after receiving notice to quit.

Section 230, Chapter 52, Laws of 1909, constituting Chapter 50 of Consolidated Laws, repealed.

No text included in original.

4-1-20 Chapter 139.

AN ACT to amend the code of civil procedure, in relation to summary proceedings to recover the possession of real property in cities of the first class and in cities in a county adjoining a city of the first class.

Subdivision 2-a added to Section 2231, Code of Civil Procedure.

No proceeding to recover possession of real property (in cities described above) occupied for dwelling, other than room(s) in hotel, lodging house or rooming house, under tenancy for 1 year or less or under any lease or tenancy commencing after this subdivision takes effect, shall be maintainable unless petitioner alleges and proves that rent is no greater than amount paid by tenant for month preceding default, or has not been increased by more than 25% over rent 1 year prior to presentation of petition. Nothing in this section precludes tenant from making any defense he might otherwise have. In force until November 1, 1922.

5-13-20 Chapter 766.

AN ACT to amend the tenement house law, in relation to permit to commence building.

Section 120, Chapter 99, Laws of 1909, as amended by Chapter 319, Laws of 1916, amended.

Provides that in any city with population (as of 1910 census) between 400,000 and one million, Mayor may, by proclamation, certify existence of emergency requiring occupancy of existing buildings for residential purposes, under conditions inconsistent with requirements of this act. Health Commissioner shall thereupon have power to waive such requirements and allow occupancy, under permit issued by him; provided that before such issuance, he shall receive certificates signed by Chief of Fire Department and Building Commissioner that proposed use and occupancy are consistent with safety. Permit revocable at discretion of Health Commissioner. Mayor may terminate emergency by proclamation.

During the Extraordinary Session in September of 1920, several emergency laws were passed, including one providing for tax exemption (Chapter 949):

9-27-20 Chapter 942.

AN ACT to amend the code of civil procedure, in relation to summary proceedings to recover the possession of real property in cities of a population of one million or more and in cities in a county adjoining such a city.

Subdivision 1-a added to Section 2231, Code of Civil Procedure.

During emergency, no proceeding described in Subdivision 1 shall be maintainable to recover possession of real property occupied for dwelling purposes, except on ground that tenant is holding over and objectionable (landlord must prove objectionable); or that owner seeks in good faith to recover for immediate and personal occupancy by himself and family as dwelling; or that he desires in good faith to recover for purpose of demolishing with intention of constructing new building (plans for which duly filed and approved); or that premises are part of building and land sold in good faith to cooperative corporation for immediate, personal, permanent occupancy by stockholders. Warrant issued only if court satisfied proceeding meets one of these exceptions. Shall not apply to new buildings in course of construction at time subdivision takes effect or commenced thereafter. Effective only until November 1, 1922.

9-27-20 Chapter 943.

AN ACT to amend the code of civil procedure, in relation to stays on appeal from final orders in summary proceedings.

Section 2262, Code of Civil Procedure, amended.

Amendment provides for stay upon appellant's giving security required to perfect the appeal, or where appeal is pending from prior to enactment of amendment and circumstances warrant granting of stay.

9-27-20 Chapter 944.

AN ACT to amend chapter one hundred and thirty-six of the laws of nineteen hundred and twenty, entitled "An act in relation to defenses in actions based upon unjust, unreasonable and oppressive agreements for rent of premises occupied for dwelling purposes in cities of the first class or in cities in a county adjoining a city of the first class," generally.

Chapter 136, Laws of 1920, amended.

1. Unreasonable rent and oppressive agreement shall be defense to action for rent under agreement. 2. Against such defense, plaintiff must file bill of particulars within 5 days, giving gross income, etc. Failure to file shall result in dismissal of complaint. 3. Agreement presumptively unjust where rent increased. (Limitation "more than 25%" omitted.) 4. Plaintiff not prevented from pleading and proving fair and reasonable rent, and recovering judgment or instituting separate action for recovery. 5. If plaintiff recovers by default, and if not satisfied within 5 days, is entitled to premises and may have eviction warrant issued. 6. Defendent raising issue of fairness and reasonableness must deposit amount equal to rent paid for preceding month. Failure to deposit cancels said denial or defense. Deposit to be applied to satisfaction of judgment or as justice requires. If judgment rendered for plaintiff, provisions as in 5, above, apply. 7. Court having jurisdiction to vacate judgment rendered upon a default also has power to open a default and grant new trial. 8. Judgment and warrant shall not be stayed unless defendant deposits amount of judgment and, monthly until final determination, amount equal to 1 month's rent as computed in judgment. Such deposits to be paid by clerk to plaintiff. 9. Not applicable to hotels of 125 or more rooms, or to lodging house or rooming house occupied for a week or less. 10. Not applicable to new buildings in course of construction at time amendment takes effect or commenced thereafter. Effective only until November 1, 1922.

9-27-20 Chapter 945.

AN ACT to amend the code of civil procedure, in relation to summary proceedings to recover the possession of real property in cities of the first class and in cities in a county adjoining a city of the first class for default in the payment of rent.

Subdivision 2a, Section 2231, Code of Civil Procedure, as added by Chapter 139, Laws of 1920, amended.

Omits "under lease or tenancy for 1 year or less or under any lease or tenancy commencing after this subdivision takes effect." Also omits "or has not been increased more than 25%" over rent 1 year prior to presentation of petition. Nothing in this subdivision precludes tenant from interposing any defense he might otherwise have. May interpose defense that rent is unjust and unreasonable and agreement oppressive. Then petitioner, within 5 days or as court may determine, shall file with clerk verified bill of particulars setting forth gross income derived from building in question. Failure to file such bill shall result in dismissal of proceeding. Shall not apply to hotel of 125 rooms or more, or lodging or rooming house occupied for a week or less, or new building in course of construction at time act takes effect or commenced thereafter. Effective only until November 1, 1922.

9-27-20 Chapter 946.*

AN ACT to amend the banking law, in relation to investment of public funds in bonds of the state land bank.

Chapter 369, Laws of 1914, amended by inserting new Section 149 at end of Article 3.

Bonds of land Bank of State of New York shall be legal and valid investment for sinking and trust funds of State or of any municipal corporation or political subdivision thereof.

9-27-20 Chapter 947.

AN ACT to amend the code of civil procedure, in relation to actions to recover the possession of real property in certain cities and to repeal section fifteen hundred and thirty-one-a thereof.

New Section 1531-a added to Article 1, Title 1, Chapter 14, Code of Civil Procedure. Section 1531-a, as added by Chapter 135, Laws of 1920, repealed.

Although amending different part of Code, wording of amendment is almost identical to first part of Chapter 942 (9-27-20), cited above. Does not include provision concerning sale to cooperative, statement concerning issuance of warrant, or exclusion of new buildings. Effective only to November 1, 1922.

9-27-20 Chapter 948.

AN ACT to amend chapter one hundred and thirty-seven of the laws of nineteen hundred and twenty, entitled "An act in relation to summary proceedings to recover the possession of real property in cities of the first class or in cities in a county adjoining a city of the first class during the existing emergency," in relation to the application of such act.

Title and Section 1, Chapter 137, Laws of 1920, amended.

New title: "An act in relation to summary proceedings to recover the possession of real property in certain cities of the first class during the existing emergency." Section 1 substitutes "having a population of one million or less," for "or in a city in a county adjoining a city of the first class." As amended, shall not apply to new buildings in course of construction at time amendment takes effect or commenced thereafter. Effective only until November 1, 1922.

9-27-20 Chapter 949.*

AN ACT to amend the tax law in relation to the exemption from local taxation of new buildings planned for dwelling purposes.

Section 4-b added to Chapter 62, Laws of 1909.

Permits local legislative bodies to grant tax exemption until January 1, 1932. Applies to new buildings planned for dwelling purposes exclusively (except hotels), or if four stories or more, used exclusively for dwelling purposes above ground floor. Exempts from local taxation, except assessments for local improvements, during construction and so long as used or intended to be used exclusively for dwelling purposes.

Construction must have been completed since April 1, 1920, or commenced before April 1, 1922 and completed for occupancy within 2 years, or if now in course of construction, completed within 2 years after this Section takes effect.

9-27-20 Chapter 950.

AN ACT to amend the code of civil procedure, in relation to summary proceedings to recover the possession of real property in cities of the first class and in cities in a county adjoining a city of the first class.

Section 2265-a added to Title 2, Chapter 17, Code of Civil Procedure.

Whenever court in which proceedings are brought has jurisdiction to vacate final order rendered upon default of tenant, court may, pending motion to vacate such order, stay execution of warrant issued upon such default and shall, upon such vacation, vacate and set aside such warrant.

9-27-20 Chapter 951.

AN ACT to amend the penal law, in relation to wilful violation of the terms of a lease.

Section 2040, Chapter 88, Laws of 1909, as added by Chapter 131, Laws of 1920, amended.

Extends responsibility to include, besides lessor, "agent, manager, superintendent or janitor of any building, or part thereof...." also spells out "the lease or rental agreement whereof, by its terms, expressed or implied, requires the furnishing of hot or cold water....who wilfully or intentionally fails to furnish...."

9-27-20 Chapter 952.

AN ACT to amend the code of civil procedure, in relation to the return day of precepts in summary proceeding to recover the possession of real property and the time of service thereof.

Section 2238, Code of Civil Procedure, amended.

Precept must be returnable not less than 5 (formerly 3) nor more than 10 (formerly 5) days after issued; except that where tenant is holding over and application is made on day of expiration of lease or next day, precept may be made returnable on day of issue, any time between 12 noon and 6 p.m.

Subdivision 3, Section 2240, Code of Civil Procedure, amended.

Where service cannot be made by affixing copy of precept and petition on conspicuous part of property: If returnable on day of issue, must be served at least 2 hours before hour returnable; in every other case, at least 5 days (formerly 2) before day returnable.

9-27-20 Chapter 953.

AN ACT to amend the code of civil procedure, in relation to jurisdiction of justices of the peace in certain cities of the second class.

Subdivision 6 added to Section 2863, Code of Civil Procedure.

In city of second class adjoining city of one million or more, justice of peace shall not take cognizance of a civil action for recovery of rent or rental value of real property, or of summary proceeding to recover possession of real property.

1921

During the Regular Session of 1921, some of the rent laws were amended: Chapter 199 added Sections 1410 - 1447 to Article 83, Civil Practice Act, in relation to summary proceedings to recover possession of real property in certain cities; Chapter 367 amended Section 1011-a, Civil Practice Act, in relation to actions to recover real property in certain cities; Chapter 371 amended Subdivision 2-a, Section 1410, Civil Practice Act (last amended by Chapter 199, Laws of 1921); Chapter 374 amended Subdivision 2-a, Section 2231, Code of Civil Procedure, in relation to summary proceedings to recover possession of real property in cities of the first class, for default in the payment of rent (last amended by Chapter 945, Laws of 1920); Chapter 434 amended Chapter 136, Laws of 1920 (last amended by Chapter 944, Laws of 1920), generally.

The tax exemption law was extended:

4-30-21 Chapter 444.*

AN ACT to amend the tax law, in relation to the exemption from local taxation of buildings planned for dwelling purposes and validating the action of local legislative bodies in granting certain exemptions.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, amended.

Time during which completion for occupancy may be effected changed to "before September twenty-seventh, nineteen hundred and twenty-two." Formerly, "within two years after this section takes effect." Provisions of section shall not be construed to preclude legislative bodies from granting exemptions which do not exceed those authorized by this section. Legalizes, validates and confirms any such exemptions previously so granted by such bodies.

Material in the bill jacket[1] for this law included the following:

1. A 1-page summary of provisions, which pointed out purpose of amendment was to recognize fact that local authorites had not felt it desirable to grant absolute, total exemption in all cases, but to exempt from assessment up to, say, $5,000 or $10,000. If a single-family house were erected at cost of $100,000, emergency situation would not justify total exemption of a house of such value. It is felt that any such limited exemption should be legalized by this act.

2. Same point made in letter to Governor from City Club of New York, dated April 22, 1921, calling attention to discussion in Board of Aldermen over period of several months after passage of Chapter 949 in fall of 1920, because Aldermen unwilling to give full exemptions exactly as contemplated in original statute. They wanted to discriminate between expensive apartment houses and lower cost housing. This raised some question as to validity of action taken by local authorities, since they derived their power only as granted by State.

[1]A bill jacket for each law was available for all years in the period of this study except 1919 and 1920. Each jacket contained a copy of the bill and of all related correspondence that had been preserved - letters and/or wires to the Governor or other officials, pro and con.

"The taking of this action by the local authorities has been followed by a marked increase in house building activities. Some builders and their attorneys, however, are troubled by doubts in regard to the validity of the action taken by the local authorities...." The following statement appears later in same letter:

"So far as we know all the persons interested in this method of relieving the housing situation approve of the general purposes aimed at under Section 2. While Section 2 would give some tax exemption to all new houses the exemption would be proportionately greatest to the cheaper types of buildings. The city would still get a substantial revenue from new dwellings and apartment houses of a very expensive type."

1922

During the Regular Session of 1922, some of the rent laws were further amended: Chapter 156 amended Section 1416, Civil Practice Act, in relation to notice to be given in certain cases of summary proceedings to recover possession of real property; Chapter 663 extended to February 15, 1924, application of Chapters 136 and 137, Laws of 1920, and of Section 1011-a and Subdivisions 1-a and 2-a, Section 1410, Civil Practice Act (as severally amended by subsequent laws); Chapter 664 amended Chapter 136, Laws of 1920 (last amended by Chapter 434, Laws of 1921), generally.

The tax exemption law was extended and the insurance law amended:

3-27-22 Chapter 281.*

AN ACT to amend the tax law, in relation to extending the time for the commencement of construction for the purpose of securing exemption from local taxation of buildings planned for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, and amended by Chapter 444, Laws of 1921, amended.

Time for commencement of construction extended to April 1, 1923. Time for completion for occupancy extended to either 2 years after such commencement or, if in course of construction on September 27, 1920, within 2 years thereafter. Determination of actual date of commencement, for purpose of benefits of this act, defined.

Material in bill jacket included:

1. Letter to Governor from City Club of New York, dated March 21, 1922, in favor of passage of this act. Quoting from annual report of Club, issued in November 1921:

"The results flowing from it have surpassed expectations in spite of uncertain conditions in the building industry. In seven months houses have been planned to accommodate 38,000 families. At this rate of progress 260,000 persons will be provided for in one year....about equivalent to a three years' normal growth of population.

"The present rate of building is more than four times that of last year. As against housing contracts actually awarded for the entire twelve months of last year, amounting to $81,650,200, there have been awarded during ten months of this year -- including only seven months under tax exemption -- contracts amounting to $195,933,400. Last month alone contracts were made aggregating $41,265,400. The figures for floor space are still more impressive. For the year 1920 the total contracted for was 15,142,000 square feet. For the first ten months of 1921 the total was 41,638,800 square feet. It is evident therefore that the deadlock has been broken.

"An incidental result has been the creation of an active market for vacant lots where none had existed. Lots have been auctioned off by the thousands to prospective home builders. Where in years past the chief selling point

featured by the agents was the possibility of speculative profits through a rise in land values, now the advantage advertised is the opportunity to build a home and to secure the exemption.

"Of the provisions for 38,000 families already referred to 22,704 are in one and two family houses, representing a complete reversal of the old ratios of such houses to tenement apartments...."

2. Letter to Governor from Senator Charles C. Lockwood, of New York City, Chairman of Lockwood Committee which first proposed bill which became Chapter 949, Laws of 1920. He urges passage of act also, commenting that "a great many prospective home builders here are interested, and I am told the Democratic Leader of the Board of Aldermen of New York is waiting to introduce the extension ordinance."

4-13-22 Chapter 658.*

AN ACT to amend the insurance law, in relation to the power of insurance companies to purchase, improve and sell or convey real property during certain emergencies.[1]

Section 20-a added to Chapter 33, Laws of 1909.

Until March 1, 1924, and while housing emergency exists, all life insurance companies (foreign and domestic) in State may purchase land in any city of first class and build apartments, tenements, or other dwelling houses (except hotels) and may hold, maintain, manage, collect and receive income from, and sell or convey such land and improvements. Total cost shall not exceed 10% of admitted assets as of December 31, 1921; cost of land so acquired not admitted asset unless improved as provided herein; and, if so improved, only if average net rental of such apartments is $9 or less per month per room.

NOTE: Existence of tax exemption ordinance made this low rental possible. Under this law, Metropolitan Life Insurance Company erected 54 apartment houses in Borough of Queens. This experiment was studied by Commission of Housing and Regional Planning and reported by it to Legislature on March 14, 1924 (see G, below).

Material in bill jacket can be summarized as follows:

Those who opposed allowing insurance companies to enter housing field did so on these grounds:

1. Fiduciary companies should not engage in speculative building
2. Housing emergency is over
3. Rentals too high for wage-earners
4. No control by State after insurance company sells property
5. Insurance companies should make large mortgage loans
6. Unjust competition to nonexempt builders
7. No provision for maintaining low rents
8. Need permanent, not makeshift, housing program
9. New housing should be built by a housing commission
10. In view of high costs, bill can only result in construction of cold-water flats.

Those favoring bill felt:

1. Housing emergency still exists
2. Would benefit public and policyholders
3. Middle-class people need low-rent housing.

1923

During the Regular Session of 1923, one of the rent laws was amended: Chapter 892 amended Chapter 663, Laws of 1922, to provide that it applies to all leases entered since September 27, 1920.

[1]Introduced into Senate by Joint Legislative Committee on Housing and into Assembly by Mr. McWhinney; became known as the Metropolitan Life Act.

The tax exemption law was extended and the public buildings law amended:

4-16-23 Chapter 243.*

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, and last amended by Chapter 281, Laws of 1922, amended.

Time for commencement of construction extended to April 1, 1924.

5-21-23 Chapter 337.*

AN ACT to amend the tax law in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, and last amended by Chapter 243, Laws of 1923, amended.

Extends to buildings three stories in height, used exclusively for dwelling purposes above ground floor, same exemption granted in case of four-story buildings of same type provided construction commenced since April 1, 1923 and before April 1, 1924.

Provides in cases where no department or officer supervising construction of buildings, with whom plans to be filed, governing board not prevented from granting exemptions. Construction deemed commenced when excavation begun in good faith, in such cases.

5-24-23 Chapter 694.*

AN ACT to amend the public buildings law, establishing in the department of architecture the bureau of housing and regional planning, and making an appropriation therefor.

Article 2-a (Sections 19-f - 19-i) added to Chapter 48, Laws of 1909.

Regular duties consist of studying housing needs and conditions and preparing plans; collecting and distributing information relating to housing, community planning, means of lowering rents by securing economy in construction and arrangement of buildings; assisting in preparation of legislation and regulations in relation to housing, zoning and planning; copperating with local housing boards in cities and localities and with State and Federal authorities; reporting to Governor and Legislature.

Special duty to study prevailing situation for purpose of advising Governor and Legislature of facts in relation to housing emergency to aid in determining what action to take. Report to be filed by January 31, 1924, to contain recommendations concerning rent laws and tax exemption law enacted in 1920 and 1921 for purpose of meeting then existing emergency.

1924

During the Regular Session of 1924, the rent laws were further amended: Chapter 6 extended to February 15, 1926, application of Chapters 136 and 127, Laws of 1920, and Sections 1011-a and 1410, Civil Practice Act; Chapters 628 and 629 extended coverage of same to other localities; Chapter 171 amended Justice Court Act in relation to jurisdiction in summary proceedings to recover real property; Chapters 514 and 621 amended Civil Practice Act and Chapter 625 amended Penal Law, in relation to deposits, or recovery of rents in actions to recover possession of real property.

The tax exemption law was extended and the insurance law further amended:

4-1-24 Chapter 87.*

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Section 4-b, Chapter 62, Laws of 1909, as added by Chapter 949, Laws of 1920, and last amended by Chapter 337, Laws of 1923, amended.

Time for commencement of construction extended to April 1, 1925. Continues provision concerning three-story buildings. Does not repeat provision concerning localities having no department supervising construction.

4-23-24 Chapter 284.

AN ACT to amend the insurance law, in relation to the power of insurance companies to purchase, improve and sell or convey real property during certain emergencies and extending the time therefor.

Section 20-a, Chapter 33, Laws of 1909, as added by Chapter 658, Laws of 1922, amended.

Time extended from March 1, 1924, to March 1, 1926, and for duration of housing emergency. Powers remain unchanged.

1925

During 1925, no action was taken on the rent laws or the insurance law. The tax exemption law was not extended.

1926

During the Regular Session of 1926, the rent laws were further amended: Chapter 6 extended to June 1, 1927, application of Chapter 136, Laws of 1920, and Sections 1011-a and 1410, Civil Practice Act, and provided certain exclusions; Chapter 842 provided relief (in addition to Chapter 6) in relation to summary proceedings to recover possession of real property.

No action was taken concerning tax exemption or the insurance law, which had been extended to March 1, 1926. A state housing law was enacted:

5-10-26 Chapter 823.*

AN ACT to promote the public health and safety by providing for the elimination of unsanitary and dangerous housing conditions, to relieve congested areas, and the construction and supervision of dwellings and for the letting of apartments at reasonable rentals; repealing article two-a of the public buildings law relating to the bureau of housing and regional planning, and making an appropriation to carry out the provisions of this act.

Article 2-a, Chapter 48, Laws of 1909, as added by Chapter 694, Laws of 1923, repealed.

To be known as "State Housing Law." Declares public necessity for correction of housing conditions by construction of new facilities under public supervision to provide accommodations at monthly rentals per room not in excess of $12.50 in county of New York; $11 in counites of Kings and Bronx; $10 in other counties in New York City and other cities of first class within State; and $9 elsewhere in State where needed. Bathrooms not counted as rooms. Establishes in Department of Architecture a State Board of Housing to provide such supervision.

Provides for formation of public and private limited-dividend corporations, subject to consent of State Board of Housing. Dividends not to exceed 6% in any one year. Exempt from franchise, organization, income, mortgage recording and other State taxes and all fees to State or its officers. Bonds and mortgages and income debenture certificates of such companies are instrumentalities of State and, together with interest thereon, exempt from taxation by State. Any municipality may exempt from local taxation projects so authorized, which shall then be exempt from State taxes to same extent. Exemption shall not extend to buildings erected after January 1, 1937. Surplus limited to 12%. Gross receipts in excess of stipulated allowances to be applied to rent reduction.

During the Regular Session of 1927, the rent laws were further amended: Chapter 568 extended to June 1, 1928, application of Chapter 136, Laws of 1920, and Sections 1011-a and 1410, Civil Practice Act, and provided certain exclusions.

The State Housing Law and the Public Works Law were amended:

2-17-27 Chapter 35.

AN ACT to re-enact and amend the state housing law to conform to the state departments law.

Chapter 823, Laws of 1926, re-enacted and amended.

Despite this footnote to the law in the original, "The amendments effected by this act are so numerous and extensive that it is impracticable to indicate the changes made," only one of provisions listed in summary of Chapter 823 (5-10-26), above, is changed. Instead of a State Board of Housing in Department of Architecture, there is now a Board of Housing in Bureau of Housing in Division of Architecture in Department of Public Works.

3-31-27 Chapter 512.

AN ACT to amend the public works law to conform to the state departments law, in relation to the organization of the department and to amend the state departments law, in relation to the organization of the department of public works, and repealing certain sections thereof.

Schedule of Article 2, Chapter 867, Laws of 1923, amended.

Establishes Bureau of Housing in Division of Architecture, to be in charge of a Board of Housing, which shall exercise powers and perform duties vested in it or in Department or Superintendent of Public Works under State Housing Law.

E. New York State: Reconstruction Commission

The following material consists of excerpts and summaries of material appearing in reports of the Housing Committee of the Reconstruction Commission, Public Papers of Governor Alfred E. Smith, or Senate Journal, during the period 1919-20.

1-20-19

Message of Governor Smith to Legislature.

Reported appointment of a Reconstruction Commission, and requested appropriation of $75,000 for its work.

Post-war problems included need to study: (a) war-emergency laws to determine which to retain and which to repeal; (b) operation of City's military training law; (c) housing conditions in the State; (d) taxation; (e) employment; (f) public health; (g) labor supply; (h) "Soldiers' Settlement Act;" (i) question of speeding up public works to meet unemployment situation.

6-9-19

Interim Report of Reconstruction Commission.

Report of meeting called to evaluate results of block-by-block study of 34 congested blocks in New York City. Study made pursuant to charge to examine housing conditions.

Block-by-block study had two objectives:

1. Gathering information on which to base plans for reforms as to methods of supplying, remodeling, financing and managing housing in New York City
2. Educating the public as to the need and possibility of improving living conditions.

Detailed data were obtained from every family. Information was also gathered regarding the physical condition of each building, the type and quality of its management and the nature and acquisition date of its ownership. More than 1,700 buildings were surveyed, consisting of over 34,000 apartments, and housing nearly 200,000 persons.

Detailed findings of this study are included in the Appendix.

3-26-20

Message of Governor Smith to Legislature, Transmitting Report of Housing Committee of Reconstruction Commission, dated March 22, 1920.

Notes two problems: (a) immediate shortage of dwellings; (b) need for permanent housing program.

Hopes Joint Legislative Committee on Housing will have solution of temporary situation. Permanent program should make fundamental changes to: (a) encourage workers to build their own homes; (b) encourage cooperative ownership; and (c) enable large-scale planning of model dwellings that will be economically sound, protected against excessive profits on investments and available at reasonable rentals.

3-22-20

Report of the Housing Committee of the Reconstruction Committee of the State of New York.

Concludes no temporary solution will meet present housing difficulties; it will take years, during which the shortage will continue. Finds that crisis is result of past tendencies, and that it is economically unprofitable, as it has been for several years, to provide decent housing workers can afford. It is impossible to supply decent homes unless cost of living is reduced.

Committee recommends:

1. Creation of local housing boards and of State Housing Agency to work on housing problems

2. Amend Constitution to permit extension of State credit on large scale, and at low rates, to aid in construction of moderate-priced homes

3. Exempt bonds of State Land Bank from State and Federal taxation

4. Permit cities to acquire, hold, or lease vacant lands for construction of housing.

Committee studied all factors entering cost of housing: land, taxes and assessment, planning, building and management. Its comments were:

1. Land

Basic reason for congestion in cities is high cost of land. As population increases, so do land values. Increased values lost in land speculation. To great extent, problem of housing is a land problem. Remedy seems to be community ownership.

City might acquire vacant land in areas likely to be developed and lease on long-term basis.

2. Taxes and Assessments

Haphazard growth keeps much land idle. Taxes, meantime, mount up. In effect, become charges against future housing.

3. Board of Housing and Community Planning

Needed to develop constructive plans for eliminating the waste and poor planning of cities and of housing.

4. Money and Credit

Private venture has never built houses for low-paid wage earners. Becoming increasingly difficult to secure loans for middle-income people.

State credit should be used for low-cost loans for decent housing, with preference to large, economical units. Requires safeguards, including control of rentals.

5. Planning

Development of small parcels is wasteful. The 25-foot lot was an important cause of the dark, old-law tenements.

No effort to provide better housing conditions can be successful unless made part of plan of community as a whole.

6. Management

Condition of tenements due not only to poor planning and poor building, but to inadequate care. Partly due to absentee landlords, partly to profiteers. Proper care of houses requires tenant cooperation. If they had some part in management, and perhaps in ownership, they would take better care.

Committee's conclusions were:

1. Relieve mortgages from taxation up to $40,000, if used for residential properties

2. Some form of subsidization is needed to overcome housing shortage

3. The lowering of building standards is undesirable, but may be necessary temporary expedient

4. Caution is needed in passing legislation regulating rents or disciplining landlords. It is not consistent to urge capital to build homes while threatening to take away all incentives to build.

5. There is a distinction between present general shortage of houses and the existing lack of suitable, moderate-priced (workingmen's) houses that can be rented at figures within average worker's means. The general shortage is temporary; the

lack of suitable workingman's houses can only be met with radical measures, such as above recommended.

Details of Housing Committee report are included in Appendix.

9-20-20

Message of Governor Smith to Legislature.

Requested several measures to protect tenants, encourage building construction and to provide for future study and development by the State of adequate housing facilities. These measures were:

1. Suspend dispossess remedy
2. Suspend rent increases
3. Exempt new dwelling construction from taxation
4. Permit State and municipalities to invest in bonds of State Land Bank
5. Make State property available by sale or lease for housing
6. Investigate cost of building materials
7. Create a Board of Appeals in the Tenement House Department in New York City
8. Create State and local housing boards to seek solution for housing situation. State board should develop system of State credit for housing

F. New York State: Joint Legislative Committee on Housing

The following material consists of summaries of reports of the Joint Legislative Committee on Housing, as taken from the New York Senate Journal for 1919 and from legislative documents for the period 1920-23.

1919

During the Regular Session of 1919, the Joint Legislative Committee on Housing was created on April 18, by concurrent resolution.

During the one-day Extraordinary Session on June 16 (called to act on proposed Constitutional amendment concerning women's suffrage), the Governor transmitted to the Legislature, with a request for immediate action, a letter concerning the housing situation:

6-16-19 Letter to Governor Alfred E. Smith.

Recommends passage of following proposed statutes designed to remedy housing situation:

1. Amend Tenement House Law to permit alteration of four-story and basement private houses to apartment houses accommodating not more than four families. (Became Chapter 648, Laws of 1919.)
2. Amend Banking Law, Section 239, subdivision 6, to permit savings banks to lend 60% on value of land and buildings in course of construction; i.e., to make building loans. (Became Chapter 647.*[1])
3. Amend Chapter 512, Laws of 1919, to provide landlord must give to tenant having no written lease, but paying agreed rent, at least 20 days' notice of termination of his tenancy. (Became Chapter 649.)
4. Amend Subdivision 3, Section 6, Chapter 279, Laws of 1915 (The Municipal Court Act), to authorize municipal court justices to stay issuance of warrant evicting tenant in apartment or tenement house for not more than 20 days, provided tenant deposits amount of rent for such period in court or pays same to landlord. (Became Chapter 650.)

Signed by Charles C. Lockwood, Chairman, Joint Legislative Housing Committee; Nathan Hirsch, Chairman, Mayor's Committee of the City of New York on Rent Profiteering; Abram I. Elkus, Chairman, New York State Reconstruction Commission; Frank Mann, Tenement House Commissioner of the City of New York; and John J. Murphy, Secretary, Tenement House Committee, Charity Organization Society (as to amendment of Tenement House Law).

1-7-20 Legislative Document (1920) No. 14.

Preliminary Report of the Committee Appointed to Investigate Housing and Ice Conditions of the State.

Committee created on April 18, 1919, to investigate housing situation and supply and distribution of ice, in cities throughout State and especially in New York City.

Testimony prior to June, 1919, showed housing situation acute in New York City, but up-State officials considered situation well in hand. Up-State conditions more acute recently. Committee to receive current information and suggestions from State Conference of Mayors by February 1.

Committee not empowered to submit proposed legislation at Extraordinary Session of 1919, except by recommendation to Governor in conference. Following recommendations received his approval and were adopted by Legislature at that Session.

1. Resolution directing State's representatives in Congress to study housing situation in State; study pending Federal Home Loan Bill and endeavor to apply same principle to home owners as Farm Loan Act did to farmers.

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[1]Throughout Part F, * beside an item number or paragraph heading indicates that it is reproduced either in full or as an excerpt in the Appendix.

2. Resolution requesting representatives in Congress to try to obtain exemption from Federal taxation of bonds issued by Land Bank of State of New York, to permit them to compete with other untaxed Federal, State and municipal securities.

Items 3 to 6 are same as items 1 to 4 under 6-16-19, above.

7. Recommendations that Governor appeal to civic and labor organizations, building and loan associations, savings banks, insurance and trust companies and other lending institutions in State to make every effort to aid construction of dwellings, especially those renting at low rates.

Commends work of Mayor's Committee on Rent Profiteering, which held hearings and investigated 30,000 complaints of increases of rents, helping to settle many of them.

Discusses Chapters 649 and 650, Laws of 1919, recommending amendments. Mentions architectural competition for remodeling of tenements, under joint sponsorship of this Committee and Reconstruction Commission; problem of backlog of manufacture of building materials and need for priorities; withdrawal of money from mortgage market; hampering effect of State Income Tax on bill pending in Congress to exempt mortgage holdings up to $40,000 from income taxes; stimulating effect influx of mortgage money would have on building, and leveling effect on rents expected from tide of supply and demand; that tax exemption should be avoided, but extraordinary remedies are needed in emergency; that present price levels are reasonably permanent.

Feels its conferences with directors of lending institutions resulted in appropriation of many millions of dollars for building loans. Federal aid to home builders now being considered in Congress in form of Federal home loan bills and exemption from income tax. Question of State and Municipal aid awaits opinion of Attorney-General, but borrowing capacity of cities so limited as to offer little immediate help.

Suggests cure for profiteer in denial of right to maintain summary proceedings, relegating him to common law right of ejectment.

Additional suggestions:

1. Repeal 1918 law concerning written lease, reverting to oral lease valid for one year or less.

2. Amend Section 2231, Code of Civil Procedure, concerning summary proceedings - if brought to cancel lease because tenant undesirable, must be adjudicated by court.

Will continue concurrent investigation of harvesting, manufacture, storage, sale, supply and distribution of ice and report in mid-January.

Submitted by Charles C. Lockwood, Chairman, William A. Carson, John J. Dunnigan, James H. Caulfield, Jr., Thomas A. McWhinney, Earl H. Miller, Peter J. Hamill and Mrs. Ida B. Sammis.

9-20-20 Legislative Document (Extraordinary Session, 1920) No. 1.*

Report of the Joint Legislative Committee on Housing.

Preliminary report was submitted to Legislature of 1920 and several bills passed in April, including - by almost unanimous vote - so-called rent laws (Chapters 130 to 139).

Conditions, causes and effects:* During war, building of houses stopped. At end of war, by Federal estimates, nation needed one million new homes; Committee estimates State needs about 100,000 now. Many problems affecting entire community result from housing shortage: problems of health and morals; rent profiteering, which has generated unrest and resentment; great anxiety and loss of respect for laws and courts, who seem unable to protect tenants' rights; resultant readiness to listen to agitators.

The "leaster" appeared. Never "sowed," rarely repaired, always "reaped" by jacking up rent and is largely responsible for oppression practiced. Never so many evictions in history of City - over 60,000 notified to vacate on October 1, 1920. President of Board of Municipal Court Justices, September 16, 1920, "The summary dispossess proceedings

against tenants during the month of October will exceed in number the record for the whole year 1919....action must be taken within a period of ten days after the Legislature convenes, otherwise....October first will find us in a terrible condition. Our courts will be packed with frantic men and women."

Summary proceedings for full 12 months of 1919 amounted to 96,623, for 5 boroughs of Greater New York; for 8 months of 1920 (January 1 to August 31), 87,442. Only since housing situation affected not only very poor but average citizen, has it become of great public interest.

Most important of rent laws, Chapter 136, provides that, "....it shall be a defense to an action for rent accruing under an agreement for premises....occupied for dwelling purposes....that such rent is unjust and unreasonable and that the agreement under which same is sought to be recovered is oppressive." Constitutionality challenged and fully examined. Persons quoted as in favor of rent laws and against their repeal or modification included: Chairman Arthur J. W. Hilly, Mayor's Committee on Rent Profiteering; Manhattan Borough President Henry H. Curran; President LaGuardia, Board of Aldermen; and Municipal Court Justices Levy, Strahl, Scanlan and Boyce.

Every State in Union promoting "Own-Your-Own-Home" movements. Congress passed Federal Farm Loan Act; has not yet acted on Federal Home Loan Act to aid city dwellers.

Examples of increased costs of production: 1. Newtown High School, Queens - November, 1919, lowest bid rejected as too high, $780,000; January, 1920, lowest bid rejected, $885,000; May, 1920, contract to bidder of November, 1919, $987,000. 2. Standard city schools of same size and type of construction: March, 1915, $267,600; March, 1919, $463,916; March, 1920, $822,000.

Increased production of materials and dwellings alone (through cooperation between capital and labor) can meet extraordinary demand all over country.

Men, money and materials: Labor being released by war industries. Costs have gone from low of $3.40 per day for laborers and high of $5.50 for bricklayers and plumbers in 1913 to low of $7 for laborers and high of $10 for bricklayers and painters in 1920. Legislation cannot increase labor efficiency. Local housing boards can promote cooperation between labor and capital.

Mortgage interest rates in State are 6%, against railroad and industrial securities paying up to 9% on par. Mortgages whose interest is subject to Federal and State income taxes cannot meet this competition; net return in some cases has been 3%. Committee is studying this and will report in January, 1921. Condition alarming; unless savings banks and insurance companies meet demand, Legislature must consider: (a) legislation restricting savings bank and insurance company investments, (b) extending credit of State or cities, or (c) raising legal interest rate.

Committee feels pressing need for building materials justifies Congress passing limited embargo on exportation of basic building materials (great demand from Europe). Present prices more than 250% above prewar, as against a little over 100% for average of all commodities. Common brick was $7 to $10 per thousand, now $32 to $35; lath was $1.50 per thousand, now $22; flooring was $42 per thousand, now $140. Striking uniformity of prices throughout trade; apparent lack of competition; fixation of prices by association or by "luncheon agreements." Committee will continue investigation and submit facts to Federal, State and local authorities, before next regular session.

Shortage is general throughout State; most acute in New York City and Buffalo.

State and municipal aid: State funds or credit will require Constitutional amendment, needing action by two successive Legislatures; therefore not considered in drafting these emergency suggestions.

One group advocates municipal aid in form of City credit extended as long-term, amortized mortgage loans on dwellings; another urges City erect tenements. Constitutional

power extremely controversial. Opinion quoted, all adverse - unconsitutional or undesirable, or both.

Recommendations:*

1. Bill exempting interest on mortgages from State Income Tax.
2. Memoralize Congress to exempt interest on mortgage holdings under Federal Income Tax Law.
3. Bill granting to local authorities right to exempt from taxation for local purposes for period ending January 30, 1932, all new buildings erected exclusively for housing, provided construction is commenced before October 1, 1921, and premises ready for occupancy before April 1, 1923.
4. Creation of local housing boards to be appointed by mayors of various cities.
5. Bill making bonds of State Land Bank legal investment for State and local sinking funds.
6. Memoralize Congress to enact necessary legislation to grant to transportation of building material priority subsequent only to food and coal, and to place an embargo on shipment of building material to foreign countries.
7. Memoralize Congress to provide for immediate investigation of charges that certain manufacturers and producers of building material have entered into unlawful combinations and are engaged in methods of business calculated to maintain prevailing prohibitive cost of such material.
8. Committee will further recommend such bills as in its judgment will: protect tenants who have received notice to move on October 1; tend to prevent granting numerous short stays in hold-over proceedings and permit longer stays; eliminate 25% clause, so that burden of proving an increase of rent is reasonable will be on landlord, who will be required to furnish bill of particulars as to his income, maintenance and cost of operation; amend procedural provisions of code to facilitate administration of laws and protect rights of landlords and tenants; exempt new buildings from rent laws.
9. Amend Tenement House Law to permit variations from letter, not spirit, of law, to stimulate construction and reconstruction of housing.
10. Amend Greater New York Charter to permit borough superintendents of buildings to refuse permits to demolish dwellings if continued use is in public interest.
11. Enlarge scope and powers of Committee.

Submitted by Charles C. Lockwood, William A. Carson, John J. Dunnigan, Thomas A. McWhinney, James H. Caulfield, Jr., and Peter J. Hamill.

Minority report: Approves of report, but wants recommendation favoring legislation to authorize public housing. Peter A. Abeles.

12-31-20 Legislative Document (1921) No. 15.

Intermediate Report of the Joint Legislative Committee on Housing.

Reports unsuccessful efforts to investigate illegal combinations in restraint of trade in building industries. Criticizes lack of Federal facilities for prosecution. Recommends memoralizing Congress to that effect.

1-30-22 Legislative Document (1922) No. 50.*

Preliminary Report of the Joint Legislative Committee on Housing.

Housing emergency still exists; even more acute in low-rent dwellings. High prices of labor and materials driving builders into construction of expensive apartment houses, to exclusion of reasonably priced tenements. Congestion among low-income families has become menace to lives, health, morals and safety of entire community. In Manhattan, about 100,000 violations of sanitary and building laws on file - mostly not acted upon. Courts are swamped. Grave danger from contagious diseases. No relief in sight from ordinary competitive building. Shortage of about 80,000 apartments.

Barring necessary constitutional power for public housing, only solution is to permit insurance companies to invest capital in construction of such housing and purchase of land for purpose, as provided in proposed amendment to Insurance Law. This would permit large-scale construction for rental at $9 per room per month, and still return 6% above generous allowances for depreciation, vacancies, reserves and normal taxes (which would be exempted for 9 years). Committee's estimates supported by building experts. Plan contemplates concessions by labor below prevailing wage scale, against preference in renting resulting apartments, to encourage cooperation and labor efficiency. Committee urges acceptance of amendment.

Will report further by February 15.

Submitted by Charles C. Lockwood, Chairman, Thomas A. McWhinney, Vice Chairman, James H. Caulfield, Jr., Ward V. Tolbert, Salvatore A. Cotillo, Peter J. Hamill, Peter A. Leininger, William A. Carson and John J. Dunnigan.

--, 1922 Legislative Document (1922) No. 60.*

Intermediate Report of the Joint Legislative Committee on Housing.

An introductory statement, Committee summarizes its prior recommendations.

Repeats statements concerning emergency, cited in Preliminary Report, and takes issue with Real Estate Board of New York, which claims there is no shortage of housing accommodations. Quotes original resolution creating Committee and notes amendments thereto. Cites statistics as to shortage of dwelling units.

12-31-22 Legislative Document (1923) No. 48.*

Final Report of the Joint Legislative Committee on Housing.

Summarizes previous recommendations and action thereon.

Notes general improvement in housing conditions throughout country. General economic conditions improved. Prices of materials approximating normal. Labor conditions better. Money market easier.

"Tax Exemption Law and the release of competition in building materials have stimulated an astonishing resumption of building." Thousands of small homes and many large apartment houses have been built. Vacancies in high rental apartments are developing. Moderate and cheap apartments continue scarce.

Summarizes experience of Metropolitan Life Insurance Company in building low-cost housing under amendment to Insurance Law.

Notes gain of approximately 60% in construction in the 5 boroughs, giving detailed figures.

Submitted by Charles C. Lockwood, Chairman, Thomas A. McWhinney, Vice-Chairman, James H. Caulfield, Jr., John J. Dunnigan, William A. Carson, Ward V. Tolbert, Peter A. Leininger, Peter J. Hamill, George N. Jesse and Salvatore A. Cotillo.

G. New York State: Commission of Housing and Regional Planning

The following material consists of summaries of reports of the Commission of Housing and Regional Planning, as taken from legislative documents for the period 1923-26.

12-22-23 Legislative Document (1924) No. 43.*[1]

Report of Commission of Housing and Regional Planning on the Present Status of the Housing Emergency.

Reports that rents have increased in New York City between 40 and 93% during the years 1920-23. Finds vacancy rate less than one-half of one percent, and most vacancies in high-rent apartments. Comments on serious effect of overcrowding on public welfare.

Discusses two methods of statistical analysis of housing shortage. Concludes that no such analysis would show existence of gross shortage or surplus sufficient to prove presence or absence of housing emergency. Important factor is supply of rentals and distribution of incomes. "An empty apartment at $100 a month has little value to the man with an income of $25 a week...."

Gives figures on relation of rental to income. All-family average is 18.3%. On this basis, 69% of families are unable to pay more than $500 a year for rent. Most of new construction beyond means of this group.

City and Surburban Homes Company, incorporated in 1897 with purpose of supplying model apartments to wage earners, now owns 2,945 apartments in Manhattan, renting at average of $8.63 per room per month. Company policy to cater to those able to pay $12 or less per room per month. Cannot build now for less than $15, which is too high for its preferred clientele.

Pending study of housing problems, urges extension of emergency rent laws for period of 2 years. Also recommends extension of State credit through State Land Bank, and permission to cities to engage in public housing operations.

Appends letter from Hon. Edward F. Boyle, Justice of Children's Court, New York City, citing cases to show seriousness of housing crisis.

Submitted by Clarence S. Stein, Chairman, Sullivan W. Jones, Lowell Grossman, Bernard L. Shientag, Oliver Cabana, Jr., Mrs. Sara A. Conboy and Peter D. Kiernan.

3-14-24 Legislative Document (1924) No. 78.*

Report of Commission of Housing and Regional Planning on Tax Exemption of New Housing.

As result of investigations, Commission reached following conclusions:

1. Tax exemption principal factor in breaking deadlock on housing construction and starting extensive and increasing building program.
2. Tax exemption has served as incentive to building large number of moderate-cost houses since 1921. Greatly stimulated construction for home ownership.
3. Need for moderate-priced houses still in excess of supply.
4. Unless tax exemption continued, production of this type of home will be greatly diminished.

Commission therefore recommends:

1. Extension of Tax Exemption Law: time of commencement of construction changed from April 1, 1924, to April 1, 1925. (Became Chapter 87, Laws of 1924.*)

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[1] Throughout Part G, * beside an item number indicates that it is reproduced either in full or as an excerpt in the Appendix.

2. That New York City officials further restrict exemption to limit its benefits to home owners. Recognizes that tax exemption is subsidy - warranted only if benefits restricted to families of limited income.

3. Extension to March 1, 1926, of powers of insurance companies to construct low-cost housing. (Became Chapter 284, Laws of 1924.)

Credits Tax Exemption Law with breaking housing deadlock of 1920. Quotes official figures for all boroughs for 1920-23. Feels that tax exemption should have been linked with rent control, to prevent bonuses to speculative builders. Discusses Metropolitan Life Insurance Company program in Queens, and upsurge in building of one- and two-family houses.

In commenting on benefits to City from tax exemption, Commission states:

> "....Tax exemption, as has been shown in the earlier part of the report, has stimulated the tremendous growth of residential building. In so far as it has been responsible for this improvement and has contributed to the creation of high realty values, it may be credited with increasing city revenues.
>
> "From the increased taxable value of the land, the city is already drawing benefits in larger taxes. From the tremendous increase of taxable values in improvements, the city will derive benefit in a few years. The immediate outlay which the city will have to make in added requirements for fire and police protection, for schools, for sewers and other services is relatively small. In the future the city will be repaid for any immediate outlay....
>
> "If the city is to encourage development, it must plan to provide the necessary accommodations. From the standpoint of revenue, the city must be considered in the character of a business man who ventures an immediate outlay to insure future income. Tax exemption is creating aggregate taxable values to an extent heretofore unknown in the history of any municipality."

3-1-25 Legislative Document (1925) No. 91.*

Report of the Commission of Housing and Regional Planning.

Finds housing conditions for people of low and moderate income worse than in past. Increasing demand to rehabilitate old-law buildings. Many illegal conversions. Inspections made on complaints only. Before 1919, complaints averaged 35,000 per year; now about 100,000.

This is the permanent problem: "At all times and in all places private enterprise has been unable to supply adequate housing to meet the needs of the underlying population." This was first recognized in New York City in 1842. First tenement house law passed in 1867.

Question is how to provide adequate housing at low cost. Discusses at length problems of reducing construction costs and of furnishing mortgage money at low rates of interest. Points out that tax exemption is also needed, but "must be coupled with a limitation of the return if the benefit is to reach the tenant....As a means of ending a physical shortage the measure was excellent. As a means of getting cheaper homes, it was almost useless. The situation would be quite different if limited dividend companies could secure tax-exemption....The savings due to tax-exemption would necessarily have to pass to the tenant because the return is limited to 6 per cent."

Submitted by Clarence S. Stein, Chairman, Sullivan W. Jones, Abraham W. Brandt, James A. Hamilton, Oliver Cabana, Jr., Mrs. Sara Conboy, Peter D. Kiernan and Chauncey J. Hamlin.

12-23-25 Legislative Document (1926) No. 40.

Report of the Commission of Housing and Regional Planning.

Deals extensively with operation of rent control laws in New York City and Buffalo, and offers plan for gradual decontrol.

Includes statistics of new construction in New York City between October 1, 1920, and October 1, 1925. There is a net increase of 283,600 suites (dwelling units). Approximately 20% of these rent for $15.50 per room per month, or less. Most of highest rental units occur in Manhattan. Vacancy ratio has risen from low of .15 in February, 1921 to 2.23 in January, 1925. Less than 10% of the vacancies rent for less than $15 per room per month.

Submitted by Clarence S. Stein, Chairman, Sullivan W. Jones, Arthur W. Brandt, James A. Hamilton, Oliver Cabana, Jr., Mrs. Sara Conboy, Peter D. Kiernan and Chauncey J. Hamlin.

2-22-26 Legislative Document (1926) No. 66.*

Report of the Commission of Housing and Regional Planning Submitting a Proposal for Permanent Housing Relief.

In his letter of transmittal, Governor Alfred E. Smith said, concerning housing problem:

> "This whole question has been investigated, and re-investigated, and investigated all over again until there are in existence today official records on file in the Capitol at Albany sufficiently large to fill volumes of books. One outstanding fact still remains as a result of all the investigations and that fact is that the construction of certain types of homes for wage earners of small income is unprofitable under the existing system. All of the investigations disclose the undisputed fact that the building of homes has in the past been looked upon as an enterprise conducted like any other business in which the element of speculative profit has been the compelling force. Until this situation is changed it will be impossible to rebuild the tenement areas which continue throughout the years to be a menace to the health and the morals of the country."

Commission proposes strengthening limited-dividend corporation program, as permanent solution to housing shortage. This would: (a) accomplish gradual reconstruction of worst tenement areas, and (b) provide adequate housing for families of limited income.

To succeed, limited-dividend corporations must have adequate capital, at low interest rates; power of condemnation; and tax exemption.

SECTION 3. CHRONOLOGY OF PRESS COMMENT

The following material consists of excerpts and summaries of news articles and editorials relating to the housing crisis, taken from The New York Times for the period 1919-24.

1-5-19

Prediction that rents will rise because of increased expenses and responsibilities for the landlord. Taxes are also a big factor in the rising cost of housing.

1-21-19

Governor Alfred E. Smith* names New York State Reconstruction Commission, headed by Mr. Abram I. Elkus.

1-26-19

Discussion of taxes by the Reconstruction Commission: "The burden of real property cannot be increased, bearing at present all it can stand." The Real Estate Board of New York memorialized the Commission that it was willing to favor any just suggestions; but insisted that before any additional tax is approved, a law must be enacted limiting the tax on real estate in the City of New York to 2%, or 53-1/3% of the net income from real estate.

1-26-19

Bills affecting realty: Landlords are prohibited from discrimination against tenants with children. Rear extensions are permitted on apartment buildings.

2-6-19

Mr. Robert E. Dowling, President of City Investing Corporation, speaking to the Assembly Cities Committee, drew a gloomy picture of the condition of the market for mortgages in New York, due almost entirely to the fear of rising tax rates. The difficulty is due more to the prohibitive taxation than to war conditions, and it would work incalculable hardship in the rents of people of moderate means.

2-8-19

State income tax bill drawn by the Advisory Committee on Real Estate Interests to be proposed to the Legislature. It is intended to limit the tax on real estate.

2-9-19

Mr. Nathan Hirsch, Chairman of the Mayor's Committee on Rent Profiteering and Taxation, made public six tax proposals. He does not favor the bill proposed by the Real Estate Board and sponsored by Mr. Dowling, to make a 2% tax limit. If it were enacted immediately, the credit of the City would be seriously impaired. He feels that it should be enacted by 1922. "The fixed rate on realty affects not only the landlord, but the tenant. It will insure more building and mean lower rents."

2-16-19

Real estate bills pending in the Legislature:

1. To amend the tax law in relation to time enforcement of mortgage taxes
2. To amend the Greater New York Charter in relation to temporarily exempting real property from taxation by adding Section 889b, providing as follows: Where

*To avoid needless repetition, only the first reference to each individual will contain the full name, title and identification. Subsequent references will be by title (if any) and surname only. For cross reference, a schedule of all individuals, with such identification as is available, is included at the end of this Section.

unimproved land is improved by the erection thereon of a tenement house or apartment building at any time within two years after the enactment of this act, the assessed valuation of such land for the said two years shall not be increased by reason of the erection of such a building.

3. To amend the Tenement House Law generally.

Secretary Redfield's proposition for Federal control of prices of building materials is opposed by builders.

2-18-19

Assemblyman M. Maldwin Fertig's resolution to recommend to the Reconstruction Commission the investigation of high rents is committed to the Assembly Ways and Means Committee.

2-21-19

New York City Bar Association opposes Assemblyman Henry A. Seesselberg's bill to limit the tax rate in New York City to 2%.

2-22-19

Joint Legislative Committee on Taxation and Retrenchment: Building operations will not proceed until property owners and builders can foresee the exact extent of the tax they will have to bear. Overcrowding and high rents will continue until a tax policy more favorable to building is passed.

2-23-19

Landlords to demand higher rents because of the increased 1919 tax rate and the increased cost of labor and materials.

Assemblyman Fertig wants the Reconstruction Commission to "go gunning for the landlords....I don't believe that we need Socialism....but people all over my district have been coming to me and saying, you are driving us into the Socialist camp unless you people in the Legislature do something to keep down rents."

3-3-19

An investigation into the cause of high rents in cities of the first class by a joint legislative committee is called for in a resolution by Senator Peter A. Abeles. Requests an appropriation of $10,000.

3-13-19

Seesselberg Bill to limit the tax rate killed in the Assembly. Introduced at the request of the Real Estate Board.

4-11-19

Editorial. Unemployment and high rents. Urges financial leaders to invest capital in building, thereby putting an end to high rents and unemployment.

4-14-19

Move to down rent profiteers. Bronx officials back bills at Albany. Bronx County Democratic Commission formed. Measures considered: (a) municipally-owned apartments; (b) government stimulation of building; (c) an attempt to see if help can be received from speculative builders and lenders, insurance companies, building and loan associations, dealers in building materials.

4-19-19

Editorial. The housing demand. Something must be done; cooperation of merchants, manufacturers and bankers is necessary. Lack of confidence in continuation of present high prices causes builders to fear building.

4-20-19

Mr. I. Montefiore Levy, an attorney, says that the pending bills hurt the real estate market. The new legislation on housing has caused landlords to abandon projects for improvement. Real estate has not increased in proportion to other commodities. Suggests that State make appropriations to improve old tenements in the City, or at least to lend the money at an interest rate of 5%.

4-20-19

The United Real Estate Owners Association offers as remedies:

1. Federal Urban Mortgage Bank system
2. Limit the realty tax rate to 2% and raise additional revenue from sources other than realty
3. Prohibit the State Legislature from passing mandatory financial legislation affecting the City
4. Divorce the City's spending monies from voting monies
5. Disenfranchise all State and City tax eaters.

All of the above, it is believed, will stimulate building.

4-20-19

Federal Mortgage Bank. How such an institution would aid in building. Parallels such a foundation to the Farm Loan Act (food), Federal Reserve System (clothing). Federal Mortgage Bank would provide the other necessity, shelter.

4-20-19

Davenport Tax Bill, introduced by Senator Frederick M. Davenport, provides that tax on all real property in cities of the first class shall not exceed 68% of amount to be raised by taxes. The Real Estate Board has been behind the bill from the beginning; the Joint Legislative Committee on Taxation and Retrenchment was opposed, from the start, to limiting the tax on real estate; a few taxpayers were against it; the State Conference of Mayors was against it. Through the action of the Real Estate Board, the bill was introduced. If the bill is passed and becomes a law, the tax rate on real estate in New York City will not exceed 1.70.

4-26-19

Editorial. Unemployment and housing. New plea to big businessmen to invest in real estate and aid the housing shortage, Government building will be unnecessary if the financiers will work at investing.

4-27-19

Announcing public hearing on the Boylan Bill limiting real estate taxes to $2\frac{1}{4}$% of assessed value. The Real Estate Board pushed for this fixed tax rate. Mr. William E. Harmon, Chairman of the Taxpayers and Tenants Protective League: "Boylan Bill does not give all necessary relief," but it is something. The increasing taxes on real estate have pushed rents up, discouraged construction and driven capital into other fields of interest. Present crisis must be overcome by stimulating building, which won't happen unless rents go up or taxes go down. The Boylan Bill reduces present tax rate about 15 points; it stabilizes taxes by pegging them at $2\frac{1}{4}$%.

5-1-19

Mayor's Committee on Rent Profiteering and Taxation asks extra session of Legislature to curb high rents. The most frequent suggestion in the meeting was that the City build. Mr. Albert Atterbury told of the increased cost of materials and other necessities and said that if the "Legislature chose to continue taxing real estate, the additional costs would be passed on to the tenants."

U.S. Senator William M. Calder, in a letter to the Mayor, urged him to act favorably on the tax bill; the enactment of the measure "would be an incentive to citizens of the City to build or purchase homes."

5-4-19

Higher assessment to check profiteers discussed by Commissioner of Accounts Hirshfield. Two causes for the crisis. The main one is the attitude of financial outfits who discourage real estate investments. There have been many suggested remedies: (a) municipal building (drop in the bucket); (b) City improvement of municipal real estate and letting it at cost (drop in the ocean); (c) charity and church organizations opening churches, etc., for living quarters (unsatisfactory). The solution: Real relief can come only through title companies lending and investing, and through Federal efforts to reduce the cost of building materials. The present City government has done much, especially in the reduction of taxes. The tax reduction will "have a stimulating result upon the real estate situation."

5-4-19

Editorial. Rents and taxes. Landlords claim to have raised rents because of increased costs, and that tax collectors and mortgagers are especially responsible. The remedy would seem to be to reduce taxes so that real estate might be more profitable, and therefore more attractive to lenders of money and builders for profit. The proposed raising of assessments according to rents charged seems to be "curing the rent evil by taxes, just as it was caused by taxes."

5-11-19

Big building boom predicted as soon as proper financing can be obtained.

5-11-19

Mr. Elkus' statement on rent profiteering: It cannot be cured by legislation; shortage of houses is a result of natural causes; only a natural solution can cure it and this solution is to build. "If we don't settle these problems the American way, the people may demand that the City or the State go into the matter. "The City, State, or nation cannot enter into the building program; it must be done by private enterprise.

5-11-19

Mayor Hylan vetoes the bill for limited tax on real estate. A spokesman for the Real Estate Board accuses the Mayor of being partial to his wealthy friends. He laments the Mayor's action because "its enactment would have accomplished a great deal toward bringing investment money into the market." Building would have been stimulated and tenants would benefit through competition.

5-12-19

Report of the Reconstruction Commission: Find that lack of homes and of buildings, and not high rents, are what the people of New York are suffering from. "All proposed legislation in regard to rent profiteering....cannot be expected to give any relief...." The rising rents are merely a symptom; the only solution is to build.

5-13-19

Editorial. "But the effect is what they feel." Written in answer to the statement of the Reconstruction Commission. The solution to the problem, according to the editorial, is the high rents about which the tenants are so bitterly complaining. The money received from high rents is the money which will eventually be put into building. If the tenants could be philosophical about it and wait, this would be fine. The one proposal which is the least hopeful is the prevention of high rents by law. Prices cannot and should not be kept down when an increase is justified by the supply and demand.

5-18-19

On May 16, a meeting of the Reconstruction Commission was held at the Metropolitan Club. At the meeting, to which were invited businessmen and builders, a proposal was made to organize a $5,000,000 housing and holding corporation. Mr. Hirsch attacked the proposal, saying that such a move didn't require all of the fanfare given it. If businessmen want to build, let them build; why bring the Governor, etc., into it? Mr. Hirsch suggested that if bond issues for building purposes cannot be created without a change in the State Constitution, Federal or municipal aid should be enlisted, so that the builders may obtain funds without paying the fees and the bonuses now extracted by trust and mortgage companies. As a result of the May 16th meeting, other meetings were to be held: (a) the Mayor's Committee on Rent Profiteering would meet with contractors and builders; (b) the Joint Legislative Committee on Housing would interview businessmen and tenants.

Senator Calder suggests:

1. Amendment of the Tenement House Law to exclude three-family houses
2. Enactment of State laws exempting from taxation for the first two years after their completion all buildings within the confines of the City used solely for residential purposes
3. A campaign to induce banks and insurance companies that lend money on real estate to lend freely to builders.

If these are done, the Senator feels that building will increase.

5-18-19

The Real Estate Advisory Board urges "hands off" in housing problem. The economic law of supply and demand must solve the problem; artificial price fixing, loan subsidies, etc., are not the proper answers; problem must be licked by private endeavor.

5-21-19

The Joint Legislative Committee on Housing plans to broaden the scope of its activities in investigation. Mr. Hirsch, as witness, stated that there are too many charges by the title companies and the insurance companies. He did not favor City, State, or Federal building of houses. Asked if he favored exemption on new housing buildings, in whole or in part, for a stated period, he said that four lawyers had told him it was unconstitutional.

5-23-19

There are 21,000 tenements empty in New York. Hon. Frank Mann, Tenement House Commissioner, testifies before Joint Legislative Committee on Housing. Opposed to the law as affecting only landlords. The tenants in New York City have enough privileges; profiteering arose from demand and unbalanced supply. The increase in rent has been normal; 21% is not abnormal. The only cure is the stimulation of building. Difficulty in obtaining mortgage loans is stressed. Asked what he thought about the suggestion that the Federal and State governments exempt from taxation the interest received from mortgages of $5,000 and less which are liens on homes, he believed that if this were done "it would stimulate the lending of money to such an extent that there would be a flood of it." Mr. Lawson Purdy, Secretary and General Director of the Charity Organization Society, said that if rents did not continue to rise and thereby stimulate building, we would have high rents indefinitely. High prices are for our good....as an expansion of currency always stimulates business. When the prices are high, people want to buy. With rent prices high, it is safe for the builder to build just as fast as he can organize plans to build.

5-24-19

Mr. Otto M. Eidlitz, New York builder, former New York Director of Housing and Transportation, and Mr. Max Morgenthau, Jr., former president of the Real Estate Owners of New York, advise the Joint Legislative Committee on Housing to use government aid as the solution to the problem. Mr. Eidlitz suggests a Federal Administration Board to loan monies at a reasonable rate of interest. Mr. Morgenthau suggests a Federal Home Loan Bank (like Farm Act). Mr. Eidlitz feels that it would be a great mistake if the government went into building.

5-25-19

Cost of building has increased 50% from pre-war times, according to Mr. Harmon, prominent New York City builder. He suggests: (a) establishment of a definite tax limit; (b) discouraging the tendency to force amortization of mortgages; (c) permitting rents to assume the new normal, based on today's costs, with as little interference as possible - always, of course, protecting the poor; (d) coordination of labor and material by an established Bureau of Information; (e) securing Federal or State aid through a system of loans at a low rate of interest, similar to Farm Loans. Above all things stop extravagance.

5-31-19

A plan to relieve the housing situation which, if it is carried through with the help of Congress, is expected to make first mortgages attractive investments and thus break the financial deadlock, is announced by Mrs. Henry Moskowitz, Secretary of the Reconstruction Commission. Commission to urge a committee of bankers, members of loan companies and businessmen to appear before Congress to urge "the elimination of the Federal income tax on mortgages up to $40,000, and also on the bonds of the State Land Bank." In this way, it is proposed to make these securities as desirable an investment as the Liberty Bonds, which are tax exempt.

5-18-19

Senator Calder on banks: It is the practice of these institutions to lend on improved real estate up to no more than 60% of the value of the property. If it is going to cost $20,000 to build a house that formerly would have cost $10,000, our financial institutions must increase their loans in proportion to the increased cost of building. "I do not believe that there will ever be a return to pre-war prices in building construction." Bankers can lend money with certainty that the value will be there. Then again, every man who knows anything about building realizes that there now exists a market unequaled in 50 years. "If the State would amend the Tenement House Law and give relief in taxation, and if the financial men will do their part, I am confident the builder will be ready to begin work."

6-13-19

Mr. Hirsch calls on the Governor to have the State enact laws. Because of the mass of material which has been collected by the Reconstruction Commission, it should be a simple matter to pass bills to aid the situation. One measure which Mr. Hirsch advocates is the Dodge Bill (altering one-family houses to three-family). He also advocates an investigation of insurance companies to see if they are investing all they can in real estate.

6-13-19

Lockwood Committee will make recommendations to the Governor to be incorporated into his message to the Legislature. Seeks to have Legislature petition Congress to consider exemption from the Federal income tax of the interest on mortgages of $40,000 or less. Will also request authority from the Governor to urge upon Congress favorable action on a bill which exempts from Federal tax bonds issued by the State Land Bank which now bear a 4½% interest rate. It is impossible to sell these bonds now, since they cannot compete with the Federal loan bonds which carry a higher interest rate and are free from Federal tax.

6-17-19

Legislature is advised by the Governor in extraordinary session. As a result, four bills and two resolutions are passed. The measures were recommended by the Joint Legislative Committee on Housing, the Reconstruction Commission, the Tenement House Commissioner of New York City, the Mayor's Committee on Rent Profiteering and the Tenement House Committee of the Charity Organization Society.

Resolutions were: (a) Congress to exempt State Land Bank bonds from Federal tax, to make a readier market for them; and (b) Congress to study the housing problem and to make Federal land loans, which are now exempt from tax, available for building purposes.

No legislation was urged or recommended to exempt ordinary real estate mortgages from income tax. Such a measure was urged by many business firms as an attempt to make housing investment more attractive.

The bills passed were as follows:

1. Empowering savings banks to invest in mortgages on real estate for building purposes up to 60% of the value of the property at once. Under present law, savings institutions making building loans are permitted to advance only 40% before construction is begun and another 20% only after the construction has been completed
2. Amend the Tenement House Law to permit remodeling of four-story and basement dwellings into apartment houses to accomodate not in excess of four families, provided there are no dark inside rooms and that stairways are fireproofed
3. Amend Chapter 512 of the Laws of 1919 by extending from 5 to 20 days the period of grace for tenants after notice has been given
4. Amend the Municipal Court Act by permitting Municipal Court judges in their discretion to grant an additional 20 days' stay provided the tenant is willing to pay rent in advance.

The Real Estate Board filed a formal protest to the Governor and the Legislature against the housing measures.

6-18-19

Joint Legislative Committee on Housing urges the Governor to appeal to chambers of commerce, labor organizations, building and loan associations, savings banks and life, fire, health and casualty insurance groups to aid the construction of low-rent homes. A deterrent to building is the difficulty in obtaining building loans. Men of business and wealth have gone out of mortgage business because the return on securities has dwindled to 3%, under the heavy Federal tax. Senator Charles C. Lockwood, Chairman of the Committee, says that there is no prospect of financial aid from the municipalities in handling the housing problem.

Referring to the resolution of June 17, in which Congress was memorialized about the housing shortage and urged to place mortgage bonds in a position to compete with the tax exempt securities of the Federal bonds by exempting them, too, from Federal income tax, the report says that if this were done, plenty of money should be forthcoming from both banks and insurance companies for building.

6-22-19

Advisory Committee on Real Estate Interests attacks the various committees and commissions who are not coming up with any results. The idea that there are billions of dollars in savings banks and insurance companies and the inference that the money is available for mortgage loans, are "so far from the actual facts as to reflect on the capacity of any committee which would allow the assertion to pass without a prompt denial."

Single Tax Party opposes all legislation so far as being class legislation. The only remedy to the situation is "the application of the single tax principle to land." The single tax, based upon the sacredness of property, would make it unprofitable for anyone to hold land without housing on it.

7-1-19

Joint Legislative Committee on Housing says that the housing problem is far from solved. Lack of mortgage money is a great obstacle because of insurance companies investing elsewhere. Another obstacle is lack of labor.

7-5-19

Information about attempts to solve the housing problem throughout the country collected by the United States Department of Labor. General trend has been toward the establishment of funds from which the small owner might borrow.

7-6-19

Reconstruction Commission says that 14,552 apartments are needed in New York City.

7-17-19

Greater New York Tenants League urges a State housing fund. Requests $50,000,000 appropriation of the Governor in a letter.

7-20-19

Board of Directors of the Brooklyn Chamber of Commerce came to the conclusion that "the exemption of a certain amount of mortgages from income tax will be a distinct aid to new construction." Resolution sent to Brooklyn Representative to Congress. The whereases: That the Chamber approve the proposition as a temporary expedient to meet the present emergency; that Congress be urged to pass a law exempting from Federal income tax, including all surtax and excess profits tax, the interest on mortgages on real estate to the extent of $40,000 owned by any taxpayer.

7-27-19

At the instance of Mr. Hirsch, the interest rate on mortgages in New York City will not be increased from 5 to 6%. Only the tenant would suffer from such a move.

7-25-19

Merchants Association Housing Committee report: Housing problem can be solved by building, but no one is building for two reasons:

1. Lack of money: (a) insufficient returns on mortgage due to Federal tax; (b) insufficient return on operation of buildings and apparent hostility of the public to the collection by the owner of a sufficient return.
2. Doubt as to the continuance of the prevailingly high prices.

The Merchants Association does not feel that prices will fall. Mortgage loans are now unattractive because the return has decreased, because of income tax and inability of the investor to raise the rate. There is only one way in which the demand for real estate mortgages can be increased - by increasing the net return to the investor, either by eliminating the tax or by raising the interest rate. The Association respectfully suggests that the desired results can be hastened by increasing money available for building, which can be made possible only by eliminating income tax and excess profits tax on mortgages held to the extent of $40,000 by any individual and by allowing the landlord a sufficient return on his investment.

8-24-19

Opinion seems to be that the hastily enacted bills in the last session were of little value. The converting of four-story buildings won't lower rents; the banking law merely duplicates the existing conditions.

9-7-19

Board of Directors of the Queens Chamber of Commerce adopts a resolution favoring the income tax exemption on mortgage interest. Several statements by businessmen for the bill as a means of stimulating business.

Federal aid discussed by Mr. F. T. Miller, President of F. W. Dodge Company. Most communities recognize need for money in the field for long-term credits and real estate loans. Income tax has so decreased the net value of such investments that people won't invest. The Calder Bill (U. S. Senate Bill 2094) provided for exemptions from taxation of the income on mortgages on real estate; a similar bill (U. S. House Bill 8080) was introduced by Representative James C. McLaughlin. It is the belief of these two men that the tax yielded on permanent wealth created through the use of such loans will more than offset the amount of income tax exempted and that such a measure will stimulate production. These men (Senator Calder in another bill to make building and loan association assets more fluid) advocate supervision, not money, from the Federal government.

10-26-19

Tax exemption is discussed by Mr. Leo Woodworth, Secretary of Savings Bank Section, American Bankers Association. Realtors must seriously consider new tax legislation not only as a reconstruction means, but also as it affects the future. Must realize also that it is a class tax exemption. "Would it not be well to consider the effect upon the real estate market and upon real estate value of the time which must invariably follow when the liquid capital of the country is absorbed by the growing flood of tax exempt securities of national, state and local governments. Taxes on the remaining securities shall become so excessive as to require increased interest rates, this process continuing until those who now pay the great bulk of surtaxes are found to invest only in tax exempt securities.... "In short the result could be none other than to annihilate the principle of ability, which underlies the fairness and the productivity of income taxes; to increase the rates of income taxes upon our 'middle classes'; and especially to result in none other than the single tax on property."

Mr. Clarence H. Kelsey, President of Title Guarantee and Trust Company, at a meeting of the New York State Real Estate Association, urges the passing of the bill exempting securities. The solution of the housing problem is vitally dependent on making the current of money flow into the mortgage market instead of out of it.

10-31-19

Mr. Arthur Warner, of Building Managers and Owners Association, asserts that the new City budget will cause an immediate rise in rents at a time such as this, when the underbuilt City is so sensitive to such things.

11-9-19

Mortgage market: A report to the Investment Bankers Association of America, by its Real Estate Section Committee, says that there is retarded development because there are insufficient ways to finance development. The mortgage system is not adequate for the building necessary for the next few years.

11-16-19

Bill introduced by Hon. William H. Hill, Banking and Currency Commissioner, for the organization of a Federal Urban Mortgage Bank to provide for the long-term amortization of mortgages on every class of urban property. (Senator Calder was also connected with this bill.)

11-23-19

Mr. Hirsch reports on accomplishments of the Mayor's Committee on Rent Profiteering. The Committee saved more than $5,000,000 for the taxpayer through the recovery of lots

sold by fraudulent operators. Another $10,000,000 was saved to tenants who were victimized by profiteers. Remedial legislation has also been passed.

12-8-19

The bill before Congress exempting real estate mortgages has received hearty approval of the Merchants Association. The enactment would, according to the Association, stimulate the construction of houses in New York City and in other cities.

1-3-20

Mr. Hirsch quits Mayor's Committee on Rent Profiteering because of lack of funds.

1-4-20

Mortgage tax exemption as an aid in the complex housing problem is discussed by Mr. Adolph Black, of the Real Estate Owners Protective Association. This bill goes to the heart of the housing problem. It should be quickly acted upon. The remedy to the problem must be found in something more than trying to limit the price of rent. The only solution is to make the supply meet the demand. There is no building because there is no money. The mortgage tax is eventually paid by the tenants. Nothing will so surely supply that money as the removal of taxes - both Federal and State - upon the income of mortgages.

1-28-20

Bill to curb rents introduced by Assemblyman Harry Dimin, to prevent the landlords from raising rents except once each year in May. Mr. Dimin says that this will do away with rents being raised several times a year.

2-18-20

Editorial. Supports the Dimin Bill as designed to help really poor tenants.

2-25-20

Editorial. The Black Bill, demanding a full-year lease for a tenant who desires it, strikes another blow at landlords. Such restrictions on the freedom of contract are unusual and anomalous. Whether they are legal and constitutional is to be seen only after the bills are passed.

2-27-20

Editorial. Rent profiteering. Intent of lawmakers in Albany is to get at the rent profiteer. The only definite fact clearly recognized is the need for new buildings. The rent commissions will retard the building of low-priced apartments. Real estate dealers promised to return to Albany with constructive solutions. One bill now before Albany, on mortgage exemptions, is this kind of bill. Those who favor the bill feel it will encourage investments.

Senator Edward J. Dowling will introduce a rent usury bill, to limit all new rental contracts for apartments and tenements not to exceed 10% "upon actual valuation." In the bill, actual valuation will be presumed to be assessed value plus 20%.

3-2-20

Two bills introduced by Senator Abraham Kaplan and Assemblyman Charles D. Donohue:

1. Rent profiteering an ample defense in dispossess proceedings
2. Obligatory on life insurance companies to invest at least half of earned premiums originating within the State in first mortgages on New York State real estate.

The latter to counteract the policy of insurance companies to invest their funds in tax exempt bonds selling below par.

3-3-20

Editorial. Great raft of rent bills in Albany indicates a recognition of the fact that the situation is serious, and that the wise ones are so little confident of their powers that they are willing to try almost anything, provided it's new. Daring measures are proposed. People dare to do them only because they are desperate. Landlords are naturally complaining that they are not allowed to operate on the law of supply and demand. They have, however, brought much of the animosity upon themselves. The law of supply and demand has never in history been applied to the serious hurting of large groups of people without some sort of revolt against it.

3-7-20

Central Federated Union voted to instruct its members not to pay rents they considered exorbitant. They demand that the City defend without cost all persons threatened by eviction. Unless the rent situation changed, the organization would vote to instruct members to break contracts and wage agreements to make demands for more pay.

Mr. Walter Stabler, Comptroller of Metropolitan Life Insurance Company, advocates the tax exemption on mortgages. He declares that the heavy tax reduces return from mortgages to 2%.

Real Estate Board supports, as best legislation, the exemption from tax of mortgages. This is the only way to attack the rent problem. Feels that the bills introduced so far are defective, interfering with contract relation of both parties, disregarding rights of the landlord and often, unwittingly, of the tenants. Legislation should be directed toward building.

Hearing on Lockwood-McWhinney Bills (the mortgage bills) to be held on Tuesday, March 9.

3-9-20

Editorial. Legislation cannot build houses. The situation will be remedied fundamentally not by helping or compelling the construction of new houses, but by a reduction of expenditure and an increase of production everywhere and by everybody. "Unqualified support is deserved only by the good intentions (not the measures) of those who are introducing drastic and punitive bills at Albany." Their proposals awaken more disquietude than expectation. The suggestion that newly built housing be exempted from the tax for two years sounds good, but such an exemption does not decrease by a penny the amount of taxes that someone will have to pay and that somebody would be the owners of the buildings already up.

3-10-20

Representatives of financial interests and real estate told members of the Joint Legislative Committee on Taxation and Retrenchment today that mortgage exemption is necessary. Mr. Richard M. Hurd predicted that if the Lockwood-McWhinney Bills became a law, $3,000,000 now spent in paying taxes would be released for building purposes in New York City.

3-11-20

Mayor Hylan to support Donohue-Boylan Bill, giving courts power to decide what rent is reasonable and how much of an increase is justifiable in certain cases. Quick action needed because of the threatened strike of union labor.

3-12-20

New York City Bar Association opposes Dimin Bill, raising rents but once a year.

Speaker Thaddeus C. Sweet, of the Assembly, promises legislative action. Home Loan Act proposed by Assemblyman J. Fairfax McLaughlin is the latest measure. To raise the funds necessary to finance loans and administer the department, the proposed board would be authorized to sell certificates exempt from State tax including income tax.

3-13-20

Editorial. Bar Association says cool reception of the Albany legislation against landlords should make us aware of the need for laws which are constitutional and which are not purely punitive. There may be some relief within the existing law, with the help of lawyers.

3-14-20

Real Estate Owners Association of the 12th and 19th Wards of Yorkville: Landlords urge constructive, not restrictive legislation. Almost all of the bills in the Legislature totally ignore the inexorable law of supply and demand, or seek to evade it by artificial means. Who's going to build if they have to abide by such restrictive laws afterward? The thing for the law to do now is to stimulate building and let supply and demand govern rentals.

According to Mr. Frank Lord, Vice President of Cross Brown Co., supply and demand control realty. Real estate has been a pauper for years, hardly returning 2-5% on its lowest value. War conditions caused circumstances which made profitable return possible and owners became overawed at the opportunity to get a living return on their investment - up to this time almost a liability. Instead of now decrying high rents, builders should be assured that high rents will continue.

Real Estate Board to Joint Legislative Committee on Taxation and Retrenchment: The remedy for the housing shortage and high rents is not punitive legislation against landlords. The only remedy is production, which can occur only when money is available. As long as real estate mortgages are taxed and cannot be free to compete with tax-free government securities, there will be no production.

3-15-20

Editorial. So long as the shortage of homes continues, the most effective measure against profiteering will be totally useless.

3-16-20

Mayor Hylan's meeting on March 15 at City Hall was attended by representatives of money-lending institutions, builders, material manufacturers and labor unions, giving views on the housing shortage:

1. Owners of large amounts of money outstanding on mortgages are liquidating holdings because of State and Federal taxes and are reinvesting the money in tax-free securities

2. Labor and building materials are also a problem

The Mayor promises to mediate the labor difficulties.

Cuvillier Bill aims at curbing rent profits, through imposition of tax by the State on rental incomes of over 10% profit, as a means of preventing unreasonable advances in rent and to help curb profiteering.

3-17-20

Editorial. Reasons for the housing shortage make the task of the Mayor a difficult one. Mortgages cannot compete with other securities; buildings are in themselves a care; mortgages must be negotiated (on which interest charges are high originally and with constant cost for renewals). Taxes must be paid on mortgage income and on the building itself. Depreciation is high. The bill in Albany to tax excess rent profits is in itself a discouragement. The proposal will not build buildings. When England attempted to stop rent raising, building stopped. Would it be better to exempt mortgages or to find a way of taxing securities with which they compete? The facts discovered by the meeting of the Mayor at City Hall about labor are even more discouraging than those concerned with money.

Board of Aldermen takes first step toward municipal building, by preparation of a list of City-owned lands which might be used to build dwellings to be rented at a fair price. Alderman William T. Collins says that a panic crisis cannot be avoided if the Legislature does not grant relief. Resolutions introduced were: (a) make a list of vacant City-owned property; (b) urge the Legislature to do something (fix rents as of April 2, 1917; enact excess profits tax); and (c) commend Mayor Hylan for his activity.

3-18-20

Editorial. Mayor Hylan went to the heart of the housing problem: securities and labor.

Bills introduced into Senate and Assembly to curb profiteering and to help the housing problem:

1. Courts in cities of the first or second class to issue a stay in summary disposses proceedings
2. Dispossess proceedings not maintainable unless proof that rent is no greater than last month or than 20% of last year
3. Shifting to landlords burden of proof that the increase of rental is fair and reasonable; contention to contrary is a defense for the tenant.
4. Exemption from State income tax of money invested in mortgages up to $40,000 with view to inducing Congress to do the same
5. Landlords must prove that tenant is undesirable, to disposses
6. Thirty days' notice to tenant
7. Verbal lease, unless otherwise specified, will end on October 1
8. Summons for nonpayment of rent stayed if tenant deposits with Clerk the payment for the amount due
9. Court can give affirmative relief if tenant's defense is satisfactory to the Court.

3-19-20

Mayor Hylan in letter to mass meeting of rent payers:

1. New York City stands committed on legislation on exemption of income from mortgages on buildings used for human habitation from State and Federal tax
2. Railroads are asked to give priority to building materials in shipping
3. Building material prices should be stabilized for next 18 months
4. Labor disputes should be settled to stimulate immediate resumption of building.

3-22-20

Landlords to oppose all bills.

3-23-20

Anticipate 1,800 will go to Albany for rent fight.

3-24-20

Big activity in Assembly and Senate hearing as profiteering bills are discussed. Landlords and tenants hissing, etc. Assemblyman Martin G. McCue's plans to stimulate building are embodied in a bill under which all real estate improved with dwellings before May 1, 1921, would be immune from taxation for seven years.

3-25-20

Rush to act on the 12 rent bills because of the sentiment seen at hearing on March 24. Bills will be favorably reported to the Senate and the Assembly.

3-28-20

Real Estate Board realizes the existence of an emergency and desires to cooperate to the fullest extent with the Legislature, but is fearful of the results of certain aspects of the proposed legislation. Makes the point that restrictive legislation will not provide buildings. Gives digest and discussion of the rent laws, with suggestions.

3-29-20

Assemblyman William C. Amos introduces a bill to utilize the 33,000 uninhabited dwellings in New York City now vacant because of inability to meet standards. The bill calls for municipal building under a commission.

4-1-20

Legislature passed 11 of the 12 housing bills designed to curb rent profiteering.

4-2-20

Editorial. Bill limiting the rent raise to 25% is good, but not quite fair. The more scientific method would be to reckon the legitimate rent increase not upon the rentals of the present or of any other time, but on actual value of the property. On this basis, the advance should be granted not in gross rent but in net profit. The result would be an equitable increase, evenly distributed. The rate of profit should preclude gross profiteering, but it should offer no obstacle to capitalists seeking investments on new buildings.

4-3-20

Unfavorable reaction seen in the market as a result of new rent laws. Prospective buyers are refusing to buy, says Mr. Edward P. Doyle, Legislative Agent and Chairman of Budget Committee of the Real Estate Board.

4-5-20

The results of the new bills in doubt; further legislation deemed necessary.

4-7-20

A subcommittee on building construction appointed by Mayor Hylan met and, as a result, sent to the Mayor the following suggestions:

1. Suspension of the Tenement House Law during the emergency and vesting in Commissioner Mann the power to supervise construction of old and unused buildings
2. Exemption from the recently enacted antiprofit laws of new buildings hereafter constructed.

Exemption of mortgages from State income tax and the proposal to exempt from taxation new buildings for a period of years were discussed, but it was decided that they were unconstitutional.

4-9-20

Editorial. The application of the rent laws seems to have justified their enactment. They have erred, if at all, on the side of liberality. No builders need be discouraged by the fear of being denied an attractive profit.

4-11-20

How rent laws protect the tenant: Analyses the important bills (purely rent restrictive). Believes that all of the new legislation is constitutional.

Mr. Edward A. Bradford on building crisis: Rents are high. A world crisis exists because of the cessation of peacetime building during the war. A real excess of demand exists. Scarcity prices are justified. Rents, with a few exceptions of profiteering, have not risen as greatly as have the prices of other commodities. The obvious

remedy is patience until the demand and the supply equalize. Patience will give the desired effect better than quack medicine. If the landlords are taxed, it will merely add greater burdens to the rents. It is impossible to take the tax off buildings altogether, because of the City's tax needs; yet it is proposed to take the tax off buildings for a number of years. This won't provide buildings now; and when they are finally produced, supply will then exceed demand. Not many buildings will be produced as a result of the temporary tax advantage, because it is sure that, following the temporary advantage, there will be a fall in rents, due to equalizing of supply and demand. The proposal is to untax mortgages, but exemption from taxes is not the remedy for the excess of taxes. The proper remedy is the reduction of taxes, not privilege in taxes. Such tax exemption discriminates against industry and it is not a good remedy, for it works harm in hidden ways.

Government help as a further remedy often suggested and undertaken (unsuccessfully) in Belgium and England. The difficulty is not shortage of buildings, but a shortage of labor, which cannot be extemporized. The answer is also not found in skyscrapers. The remedy must be sought by distribution rather than concentration of population. From the concentration of population, too many city planning problems arise. Transportation and the building crisis are clearly related. In proportion that the transportation is good, skyscrapers are unnecessary because the population can be scattered; in reverse, the existence of so many skyscrapers proves that New York has been bad because transportation could not be scattered. If transportation is improved, population and industry can spread. New York's building crisis is like the world's, but it has a solution lacking elsewhere. New York profit by distribution.

Property owners demand constructive laws. The laws passed were considered as temporary relief from a crisis, but are destructive in their effect on building and can only be justified by further legislation. United Real Estate Owners Association petitions the Legislature to pass constructive measures that will: (a) exempt new buildings from rent bill legislation; (b) exempt new buildings and the land upon which built from State and municipal tax for five years (1920-1925); and (c) exempt all mortgages without limit from State income tax. Claims that the State will gain double the amount in income tax from the new buildings that it loses on mortgages.

Mr. Harmon says that things are going to get worse. State and municipal loans on City house building will only emphasize private capital's unwillingness to go into construction. The program is not designed to deprive the State of money. It is a temporary measure for emergency purposes, by which homes erected within the next two years under a certain maximum cost, and apartment buildings under a certain maximum rental, can be exempted from taxation for a period of five or six years. Tax exemption will, in the course of six years, offset the depreciation of falling prices in the building market. It will encourage builders to go into construction up to the limit. The City only postpones its tax income. At the end of five years, by stimulating construction, the loss from the tax exemption will be offset. The rent bills were passed in hysteria. Now let's consider the real problem.

4-12-20

Assemblyman Amos' bill would place in the hands of three rent commissions, throughout the State, the power to fix reasonable rents and other powers.

4-13-20

Although the rent laws succeed, they merely scratch the surface of the problem. The Mayor's plan of uniting capital and the merchants of building materials has been successful so far only in ending the bricklayers' strike. Nothing has been done to stimulate investment. There is a ray of hope in Mr. Doyle's substitute for municipal building, which is almost certainly unconstitutional. Mr. Doyle favors a building and loan operation based not on the credit of the City, but on the idle land which could be acquired by the City as a result of tax lien proceedings. Waste property could

yield the City 4%. Both capital and interest of building and loan associations are tax exempt. This would solve the problem of capital but not of labor.

4-17-20

Senator Alvah W. Burlingame, Jr., introduces a bill which creates exemptions from the application of three of the most dramatic provisions of the new rent laws. Senator Lockwood says it will deprive the tenants of protection.

4-21-20

Editorial. Condemns the planned rent revolution.

5-2-20

Tenants' May Day strike fails. People seem to be convinced of the fair treatment under the new laws.

5-6-20

Mayor Hylan appoints Housing Conference to draw up plans to increase housing accommodations. Chairman of the conference is Commissioner Mann.

5-8-20

Editorial. The building crisis. Mayor's Housing Conference is composed of widely varied factions, indicating the crisis in the situation and hinting at the great difficulties. Because of the rent laws, people have become apathetic, but building has stopped. It is necessary to restore confidence in the present and trust in the future, to resume building and settle the crisis.

5-20-20

Mayor's Housing Conference Committee: Federal government is ready to aid in building. Also the heads of industry are willing to begin projects to house employees.

5-30-20

Hearing on the Calder-McLaughlin Bill on May 26 attended by New York real estate men. The arguments, as presented for the Real Estate Board through Mr. Doyle, were: (a) the serious necessity for additional housing facilities in this city; (b) the need for large sums of money for mortgages; and (c) the absolute necessity for help from Congress.

6-13-20

Legislation has not been helpful to realty. They have made the mistake of piling up the tax burden on real estate, according to Mr. Stephen H. Tyng, President of the Board of the Real Estate Board. Owners are burdened with rent laws and with increased taxes. The laws are operating to check construction and will tend to increase average rates of rent. Because of the tax on mortgages, they are not being renewed and little new mortgage money is being loaned for new construction. Legislature cast aside an opportunity to adopt a reconstruction program that would have saved taxpayers millions of dollars and placed State affairs on a sounder financial basis. Rents are high, but so is everything else, a condition which will pass in a few years. But behind the high cost of rent is the continuous piling up of the tax burden on real estate and local exactions of various kinds. Rents are high because taxes are high. But for the individual interest and small group interest, the Simpson Bill for total exemption of interest on mortgages and the McWhinney Bill carrying a $50,000 limit could have saved the situation. Killing of these bills has removed the only chance for encouraging housing construction.

6-14-20

Mr. Harmon has little faith in the remedies heretofore suggested, such as priority on materials; trade acceptances; elimination of tax from mortgage income. The diffi-

culty is too great to be offset by these minor remedies. The only thing that will stimulate building on a large scale is "the elimination of new construction from taxation for a period of 5 to 7 or even 10 years.

6-17-20

Mayor's Housing Conference Committee, Subcommittee on Investment and Capital, reports that insurance companies and savings banks are cooperating by investing up to the limit, but the tax is still a problem. It continues to drive money out of the market. Mr. Stabler urges total exemption on mortgages.

6-18-20

Mayor's Housing Conference Committee, Subcommittee on Real Estate, reports decision made to appeal to the Legislature to grant some measure of exemption from local taxation on new construction for dwelling purposes; to ask State and Federal governments to exempt mortgages from income tax; and also to ask the State for proper and fair amendments to the rent profiteering laws, in order to make it possible for owners of property to make a fair return on their investment.

6-20-20

Meetings of various subcommittees of the Mayor's Housing Conference have gone far in working out a solution. The cooperation of the most important factors has been assured. On Thursday, June 24, a meeting will be held of the Subcommittee on Labor. The members of all these subcommittees feel that labor is the solution to the problem. The following program is suggested:

1. Two great building and loan associations: (a) City employees, (b) unions
2. Mortgage money has been pledged by institutions
3. Real estate men have pledged thousands of lots, offering to waive payments, to subordinate lots to mortgage
4. Building materials and transportation commission.

Much optimism about finding a solution to the problem. Congressional committee will hold hearings at City Hall in June to find out what the Federal government should do. First they will be urged to exempt mortgages from Federal income tax and the State should follow. One of the fundamental remedies is the waiving of City taxes on building of houses from 5 to 8 years. A saving of 2½% a year would mean a total saving of 12½ of 20% of the cost of construction. Want to request a special session of the Legislature to amend the State constitution to bring aid to housing.

6-27-20

Supplementing a recent statement in relation to need for cooperation among property owners in New York City, Mr. Tyng outlines the first steps in a program of reorganization and expansion for the Real Estate Board. Taxes and various State and City measures are pressing on real estate. Surtax on real estate profits is outrageously high. Income tax on mortgages is drying up the sources of mortgages.

6-29-20

The first building and loan association to be organized today - City employees. Shares sold up to rate of 50¢ per month, and 50,000 shares to be sold ($5,000,000). Money to aid City employees to build own homes.

7-12-20

Mr. Henry H. Curran, President of Borough of Manhattan, wants special session of the Legislature to amend the Constitution to give the City power to build municipal apartments. Real Estate Board warns Senator Lockwood that the rent bills are aggravating the housing shortage; urges the necessity of exempting mortgages from income tax law. Total exemption must be granted or only the surface is scratched.

7-13-20

Mr. Doyle opposes the suggestion of Mr. Curran that a special session of the Legislature be called for municipal building amendment. City building would be uneconomical and wasteful. Mr. Doyle cites two reasons for the shortage: (a) Lockwood rent bills, (b) labor unrest.

7-14-20

Mr. Curran attacks Mr. Doyle and the Mayor's Housing Conference Committee for not supporting municipal building.

7-15-20

Editorial. The housing menace. Lockwood-Donohue Law checks construction. Extra session called for; need of municipal building and tax-free mortgage income or other measures to be enacted. Days of falling costs of materials and labor seem to be very far off. Social rest will be much disturbed by the shortage. Medicine is necessary. We don't like medicine, but it is necessary and ought to be taken, to restore the body politic to health.

7-16-20

Joint Legislative Committee on Housing met yesterday, inquiring into the working of new housing laws and ascertaining the steps which must be taken to stimulate construction. Justice Frederick Spiegelberg says laws are working well and not hindering construction.

7-18-20

Mayor's Housing Conference Committee outlines plans whereby an employee of a large firm will be able to build his own home with the help of the employer.

Real Estate Board to Lockwood Committee: Make it a criminal offence to walk out on building construction. Building of multi-family houses has not been active because: (a) hasty legislation; (b) tax on mortgage income; (c) shortage of labor; (d) shortage of building materials.

7-26-20

Mr. Hirsch suggests creation of a City or State fund of $20,000,000 to be applied to building loans. Mayor's Housing Conference Committee reported need for indirect Federal and State subsidy for the encouragement of building and the establishment of a priority system for swelling construction. No City building operations should be a allowed, but City or State funds for loans and tax exempt certificates. If for a period of 10 years, as an emergency measure, tax is taken off real estate dwellings or off mortgages, it would help the situation. Savings banks should aid. Three factors hinder building: shortage of labor, materials and capital.

7-29-20

Republican platform: Supports the rent profiteering laws and declares for an exemption of mortgages from State income taxes. Recommends consideration of the proposal to exempt from tax for a limited number of years all new housing facilities constructed during next few years.

8-1-20

Mr. Laurence McGuire, a governor of the Real Estate Board, will fight hysterical legislation and fight the raising of realty taxes.

8-5-20

Democratic platform on housing: Creation of a local housing board in communities with a population of over 10,000 and the creation of a State central housing agency in each locality to help meet the need for immediate relief from housing shortage. A con-

stitutional amendment permitting the extension of State credit on an adequate scale at low rates or the construction of moderate priced homes. Legislation permitting cities to acquire, hold, lease vacant lands and to carry on housing as a municipal activity. The exemption of bonds of the State Land Bank and the exemption for a limited time of mortgage loans from State, local and Federal tax.

8-9-20

Editorial. Plan to use $60,000,000 from Sinking Fund for the use of construction at an estimated saving of 40% of the estimated cost of construction.

8-11-20

Governor Smith will call a special session of the Legislature if it will help the housing situation; the housing problem solution lies in constitutional amendment which is a long process.

8-12-20

Editorial. Against municipal and State construction or control of leases. Mr. Hirsch suggests State fund and indirect subsidy, but Mayor's Conference Committee comes out roundly against municipal and State construction and, speaking of Mr. Hirsch's scheme, does not think a direct subsidy feasible. It wants a responsible body to pass upon the issue of housing permits, giving direct priority to housing. Committee agrees with Mr. Hirsch that mortgages should be exempt from tax. "To those who take the wider view of current financial problems, that course is also open to very grave objection. our whole system of taxation is already weakened by the overabundance of tax-exempt securities." We shall not have a full solution to the problem until building enterprise is freed from arbitrary and ill-informed, meddling supervision.

8-13-20

Governor Smith calls special session.

8-14-20

Hundreds of bills prepared for the Legislature. Those having the most general support are the exemption of mortgages; Legislature's discrimination against commercial building in favor of house building; and some sort of State and City aid.

Editorial. Extra session. The last session didn't affect the real evil; let's hope this one does generate some kind of policy.

8-20-20

Conference called to sift housing measures before special session. State Banking Department to suggest a bill placing the bonds of State Land Bank under the head of State instrumentalities, automatically exempting them from taxation.

8-28-20

Senator Lockwood calls conference of experts to bring all interests to an agreement, as far as possible, in favor of some definite legislative program, and thereby to save time at special session of Legislature.

8-22-20

Real Estate Board statement about the special session: We warned them not to pass restrictive laws, but they did. Now only six months later, they have to meet again. Let's hope they have learned something.

8-23-20

Real Estate Board prepared a series of bills. It stands for unrestricted rent on houses of new construction, and exemption of mortgages from State income tax law without limit. Suggests memorializing Congress to do the same. Wants rent laws amended. Will oppose any attempt to secure constitutional amendment looking to State construction.

8-26-20

Joint Legislative Committee on Housing recommends: (a) exempt income on mortgages and memorialize Congress to do the same; (b) grant to cities the power to exempt new construction from taxes for a limited period of time; (c) restrict the construction of nonessential buildings; (d) exempt the bonds of the State Land Bank.

9-3-20

Governor Smith favors City-built homes. Joint Legislative Committee proposes municipal housing.

9-4-20

Real Estate Board recommends: (a) repeal the rent laws; (b) exempt interest on mortgages entirely and memorialize Congress to do so; (c) amend the banking laws to bring interest upon debentures and other securities of land banks clearly within classification of investments exempt from Federal tax and authorize the State Comptroller to invest public funds in securities of these banks; (d) urge Interstate Commerce Commission to grant priority of service to shipments of building materials; (e) amend the Tenement House Law to permit the transformation of single homes into three- or four-family homes; (f) enact a law licensing brokers; (g) provide a form of statutory lease that will satisfactorily adjust landlord-tenant relations for a year or less. The Board opposes: (a) fixing rents based on net incomes; (b) restrictions as to business buildings; (c) making rent laws more drastic; (d) repeal of usury law; (e) State or municipal building.

9-12-20

Mr. Ansley Wilcox (former professor of Medical Jurisprudence at the University of Buffalo) submits a plan: Guarantee by cities of bonds in aid of suitably regulated and approved building operations, combined with a method of temporary relief by partial tax exemption for such improvements. This plan to be regulated by Housing Commissioner, who would distribute aid, exempt from taxation, and guarantee bonds. Tax exemption should be limited to buildings begun within 2 or 3 years and finished within a year after they are begun. Exemption should authorize City to free property from general City taxes on improvements, but not on land. Suggests that exemption should last for 10 years.

American Bankers Association condemns tax exemptions: "No tax exemption scheme will help real estate in the present housing crisis."

9-19-20

Real Estate Board's program submitted to the Legislature: No immediate cure for high rents and the housing shortage. A number of gradual palliatives should be applied The greater the violation of economic law, the slower the remedy will be. The Board opposes Federal, State, or municipal building, or the exemption of buildings from local taxes. The housing shortage is the result of several factors: inadequate transportation; high cost of labor and materials; uncertainty with regard to labor and building materials; and the scarcity of money for building purposes.

American Bankers Association fears hasty rent laws which may violate economic principles. The principle of subsidy through tax exemption is opposed because it takes the burden away from some people only to place it more heavily on others. Once a tax exemption is passed it will never be repealed. Banks fail to see why it is sought to exempt mortgages up to $40,000, since large as well as small investors should be subsidized in an emergency. Doubtful that Federal government would allow the exemption. With regard to exempting new buildings for 5 to 10 years: this would increase the burden on buildings not exempted, since new buildings would require added public services; the rents in the new buildings would be as high as in the existing buildings. Rents will always be fixed by the law of supply and demand, in spite of legislation.

Exemption on State Land Bank bonds: If given, the exemption should be extended to all agencies. The proposed use of public money by authorizing investment of tax funds in private dwellings will unquestionably stop private initiative until the scope and the success of public operations is apparent. Therefore, this is not good for the immediate emergency. The Association also assails the fixing of rents. No one will invest in it, if real estate is dropped to the level of a utility.

U. S. Senator Boies Penrose, Chairman of the Finance Committee, discusses the housing problem. The problem should be handled by the states and cities. Tax exemption for five years to induce private capital and stimulate building is a good idea. The loss to the City or State would be small, since no new houses are going up anyway. It is unlikely that Congress will touch the revenue laws, and therefore will not consider exempting mortgages or eliminating excess profits tax. He is fully convinced there is a housing problem in relation to taxation. Congress would not help on the mortgage laws without offering remedial measures for other businesses which are suffering under unjust and inequitable taxes. So the states and cities should get busy and settle the problem themselves.

Apartment House Association to Governor Smith: Be constructive. Don't fight the law of supply and demand. Restrictive legislation has stopped building. Association concurs with the program of the Real Estate Board (see above, this date), except for their opposition to the local tax exemption. We do not oppose the amendment allowing the State to build, but question the advisability of such action. Moreover, it will be too slow, because of the Constitution. We urge now: (a) no assessment of new tenements for 10 years; (b) Federal and State exemption of mortgages; (c) savings banks to invest to the limit; (d) establishment of local housing boards; (e) establishment of advisory boards to settle rental disputes; (f) commission to investigate trade and material associations.

9-20-20

City program "designed to afford some measure of relief in the housing crisis now confronting the City" is offered by Mayor Hylan. The plan is to put the money of the Sinking Fund to use in giving relief to the housing shortage. Five bills are suggested by the City:

1. To enable the City to provide means to encourage construction
2. To authorize the Commissioners of the Sinking Fund to invest Sinking Fund monies in bonds authorized in 1
3. The Commissioners of the Sinking Fund will create Office of Housing Commissioner, to be appointed by the Mayor
4. To amend the general Tax Law by authorizing exemptions to be granted as consideration for relief to be performed under 1
5. To amend the general business laws by permitting a higher rate of interest to be charged on mortgages authorized in 1.

The amount of the fund is not yet fixed. As an inducement to building, exemptions from the following taxes are granted during the term of the mortgages to the owner of the land: (a) real property taxes on the building; (b) property taxes on increased value of the land; (c) income tax on income from the premises; (d) the principal and interest of trust bonds are likewise freed from tax.

9-21-20

Major bills introduced into the Legislature today: (a) exempt mortgages; (b) memorialize Congress to do the same; (c) give local authorities the right to exempt from tax for local purposes, for a period ending January 30, 1932, all new buildings erected exclusively as dwellings, provided construction is completed before October 1,1921, and,

ready for occupancy before April 1, 1923. Governor Smith, says rent laws of last year are not effective enough and must be made more drastic.

9-22-20

The essence of the housing shortage is financial. State Land Bank bonds as a legal investment for the State and the legal exemption from local taxes for a decade as an emergency measure are perhaps justified. Taken as a whole, the bills are sane and practical....Thank God they gave up the idea of municipal building.

9-24-20

Economists like Professor E. R. A. Seligman of Columbia University, Judge Walter H. Knapp, tax expert, and Mr. Stewart Browne, President of the United Real Estate Owners Association, all oppose tax exempt mortgages. Although investors like tax securities, the reasons for noninvestment in real estate are found in building uncertainties rather than the competition of tax-free securities. The enactment of the measure for exemption would not bring relief, because the bulk of mortgage money comes from persons who have invested sums larger than $40,000. It would cause a severe loss of revenue which would upset our financial situation and shift the tax burden to those less able to bear it, because many large corporations would escape taxation by rearrangement of their capital. Judge Knapp: Passage of the bill would spell destruction to the State income tax law, and the loss of taxes from such securities would have to be made up from a higher tax on real estate and personal income. It would be robbing Peter to pay Paul. Mr. Browne: Success of the scheme is contingent upon the Federal exemption, which is unlikely. In his opinion, the high money rate is due very largely to the large number of tax exemptions now in effect. There was general approval for the plan of local tax exemption on new buildings.

Five bills passed:

1. Permitting the investment of State and municipal sinking funds in State Land Bank
2. Giving courts issuing warrants in tenant default cases power to vacate the warrants
3. Granting to the Supreme Court Justices and the Justices of the Appellate Division the right to grant a stay in nonpayment and hold over tenant cases
4. Extending the liability of the lessor for not furnishing heat, light, etc., to janitors and managers
5. Giving New York City the right to expend the proceeds of sales of corporate stock or serial bonds for the erection of new schools.

9-25-20

Lockwood Committee to investigate building material prices; powers of the Committee extended.

Both houses passed the Housing Committee's exemption bill, exempting from taxes for a period of 10 years new dwellings or tenements of at least four stories, with all stories above the ground floor being used exclusively for dwelling purposes, and on which the construction is begun within 2 years, with the provision that they shall be ready for occupancy within 2 years after the construction was begun. Mayor Hylan's five-point program is opposed by Senator J. Henry Walters, President pro tempore of the Senate. He objected to the use of sinking funds, as the plan would impair the City's credit. Finally the bill was amended to 25% of the sinking funds. The bill to exempt mortgages was defeated in the lower house (63-40).

Mr. Stewart Browne: Realtors ask Governor Smith to discard the mortgage exemption bill; realty fought for years for the income tax bill; will cause great losses to the State, disorganizing State finances; moreover it wouldn't really bring money into the market; even if it did, realty would have to pay too dearly for it; Congress would not

follow suit; the more exemptions in effect the higher the tax rate goes. What is wanted is not more taxes, but the repeal of the Federal excess profits tax and surtax on income, which are largely responsible for the high interest rates.

9-27-20

Editorial. Only one of the new bills adds a ray of hope to the landlord and to the housing situation the bill exempting new buildings from local taxes. This is something, but it falls short of making the erection of tenements and apartments an attractive field for capital. Even this local tax law is an emergency measure. The cure is not "the haphazard removal of all taxation where clumsily applied taxation presses upon a particularly sensitive spot, as in the case of the housing situation, but widely remedial treatment for the whole economic body of the nation." The ultimate relief must come from Washington.

9-28-20

Governor Smith signs bills making them laws, regretting that they are not more comprehensive.

9-29-20

Experts express optimism about building as a result of the new laws. Remission of taxes should stimulate the "Own-Your-Own-Home" movement. In Queens there were 45 applications for detached frame houses, the largest number of applications filed for buildings of this kind in one day for a long time. Lumber prices are an added factor in the applications. First permit since 1918 issued for plans for a tenement house in Jackson Heights. Company representatives say that the new legislation caused them to undertake the operation. Mr. Doyle says the boom will cure congestion in six months.

10-2-20

Local exemption of buildings for period of time considered at meeting of Board of Estimate and Apportionment. Approved, with view to stimulate its passage by the Aldermen. Commissioner Mann said Corporation Counsel should pass on its constitutionality before Boards took action.

10-6-20

Mayor Hylan on tax exemption: Unless restrictions are carefully provided for, exemption amounting to one-third of the cost of the new buildings will be granted as a gratuity to the owners of new buildings already erected, which have been completed since April or are now underway, and that exemptions would be provided for the owners of future dwellings and apartment houses for whom there is no need of relief. Exemptions of this kind will amount to millions of dollars which, in the last analysis, will be loaded as an additional burden upon the general body of the taxpayers without affording any real relief for new houses. Exemptions, he says, should not be granted in the following cases: Buildings which are being and will be erected regardless of the emergency relief; buildings which will not provide the necessary relief; buildings where, in effect, the exemptions will simply refund an additional and unearned profit to the owner, or where exemptions will refund to the owners losses which have already occurred; buildings whose occupancy will affect those persons for whom there are ample accommodations elsewhere. The ordinance is introduced by Alderman Collins. He says that it's a hurried bill and has many defects. "Exemptions are only to be made where the Tenement House Commissioner has certified that the new building will provide for the emergency."

Opposition to the new ordinance on the exemption by Mr. I. Montefiore Levy. It will help neither landlord nor tenant. The bill does not aid in the construction of one- and two-family homes, which are what is most needed, since it applies only to buildings of four or more stories. Under normal conditions, if we had a healthy building revival the housing situation would be entirely solved. The aid to building needs

to come from capital, not from tax exemption. Tax exemption will have an imperceptible effect upon the securing of additional capital. Capital will not go into the real estate field with a 6% return when it can go into more attractive fields. If builders had sufficient capital, they would go into building without the tax exemption.

10-17-20

Mr. Charles H. Pelgram, lawyer and property owner: Exempting new buildings from taxation will not create a market among a conservative class, as lawyers agree that this system of taxation will not hold in the courts. It is obvious that you cannot tax all the Williams in the community and exempt all of the Georges. It is a fundamental fact that all taxes must be uniform. You can't tax all construction before 1920 and exempt that after this period of time.

10-23-20

Ordinances exempting all apartment houses and private homes costing less than $10,000 and two-story family houses from tax were considered yesterday at a meeting of the Committee on General Welfare of the Board of Aldermen. Hon. Fiorello H. LaGuardia, President of the Board of Aldermen, urges setting aside the discussion of constitutionality and agreeing on an ordinance so that it could be enacted and its constitutionality tested without delay.

10-21-20

The City Club of New York urges tax exemption ordinance. If building is to resume in the spring, the builders must start planning. This exemption is material encouragement to building. Advocates the exemption only because of the crisis; it is a better idea than cash subsidy by the government or than municipal or State building. It is meritorious in being automatic in its operation, involving no great administrative activity and it also leaves the field free for more private initiative. In drawing the ordinance to make these benefits available, the Club urges that the Aldermen pass an ordinance conforming to the legislation, without the narrow restrictions of the Collins ordinance, which has the following proviso: "....provided, however, that the Board of Estimate and Apportionment shall first inquire into, hear and determine any application for such exemption, when the Tenement House Commissioner shall have certified to said Board in writing that in his judgment the granting of such exemption in any such case will provide relief in an emergency existing in the City of New York, due to the lack of housing; and provided further that said Board of Estimate and Apportionment shall, thereupon, by unanimous vote, approve of applying such relief, for a period not extending beyond January first, nineteen hundred and thirty-two, in any such case, and it shall thereupon certify its approval to the Commissioners of Taxes and Assessments for their appropriate action in assessing such property for the purpose of taxation." The City Club goes on the say that the constitutionality of the ordinance is doubtful. "Instead of being a direct exercise of exemption powers granted by the Legislature to the local legislative body, it is an attempt to further delegate legislative powers to the Board of Estimate and Apportionment." It is a kind of discrimination to allow an official to choose who does and who does not get the exemption. Instead of a general law allowing exemption, no builder could have any certainty at all. Favoritism would be unavoidable. The stimulation of building would be nullified by this ordinance.

11-14-20

President LaGuardia would exempt from tax only one- and two-family houses, occupied by owners, up to the value of $25,000 and apartments and tenements where rent is determined on a basis of 10% of net income (net income to be determined in accord with the rules of the Board of Estimate and Apportionment). He opposes exempting apartment houses where half of the space is not used for dwelling purposes, and also luxury apartments. He says that the loss to the City must be paid for by the present property

owners. Said he favored legislation to increase taxes on unused land. Discretion in exempting should not be left to any head of any department. All decisions should be made by the Board of Estimate and Apportionment.

11-19-20

National Association of Real Estate Boards is trying to induce Congress to exempt mortgages to stimulate building.

11-21-20

Mr. Stabler, a director of the Real Estate Board of New York, in the Committee on National Legislation of the National Real Estate Boards, again urges tax exempt mortgages. Believes that this will do far more to stimulate building than any other possible measure. Shortage of money is the greatest shortage. Savings banks and life insurance companies couldn't possibly provide enough money to do much about the situation. The only solution is to exempt mortgages for five years. That the government needs the money and that such an exemption is discrimination is no objection when this measure is so badly needed.

12-22-20

Board of Aldermen defeated resolution to exempt all new dwellings from taxes for a period (34-28). The resolution was not lost by a partisan vote. President LaGuardia left the chair to oppose the measure. Following the plan from the Legislature, the resolution would exempt from taxation between April 1, 1920 and April 1, 1922, one-family houses costing $10,000, two-family houses costing $20,000 and apartment houses costing $10,000 an apartment. If the ordinance becomes a law, Alderman Charles H. Haubert says the old buildings will bear the brunt of taxation and a new owner will be able to charge any rent he desires. The emergency, he feels, is no longer present. Alderman Collins, Chairman of the Committee on General Welfare, and Health Commissioner Royal S. Copeland both heartily support the resolution as necessary.

1-2-21

Effort to have the Board of Aldermen reconsider the defeated ordinance. According to City Clerk Raymond V. Ingersoll, legislative action last fall proposed one constructive measure - tax exemption. The City had only to pass an ordinance conforming to the direct provisions of the legislative enabling act. The Aldermen should be urged to reconsider. Alderman Collins and Commissioner Copeland deserve special credit for their work on the measure. Both have grasped the importance of the measure at the present time.

1-3-21

Letter to the Editor from Mr. John J. Murphy, Secretary of the Tenement House Committee of the Charity Organization Society. The only way to cure the crisis, many experts feel, is the passing of the rejected ordinance. The present rent laws expire in 22 months and something must be done in the meantime. The ordinance was opposed because of expense to the City, which is foolish, since if the ordinance is not passed, the buildings will not go up. The Aldermen should consider: (a) the need for houses; (b) that houses won't be built unless capital can be drawn into the field with the hope of profit; (c) even if municipal housing is constitutional, it will be some time before it can be begun; (d) the only way to stimulate capital is by the exemption. The choise is between no exemption and therefore no houses, or exemption and houses with no tax. The Aldermen have a terribly important decision to make and one which must be made quickly.

1-9-21

Mr. Charles Galewski, real estate operator, framed a bill to be introduced by Assemblyman Joseph V. McKee at the opening of the Legislature, which would amend the banking law so that savings banks and trust companies will be compelled to invest at least 50% of their funds in mortgages.

1-23-21

Mr. Stewart Browne says that State or Federal government won't overcome the housing shortage in 20 years unless and until they subsidize every new family-housing building to the extent of 25% or more of its cost. Exemption from local taxes for a period of 5 years will help, but it is not sufficient.

2-2-21

Insurance expert sees tax exemption on mortgages as the only solution to the housing crisis.

2-5-21

Millions of dollars in mortgage loans, but almost none for dwelling buildings, because builders fear further rent legislation harmful to their interests.

2-6-21

Senator Calder to the Real Estate Board: the tremendous increase of tax-exempt securities is responsible for the housing shortage. Either halt building until the exemptions are removed from other securities, or remove the tax from mortgages. Regarding mortgage exemption, he is opposed to all exemptions; but while tax-exempt securities continue to increase, it is unreasonable to expect money to flow into housing and legitimate capital investments.

2-14-21

Senator Lockwood urges the Aldermen to pass the ordinance on exemption. A hearing is to be held on the 15th. Interest rates are falling and money is somewhat more plentiful. If the exemption is granted, it will go far to equalize the cost of building. Builders can contract with safety for the rapid reduction of loans secured by mortgage. If the City wants to restrict the exemption, Senator Lockwood feels sure that the State will agree and support.

2-16-21

Board of Aldermen, at a tempestuous meeting yesterday, adopted (40-27) "an ordinance exempting from taxation for a period of 10 years dwellings erected between April 1, 1920, and April 1, 1922." It was provided that the ordinance would apply to houses costing up to $5,000 an apartment. President LaGuardia fought the ordinance and was accused of attempting to saddle it with an amendment which would nullify it. Real estate men have reported that they were waiting for the passage of the ordinance before planning construction. The ordinance amounts to an indirect subsidy of 28%. It has yet to go through the Board of Estimate and Apportionment. Mr. Curran will fight for it there. President LaGuardia's amendment specified that if landlords were found to be charging exorbitant rents, the exemption could be lifted. The executor of the George S. Johnson Estate, in a letter to Mr. Curran, said that the exemption, if passed, would lead him to build, sell land for, or finance not less than 10 six-story apartment houses.

2-18-21

Comptroller Charles L. Craig favors the ordinance. He hopes that the Mayor will speedily pass it. The ordinance, he points out, does not exempt any land from tax. Whatever loss from taxes may occur will in all probability be equaled or more than equaled by the enhanced value of the land upon which the buildings are erected and property of the neighborhoods that will be built up under the encouragement of the ordinance. There now exist large amounts of unimproved, valueless real estate. It would be of great value to the City of New York and to all of its taxpayers if a substantial portion of this property were to be utilized for the construction of new dwellings under the encouragement of this ordinance.

2-19-21

Mayor Hylan signs exemption bill, but the Board of Estimate and Apportionment blocks it. President LaGuardia is responsible.

2-26-21

Board of Estimate and Apportionment passed the tax exemption ordinance "to the amount of $5,000 for each separate family dwelling, whether a single-family house, a part of a two- or three-family house, or an apartment, at the rate of $1,000 a room up to five rooms. The period of exemption will run from the date of occupancy. Many amendments were offered and rejected. Many real estate men have promised to build if the ordinance is passed. Mr. Dowling, of the Real Estate Board, argued against the ordinance. Although the ordinance favored him financially, he was opposed to it on principle. He predicted that the ordinance would work to the advantage of those who owned unimproved land, the price of which would be increased to the builder.

2-27-21

The tax exemption ordinance is reported to have played a large part in closing a deal for two big apartment buildings in the Bronx.

3-6-21

Mr. Edward A. MacDougall, President of Queensboro Corporation: Tax exemption will prove a great boon to construction of moderate-priced homes and apartment houses in the Queens area because: (a) the exemption applies only to the assessed value, and is limited to $1,000 per room and $5,000 per family unit; (b) in the Queens area the land would represent only a small percentage of the total cost; (c) the land would be much higher in Manhattan. The greatest benefit from the ordinance is to moderate-priced buildings and land.

3-10-21

Special Joint Committee on Taxes and Retrenchment frowns on mortgage exemptions. Would not help housing shortage. Would be worthless without Federal exemption, which is impossible as it would undermine the Federal income tax by throwing into the market $30,000,000 worth of tax-exempt securities.

3-13-21

A revival in the realty market as a result of the ordinance is predicted by real estate men. Mr. E. J. Rickert, President of Brown Realty Company, analyzes the ordinance. The benefit from it will be in proportion to a decreasing value of the land on which the buildings are erected and will result in the least profit in Manhattan and the greatest in Queens. The legal limit of exemption makes the percentage of tax exemption the least where the value of the land is the greatest. "For instance if a dwelling costing $25,000 is built in Manhattan, on land valued at $25,000 there is an exemption of only $5,000, or 10% of the total investment; while if in Queens a house assessed at $5,000 is built on a lot assessed at $1,500, the exemption would still be $5,000, or 77% - nearly 8 times what it would be in Manhattan.

In Manhattan, the exemption is negligible and will start few houses. It will cause a tremendous home buying movement in Queens, when actual benefits to the buyer are seen. It brings down the cost of building a house to pre-war level prices. The feeling stirred up against the exemption is foolish. The main complaint is about the burdens to be born by taxed property. The time for building is short and the value of the tax-exempt buildings will perhaps not exceed $100,000,000. The total of assessed valuation of real estate in New York is $8,600,000,000. If, therefore, the City should lose the taxes on the entire $100,000,000, it would lose only .012% of the total assessed valuation and the tax rate would be advanced only .012% to cover the

loss. As an offset, to this infinitesimal tax increase, there would be new buildings to the extent of $100,000,000, which would certainly affect the rents on moderate-priced apartments and generally improve the housing situation.

3-20-21

A sharp attack on savings banks for opposing tax exemption is made by Commissioner Mann. He says that there are five bills before the Legislature, one whereby bonds are issued by the government and sold to small investors, the proceeds to aid by cheap mortgage loans the development of improvements on real estate. Savings banks claim that they must act ultraconservatively in granting loans.

3-21-21

Boom in building. Gain of 61.5% over same period last year, in plans filed in the first two weeks of the exemption. Nearly two thirds of the plans are likely to house people who own their own homes. Nearly all will cost in the neighborhood of $5,000. These splendid figures are only a first sign of the great building boom about to begin. Mr. Curran appeals to the public to lend money for building. He believes that only in the construction of more houses can the crisis be overcome. He believes that tax exemption will effect a complete and lasting remedy.

3-22-21

Editorial. Mr. Curran, who fathered the ordinance, is enthusiastic about the resultant boom. The 61.5% increase is not so impressive when stated in numbers 1,076 over 666. Last year's building was mainly commercial. Other building was checked by high prices and labor, which are now being alleviated. The housing problem is still financial. Capital is necessary to aid the exemption and to solve the housing problem.

3-28-21

Senator Calder urges a national program to aid housing; Federal aid, including the easing of credits for home construction and tax exemption provisions; publicity for the coal industry; and minor changes in the transportation act.

3-31-21

Governor Nathan L. Miller urges the raising of the interest rates on mortgages; does not favor State land loans.

4-3-21

Marked increase in plans filed since the passage of the ordinance. Plans this year amounted to 2,280 as opposed to 1,052 in 1919. There seems to be a fair supply of mortgage funds, but with rates running high and lenders cautious as to building costs and types of property.

4-6-21

Tax exemption has increased Construction in Queens. Last year no tenements were erected; this year there have been plans filed for seven.

4-11-21

Boom in building increases. The gain in the first five weeks of exemption over last year is 76% (3,584 over 2,029). The erection of small dwellings is in the majority, but the erection of apartment houses has begun. In 1920, the construction of apartment houses was practically stopped. It takes longer to get plans for the larger buildings started. Therefore in this area of building, there can now be seen only a slight reflection of the benefits of the tax exemption. Mr. Curran still urging the lending of money for building. Tax exemption insures the safety of the investment against any further fall in the cost of construction. In a survey of the first direct results of New York's tax exemption, Mr. C. Stanley Taylor, in Architectural Forum and Builders Journal, says that the tax exemption ordinance is probably the most practical

measure yet put into force in the United States to stimulate building. The definite effect of the ordinance is being felt exactly where the housing shortage is greatest; that is, in the districts available for the construction of moderate-cost dwellings and apartments.

4-24-21

There is no building boom in the Bronx, in spite of the large number of plans filed. Projects are still in the plan stage. The filing of plans has been increasing steadily. The showing of plans for the year will be satisfactory, but the actual supply of houses will be a drop in the bucket. Municipal Court Justice Robitzek denies the existence or the indications of a coming boom. Hon. Patrick J. Reville, Superintendent of Buildings, Borough of the Bronx, is cheerful about records since the enactment of the ordinance. The ordinance, he feels, is an added inducement, a step in the right direction, the first really constructive legislation to date. Other inducements are better costs of materials and better labor conditions.

5-29-21

Queens increase in building is due, according to builders, to several causes: cheap land, tax exemption and the lower cost of materials.

6-5-21

Cooperative apartments: Rentals were fixed prior to the exemption, but the buildings fall under the exemption. The tax on all new buildings must be paid for 1921. After this, the buildings are exempt for 10 years. As an example, take a building on which the gross rent for one year was $14,160, and the net return on the investment was $3,856.99 or 8.5%. With the tax exemption, the net return becomes $5,943.19, or 13%. Outlay per room is $11.92 per month, with taxes. Without taxes, it is $9.50, a reduction of 20%.

6-14-21

Since February 25, 13,279 families have filed for building. 157 percent increase. Great numbers are one- and two-family homes. Rents can be kept down by continued building. The pace that the exemption has set must be more than kept up, it must be increased to end the shortage.

7-18-21

The exemption in 19 weeks brings promises of homes for 20,897 families, a 216% gain in number of families housed (370% gain in money). Brooklyn leads. Between February 25 and June 9, 11,902 of 20,897 will live in small brick or frame dwellings. Mr. Curran urges loans for building. Relief, he feels, is only a matter of time if this increase keeps up. Construction must be underway by April 1, 1922, for the tax exemption to be exercised. Merchants Association says that building cannot be moved ahead rapidly until the costs of labor and materials go down.

7-20-21

Editorial. In spite of Mr. Curran's enthusiasm, the housing shortage is far from solved. There is an ominous note sounded by the shortage of mortgage money, the continued high cost of wages and building materials and the early date for the beginning of construction under the ordinance. The crucial factors are wages and building materials. Wages are 91% higher than in 1913 and building materials are 51% higher. Mortgages will not be readily given, for these costs must eventually come down and with them the value of the houses built now. One inference is inescapable - tax exemption has proved something of a boomerang. With the painful housing shortage and the limited time, unions and dealers see a bird in hand and will hold out until the exemption expires. It may well be urged that the tax exemptions be extended.

8-16-21

Building revival in the Bronx.

8-21-21

Building loans made in Queens by Title Guarantee and Trust Company amount to $650,000. This is an organized effort of financiers to offer loans to encourage building. Mr. Kelsey says that the institutions represented recognized the importance of aiding the situation. They appreciated how undesirable it would be if conditions ever forced the State or the City to go into the housing business. Mr. Frank Bailey, Vice President of Title Guarantee and Trust, says that the housing shortage is improving except for the very poor, who cannot live in New York where carpenters and masons are getting from $10 to $12 a day. The housing shortage will be decreased by spring to normal basis, if money comes to builders who want to build in the tax exempt conditions, if only people will lend the money.

8-28-21

Real Estate Board declares itself for fixed tax rate of 2% for New York City. High taxes mean high rents.

Mexico adopts tax exemption of new buildings to relieve housing shortage.

9-4-21

There will be 76 new apartment buildings ready for occupancy in October, containing 1,183 apartments. Brooklyn is leading in apartment house construction. Rents will, however, not go down in that borough. Queens is second in construction, but here the activity is in one- and two-family homes.

9-8-21

Real Estate Board submitted a brief to the Committee on Finance in which it urged that all corporations organized for building operation, selling or exchanging real estate, and for no other purpose, should be exempt from taxes.

9-25-21

American Association of Title Members, at fifteenth convention, passed a resolution to urge Congress to exempt mortgages from taxes. It does not favor exemptions in general, but while other exemptions exist feels that real estate must also be given this privilege.

Court question on the time limit of the exemptions: Did the exemption go into effect February 18, last, or will it not be effective until October 1 of this year? Ordinance, by its own terms, took effect at once.

10-2-21

Tax exemption goes into effect October 1, 1921. Many requests for reduced assessments are expected. The exemption has actually stimulated building in New York City.

10-3-21

The Real Estate Owners Association says that the Legislature gave the City the power to exempt new buildings from taxation for a period of 10 years and an ordinance was passed in the City. However, instead of automatically exempting buildings, it only made them exemptable, so that owners must apply for exemption. This is not what the Legislature intended.

10-4-21

Editorial. The high tax assessment is not going to help the rent problem. It burdens property more than the income from it can bear. The $440,000,000 added to

tax valuations is not the result of increased income and earning power, the only true base of either market valuations or tax valuations. It is the result of the total of 60% of the total of new construction by money lured by the hope of profits or by the tax exemptions voted for tenant's relief. Construction plans have been stimulated by the exemption but actual building has lagged. The relief for the tenants must come from existing rather than potential housing and the increase of tax on existing buildings is an offset to the exemption of new buildings. If the Administration had reduced taxes the housing situation would have benefited more than by the obstruction of that policy.

10-9-21

Currently, 31,922 assessments show increase in value of unimproved land, as well as in value of improved land. Increases in the latter were not as great this year as last. The land value increase on Manhattan was $28,583,000. The total Manhattan realty valuation, including buildings, is $5,807,549,955, showing that improvements make up $2,483,375,830 of the taxable valuation. The total net increase over 1921 is $205,868,847. This is significant, as it shows that deducting the land value increase of $28,582,000, buildings in which new construction was chiefly responsible represent $177,205,000 in the increased tax assessment. New buildings taxed for the first time represent nearly $135,000,000 of this amount.

11-6-21

Large number of small homes erected in the Bronx by amateur builders as a result of tax exemptions.

11-13-21

Real Estate Board finds the claim of the City government that real estate values have increased $2,000,000,000 absurd. Real property valuations are difficult to determine with accuracy.

11-17-21

Extension of the rent laws for one or two years and the extension of the time required for beginning new construction under the tax exemption law will probably be part of the legislative proposals of the Lockwood Committee. As the tax exemption law stands now, buildings begun between April 1, 1920 and April 1, 1922, and completed within 18 months, are exempt from taxation for 10 years. If the Committee's suggestion is accepted, the period under which tax exempt buildings may be started will be advanced one or two years. More than $200,000,000 dollars worth of homes have been built or planned since the law was passed in February of this year. Hearings of the Committee will begin on November 22 and will be resumed on Wednesday and then on every Monday, Tuesday and Wednesday till they end.

11-18-21

Editorial. Extending the emergency housing laws as proposed by the Lockwood Committee will find hearty approval by the public. The question of extending the tax exemption is more complicated. As a result of this law saving 30% of the assessed value of the property, New York leads the country in building apartments and tenements. Nor is the State likely in the long run to lose even the tax returns. Eventually the vast amount of new building will swell its resources. The high wages of laborers exact a portion of the allowance intended for the home builders. If tax exemption were over, wages in the building trades would tend to seek the normal level. The tendency would be slow and it would be a serious check to building. Lockwood Committee extends the period of construction, but not the date of the cessation of the exemption (1932). The provision indicates that the Committee is well aware of the delicate problem. There is still a need for housing, but the time is approaching

when, for the common good, it will be necessary to restore the sway of economic forces.

11-24-21

Only 6 of 64 cities in New York have taken advantage of the tax exemption law. New York, Beacon, Little Falls, Mechanicsville, Plattsburg and Saratoga.

1-1-22

Mr. William M. Greve, Vice President of Prudence Bond Corporation, says that the outlook for mortgage money is not bright, due to Federal bond exemptions and Federal and State income taxes. The Chamber of Commerce of the U. S. says that the real estate market was never better than in 1921, and 1922 gives promise of surpassing it, especially in the sale of vacant land and building of homes. Labor conditions and costs are adjusting themselves; the supply of mortgage money is increasing. Moderate-income group is still suffering from high rents; the poor man is approaching higher rents. "The exemption from local taxes has produced so much construction that the labor unions have been able to work their own will with the builders, until the cost of construction is but a little under so-called war prices. As long as the enormous construction of buildings for the more wealthy continues and is stimulated, prices for materials and for labor will probably continue high and the poor man will receive no relief. Relief of housing will be worked out in two ways: First, is by stopping the stimulation of construction which is no longer in demand (high-priced apartments) and second, the refusal to pay exorbitant wages to labor.

1-2-22

Home building under tax exemption since February 26, 1921, increased 413%. New homes in the five boroughs to care for 56,592 families at an average cost of $5,000 per family.

City officials testify before the Lockwood Committee that the housing shortage still exists - as grave if not more acute than last year. Construction so far does not touch the masses who can pay $8 to $10 a room. If the emergency laws are repealed, says Hon. John W. Moore, Superintendent of Buildings, Borough of Queens, the housing shortage would be prolonged. Following the meeting, it was reported that the Committee was in favor of extending the rent laws at least another year.

1-7-22

Lockwood Committee hearing on the General Electric monopoly.

1-8-22

Record construction in New York in 1921. Number of contracts 25% greater than in 1920, 41% greater than in 1919. Residence construction greatly stimulated by tax exemption. Is greatly responsible for the record volume of construction of building, accounting for 2/3 of the total.

1-15-22

Governor Miller and Senator Lockwood meet; discuss the Committee's report, including the extension of the housing laws. Senator Lockwood feels that the extension is necessary.

1-20-22

Governor Miller favors the extension of tax exemption and the rent laws. He looked with favor on a proposal made to him that the law exempting new dwellings from construction be extended from April 1, 1922 to April 1, 1923. Under this plan, the buildings which are started between April 1, 1922 and April 1, 1923 would be exempt for a period of 9 years. In this way all of the exemptions would expire at the same time. The plan does not meet with the approval of the real estate boards of the State.

1-22-22

Mr. Kelsey reports: Expects a good year in 1922. Capital will invest if the costs of materials and of labor are fair. The fact is that the tax exemption on new buildings is really working to the disadvantage of the people who need the housing relief so seriously - the people who cannot pay more than $8 to $10 a month per room. The tax exemption is creating a building boom in apartments for the well-to-do. Soon there will be an overproduction of such space, with little or nothing being done for the poorer class of people. Labor and materials costs prevent the construction of low-cost buildings. Result: as long as the taxpayer foots the bill for the lazy laborer and the greedy materials dealer, nothing will be done for the poor. "There should be no extension of the tax exemption and no more building of the kind of homes that have been produced so exclusively during 1921; but labor should come down in its wages and up in its construction, so that something can be done for the low-rent groups."

1-29-22

Real Estate Board wants the standardization of assessments. Will oppose any further tax exemptions, as well as fight for the elimination of the personal property tax. The executive committee feels that unless some substitute is provided, the tax burden will only be passed along to real estate.

2-19-22

Greater New York Taxpayers' Association says that, as a result of exemption on local dwellings, there has been an immense relief for tenants living in apartments which cost $18 and up per room per month, to the extent of oversupply. The rent laws and tax exemption are very little help to people of moderate-income groups, and it was for this class of people that the rent laws and exemption were passed. The poor do not benefit from the tax exemption law. As it operates now, the greater burden is placed on the inhabitants of older and cheaper buildings to meet the City's administrative expense that the new housing demands. The money for such administrative functions, which should come from the newly constructed buildings, must be paid from the tax from old structures, ultimately raising these taxes and rents. Tax exemption should be limited to rooms renting for $15 per month or under.

2-20-22

The exemption from taxation of buildings begun by April 1, 1923, rather than 1922, was introduced in the Assembly by Assemblyman William L. Vaughan, passed, and now must go to the Senate.

3-2-22

New Jersey tax exemption law set aside by the court as unconstitutional. The 5-year exemption statute creates an arbitrary class of property to be exempted and does not conform to the constitutional provision that all property shall be assessed for tax under given laws and by uniform rules according to its own true value. No class of property could be segregated for higher tax, and therefore the reverse is so. Mr. Curran says that he is not familiar with tax exemption in New Jersey, but is sure that the New York law will hold.

3-3-22

Lockwood Committee report composed by Mr. Samuel Untermeyer, Counsel to the Committee, will be changed by the Committee before it is submitted to the Legislature. In the report, 17 bills are reported. They fall into three groups: (a) extension of the rent and exemption laws; (b) measures against illegal combinations in restraint of trade; (c) bills compelling money to be more liberally channeled into mortgage loans.

No legislative action in New Jersey can reinstate the exemption law.

3-4-22

Lockwood Committee measures will not be completely passed for lack of time.

3-7-22

Extension of the rent laws and of the tax exemption by the Lockwood Committee is apparently assured. The Committee believes that if the bills are all passed, the housing shortage will reach normal within 18 months. Some of the bills are contentious, such as that forcing money institutions to invest a ratio of their money in building. An appeal to institutions, which has to date been successful, is much preferred to this violation of liberty. Bills for the control of labor unions and employment associations are necessary.

3-15-22

Bill extending exemptions passed tonight.

3-27-22

Senator Lockwood urges the Governor to take early action on the exemption bill in order to forestall possible trouble if the hearing of the bill is not until April 10. The ordinance expires on April 1. Therefore, if the Governor signs the bill on the 10th, all building inaugurated between April 1 and the 10th will be subject to the usual taxes.

3-28-22

Governor Miller signs the tax exemption bill. The bill passed both houses without opposition. A new City ordinance is now needed immediately, if the builders are to benefit.

3-29-22

Aldermen pass ordinance extending exemption.

Acting Mayor Hulbert sends emergency message because the present exemption expires midnight Friday. The State legislation is not effective unless the ordinance is passed.

4-2-22

Comment by Mr. Levy: The Collins Ordinance is passed by the Board of Aldermen. The constitutionality of the law has been questioned in New Jersey. The law may be attacked here, under the provisions of both the New York and the Federal laws forbidding the deprivation of any person of his property without due process of law. It is argued that the exemption decreases the value of old and nonexempt properties, because their taxes are increased to pay for the exempt structures. A substantial increase in taxes might destroy the owner's equity in property. Decrease in net income affects the capital valuation. The tax law did not reduce rents; the new owners can get anything they want. The law raised other rents by increasing taxes, which means increasing rents. The amendment to the State Constitution (Article III, Section 18,1901) forbidding the passing of any private or local bill granting to any person, firm, or corporation an exemption from tax on real or personal property, affects the statute's validity. In New Jersey, it was claimed that the exemption was not given to a proper classification, in that it did not include all of a class, that is, all dwellings, but only those erected during a prescribed period. The New Jersey classification provision says that all buildings of a class must be considered in an exemption. The respondent answered that the State had the right to subclassify, but the court ruled that such subclassifications were arbitrary. The respondent argued an emergency. The court ruled that no emergency gives the right to violate the Constitution.

4-11-22

Governor Miller: Hearing on the Lockwood Bills. Committee feels that the most important bill is the one permitting life insurance companies to invest 10% of their assets in the erection of cheap houses. The Governor does not favor the bill, but Mr. Untermeyer defends it as the bill most likely to do away with the housing shortage.

4-16-22

The 75 Tax Commissioners of New York City are at work assessing the real estate in the City. They have been called together by Commissioner Henry M. Goldfogle, President of the Board of Taxes and Assessments, and reminded of Chapter 889 of the Charter and various other sections calling for exemptions of certain kinds of property.

4-23-22

Of the eight housing bills passed, three are expected to give the most relief to the housing shortage: (a) the rent law preventing evictions and keeping rents reasonable; (b) the tax exemption law to stimulate building; (c) the permitting insurance companies to invest 10% of their assets in inexpensive housing. The first pleases the tenant, the second the landlord, and the third the Metropolitan Life Insurance Company. The exemption law deals with buildings only, and not with land. The so-called Metropolitan Life Bill would probably not have been pushed if it had not been for the tax exemption rental limitation in this venture of $9 per month per room. Governor Miller frowned on giving so much power to insurance companies. Before this law an insurance company could not build except for its own administrative needs. "It is too great a speculative risk," says the Governor; but he let it go as an emergency measure. It seems to provide hope of relief. Metropolitan Life is to build 50 houses. If these are a success, it will build more; but by that time, the exemption law will have died if it is not renewed.

5-16-22

Real Estate Owners Protective Association is opposed to tax exemption, which would principally benefit the speculative building operators. The organization will take steps, in its first fall meeting, to see that the constitutionality of the law is questioned. It declares that this is class legislation, unfair to owners of old property. No emergency now exists in the better grade of houses in the City. There are no $9 a room houses going up. Who wants to put that kind of building up? It will not pay for itself. The emergency is positively over and people can find dwellings, except the poorer classes. "Isn't it outrageous that this exemption should operate against the poorer class of property owners?" The exemption is in favor of the speculative builders, who will receive the benefits which discriminate against the smaller property owners. The tax law deprives the realty owners of the vested interest in their property, without due process of the law. Mr. Curran feels that the courts will stand behind the law.

5-17-22

Hermitage Company, of 2 Rector Street, filed suit against the Board of Taxes and Assessments to restrain them from exempting new construction. An exemption on property worth $83,450,000 has already been allowed. If the suit succeeds, the City would get $2,294,000 in taxes by property owners from last year and the tax lists would be increased. The total loss to the owners of new property, if Hermitage wins, would be $45,000,000. In real estate circles, it is said that the suit would have a tendency to discourage new building construction and might with the high cost of materials put an end to the present building boom. Metropolitan Life's decision to build was due to the savings promised by exemption. Hermitage Company says that, since the ordinance was passed, $100,000,000 dollars worth of construction will be exempt "thereby

increasing very substantially the amount of taxes which the plaintiff will be obliged to pay on its property." The plaintiff says that the Board of Aldermen had no right to pass the ordinance. Commissioner Goldfogle gives exemption figures: the amount of exemptions for the first year total $83,450,000. The total tax, if the exemption was not provided for, would be $2,294,881.60. The City will eventually lose $22,948,816, and more for the second year.

5-21-22

There has been no decrease in rents. A shortage of moderate priced apartments still exists. Construction costs prevent the lowering of rents. The only rent cuts seen are in the higher priced apartments. Even if the supply exceeds the demand and business conditions improve, the landlords must keep rents high to save on their investments. The building boom has created a shortage of labor and materials, keeping prices high, which will in turn keep rents high. Rents won't come down until taxes, coal, the interest on mortgages, wages and the cost of materials are reduced.

Real estate men differ on tax exemption. Mr. Joseph S. Schwab, President of the Real Estate Owners Protective Association, is against it. Mr. Browne says that no one but New Jersey has ever questioned the constitutionality of the tax exemption law. The landlords who do so work against themselves. There is no actual discrimination. Tax exemption stimulates building where speculative builders or promoters feel that they can secure rents to make it pay. The City can't lose a tax it hasn't got, and therefore existing realty can't be taxed for a loss that the City has not sustained. The total cost of such construction is not exempt. More than likely, at least 25% of the new buildings won't be exempt, because of the limit of $1,000 per room. Tax-exempt construction will not only increase assessed valuations of adjacent land, but will increase value of all surrounding realty. The tax-exempt construction will help bear the load of increased taxes on existing realty and is in this respect beneficial. Building tax exemption is a 100% aid to new construction of one- and two-family homes, where the exemption equals the cost of building, and to a lesser degree where the cost exceeds the limit. The tax exemption is not sufficient to encourage the construction of apartments renting for $10 a room and under. Realty's real grievance is that such tax-exempt housing will increase the supply of houses and will reduce rents where they are excessive in taxed houses, but the rents of the taxed and the untaxed housing must meet sooner or later.

Mr. Z. C. Balton, Secretary of Associated Builders of Kings County, says that tax exemption has stimulated a tremendous building boom. The people complaining forget that speculative builders are forced to contend with prevailing conditions which include high-priced materials, union abuses, strikes and increases in contracts which more than offset the benefits of the exemption.

7-2-22

Survey shows that rents are coming down.

Yonkers rejects partial tax exemption law. Some of the amendments to the Yonkers proposal were: $1,000 a room on apartments renting for $8; $500 for apartments renting at no fixed rate; $750 on a two-family house costing less than $7,500; $5,000 on a one-family house costing less than $5,000. The President of the Yonkers Board of Real Estate opposed the measure of exemption because it would encourage cheap construction and lessen the value of property now existing.

Mr. Browne, on the constitutionality of the exemption law: Says that it depends on the State Constitution. New Jersey's was in violation of its Constitution. New York's law is clearly constitutional. The question is, does New York State have the power to delegate to municipalities its authority to exempt from taxation. If the Legislature can delegate the authority to tax realty at any rate of taxation not exceeding the Constitutional 2%, certainly it can delegate its authority to exempt certain realty. If it weren't for the increasing building trades wages, the suit now

in progress to test the constitutionality of exemption would have a detrimental effect on construction. But the conditions of labor are at such a point, that the speculative builder must have "more nerve than brains to commit himself to further new housing construction."

7-9-22

Big gain in tenement housing construction giving a promise of relief from the housing shortage: $10,269,900 for 24,805 families.

7-16-22

Mr. Samuel B. Donnelly, Secretary of Building Trades Employers Association: There have been building booms before, but no man ever saw so much building in one- and two-family houses in the history of New York City as there is under way at the moment. The figures show an increase not only in housing but also in hospitals, schools and churches. Also, it can be seen that commercial structures are keeping pace with the residential building. The building boom reached its peak in June. The reasons: (a) the possibility of borrowing money at reasonable rates of interest to finance building; (b) the possibility of renting apartments at $20 to $25 a room.

8-6-22

Mr. Browne advises landlords to "stay pat" on rents. The housing in the course of construction may mean little or much. At present, it means foundations only, to obtain the tax exemption if subsequently completed, which few will be. Many have completely stopped construction. Taking the City as a whole, the increase in new construction of apartments due to the exemption has not equaled the previous shortage. These factors must be considered however: (a) the demolition of existing buildings; (b) the release of doubled and trebled families, who formerly occupied but one apartment, but who can now find apartments for themselves; (c) the sleeping apartment population may have decreased because of the exodus to the suburbs.

8-13-22

Tax exemption cost the City $2,294,881 in taxes last year. Assessed valuation exempted was $83,450,240: $59,108,840 in one- and two-family houses; $24,341,400 in apartment houses. In a period of 10 years, the exemption will cost the City $22,948,816, at least, not including the added exemptions for structures included in the exemption, and not including the increased charges to the City departments in giving all the new buildings the services which the City of New York provides.

8-20-22

Mr. Bela Darwin Eisler, attorney specializing in realty, criticizes the Tax Department on the foregoing statement of its losses. Their view is based on the mistaken assumption that all 13,531 new dwellings enumerated would have been built without the inducement of the tax exemption. One- and two-family houses are, in the majority, the outcome of the tax exemption law. It was also more than likely the exemption which caused the erection of multi-family houses. The Department should also consider that the exemption is only partial, and that some revenue comes from most dwellings built under the law. It would be interesting to learn from the Department how much more the 13,531 dwellings are netting the City in taxes than was derived from the land they now occupy when it was vacant, last year. The sum would show a huge benefit to the City, especially if the increased value in assessable property due to the change from vacant acreage were taken into consideration. The tax exemption may be unfair to the owners of old buildings, but the City of New York certainly cannot complain.

9-17-22

Rents; most older buildings are full. At first, it was thought that the new

buildings would be active competition to the old ones for similar or lower rents. But the new buildings put in under the present high costs are expensive. The rents on very high-priced apartments are coming down, but not the rents on lower priced apartments.

9-24-22

The public auction of lots is big and booming. Investors and home builders never responded so readily before. New York is the leader in the land buying and home building movement today largely because of the tax exemption. Real estate owners are throwing land on the market to be sold for whatever it will bring. The public has bought freely. The auction market was rich in good results last year. Various lot sales have helped the builder of tax-exempt homes and have encouraged thrift.

10-8-22

Land value assessments show an upward trend in the Times Square and Grand Central areas. A hasty study of the figures, says Mr. Eisler, indicates that the valuation of existing buildings has remained practically the same, but that in certain districts, land values had been substantially increased. In regard to vacant land, Mr. Eisler considers the failure to make deductions except in a few districts an injustice. It is only as bargains that builders can afford to buy and improve land under the present high cost of building. In the tax rolls, the Tax Department is determined to hold at full value for purposes of direct State tax those new dwellings which are exempt from local taxation under the ordinance. This raises interesting questions and may involve considerable sums of money, especially where the building exemption is a large one. Direct State tax on new buildings will be open to direct attack.

11-5-22

Mr. Clarence S. Stein, Chairman of the Committee on Community Planning of the American Institute of Architects, compares the housing shortage of New York City with that of Amsterdam, Holland, and the measures taken by both cities to solve the problem. The building of homes ceased in 1916. The law of supply and demand favored the landlord and rents soared. The Mayor appointed a powerless rent committee. The Legislature appointed a committee to investigate rents. No one seemed to connect rents with a housing scarcity. There was no profit in building houses when prices were at the top. Besides it was difficult to get money to finance building. Landlord and tenant were bullied by the Mayor's Committee on Rent Profiteering to compromise. The Legislative committee on rents, after many hearings, discovered that it was dealing with a housing shortage and not with a landlords' conspiracy. A constructive plan was suggested, including a housing and city planning commission, the lending of State money at low rates of interest, and municipal building. But this program was deemed too revolutionary for New York, so it was decided that a bonus would be given, not a direct bonus but a disguised subsidy in the form of tax exemption. This subsidy was given, not to the poor worker, but to the builder and the landlord. The latter could charge whatever rent he wished and apparently he wanted everything that he could get. When the exempt buildings were completed, they were let at $25 and $30 a room. The poor continued to suffer. Mr. Untermeyer attacked labor and building material producers and the price of materials dropped slightly; but so did they in Amsterdam without an Untermeyer. But still no one is building homes for the poor and middle-class man. What was the result of this building boom which must be paid for by the citizens of New York City (for tax exemption is a subsidy)? That which new owners don't pay must be paid for by other property owners. The tax-exempt house will require City facilities and therefore the City must pay. New York does not even grasp the meaning of the housing shortage.

11-12-22

The New York State Association of Real Estate Boards calls attention to the increasing menace of tax exemption of real estate. It urges the limitation of further

exemptions and a drastic reduction of the present list of exempt classifications. Approximately 1/4 or 1/5 of all the real property in New York is exempt. Tax-exempt property increased between 1919 and 1920 from $1,788,000,000 to over $3,000,000,000.

12-17-22

Questionaire sent out by the Bureau of Research and Information of the National Association of Real Estate Boards. The housing shortage still exists; there is no overbuilding, 53% say that rentals are going up; there is a general improvement in the mortgage money area.

12-24-22

Records have been made in construction in 1922, but it will still be inadequate to meet the demand, and no drastic rent reduction can be hoped for. Building costs are still too high.

Assessed value of unimproved land in New York is $5,000,000,000. This land value is created by civic and national improvements, and not by population.

12-26-22

Letter to the editor from Mr. Ino J. Hopper: In spite of exemption building, the demand continues to exceed the supply. The poorer tenants are still badly off. The emergency for which the legislation was passed still exists; yet there are many who do not want the extension of exemption. They give two reasons why not: first, that it has not encouraged cheap building; and second, that it is holding wages up. But we can get low wages only by ceasing to build. If there had been no exemption, there would not have been the homes for the 115,000 families which the exemption created in a year and a half. Rents for the low-income group will eventually have to go down. But for the exemption, rents would have risen outrageously for everyone. We must extend the law and save all of the people who have bought lots but cannot build unless it is renewed.

1-14-23

Predicted increase in prosperity will cause increase in demand for business and industrial buildings. With the demand for men, money and materials, there is likely to be a restriction of residential construction program.

Because of last year's building boom, a 50% reduction in housing shortage was made in the Bronx. If it is continued into 1923, the housing problem will be solved. The year witnessed a considerable increase in apartment house and dwelling construction, especially in one- and two-family homes. Between the start of tax exemption in February, 1921, and December 31, 1922, plans were filed for 5,709 dwellings to house 7,944 families. In 20 months, nearly twice as many buildings were erected as in the 10-year period before. Also, from the start of the exemption to the beginning of 1923, plans were filed for 700 tenements to house 27,320 families. The sale of estates broken into lots has opened up much needed property for building.

Housing demand: the increased cost of building emphasized because of the need for construction. The war disrupted building and an undersupply has been noted since 1914. Labor costs have increased enormously. Construction has expanded and is still mounting in volume. Apartment house and house building activity received impetus at the start of the building boom in 1919 and 1920 and was stimulated in New York by the tax exemption. Most cities still feel the shortage. The return of prosperity is emphasized by the need for new homes as people are drawn to the City. As a result, between spring and fall of 1922, the cost of building has increased by about 10%. Costs are going to increase rather than decrease.

1-17-23

Lockwood Committee report given to the Legislature today. Recommends control of

the Stock Exchange. Move to have Committee dissolved. Tammany Hall wants to create as a substitute a State Housing Commission. Bills were submitted by the Committee: (a) the State regulation of labor unions; (b) State trade commission; (c) prison for violations of the Donnelly Act; (d) regulation of the Stock Exchange; (e) compulsory sale of stocks owned by life insurance companies prior to 1926.

1-25-23

Letter to the Editor from Mr. Robert Schalkenbach: As owner of rented dwellings, the writer was indignant about the favoritism of tax exemption, but lately has changed his mind. He sees himself as having a choice of two evils. Would renting owners prefer to regain control of their housing property now taken by rent restrictive legislative, or would they rather abolish tax exemption? They may get either but not both. If the exemption ceases in April, the construction of new buildings will cease with it. If so, the housing shortage will continue, necessitating rent restriction laws. If it continues for one more year, maybe there will be enough housing to do away with rent restriction. He would prefer to see an extension of the exemption, rather than indefinite continuation of rent restrictions.

1-28-23

Home owners and real estate men are wondering if exemption will be extended. Aldermen have heard many pros and cons. Hon. Edward Polak, Register of the Borough of the Bronx, favored extension in a letter to the Aldermen. The question is of vital importance; it is said that exemption benefits go to the owners and not to the tenants, because owners are not limited by restrictive laws. This seems to be a valid objection, but rents are dictated by supply and demand. It is true that owners may at first feel the profit by exemption, but capital is drawn into building by exemption, insuring building activity to end the housing shortage. Then rents will adjust themselves under normal conditions. It is claimed that exemption is unfair to the owners of old houses, causing the tax burden to fall on them; but the tax on old houses has not increased since exemption beyond normal yearly tax increase. On the other hand, rentals and selling prices of old houses have greatly increased. Real estate activities due to exemption have greatly benefited owners of old houses. That rents are reduced by competition is already demonstrated by the slight fall in rents due to new construction. All that remains is to extend the exemption until the new buildings catch up to the demand. If the exemption law is not extended, and if new buildings are put under emergency rent laws, capital will cease to flow into the market. Construction will cease, thereby defeating the very purpose of exemption, i.e., the erection of great numbers of dwellings to cause a decrease in rents. We are 7 years behind on building. Tax exemptions is a stimulus and is needed. That the City's income is reduced and public improvements are retarded is disproved by the facts. The revenue of the City has increased since the exemption, and public improvements have increased; yet the tax rate has varied but slightly and assessed values increased only normally. Large numbers of multi-family houses have been erected at a cost of more than $1,000 per room, with first floors not subject to exemption, plus garages, etc., needed for the use of the occupants of the new dwellings, on all of which taxes must be paid.

Associated Builders of Kings County have begun a movement to prevent the continuation of tax exemption. If exemption is continued for another year, materials dealers and labor will take advantage of another year of the building boom and exact higher prices for materials and wages than have ever before been known in history. Another year of tax exemption will stimulate vast numbers of new speculators who have withheld money from other industries, watching the building boom with interest. They will create a further demand for the already short supply of materials and labor. Reduction of rents will not be in sight for a long time. Exemption is creating just the opposite to anticipated conditions; it is creating enormous demand on labor and materials, with resultant high prices and high rents.

2-1-23

Joint Legislative Committee on Housing goes out of existence on February 2. It appears certain that not only has the Committee been sentenced to death, but also the legislation proposed to curb landlords, illicit combinations in the building trades and labor unions.

2-4-23

Extension of exemption urged by Mr. Joseph P. Day, auctioneer, pending a reduction in the present high cost of construction and building materials. Tax exemption is a measure to help the masses, not the classes. Two things caused the passing of the law: the acute housing shortage and the high cost of building materials. Both conditions still exist; therefore tax exemption should be extended. Building costs are, if anything, higher than when the law was passed. Exemption caused the greatest boom in the history of New York City building. Shortage is not yet cured because it has been accumulating since 1914, and two years cannot make up for 11 years of inactivity. Withdrawal of the exemption will strangle building. The landlords in old buildings cannot complain, since they built when it was cheap to build and their values have jumped.

2-6-23

A resolution to extend until April 1 the work of the Joint Legislative Committee on Housing, which expired on February 1, was offered in the Assembly and referred to the Ways and Means Committee. The new Committee would have all of the powers of the old and would exist for the same purposes.

Hearing on the bills proposed by the Joint Legislative Committee on Housing to be held on February 13, 14 and 15.

2-11-23

Vacant lot buyers urge the extension of exemption. Buyers have absorbed nearly 30,000 lots at big auction sales in the last few years. All are anxious to share in the great benefits to be derived from exemption. High labor and materials costs have, in many instances, hindered builders from building. The inability of the City to cope with the transit problem is another reason why tax exemption should continue.

2-12-23

New Joint Legislative Committee on Housing to be formed. It will, it is reported, involve the death of all the drastic measures urged by that Committee and its Counsel, Mr. Untermeyer. Most of the opposition to the Committee comes from contractors in building trades and other interests powerful in Tammany circles.

2-13-23

Mr. Untermeyer fighting for Lockwood Bills. Recommends the extension of tax exemption until May 1, 1924, and also the extension of the emergency rent laws. He states that the emergency which gave rise to the rent laws no longer exists in regard to the demand for, and the supply of, living accommodations that can be had for an average of $15 per room per month. For lower income groups, the emergency is still pressing and won't be cured by spring in spite of the building boom. In spite of the high cost of labor, it is possible to profitably construct substantial, modern, sanitary tenements to yield an annual revenue of over 6% at rents less than $15 per month per room. Tax exemption makes this possible. He recommends the extension of the law until May 1, 1924, but only as applicable to dwellings that yield a net rental not to exceed $15 dollars per room per month.

2-18-23

Fourteen real estate boards consider the legislation pending in Albany. Oppose extension of the rent laws to 1926 and their application to all cities in the State.

Also oppose tax exemption. Whereas the Lockwood Committee reports that the housing emergency still exists... Be it resolved that the members of the New York State Association of Real Estate Boards, believing that the housing shortage is now in the process of solution through the operation of the economic law of supply and demand, are opposed to any extension of the rent laws....as well as to any legislation which seeks to place the same burden upon the property owners in other parts of the State.

Mr. E. J. Rickert, realtor: The large sale to builders of land on which houses for more than 10,000 people have been erected, or are now in the process of being erected, has resulted entirely from tax exemption and would not have been possible otherwise. Building of these houses would stop if the exemption does, because no large builder, for several years at least, will be willing to build houses not tax exempt in competition with those that are exempt. Lending companies will not lend money for building which is not tax exempt. These two causes will stop building of low-priced homes and encourage the building of high-cost apartments on which the exemption is not so important.

2-25-23

Building construction is on the increase. January broke all records for plans filed; February should be good. Builders want to get started before the exemption expires. But this building boom is not restricted to New York; it exists throughout the country.

3-10-23

New Jersey affirms last year's decision on the constitutionality of tax exemption. It is unconstitutional because it creates an arbitrary classification of property for taxation. There is no serious contest in New York about the constitutionality, though there is much controversy over the subject. Exemption expires this month. In New Jersey the Tax Board contends that the decision of the Supreme Court enabled them to lower the tax rate considerably

3-18-23

February construction drops 20% from January, but was 7% greater than last February. First two months of this year show a 20% increase, largely due to letting contracts for residential work in anticipation of the possible expiration of tax exemption. Residential buildings have accounted for 75% of the total construction investment.

Final rush of home builders to have plans filed to get the tax exemption benefits. Bills to extend exemption until 1924 were opposed soon after they were introduced recently in the Legislature. Opposed by the real estate boards who, with other opponents of the bills, feel that tax exemption will cost New York $50,000,000.

3-21-23

Tax exemption ordinance held unconstitutional by Justice John M. Tierney. If his decision is upheld by the higher courts, it will cost property owners $80,000,000 and the money will go to the City in taxes on more than 43,000 dwellings valued at $400,000,000. Action begun on May 16, 1922, as a result of a taxpayer's suit brought by Mr. Taylor Moore of 2 Rector Street, on behalf of the Hermitage Company, owner of extensive properties.

Justice Tierney holds that the act of the Legislature in adopting a permissive measure was void. He did not dispute the legality of a State law exempting new dwellings, but asserted that the permissive act exempted dwellings in a particular locality. The Legislature has not enacted a statute exempting a class or type of property throughout the State; it has authorized the local legislative bodies to act irrespectively and independently of a like exemption in other parts of the State. In form, the law is general; but in application, it is local - therefore unconstitutional.

The decision will hit the small home owner the hardest; it is he who built on the promise of tax exemption. The problem of paying the tax arrears will be serious. Alderman Collins says that the City is morally obligated to stand behind the ordinance which induced so many people to build. The decision of the court came on the eve of the Lockwood Committee's request to extend the law.

Mr. Untermeyer can't see how the law is local; by its terms it applies to every part of the State. It is urgent that the decision be taken immediately to a higher court.

3-22-23

Slump in building follows the court ruling. Prospective builders besiege building officials asking for clarification of the decision. Appeal to be argued in higher court on April 6, says Hon. Arthur J. W. Hilly, Acting Corporation Counsel, but builders feel that the final decision won't be given until July. In the Bronx, 23 builders stop construction. If decision is sustained, a complete refinancing of building mortgages will be necessary, since money was lent because of the tax exemption. Superintendent Reville, of the Bronx, says if building stops, the housing crisis will be as acute as in 1920. Tax exemption encouraged the sale of lots in underdeveloped areas and people were encouraged to build. If the decision is sustained, tax will take the form of higher rents. Mr. Stabler says that Metropolitan Life loaned $50,000-000, almost all as a result of tax exemption. Hon. Maurice E. Connolly, President of Borough of Queens, says that tax exemption increased the population of Queens and increased the value of real estate. He feels the law was subject to criticism because it favored new builders. Nevertheless, it built up the territory and increased the value of property on which buildings went up, as well as of adjacent property, to an extent far greater than the value of 10 years' taxes.

Mr. Harold G. Aron, realty law expert, says that the decision may have a disagreeable effect on the mind of the Legislature with regard to the much needed extension of the law. It has actually increased the revenues of the City in the higher land values.

Without regard to the Tierney decision the Legislature should pass the extension says the New York Tax Reform Association.

Editorial. It is not for the layman to decide, when lawyers disagree; but all must agree that a speedy final decision is necessary.

3-23-23

City officials urge builders to file plans in order to benefit if the Tierney decision is reversed.

3-25-23

Mr. Untermeyer to fight the decision at the request of Lockwood Committee. Wants to fix a very early date to have the appeal argued.

3-26-23

Committees of small builders and owners met with Mr. Untermeyer to participate in testing the constitutionality of the law.

New York building trades rejoice at the court decision, feeling that the decision will operate in relieving the excess of demand over supply of both skilled and unskilled labor. Investors also are alive to the fact that in a single moment an effective brake has been applied to a form of investment that was already perilously near the economic saturation point. Manufacturers of building materials, appliances and equipment feel relieved at an effective barrier to an embryo runaway market. It was the biggest single influence since war-time to bring the cost of building construction back to normal. The building construction industry has been discounting the possibility of the extension of tax exemption. Building investors who are not building dwellings, and are therefore paying taxes, see a possibility of tax burdens being

equally shared. They have general visions of a lower tax rate as a result of the decision. Current plan filings show no decrease in number. Public seems to begin to realize that where excessive demand over supply is maintained, prices can't go down. The speculative builder is blamed for the rising cost of building, which is 25% above normal.

3-27-23

The Appellate Division will hear the tax exemption case on March 29. Three other cases based on tax exemption are to come up. Buyers are refusing to make payments on homes, on the ground that the home was purchased because of tax exemption.

3-28-23

Despite the Tierney decision, Brooklyn is swamped with plans for new homes. Attorneys are advising that the law will be upheld.

3-29-23

Governor Smith urges the Legislature to allow exemption for one more year, saying that building has been stimulated, but we need still more. Any falling off at this time will renew 1920 conditions and mean the indefinite extension of the rent laws. Although the constitutionality of the law is in question, its validity will not be definitely determined before it goes to the higher courts.

3-30-23

Courtroom crowded as home owners wait the decision. Hon. Louis Marshall, attorney, says that if ever a law was general and not local, this is it; it is coextensive with the boundaries of the State. Mr. William H. King, Assistant Corporation Counsel, supports it as an emergency law.

Mr. Untermeyer urges Governor Smith to prove the existence of an emergency in 1923, so that the measure might be defended if its constitutionality is attacked. It is necessary to prove the existence of an emergency to extend the law.

3-31-23

Editorial. Lawyers emphasize the emergency character of the tax exemption law. As a permanent policy, it is indefensible. A 10-year exemption for a small fraction of building is important to the individual concerned, but insignificant in comparison with the total. It is possible to keep the exempt construction in a class by itself only as long as the exempt builder retains ownership. Tax exemption did not seriously depreciate old houses, because new construction, even with exemption, was more costly. Emergency legislation gave scarcity value to labor and building trades (25% increase in building costs). Those who build for reasons in keeping with the permanant character of real estate investment cannot compete with prices available to those who sell tax exemption rather than construction. The City needs this tax money. The real remedy is increase of facilities for access to cheap land. The subway has done more to cheapen housing by distribution of population than exemption has done or could do. When the City increases valuations and obstructs the rapid transit, it is chiefly responsible for creating the conditions which tax exemption seeks to remedy.

Builders swamp real estate bureaus, showing faith in the tax exemption law. Great rush of plans filed before the midnight deadline.

4-1-23

In spite of the Tierney decision, plans are still being filed in the suburban offices.

4-2-23

Commissioner Goldfogle apparently has faith in the tax exemption. He states that every individual filing for tax exemption must have papers in the hands of the Commis-

sioner by tomorrow. Superintendent Reville says those who say the tax exemption did not stimulate building are wrong. Large estates have been cut up into lots. Tax exemption created a market for vacant land. Prior to tax exemption, people who had lots wouldn't build because of the high costs. Many purchasers of lots five years ago defaulted on taxes, permitting the land to revert to the City. Someone has to pay the taxes on these. In the last 5 years, the City has advertised for sale 22,000 parcels thrown on its hands for taxes. If the decision is upheld, the owners of new buildings will have to pay $27.50 per room per year, for every room; this is $2.50 per month per room. A 5-room apartment will be taxed $14.50 per month. The tenant will pay it, in the long run.

Building record indicated in New York for 1923 received a blow from the Tierney decision. Since tax exemption, some $248,000,000 worth of improvements were erected. Plans to date this year are creating records, but if the decision is upheld it is felt that these buildings will never be erected. Associated Builders of Kings County say that all real estate and building operations will be cut down and another grave housing shortage will be on the City within the year, and that material prices and labor wages will decline gradually. The City has lost no taxes from tax exemption; higher assessed values make up for the deficit. The owners of old buildings have reaped the benefits of high rents on buildings that were constructed at low cost; this more than makes up for taxes. Builders were enticed by tax exemption to build in spite of the highest cost of building in the history of the industry. If exemption is removed, the tenant will pay for these high costs and for the taxes. Justice to the owner, the builder, the investor and the tenant demand a reversal of the decision. The Potter Avenue Development says that the decision is based on a legal technicality; only the method of application makes it unconstitutional. The company believes that the decision will be reversed. The City and the State must keep faith with the people. Mr. Levy says that the law should have been tested in the beginning. If the decision is upheld it will affect thousands. He does feel that the decision will be reversed.

4-3-23

Superintendent Reville: Not one plan filed in the Bronx yesterday. First day like this since tax exemption. Most builders in the Bronx feel that extension of the tax exemption would be beneficial. However if it is extended, Mr. Reville feels a slump will occur while builders wait for falling labor costs. The only way to beat the housing crisis is to keep building as we have been. Extension of the exemption would slow down building.

4-7-23

The validity of tax exemption is upheld by the Appellate Division of the State Supreme Court. Superintendent Reville predicts new boom as a result of the decision. All plans filed before April 1 will materialize, but if the Legislature decides to extend exemption, a great many will probably delay building in the hope of benefiting by recessions in the price of building materials. A move to extend exemption is already underway at Albany. Justice Victor J. Dowling, of the Appellate Division, writes the decision: "It was a bargain between the State and the owner of vacant property by which each gained something and no one was the loser....emergency laws in time of peace are uncommon but not unknown...." Emergencies demand the enactment of laws that would be thought arbitrary under normal conditions. The findings of the Joint Legislative Committee on Housing determined the existence of an emergency. "It seems to me that the failure to tax these new dwellings for local purposes for 10 years is by no means such a burden upon the owners of old homes as the restrictions to the amount of rent to be collected and the disruption of contractual relationships provided by other housing laws which the highest courts of the State and the nation have upheld."

Mr. Untermeyer expresses concern over passing an extension of the law without proof of an emergency. Mr. Stabler, speaking for Metropolitan Life, expresses relief and the intention of the company to continue its plans. Mr. Day says he would hate to think what things would be like in New York City today if we hadn't had tax exemption.

Mr. Browne says that in spite of what realtors say, tax exemption is a boon for real estate. The statute was intended to be and, in effect, was a general law, and not a local or private one. The classification was not unreasonable and it was not a bonus. The exemption conferred is based on an overwhelming reason of an imperative necessity, and it does not violate the equity clause of the 14th Amendment.

Editorial. The speedy decision of the Appellate Division is welcome; it is the speed which is often the essence of justice. The one interesting thing in the decision for the layman is that many citizens had invested money in the good faith of the State and the City and that a great hardship would be inflicted if investments were jeopardized by the decision. The courts ought to do all in their power to avert such a misfortune.

4-8-23

Two classes of people protested the Tierney decision: the speculative builder and the small builder. The decision would bear hardest on the small owner, who had sacrificed much to build due to the lure of the tax exemption.

4-12-23

Tax exemption extension passed without opposition in Senate and Assembly. Will go to Governor Smith tomorrow.

4-16-23

Mr. G. C. Norman, Chairman of the Board of Governors of the Building Trades Employers Association: Instead of putting cheaper dwellings on the market and lowering rents, tax exemption has diverted the remitted taxes to the speculative builder and to the laborer, and has kept rents high. The law benefits the few at the expense of the many. The artificial conditions brought about by it have created a labor shortage. It is nothing more than a subsidy to builders. Subsidies do not benefit the consumer; they benefit the operator, the manufacturer, the speculator. The buyer of a home pays to the builder the amount of the tax exemption. Tax exemption is keeping rents at a war-time peak. It has so upset the supply and demand in the labor market that costs have increased 20%. The effort to circumvent the normal order of supply and demand has proved futile.

4-17-23

Mr. Morgenthau replies to above statement by Mr. Norman. Mr. Norman falls into the usual error of those who criticize tax exemption. How can anyone say that tax exemption resulted in a labor shortage and increased labor costs, and at the same time say that it hasn't created more houses or apartments? No matter to whom the subsidy goes, if it results in an increased production of houses, it must ultimately result in the lowering of rents, since rents are determined by supply and demand.

4-18-23

Governor Smith signs the bill for extension.

United Real Estate Owners Association disagrees with Mr. Norman. Mr. Browne says that tax exemption did stimulate construction: $322,621,385 worth of actual, completed housing, of which $244,170,325 is tax exempt. Tax exemption has also reduced rents from the top downward, but not from the bottom up.

4-26-23

Governor Smith recommends the creation of a housing commission to determine whether sufficient emergency exists to warrant the re-creation of the Joint Legislative Committee on Housing.

4-27-23

In a message recommending a State Housing Board the Governor said that in spite of

the emergency rent and housing laws, housing conditions have grown worse and cheap homes more scarce. The Governor wants a board which would report at the next meeting of the Legislature on housing conditions generally, and whether the housing shortage is serious enough to warrant the continuation of the emergency laws.

Editorial. Governor Smith's message on housing: Housing problem is complicated, being connected with transportation, industry, the planning of roads and streets and the relation between the urban and rural population. Temporary measures had to be enacted. The rent laws apparently have worked. The tax exemption has increased building activity, but has not reduced rents. The tenants have had no help from the legislation. Why, then, does the Governor ask its extension? The Legislature and the Governor were in the dark. When the question of the continuation of the rent laws and the tax exemption came before the Legislature, there was no responsible body from whom the State could get information. Let us this time know what is what. Let's have a State housing board. We are no more friends of new commissions than is the Governor, but this proposed bureau is necessary to end the long neglect and helter-skelter way of hasty, sporadic and imperfectly formed legislation.

5-3-23

Senate votes for the creation of a commission to replace the Lockwood Committee.

5-13-23

No immediate prospect of low rents for the low wage earner, says Commissioner Mann. Despite the building of 167,375 new apartments in three years, the number of apartments in New York is but 13,182 above the figure three years ago, due to losses from demolition, fire, etc. Tax exemption gave more apartments and prevented the shortage from becoming acute. While it has not reduced rents, it does prevent them from soaring to dizzy heights. Governor Smith's belief that the money saved was absorbed by builders and materials men is partly true, but it was also absorbed by labor, which is 75 or 85% of the cost of the building. White collar people were never so poorly paid. The consequences of the increased cost of materials and of labor are seen in the rents of the new apartments.

5-22-23

Governor Smith signs Farrell Bill, extending housing tax exemption law to three-story dwellings on which construction has been started since April 1, 1923, or will be begun before April 1, 1924.

6-10-23

Board of Aldermen fails to act on the tax exemption ordinance (laid over). Mr. MacDougall says that the failure to act is embarrassing, since many have started construction thinking that since the Legislature passed the bill, the City would pass the ordinance. Dwellings are still needed and so is tax exemption, as a stimulus to construction.

6-24-23

The influence of Tammany holds up the tax exemption ordinance. Mr. Untermeyer wants the ordinance passed, but with a limit on rentals of $17 per room per month.

6-26-23

Aldermen pass tax exemption ordinance.

7-23-23

Mayor Hylan signs ordinance for tax exemption. It is generally agreed that tax exemption is to aid the average citizen to own a home for properly housing his family. That objective has been observed in the new ordinance. Tax exemption was not designed to provide a perennial harvest for large realty speculators who have enjoyed up to

$250,000 a year in exemptions. The ordinance was passed to lower rents, but has not as yet done so.

8-12-23

The tax exemption law is broad enough to cover buildings erected at a large cost for speculative purposes, as well as for small homes. Hotel Weylin applies for tax exemption privilege. Tax Department says no, because the law is not for hotels. The rooms are arranged in suites; 113 rooms rented for permanent use. The building was planned for a nonhousekeeping residence. The court rules that it can have tax exemption.

9-1-23

Miss Lillie Grant, Acting Chairman of the Mayor's Committee on Rent Profiteering, asserts that the housing shortage is as acute as it was four years ago; urges that the rent laws be extended and that their provisions be broadened to include the new tax-exempt houses. Many increases are demanded by the owners of tax-exempt houses. Tenants consider these demands outrageous because they are excessive and because the owners are relieved from paying taxes. They argue that tax exemption was to help keep rents down. Besides pocketing the tax savings, owners are using to the hilt their immunity from the restrictive rent laws.

9-4-23

Real estate men say that assessments will show a big increase, large enough to make up for the taxes lost by tax exemption. Word was sent out by City officials that property valuation would be enormously jacked up to meet the loss due to tax exemption. The larger budget demands the increase.

9-16-23

Building activity in New York, as measured by building permits, is nearly 1/3 larger than last year, but the rent outlook has not changed. Moving day will be quieter because of the marked drop in court cases from 1921-22 (10,000 to 1,600). These figures are interpreted as indicating that a state of equilibrium is working itself out.

9-17-23

Tenants, in mass meeting, appeal for a special session to have the rent laws extended; otherwise rents will go up 50 to 100%, and evictions will be effective within 72 hours. The National Vigilance Association, in a letter to the Assemblymen, says that the special session must extend the laws before they expire; an interval would be fatal to the interests of the people of the City. Assemblyman George N. Jesse insists that the emergency continues to exist and favors a law that would take tax exemption away from houses charging more than $12 per room per month for rent. The purpose of tax exemption is not being worked out; new houses without taxes are charging more than the old ones.

9-22-23

The Board of Estimate and Apportionment voted to extend tax exemption until 1924; approval necessary to make it effective after the Aldermen voted the ordinance in June and the Mayor signed it. A maximum limit of $15,000 exemption was placed on multi-family houses.

10-2-23

Assessed valuation of New York City real estate jumped $1,153,669,747 over 1922. The amount of exemptions on new buildings was not determined. It may be estimated that in addition to the $244,000,000 exempted for 1923, there will be an additional $180,000,000 for additional new buildings before the law expires.

10-4-23

Miss Grant says the the Mayor's Committee will prevent rent raises due to increased assessments. Acting Mayor Hulbert said he believed no rent increases would occur, because rents can't go higher. Higher valuations are based to a large extent on the high rents.

10-7-23

Many protests over high valuations. Real Estate Board of New York says increases likely to be paid by tenants. Realty men feel that the new assessment, unless radically modified, would make the housing shortage worse. Higher rents and an increased price of salable houses would result.

Apartment house construction on the decline. Rents are going up, especially in Manhattan. The building pace will be slackened for the rest of the year, due to the increased cost of labor and a shortage of materials. March building peak followed by a recession. Many "to let" signs are seen, but rents are still too high for the average man. Rents will be boosted, rather than decreased, due to several factors: (a) general business prosperity and inflation; (b) lack of surplus housing large enough to break rental levels, due to population increase and business demand; (c) something radical needed to drop the existing high level of prices. Builders of new apartments are lucky keeping rents way up. Building of apartments on the decrease. One- and two-family houses on the increase, because it's cheaper to own than to pay the high rents now demanded. The outlook for construction in 1924 is good.

Commission on Housing and Regional Planning hearings begin on the 15th. Tenants and representatives of building interests will give information bearing on the existence of an emergency. Great public interest in the work of the Committee on Housing.

10-13-23

Mr. George Gove, Director of Investigations and Staff Director of the Commission on Housing and Regional Planning, has been receiving many requests from organizations for permission to appear before the Commission when it sits. Some want to prove that rents are climbing and that the emergency still exists. Delegates from real estate boards, on the other hand, want to show that building operations are approaching normal and that supply and demand will regulate rents better than artificial rent legislation.

10-16-23

Commission on Housing and Regional Planning hearing: Housing shortage continues as bad as three years ago; rent laws in some ways don't protect tenants; no apartments to rent at $10 per room per month have been built in three years, except a semiphilanthropic organization's construction of one house with a fixed rent of $9; unanimous tenant demand for extension of the rent laws. Commissioner Copeland wants a Housing Committee to dictate what kind of buildings can be built.

10-17-23

Hearing: Commissioner Mann says that his Department winks at remodeling violations due to the shortage. Things have to be overlooked in an emergency. They inspect only on complaints. Fewer vacancies now than when law was passed. Calls for an extension. In March, 1923, there were .37 vacancies - four out of a thousand. In April, 1920, there were .36 vacancies. The situation in moderate-priced apartments is more serious now than it was in 1920. Senator Lockwood recommends a two-year extension of the rent laws. Superintendent Reville says that not one building has been built to rent for $10 per room in six years.

10-18-23

Hearing: Dr. Samuel McCune Lindsay, of Columbia University, expert authority on economics, gave statistics for the Real Estate Board to prove his assertion that in the

three years and nine months, accommodations for nearly 500,000 people had been made available. During this period, the population increase was 300,000, leaving 200,000 additional accommodations. He did admit, under cross-examination, that there was little accomodation for people of moderate means. Dr. Lindsay declared that the housing shortage in 1920 was a state of mind, a mass phenomenon. On cross-examination, he admitted that a shortage had existed and that, for the average wage earner, it exists today. He says that the rent laws for high-priced apartments should be removed. The government is going to have to help the poor. His whole testimony leans toward the view that the housing shortage is over. He says that the best thing to give tenants protection against unreasonable and exorbitant rents is active economic competition. Restriction gives little relief, and in the end defeats its own purpose by discouraging investment.

10-19-23

Hearing: Rent increases are starving children. Conditions are worse than ever. The emergency is greater; extension of rent laws is imperative.

Editorial. Dr. Lindsay, in his report, overlooked the plight of those in greatest need of relief. If little of the construction since 1920 is for these, the hopeful statistics are not a reason for a different state of mind than that which existed in 1920 when, as Dr. Lindsay says, there was no physical shortage, but only a rent emergency due to a disturbance of the equilibrium in supply and demand. Whatever we call it, it still exists. The proposed suggestions are only palliatives. The only sound solution will come through an extension of transportation facilities and the distribution of population.

10-20-23

Hearing: Two builders say that tenements can now be built to rent at $9 - $10 per room per month. An official of City and Suburban Homes Company says that it is impossible to build for less than $15 - $17 per room. Real Estate Board asks that rent laws on expensive apartments be dropped. Greater New York Taxpayers' Association says that if this were done it would result in a downward pressure. Profiteering in tax-exempt houses is common; it is hardest on the white collar group, whose wages have not increased in proportion to labor's.

10-28-23

Mr. Samuel Herzog: The hearings are significant, because statistics by conflicting interests are irreconcilable; but interpreted correctly, they verify each other. The per capita housing accommodations are the same today as in 1913, when there was a 5% vacancy and no emergency. But low-cost housing is more of a problem than ever. Demand is not static; it fluctuates with the price of a commodity. Assuming a fixed supply of housing, demand will vary in proportion to the cost of the supply to the user. The rent laws pegged prices below the price of the same accommodations in pre-war times. Therefore, demand uses more accommodations. The poor are feeling the result of this increased demand by the more prosperous classes. The increased pressure is felt in proportion to the extent that rents are pegged below the economic rent. As long as this is so the prosperous will use more space than in pre-war times. They will continue to do so until the rent laws are abrogated, with a consequent rise in rents. Rents would soar and the added pressure would hit the needy. Therefore, added legislation would be necessary - legislation to grant State subsidies to the needy. Houses were never built for the poor and they can't be; the poor have always used the castoffs.

11-4-23

Despite the hundreds of buildings put up last year, rents on low- and medium-priced apartments are 9% higher than a year ago. There is an oversupply of apartments renting at $30 per room.

11-5-23

Mr. Albert E. Davis, architect, complains of the rising assessments. Lots which he has bought have been assessed at more than he paid for them - one plot at 12 times more. Much of the increase in value in the Bronx is fictitious, existing only in the minds of the assessors.

11-25-23

Many protests over the increased assessments; enhanced values on many plots of vacant land in localities where there has not been any great improvement in residential or commercial activity aroused many protests. Objections to assessments fall into two classes: vacant property, and buildings and improvements on land. For many years, many tracts of land have been practically unsalable in any large quantities by reason of the high building costs, with the result that this land is worth less today than 8 or 10 years ago. The cost of carrying land has increased, while the selling value has decreased.

12-9-23

Brooklyn leads every city in the country in construction, but the housing shortage still exists and will continue to exist as long as the bulk of housing construction is confined to high-class apartments and expensive one- and two-family homes. Mr. Kleinert asks, as a remedy for this, the discontinuation of tax exemption on one- and two-family homes and, instead, a 15-year exemption on apartment houses renting for $8 and $9 per room per month.

Expect 113,000 persons to find accommodations in newly constructed apartments as a result of the steady increase in building operations.

12-22-23

Former Senator Calder, at a luncheon for savings bank associations, outlined a plan which would insure limitation of rent before a tenement could be exempt from taxation. He added that legislation could not reduce the cost of buildings. Tax exemption laws are economically unsound and have not benefited the right people, resulting in the construction of large, expensive apartments. If the law is to be extended, it should be with a rent limitation. The first thing is to encourage the building of small homes in the suburbs, where the land is cheap, and of apartments that can rent for moderate prices.

12-26-23

The Commission on Housing and Regional Planning reports to the Governor that conditions in housing are worse than in 1920. Rents have increased 40 to 93% in three years. The rent laws are being evaded.

Editorial. The Commission's report to the Governor is alarming, showing a steady increase in rents and increasing congestion. No remedies are proposed by the Commission, except by implication. In some cases the landlords are to blame, but more general causes are also responsible. Some landlords are not making more on their investment than when rents were lower. The poor are caught the hardest by rising prices. Government extravagance and high taxes work their way down to the pockets of the wage earner. If Federal and State taxes were cut, the rents would come down.

12-28-23

The extension of the rent laws and the amendment of the Constitution permitting the use of State credit for housing will be two recommendations made by the Commission on Housing and Regional Planning to the Legislature.

12-30-23

Mr. MacDougall says that tax exemption is great; it caused the record year in building in New York last year. As a result, there was a decrease in the amount of available

land in Queens, and an influx of population. He anticipates a continued boom, unless the Commission on Housing and Regional Planning recommends construction by the State or with State aid. Such a policy would deter private enterprise, and besides it would do no good. Cheap houses cannot be produced by anyone, with the market so high.

12-31-23

Mr. Untermeyer urges the extension of the rent laws and a revision of the tax exemption laws. He is opposed to municipal housing. State building and renting of buildings would destroy private initiative and further stimulate advances in the cost of buildings. He proposes: (a) The State Trade Commission Bill (illegal combinations); (b) regulation of labor unions by law; (c) extending and strengthening the rent laws; and (d) extending and enlarging the tax exemption law, but only as applied to one- and two-family houses of a certain class, and tenements that do not rent at more than $10 per room per month. The taxes against such tenements should be assessed, and redemption should be allowed year by year only by way of rebate and only in such cases where landlords can prove that rent doesn't exceed the limit.

1-3-24

Half dozen bills introduced at the opening session of the Legislature - two measures to extend New York City rent laws.

Governor Smith's message to the Legislature: Summarizes his various actions through the years on the housing question; speaks of the formation of the Commission on Housing and Regional Planning to furnish information. The Commission states that the housing emergency is not yet ended and recommends, as does he, the extension of the rent laws. He favors State aid in connection with housing. State must be enabled to extend its credit to housing operations under well-defined restrictions. This does not mean State building, but State financing. Consideration should be given to increasing usefulness of the State Land Banks.

1-6-24

Bankers, brokers, builders and operators feel that 1924 will surpass 1923 in the realty market. Good year for sale of lots in 1923 to small investors and those driven to the surburbs by high Manhattan rents. The labor situation seems to be clearing. Building costs are high, and rents, therefore, are necessarily high.

Mr. MacDougall says that tax exemption stimulated building in Queens and made land available for building. Mr. Louis Gold, of Louis Gold Company says that four factors created the demand for lots: abnormally high rents, tax exemption, increasing population and improved transit facilities. If the tax exemption law is not renewed, there will be an immediate decline in building activity and builders will have to wait until the supply of tax-exempt houses is exhausted before renewing operations.

Mr. Browne: if the City granted tax exemption for 20 or 30 years for modern apartment houses to replace slum dwellings, inadequate housing would come to an end within 5 years. Tenants with large incomes should be dispossessed from cheap apartments.

1-8-24

Governor Smith's plea for City and State funds to aid the housing shortage was followed by a resolution made by Assemblyman Benjamin Antin. There are two bills in the Assembly for the extension of the rent laws. The Commission's report consisted largely of the existence of an emergency and the need for continuing emergency legislation.

1-9-24

Mr. Untermeyer attacks proposed State aid for housing. He says that there is nothing new in the report by the Commission. Says that there is a need for continuing tax exemption with restrictions. The ordinance in New York City was "worthless, meaningless and indefensible," as it did not give tenants the benefits of the exemption. He

does not feel that State aid will help. State or City building is unthinkable. State aid would accentuate the labor situation and materials costs would become higher than ever. The inevitable element of politics would also enter in.

1-13-24

Mr. William M. Greve, in a letter to Governor Smith: Housing legislation has produced only lopsided production leading to an oversupply of homes for the well-to-do. Therefore, stop it and let the Housing Commission and other State officials cooperate with other lending institutions making loans on small homes and let the City officials cooperate with builders in replanning outlying districts and putting in City improvements. Let the law of supply and demand function, and cut out the housing legislation. Housing for the poor is a business problem, not a cause for special legislation or philanthropy.

1-16-24

Proposed amendment to the Constitution enabling the State and the City to lend credit for housing relief....expect Republican opposition.

1-21-24

Mr. Levy: People seem to feel that the State can bring about a reduction in prices by fiat. The State justifiably exercised power of regulation over pre-war housing and kept down rents. It offered two inducements to new building: tax exemption and freedom from rent regulations. It is charged that new houses are getting exorbitant rents and that we have plenty of vacant, high-priced apartments. We should therefore restrict new housing, as well as old, as to rent charges.

2-6-24

Extension of the rent laws assured. First on the Senate and Assembly calendars. Passed by Senate, February 7; by Assembly, February 11. Signed by Governor Smith, February 14.

2-14-24

Senator Dunnigan introduces a measure to extend tax exemption.

2-17-24

Public hearing to be held by the Commission of Housing and Regional Planning on February 20, on tax exemption. The Commission must report to the Legislature on the extension or amendment of the law, which expires on April 1. Rent laws do not provide new homes; tax exemption is supposed to. The $15,000 limit was adopted to give preference to one- and two-family homes. All kinds of witnesses will be at the hearings.

2-18-24

Women's Club asks State aid in housing; condemns tax exemption.

2-21-24

Hearing: Commissioner Goldfogle opposed tax exemption; says that the savings have gone to builders and landlords, not to the tenants; the profit to owners of tax-exempt houses is as high as 20%. Rents in tax-exempt houses are higher than in the pre-war houses. The reasons for passing the law in 1920 are no longer around. Mortgage money is no longer hard to come by; people of small means bought under the impression that all taxes were remitted, failing to realize that State taxes, assessments for local improvements and land taxes had to be paid. If tax exemption is continued, he and the Department feel that it should be on one-family houses for $3,000 and on two-family houses for $5,000.

Mr. MacDougall favored the extension of the law in its existing form. As long as the rent laws are extended, so should the tax exemption be, or some proper subsidy

should be offered to encourage the construction of apartment buildings, as well as one- and two-family homes. He believed that the $15,000 limit in the ordinance for the last year was a serious mistake. No doubt tenants have not felt the benefit of the law and they won't, until production meets the normal needs.

Mr. Stabler would like to see tax exemption extended for houses of moderate rents. It is impossible to determine what connection exists between building and tax exemption, but it has no doubt had some stimulating effect. The chief effect was psychological.

Miss Agnes M. Craig, Counsel to Bronx Council of Tenants Leagues, asserts that tax exemption has raised rents and put up selling prices of old houses. Builders of one- and two-family homes urge the extension for low-cost homes.

2-24-24

Editorial. Commissioner Goldfogle says that the tenants get no benefits; rents are higher in tax-exempt houses; City has lost $13,000,000. In a few years, tax exemption will expire and the buyers of exempt homes will find that their bargains were dear, because of building at a time when cost of construction was so high. Mr. Stabler says that building under tax exemption was successful, but there was little disposition to repeat it. The owners get the benefits, and it causes no lowering of rents. In this City, taxes cost two months' rent. The landlord will collect this from the tenant or he will stop renting. High as rents are, wages are higher; and the landlords won't be led to increase the number of houses by laws compelling them to retain tenants paying unreasonably low rents. The problem is thorny. Shortage of dwellings is at the root and is due mainly to the diversion of labor to other industries during the war. In time the shortage will be made up and rents will fall. It is futile to expect relief from measures making building costly and benefiting those who pay high rents more than those who live in tenements.

3-5-24

Report signed by Acting Mayor Hulbert and Commissioner Mann: New York City has no slums; one-ten thousandth of the population is living in congested areas; rents are remarkably low in comparison to income; few unsanitary conditions exist. Commissioner Mann is seemingly in direct contradiction to his earlier statements to the Commission on Housing and Regional Planning.

3-6-24

Mr. Clarence S. Stein, Chairmen of the Commission on Housing and Regional Planning, can't understand the report of the Mayor's Committee, which is so opposed to the report of his own Commission.

3-20-24

Senator Dunnigan says that tax exemption extension will probably be defeated, because of opposition to it by real estate speculators and promoters. The speculators see in tax exemption the forcing down of rents. The housing situation can be solved only by the building of new homes, and tax exemption has encouraged this building. Real estate interests say that the City has lost money. Indirectly, the City has gained by an increase in valuation of property adjoining sections where new homes are built.

3-26-24

Governor Smith sends the report of the Commission on Housing and Regional Planning to the Legislature and recommends the extension of tax exemption. Obviously, tax exemption cannot be continued as a permanent policy, but the report presents cogent reasons for its continuance for another year. Its chief value lies in its effectiveness as an encouragement to building to the individual small home owner. But the real burden of taxation is only shifted, and the relief, while worth giving when it reaches those who really need it most, is at best but a makeshift placing the burdens elsewhere.

4-1-24

Eleventh hour action today passed the Dunnigan Bill in the Senate and Assembly.

4-2-24

Governor Smith signs the tax exemption bill. Senator Dunnigan says that the law is as badly needed today as when it was first passed. Little, if any, improvement in housing conditions in the last two years, says the Commission.

4-6-24

Mr. William J. Moore, President of the American Bond and Mortgage Company: Although the greater part of the housing deficit was made up in the last two years, a 35% shortage still exists. No drop in rents in the near future. Building activity can go on for some years at 22 to 25% above normal before the accumulated shortage will be made up.

5-25-24

New York State Association of Real Estate Boards pledged to cooperate with the Commission on Housing and Regional Planning, which will hold a conference on city and regional planning on June 9 and 10. Mr. Stein, commenting on the haphazard growth of cities causing traffic and housing congestion, says that such growth entails needless expense. Planning the growth of the city and the region is true conservation.

Mr. Alexander M. Bing, Acting President of the City Housing Corporation, says that homes must be built for the man of moderate salary. The City Housing Corporation is a limited-dividend company, organized to build better houses in quantity for the class of people who are not profitable buyers for the speculative builder. At a luncheon, Mr. Bing urged investors to buy the 6% stock of this and similar companies of a non-speculative nature.

5-28-24

A tax exemption ordinance is to be introduced into the Board of Aldermen by Alderman Collins, Vice Chairman of the Board. He feels that the measure is almost certain to be adopted.

6-21-24

Alderman Collins says that the hostility toward the tax exemption ordinance in the Board of Aldermen is apt to block its passage. The Aldermen in general feel that, despite apparent stimulus to building operations, the measure had failed to reduce rents. Tax exemption has not accomplished its purpose. The Mayor and other City officials feel that the exemption has meant much to the speculative builder and little or nothing to the rentpayer. This is largely due to the fact that, under the law, there is no way of preventing a landlord owning a tax-exempt building from charging the same rents as the owner of an old building.

6-22-24

Mr. Isador Berger, Manager of the Greater New York Taxpayers' Association insists that, despite the Commission's report, the emergency no longer exists. Vacancies are plentiful; an oversupply of apartments has caused rents to go down in some cases.

Mr. Stabler declares that it is possible to erect tenement houses renting at $10 and $11 per room per month, which will produce an 8% net return with payment of full taxes. Such homes must be built on low-cost land, easily prepared for building and with public improvements already provided. Speaking of the experiment by his own company, Mr. Stabler says that 8% could not have been realized without tax exemption, unless rents had been raised from $9 to 10.50. $1.50 per month more would have covered full taxes.

7-20-24

The City and Suburban Homes Company reports that it is still able to offer homes and apartments for less than $10 per room per month, despite present conditions. The policy of the company is the improvement of housing conditions in New York City by the erection of model apartments at low rents. The company's semiphilanthropic reputation is an outgrowth of its continued production of moderate-priced apartments with good service. The results have been obtained by careful architectural planning and large-scale construction. The company insists on the need of strict application of business principles in its operation, because of the many expenses in building. City, State and Federal taxes consume $200,000 of a year's income of little more than $1,200,000.

10-2-24

Editorial. Assessments have greatly risen; as assessments increase, so do rents. Tax exemption will exempt $883,000,000 from taxes next year and did exempt $482,000,000 last year. These exempt dwellings have given the relief intended. Rents have become stabilized at or above the maximum fixed by the reaction of supply and demand, but they have not been reduced. Rents in the tax-exempt buildings are higher than in the others. The exemption ordinance will not be passed, because of disappointment in its working. The City is now taxed to the limit. Increases of real value due to rapid transit are enormous. The obstruction of rapid transit is the chief obstacle to the City's realizing higher returns. Property would be increased in value by access through rapid transit. This and not tax exemption is, for example, the reason for the great number of buildings erected in Queens.

10-3-24

Real estate operators insist that tenants will have to pay increased rents because of the higher assessments. Extravagance of the Administration is attacked as the chief cause of high rents and of the high taxes which cause them.

11-16-24

The City Housing Corporation is erecting buildings in Long Island City. The housing is built on a nonspeculative basis - referred to a philanthropy which brings a return of 6%. Economies are achieved by careful building planning, large-scale production, and large-scale buying of land. Mr. Clarence S. Stein is Chief Architect of the company.

12-7-24

Mr. John D. Rockefeller will invest in a plan to build model tenements for workers. The project is part of an attempt to scrap the slums of New York City. Such a venture is handicapped by the high land values in New York City.

1-8-25

In his message to the Legislature, Governor Smith spoke on the housing problem. He reminded the Legislature of the formation of the Commission on Housing and Regional Planning (hereafter referred to as the Commission) and its recommendations on the rent laws and tax exemption. The Commission is also becoming a permanent agency, securing information about housing and its financing. Much work on regional planning is being done by the Commission. The State's most progressive policy in recent years is its determination to deal with housing and regional planning as a feature of its growth.

1-23-25

Mr. Stein, as Chairman of the Commission, calls for the scrapping of the City's slums, which are the worst in the world. To accomplish this, he favors building in the suburbs with State loans.

1-25-25

Mass Production in Solving the Housing Problem. Mr. Evans Clark states that in the production of low-cost housing, the building industry is still in the handicraft stages of operation. Immense waste of small-scale production, coupled with the rise of costs, has made it impossible to build houses for the worker at a profit. Mr. Andrew J. Thomas, Architect of the Metropolitan Life Insurance Company's housing venture, insists that if houses are built in bulk, according to the most up-to-date methods of large-scale production and scientific planning, a reasonable profit can be expected if rents are $10 per room per month. Mr. Thomas dreams of slum demolition, rather than luring the tenement dweller to the suburbs, as Metropolitan Life homes have done and as Mr. Stein suggests above. Four labor unions have expressed the desire to go into building on a grand scale for the benefit of their workers. Mr. Thomas is drawing up plans for the demolition and construction of buildings. The new developments will cover less than 30% of the original ground, yet house more families and still pay a fair return at a $10 rental. The plans are based on the Metropolitan Life homes. Large-scale production and careful planning are the secret of producing comfortable, low-cost homes. Savings are effected in large-scale production, building-material costs, architects' and engineers' fees and securing capital. The Metropolitan Life Insurance Company went into building to prove that $9 rooms yielding 8 to 10% could be built under prevailing conditions when large-scale operation was undertaken. The Bayonne Housing Corporation, the Empire Mortgage Company and the City Housing Corporation have profited by the object lesson of the Metropolitan Life venture. In Bayonne, the housing was not constructed under tax exemption, yet the rents on the top floors are the same as in Metropolitan Life housing, and on the lower floors, only $1.00 to $1.25 more. The Empire Mortgage Company built on a smaller scale, so the economies of large-scale production were lessened. Therefore, more land had to be covered and the rents will average $11 and $12. The City Housing Corporation is building houses to sell. They are blazing a trail like Metropolitan Life. They want to show people of small income that they can own a home for what they are now paying in rent. They want to show builders that they can build such houses on a practical business basis and demonstrate the advantages of large-scale purchase of land and quantity production.. Large-scale operations effect a 10% saving in construction alone. Whether it be the State, life insurance company, or limited-dividend company, the principle of quantity production is the cornerstone on which the solution to the housing problem must be built.

Mr. Stein offers suggestions to end the housing problem by scrapping the slums. It is necessary to build in large quantities, outside of Manhattan, where land is less expensive; where it can be obtained in large parcels quickly; where charges for public utilities can be cut; where land is sufficiently cheap to retain recreational space; and where there is more opportunity for experimenting. He feels that such building is still in the experimental stages and that it is too expensive to make mistakes in Manhattan. In order to carry out such a program, it is necessary to find large amounts of capital at low costs. This must be done through State loans. Large public service organizations must carry out the work. They must reorganize the methods of production. The cost of streets and public utilities can be cut by better planning. It is equally necessary to have regional planning.

2-1-25

The tax exemption ordinance in the Board of Aldermen is dead, never to be revived, because it is lacking in the very essential necessary to producing homes for the wage earner, the purpose for which it was granted. Some City officials feel that the emergency is gone and that the City can't afford to go on giving money away. The law was intended to meet an emergency, and that emergency was the lack of multi-family houses renting for $9 to $12 per room per month. Only one or two structures erected under tax exemption meet this demand. If the ordinance could be rewritten to apply to houses renting for less than $12, there might be hope for it. Mr. Thomas says that the answer is not in tax exemption, but in large-scale production.

Mrs. Helen Hanning, Chairman of the Housing Committee of the City Parliament of Community Councils, says that the policy of state credits has worked in England. Such a bill for New York State was defeated in Albany last year. Opponents fought it as paternalism. She feels that paternalism is essential to prevent crime, disease and mental illness caused by the slums which the State must pay large sums to treat.

2-3-25

Editorial. Low-cost housing is still a problem. There is an oversupply of apartments renting for $60 per month. Two-thirds of the population must and do live in tenements which rent for only $40 to $60 per month. This segment of the population must compete for the cheapest kind of housing or pay more rent. The law of supply and demand will decrease rents in high-cost apartments, but will keep low-cost rentals inflated. The speculative builder, in spite of tax exemption, no longer serves the workingman. Now that tax exemption has failed to solve the problem, something must be done. Large-scale production is a possibility.

2-20-25

The tax rate in New York City has decreased 5 points. This is largely due to an increased assessment of property. The City commissioners feel that the decreased rate should show up in decreased rents.

Senator Dunnigan and Assemblyman Lester W. Patterson submitted two concurrent resolutions providing for amendments to the Constitution with regard to the housing problem. One bill aims to authorize the Legislature to create a housing debt and the other empowers the counties to pledge their credit for adequate housing facilities.

2-23-25

There is no housing problem for the rich. Manual laborers getting high wages don't really have a problem either. The white-collar group is the one which is really suffering. For this group, the problem is as pressing as for the very poor tenement dweller. This class of person is forced to economize drastically in all other ways, in order to pay rents which consume much too large a portion of their income.

3-17-25

Governor Smith transmits the report of the Commission, declaring that housing conditions are growing worse. The housing situation is beyond relief through private enterprise operating for a profit. Apartments renting at $7 and $9 per room per month are desperately needed for more than 2/3 of the population. Some method of financing at 6% or less must be found. The Commission feels that this can be done only by the use of public credits. The Commission reported that people are being forced back into the old-law tenements where rents are $7 and less, the most that these people can afford. Economy in capital costs and current expenses are necessary in any plan to house these people at the same rents. In current expenses, that most easily reduced is interest; a 20% reduction in interest charges would be a 10% reduction in rents. Houses financed at 6% on land at $100 per front foot could rent at $9 per room. With tax exemption, this rent would go down to $7.50, if all savings were conserved for the tenant. Of each month's rent, 54% goes for interest charges, 16% for amortization, 10% for taxes and 15% for maintenance. Only from limited-dividend companies and cooperative housing developments do tenants secure rent reduction resulting from cost reductions. Such enterprises are negligible, due to a lack of sufficient capital.

3-18-25

Editorial. Comments on the report of the Commission: State intervention recommended by the Commission is repugnant to the American ideas of government, but the housing issue cannot be permanently avoided. If private enterprise cannot meet the demand, then public authorities must. State loans and subsidies in housing are an old story on the Continent. In some cases, the city is actually building and operating

housing developments. Of these three stages, that recommended by the Commission - 6% loans by the State or local government to limited-dividend companies, general cooperative and other nonspeculative builders - is the least drastic. The amendments now pending will no doubt be defeated; but State aid in some form will be the ultimate alternative, if private enterprise cannot meet the need.

3-23-25

Rabbi Sidney Goldstein insists that the housing situation is a menace to health and morals; private enterprise has failed to remedy the situation. The State must take action.

3-29-25

Mr. Levy comments on the Commission's report: The report suggests either State credit or the possibility of State construction. Mr. Levy says that rents in tenement houses have been reduced, and that the bargaining power of the tenant has been restored. Rents will remain at present levels because of the change in the value of the dollar. State construction won't overcome this economic fact. There is, he insists, plenty of money available at 5½%. The State doesn't need to lend. State construction would be more expensive than private construction. Whatever might be gained in lower rents would be paid in higher taxes, if the State were to build.

4-5-25

Mr. Berger calls the Commission's report "propaganda." The production of food and clothing is as essential to human comfort and health as is housing, yet neither of these industries has been subjected to such unnecessary legislative interference. The Commission's cry that the emergency still exists, that rents are still soaring while conditions are growing intolerable, is merely propaganda for the lending of public funds over which the Commission desires supervision. Let the State pursue its normal functions, without competing with private enterprise, and conditions will right themselves.

4-12-25

Mr. Stein answers Mr. Berger: State credit is not necessary as a panacea; there is no panacea. It is not suggested as the sole way of solving the housing problem, but as one important factor in cost reduction. There are only two ways of solving the problem: by using magic to raise the wages of 2/3 of the population, or by building houses to rent within their present income. This is possible, if capital at 6% can be obtained. This can be done only by the use of public credits. The Commission recommends State credit, not State construction. Other economies must be effected simultaneously. There is a possibility of reducing costs through better planning in the building trades, by improved methods of management and distribution of materials. Interest charges on mortgages, except the first mortgage which covers up to only half of the investment, are a great element in costs of building. The family at present living in the old-law tenement cannot afford to pay more than $7 per room per month; therefore, this rent must be approximated in new buildings. Housing at these rents is never profitably built. Limited-dividend companies and cooperative housing ventures alone furnish this kind of housing. Their scope is limited by lack of capital. It is necessary to provide to them public credits so that they may build for the workingman.

6-3-25

Attempts to revive the tax exemption ordinance are futile. The bill is sleeping in the Committee on General Welfare and will, no doubt, die there.

6-24-25

Former Tenement House Commissioner John J. Murphy urges the creation of a Housing Commission in the City to take over all duties pertaining to the supervision and inspec-

tion of buildings. Proposed commission would absorb in one jurisdiction the inspection work of the Fire, Health, and Tenement House Departments of the City. Mr. Murphy also urged a stricter enforcement of the Tenement House Law.

6-28-25

Mr. Bing, now President of the City Housing Corporation, reports that the housing problem is still unsolved. The wage earner has not been helped. The City Housing Corporation has erected homes which cover 28% of the land. All buildings are only two rooms deep, allowing for adequate air and light. The low rentals of these buildings, designed by Mr. Stein, are made possible by large-scale operation and the limited-dividend principle.

7-9-25

According to the Metropolitan Life Insurance Company, apartments renting at $9 per room can be built and pay a fair return. Their investment of $7,000,000 was inaugurated to relieve housing congestion. The buildings were completed in May, 1924, and house 2,125 families. Care was used in selecting occupants to see that they were of a low-income group. The total cost to the company was $7,363,168.84. Rent collected for the first year was $1,040,196.06. Operational expenses were $359,014.64, leaving $681,181.42 net, a 9.251% yield. This is 1.25% more than the company said would be a fair return. If full taxes were paid, the net return would be reduced to 7.786%, less than ¼ of 1% less than the company had hoped to make. Of this return, 6% will be considered income; the remainder will provide for amortization. This will enable the company to meet full taxes in 1932 and still maintain the same ratio of reduction of cost.

8-23-25

Rumors that the Metropolitan Life Insurance Company will continue to build are denied. The company is, however, extending loans of more than $12,000,000 on mortgages. The company is vitally interested in realty, but merely as a trustee, loaning money where it will be safe while earning interest.

9-28-25

Mr. Norman Thomas, Socialist nominee for Mayor, attacks the old-law tenements and insists on the use of State and City aid to stimulate building and reduce rents. The Metropolitan Life housing was good, but private companies will not emulate this venture as long as so much money can be made through high rents. City credit and direct City building could provide low-rent housing.

9-29-25

New York City has a surplus of luxury apartments and a shortage of low-cost apartments. Builders say that low-cost housing cannot be built in Manhattan. Builders must go to suburbs to get cheap land.

10-2-25

Mr. Rockefeller to begin the third group of apartments to rent at moderate prices. Mr. Andrew J. Thomas will design the apartments.

10-11-25

Mr. John A. Cahill, Assistant Treasurer of City and Suburban Homes Company: There is great housing congestion in Manhattan; people are unwilling to move to the suburbs. This makes the housing problem even more acute. Land values in Manhattan are high and cause rentals to rise above the average means.

10-15-25

Mr. Andrew J. Thomas urges cooperation in movement to furnish homes for the small wage earner. Projects are feasible even in Manhattan, if large-scale operations are

planned. Housing the masses is the great American problem. Many cities are neglecting it. Conservation of space is essential in building planning.

11-13-25

Mr. Untermeyer urges the restriction of the rent laws to cheap apartments. He believes that it was a mistake ever to include the higher priced apartments in the laws. He submitted a program for the construction of low-cost apartments, including municipal credits. The City would advance $10,000 on the first mortgage. The prospective owner would pay $1,000 down and 4½% interest, amortization and other charges, making the carrying charges $800 per year or $6 per room per month. Mr. Untermeyer regards housing as a quasi-public utility. Mr. Charles B. Barnes, speaking for the City Club of New York, said that speculative builders cannot be depended upon to help with the problem. Relief from excessive costs lies in large-scale production and large-scale financing. The latter can be provided by State credits. State or City housing commission should be appointed to set and enforce standards of quality.

11-14-25

Mr. Stabler says the profit motive must be eliminated in the production of low-cost housing. The frame houses in Queens are a scourge, a fire menace. He feels that anything less than a 9¼% return is unsafe; 3¼% is necessary for amortization. Metropolitan Life made great saving on capital which was all secured at 6%. Private builders not be so lucky; it is therefore doubtful whether the Metropolitan Life scheme could be duplicated. Only with a limited-dividend principle, Mr. Stabler insists, can moderate-priced housing be built. He opposes State aid; there would be too many risks and too much politics.

11-17-25

Realty boards at Commission hearing insist that the emergency has passed; plead for a return to the open market in rents.

Editorial. Comparison of Mr. Stabler's and Mr. Untermeyer's views: The only certainty is that housing for the poor is lacking and the emergency laws will be extended. How new housing will be produced is uncertain. The only certainty is that the situation can be managed only by voluntary and unpaid efforts of public spirited men.

11-19-25

Editorial. In the discussion of low-cost housing and high rents, not enough emphasis is placed on the way in which the rising costs of public expenditures, the increasing costs of building materials and high wages are reflected in high rents. All expenses of this kind are passed on to the tenant. One company formed by public-spirited citizens was prepared to build and to rent, limiting their returns to 5%; but even with this limited return, they had to raise their rents. Everyone wanted more but the stockholders. Everyone is forced to pay taxes. High taxes are shifted in higher prices for the necessities of life and especially in New York City in the form of rents. There is no escape except in reduced public outlay involving lower taxes.

11-29-25

Statistics show a gradual elimination of old-law tenements, for which there is little or no demand at present, and an increase in the new-law type.

Associated Builders of Kings County in a statement to Mr. Stein: The emergency rent laws have well served their purpose, but have had a detrimental effect. Public control of properties and investments makes people unwilling to buy and invest. The elimination of the rent laws will create a greater selling market, which should stimulate builders. The free operation of supply and demand would eventually reduce rents.

12-3-25

Editorial. An increase in funds for the Tenement House Department was requested so that the Department might more strictly enforce the Tenement House Law and safeguard the health of tenants. It is imperative that this increase be given.

12-6-25

Greater New York Taxpayer's Association attacks Mr. Untermeyer's plan for municipal funds for construction and also his plea for the extension of the rent laws.

12-11-25

Hon. James J. Walker, Mayor of New York City, announces a plan to form a commission to survey New York City with a view to spreading out its population and arranging for more comfortable housing.

12-16-25

National Republican Club recommends the extension of the rent laws until summer of 1927 and the appointment of legislative members on a State Housing Commission which would not only try to undertake permanent measures to relieve the situation, but would also appreciate the desirability of attracting capital to limited-dividend companies. The emergency still exists; to let the rent laws expire would be a disaster.

1-4-26

Mr. Grosvenor Atterbury, member of the Research Council of the American Institute of Architects, in a letter to Mr. Stein: Suggests a plan to revolutionize the building of homes for the worker. The plan, he feels, could reduce costs immediately by 25 to 30% and eventually by 50%. He suggests the formation of a Research Institute of Economic Housing to aim to so organize the wholesale production of housing as to make possible an elimination of waste in processes and labor. Results to be effected by standardization, quantity production and machine manufacture. The process of building will be transferred as far as possible into the factory, with the application of standardization of structural elements to the maximum degree compatible with flexibility of design and successful handling of modern engineering methods. The Institute should have an endowment fund of $1,000,000 to cover the necessary overhead, $3,000,000 for research and $500,000 for equipment. Semiphilanthropic and limited-dividend companies are not adequate to meet the need. We want cheap rooms paid for by the tenant, not by philanthropists or the general public. Tax exemption and State or city financing - through public service corporations or otherwise - are emergency measures, unsound economically and not certain of producing results. Ends will best be served by the formation of an institute.

1-5-26

Editorial. Mr. Atterbury, unlike the Commission, feels that it is not necessary to get rid of the profit motive in building. The profit motive, he feels, can be mobilized for cheaper housing if builders avail themselves of the cheaper costs of large-scale production, as has been done in the manufacturing of clothing, automobiles, etc. The sum of the endowment suggested is a small investment, in view of the magnitude of the problem. With the savings that Mr. Atterbury predicts, the profit motive could be expected to supply a greater amount of housing than can be looked for from philanthropic and semiphilanthropic agencies. Mr. Atterbury's figures show that 37% of the cost of a home goes into the land site and the return on capital. These will not yield to factory methods and standardization; yet cheap land is a very important factor in cheap homes. Here is where the field for semiphilanthropic agencies exists.

1-7-26

Governor Smith's annual message to the Legislature stresses the need of State aid to ameliorate the living conditions which the housing shortage have forced on the wage

earner. The first thing necessary is to provide for the borrowing of money at low rates of interest; the second is the use of condemnation, in order that large parcels of land might be acquired at reasonable prices. To achieve these essentials, the State should provide a law for the incorporation of limited-dividend corporations clothed with the power of condemnation, so that such corporations might be in a position to construct modern dwellings upon square blocks at a time. Power should be given to the municipalities to issue tax-exempt bonds, the proceeds of which might be lent to these companies. The extension of public credit is predicated upon the theory that these corporations are to perform a quasi-public service and are to submit to the regulation of sovereign power as to the quality of the buildings and the amount to be charged for rents. An alternative plan of financing may be the formation of a State Housing Bank, similar in function to the Federal Land Bank.

Governor Smith's address is viewed by many Republicans as "an address from the throne." Senator John Knight, President pro tempore of the Senate, found the recommendation for municipal aid "somewhat startling," smacking of "paternalism."

Mr. J. Irving Walsh, President of the Real Estate Board of New York: Governor Smith's proposal is as close an approach to the State's going into the building of houses as could be made without actually constructing them. The plan seems to contemplate an extension of the system of issuing tax-free securities at a time when the trend of thoughtful opinion is in the opposite direction, because of the wasteful public expenditures that this system encourages. The Real Estate Board is against State interference in the business of housing. It is a grave question whether the State could sell nearly sufficient bonds to meet the annual requirements of housing in this city alone. It would place a tremendous damper on private enterprise. The Governor's appeal is based on the theory that the housing shortage still exists, which is at variance with the facts of the case.

Governor Smith's message: The emergency rent laws enacted in 1920, and extended in 1923, will expire in 1926. The Commission's report on the rent laws will be transmitted later in the session. The purpose of the rent laws was the protection of the tenants; but they do not go to the heart of the housing problem. Twenty-five years ago, in the Tenement House Law, the State undertook to protect the tenant in two ways: (a) in the construction of new dwellings; and (b) in the care and upkeep of old buildings. At the end of 25 years, the same old dilapidated tenements still are being used for dwelling purposes. We have badly neglected housing. Investigations by various groups have led us to realize that the construction of homes for the wage earner is unprofitable. The speculative builder cannot provide decent homes for them. The cost of borrowing money is a great obstacle; another great obstacle is the slow and expensive process of acquiring sufficient land to conduct profitable building operations on a large scale. The State must revise its laws to meet the situation, by providing for the borrowing of money at low rates of interest and by the use of its power of condemnation in order that large parcels of land may be acquired at reasonable prices. The State should provide a law for the incorporation of limited-dividend companies clothed with the power of condemnation in order that the corporation might be in the position to construct modern dwelling houses in square blocks at a time. Power should be given to the respective municipalities to issue tax-exempt bonds, the proceeds of which may be loaned to these limited-dividend companies. Housing by such companies is regarded as a public function; it is upon this basis that the extension of public credits is predicated. An alternate plan is the formation of the State Housing Bank. Many competent lawyers feel that these results may be obtained without a constitutional amendment, but it would be well to provide the necessary amendments to the fundamental law, leaving the plan beyond any possible constitutional objection.

1-8-26

Mr. John W. Ahern, Vice President of the Lawyers' Mortgage Company, approves the Governor's plan to provide limited-dividend companies with the power of condemnation,

but disapproves of the use of State money. He approves of the recognition of the limited-dividend companies as quasi-public servants acquiring land by condemnation. This, he feels, is the only method by which the slums could be replaced by healthful buildings. Lending money on mortgages, however, is an expert's business. The State is not qualified to do it. He does not approve of tax-exempt securities; they are uneconomical. Neither a State Housing Bank nor tax exemption is needed to build successfully, even in New York City. The Legislature should authorize insurance companies and savings banks to invest more liberally. Private investors, too, would buy bonds of good limited-dividend companies. The main thing is to provide for the condemnation of land.

Mr. Thomas Adams, General Director of the Regional Plan of New York and Its Environs, feels that if the rent laws are extended, a constructive housing program should at once be inaugurated to prevent the necessity of retaining this artificial interference with the law of supply and demand longer than is necessary. If the State must lend money, the fund should be controlled by an expert body and should be distributed under conditions which insure that funds are allotted only for good, high-standard construction and that any benefit in the reduction of costs should be given to the occupant.

Mr. Bing says that the directors of the City Housing Corporation recognize the value of public credits in reducing housing costs. One of the company's difficulties at Sunnyside was getting loans. Had proper loans been obtained, carrying charges would have been reduced. This has an important bearing on rents. If public credits are adopted, it should be so done that savings accrue to the tenant.

The Central Trades and Labor Council of Greater New York calls the Governor's message on of the most constructive in the history of the State.

The Republican party attitude toward Governor Smith's housing policy hangs in the balance. The Democrats will introduce an amendment for municipal credits, which the Republicans will no doubt oppose as paternalistic and an unwarranted interference with private business. For political reasons, the Republicans may make a show of favoring the motion, to get votes in New York City. The Governor's friends say that the Republicans might fall into line for the legislation looking toward the creation of quasi-public corporations, but would never approve of allowing municipalities to use funds for housing projects in competition with private enterprise.

1-11-26

Mr. Charles Lamb, of Lamb and Tally, an attorney, felt that the Governor's suggestion of the formation of limited-dividend companies, clothed with the power of condemnation, would avert the possibility of disastrous rent riots. Arguing against those who call the plan socialistic, Mr. Lamb said that the State certainly could exercise its right of eminent domain. In the exercise of that power, the State certainly could exercise its right of eminent domain. In the exercise of that power, the State is free to select agencies to exercise it, subject to the limitations of the law which require just compensation. Adequate housing facilities are necessary for public welfare. The proposal seems to be an effective way of terminating the need for the emergency rent laws.

Results of a Study by the National Industrial Conference Board: The beginning and present course of the building boom, which got under way in earnest in 1923, can be traced to the declining trend in the cost of building materials. The year 1919 was a period of inflation; within a year, prices had risen nearly 50% to the highest point since the war. Building materials dropped in 1921 to the lowest level of the period from 1919 to 1925. Under this fall in prices, national building activity began to increase, rising in 1922 to 30% above the 1919 average. Spring of 1923 saw greater activity, with an increasing proportion of residential building. From 1923 on, the prices of building materials have been consistently below the 1919 average level, with a downward tendency. It is this fall in prices which largely caused the present build-

ing activity. The average prices of building materials, which, at the beginning of the 1923 boom, were about the same as in 1919, by last October were 14% lower than in 1919 and about 43% lower than at the peak of the inflation in 1920. Building wages, which had receded somewhat in 1921-22, during the 3-year boom, have gradually risen to a point about 50% above the 1919 level and 10% higher than the level at the peak of the inflation period. Building activity in 1925 was more than 100% greater than at the beginning of the boom in 1923.

1-12-26

The Commission's report, delivered by the Governor, recommends extension of the rent laws until June 1, 1927, except that the laws shall not apply after May 31, next, to apartments renting at $20 and up per room. The report criticizes the administration of the Tenement House Law which, it states, has broken down completely in New York City. The Tenement House Department is crippled by inadequate personnel. Since the last report of the Commission in 1925, there has been great improvement in the housing situation. The peak of the emergency has passed.

1-13-26

Editorial. The Commission report suggests the extension of the rent laws for apartments under $20 per room per month. The low-cost apartments are at present 30% below the rent which would be asked in a free market. Adjustment would cause social unrest. There is no denying the strain that a return to the open market would involve. The report, however, contains sufficient evidence to justify serious consideration at Albany of the defects of the rent laws, as well as the advantages. While rents have been kept down in cheaper housing, there has been little permanent construction to bring relief. It is doubtful that letting the rent laws expire would mean an immediate increase of 30%. The rent laws have, to some extent, caused a shortage of low-cost housing and stopped the working of the law of supply and demand which solved the problem in high-cost housing. The laws have not been altogether a clear gain.

Tenement House Commissioner Walter C. Martin defends the administration of the Tenement House Law in New York City and asks for an increase in his staff.

Real estate brokers favor the recommendations of the Commission with regard to the rent laws.

Republicans oppose the exemption in the rent laws, saying that it will inflict hardship on the white-collar worker. Republicans favor the extension of the rent laws without modification.

1-16-26

The Bayonne Housing Corporation, renting garden apartments at $9 and $10.25 per room per month, called their experiment a success in raising the standard of workingmen's housing. The experiment provides a return of 5% on the capital invested. Mr. Andrew J. Thomas explained that the corporation's business was to produce modern apartments on sound business principles and to rent them to yield a moderate return, but at a figure which the average wage earner could afford. The corporation is not philanthropic, but it recognizes housing as a social and civic responsibility. The Bayonne houses were built to rent at the low price, despite the company's inability to save money on taxes, labor, materials and land. The only advantages were in exercising the principles of business efficiency in architecture and finance. The surprising success from the proper control of these two factors alone holds out promise of great future progress when the remaining costs are put on a sound basis.

1-22-26

Mr. Stein says that the poor have been pushed off Manhattan Island through lack of any comprehensive housing program. Mr. Purdy, speaking as Secretary of the Charity Organization Society, said that the housing problem has passed the acute stage but still exists. He condemned the building of frame houses in Queens.

Lieutenant-Governor Seymour Lowman feels that the housing problem can be settled by use of the State Land Bank and savings and loan associations, rather than by the use of municipal credits.

1-29-26

The Advisory Housing Conference favors the extension of the rent laws with the exemption of apartments renting at $20 per room per month and upward. The Advisory Housing Conference, a new group of which Mr. Purdy is Chairman, was organized in New York City to study housing.

1-31-26

The Washington Heights Tenant Association: Building of homes for the masses is the only form of relief from the present housing shortage. The group urges the passage of laws putting into effect the recommendations of the Governor in his annual message to the Legislature.

2-1-26

The Women's Division of the City Housing Corporation held a meeting to encourage a wider interest in semiphilanthropic building in Queens, to provide homes at cost plus a 6% return on the investment. The sole aim of the City Housing Corporation is to provide moderate-priced homes for the worker.

2-3-26

The rent laws, with modification with regard to high-cost housing, will be extended after the hearings before the Senate and Assembly Committees.

2-4-26

It is believed that the constitutionality of exempting some apartments under the rent laws will be attacked. Objections would be on the grounds that: (a) no emergency now exists; and (b) such an exemption is discrimination, which makes it class legislation.

A definite plan for solving the housing problem in accordance with the recommendations of the Governor was approved by the Commission. The plan specifying complete legislation was sent to the Governor for approval and transmission to the Legislature.

2-10-26

The rent laws, with exemption of high-priced apartments, passed. Opponents of the exemption clause feel that it will inflict hardship on the white-collar group.

2-19-26

Governor Smith, in a special message to the Legislature, will launch a drive for housing relief in congested areas by means of State and municipal financing. He will particularly stress the possibility of forming a State Housing Bank (hereafter referred to as the Bank).

2-22-26

Mayor Walker says that the Administration is ready to take steps to improve the housing situation, whether the Legislature takes steps or not. The City will be ready to act under the Governor's program, if his plans for the Bank and State aid are accepted by the Legislature. The Mayor feels that it is desirable to give public aid to housing projects.

2-23-26

Governor Smith, in a special message to the Legislature, opened a drive for housing relief. The aim of the program is large-scale condemnation of land on which unsanitary, old-law tenements stand at present, with demolition and the substitution of model dwellings suited to people of humble means.

The expenditure of public funds would be necessary, to be realized through cooperation between the State Housing Board (hereafter referred to as the Board), the Bank (exercising the right of eminent domain) and limited-dividend housing companies which, while private, would submit to regulation by the State with regard to profit and rentals. With the message, the Governor submitted a draft of a bill and the report of the Commission.

The plan was viewed as radical, at Albany, but it makes a departure from what, in the past years, the Governor has advocated as a housing policy, viz., amendments to the Constitution to enable City and State to lend funds or credits for housing. The Governor refers the rent laws as expedients which must be supplemented by constructive legislation. Housing projects for people of humble means do not attract private capital, because they do not offer sufficient profits. The Governor's message cited reports of the Reconstruction Commission, Joint Legislative Committee on Housing and State Housing Commission. All reports, he said, showed conclusively that with all the building in progress, private initiative has done nothing to relieve the housing emergency. The present report of the Commission proves that there is a permanent housing problem which none of the remedies to date have solved. Tax exemption did not help. Under the present system, the construction of low-cost housing is unprofitable. A great obstacle is the cost of borrowing money and the slow and expensive process of acquiring sufficient land to conduct building operations on a large scale.

The nucleus of the program is the creation of a Bank, clothed with the powers of condemnation for suitable projects, to the end that they may lend money at a low rate of interest to limited-dividend organizations formed for the purpose of carrying on such operations at a reasonable return. The limited-dividend companies would be formed and would present specific plans first to the Board. This body would consider a plan mainly from the point of view of location and whether or not it would adequately meet the needs it was intended to serve. The Bank would consider the plan in its financial aspects. If both agencies found the plan sound and gave it approval, the limited-dividend company would deposit with the Bank, 1/3 of the total cost of the project. The Bank would then acquire land through condemnation. With the title to the land in its possession, the Bank would issue bonds to cover the remaining 2/3 of the cost of the project. The bonds would represent a first lien on the property involved. The bonds would carry interest of not more than 5%. Title to the land would remain with the Bank.

The limited-dividend company would execute a 50-year lease on the property, whereupon it would be in a position to build and operate the property. The bill provides that the company be subject to regulation by the State with regard to rentals and profits. Dividends to the stockholders in the company are restricted to a cumulate 6%. Sinking funds must be created to take care of interest and amortization of 75% of the bonds at maturity (50 years). It would be optional for stockholders to exchange their stock for 5½% second-lien securities of the Bank. These securities would be exempt from taxation. The bill gives to municipalities the right to exempt housing projects from local taxation. The Bank would have no capital. The Bank is invested with the right of eminent domain. State Housing Bonds are to be sold by the Bank to raise the remainder of the cost of the project at a rate not to exceed 5%. These bonds are to be treated as instrumentalities of the State and are thus exempt from State and Federal taxes. One half of the amount of surplus earnings in any one year are to go to the tenant in reduced rents. The plan attempts to retain the advantages of private management without its present drawbacks.

The Republicans are critical of the proposed housing bill. President pro-tem Knight doubts the constitutionality of the project.

2-24-26

Republican leaders in the Legislature decide to reject the Governor's plan for housing as too radical, or to accept it only in part. They do not oppose some plan

which is constitutional, and which will encourage the flow of capital into construction of tenements. The Bank, with its powers of eminent domain and the right to issue tax-exempt bonds to cover 3/4 of the cost of a housing project, will definitely be rejected. The Republicans will most likely accept the Governor's plan for limited-dividend corporations vested with the power of condemnation, in return for their consent to submit to regulation of rents at a level which will limit profit to 6%. This would not please the Governor, because it will still leave the tenants solely dependent on private enterprise, which has so far failed to meet the need.

Lieut.-Governor Lowman accepts the plan in principle, but does not favor the exemption of the Bank's bonds from local, State and Federal taxation or the exemption of buildings from local taxation. The latter is unfair to the small owner, who would be compelled to pay taxes to support the needs of the larger tenement population, which would receive from the City services equal to or greater than his own.

Desperate diseases sometimes call for extreme remedies. The housing situation is perilous and the Governor's plan is extreme. There are practical difficulties and delays in acquiring land by condemnation. How long could good, honest, public-spirited men be found to give their services as bank directors? Would enough companies be willing to build under the law? Sporadic building wouldn't help. There must be inducements. The plan, if having weak spots, is a good step in the right direction.

2-25-26

Assemblyman Edward P. Doyle attacks the Governor's plan. He cites the Metropolitan Life housing project as proof that cheap houses cannot be built in Manhattan.

2-26-26

Mr. Julius H. Cohen declares in a report that the law would be constitutional in all parts. The creation of a Bank is within the power of the State; its creation for a public purpose, its power of eminent domain, the exemption of its securities from State taxation and, as instrumentalities of the State, from Federal taxation, are all constitutional. The Bank does not obligate the State and cannot therefore create a debt or liability for the State. Senator Bernard Downing calls the Governor's plan a practical measure, designed to get houses built. The State does not plan to build or operate apartments, nor does it pledge its funds or credits. The Advisory Housing Conference approves of the plan.

2-27-26

Mr. Andrew J. Thomas lauds the Governor's plan, saying it will scrap the slums and give good homes to the needy.

2-28-26

Many wealthy New Yorkers are planning to invest in housing under the Governor's plan. The acquisition of land by condemnation is the most promising feature of the plan. It will aid in securing economy in design. Creating the Bank to aid in securing capital is also a good idea. These men were opposed to any use of City or State funds. They do not favor the leasing of the land for 50 years, its value to be amortized during the leasehold and the Bank to take possession at the end of the term. They favor, instead, the sale of the ground to the limited-dividend companies. They asserted that, in the event that any housing project proved a failure and was unable to pay a dividend for a number of years, the losses could be partially or wholly offset by possession of the land. These men request the bringing up to date of the Tenement House Law, with a provision regarding the amount of land which a building may cover.

Interview with Governor: More than half what the tenant pays in rent goes for interest charges. This and the inability to acquire great tracts of land cheaply are the two greatest obstacles to the construction of low-cost homes. Under the present

system, cannot overcome these difficulties. The new law attempts to help private capital overcome these problems without making the State a landlord or without lending its credit. The State has the power to tax or not to tax, and could help here by providing for the issue of bonds exempt from State and Federal levies. These bonds could then be sold at lower rates of interest. The State has also the power to condemn land for public purposes. Housing is a public necessity. The problem, as we face it, has two aspects: the building of homes and the scrapping of the slums. The plan, as outlined, covers both of these needs. The plan can be carried out without a constitutional amendment. If the municipalities would exempt improvements from local taxation, the tenants would benefit, since the profits are noncommercial. If a five-story building were erected on a site costing $1,000 per front foot, the rooms could be rented at $13.10 per room per month. If the construction, but not the site, were exempted from taxation, the rent could be reduced to $11.15 per room. With complete tax exemption, the rent would be reduced to $10. None of the benefits would go into surplus or dividends; all would go to the tenant.

Mr. Edwin F. Howell, Manager of the Serial Building Loan and Savings Institution, feels that condemnation is a bad idea. Good cheap housing cannot be built in the heart of the city. The subways must be used to provide transportation to outlying areas where land is cheap. He feels that building in the suburbs would also be healthier. He feels that the Land Bank of the State could be recognized as an instrumentality of the State; if the State Land Bank were used, it would not involve any investment novelties or experimenting, as would the creation of a State Housing Bank.

3-5-26

Assemblyman Doyle proposes an amendment to the Constitution permitting the State to lend its credit to municipalities for the erection of low-rental apartments.

Labor unions back the Governor's bill, promising no strikes on any building constructed under the law.

3-7-26

Mr. Berger criticizes the Governor's plan. What is overlooked is the fact that the land values of property on which the slums are erected are very high, ranging from $25,000 to $35,000 for a 25-foot lot. Land in the outlying districts sells for $1,500 to $2,500 per lot. It is interesting to note that only the apartments built on comparatively cheap land can be rented at $12.50 per room per month. This rental is achieved only after all economies have been observed. What of the rents of buildings erected on the very expensive land in Manhattan? The plan, furthermore, seeks to interest private capital. Mr. Berger asks why not interest those who will benefit from the building, like the labor unions who have expressed a willingness to build. The entire scheme is "rife with unpleasant and questionable potentialities."

3-8-26

The Real Estate Board opposes the Governor's plan. The plan would cause the construction of homes renting at $10 to $12.50 per room per month, figures which are higher than the large part of the masses can pay. From a practical standpoint, the whole plan is an absurdity. Even $8 per month is high for most of these people. The Bank is, further, a sneaky way of getting around the direct extension of credit by the State.

3-11-26

Hearings on the Downing-Block Bill (State Housing Act - Governor's Bill): Real estate interests are opposed to the measure. The Metropolitan Life Insurance Company offered to furnish money to the Bank up to 2/3 of the cost of the projects undertaken under the terms of the pending bill, at an interest rate of only 5%. The Republican majority regard the bill as socialistic and appear determined to defeat the Bank.

Representative Ogden L. Mills insists that the Bank imperils State credit.

Former Senator Calder says that the plan will not work. Except for letting the law of supply and demand take its course, the only relief lies in improved transit facilities to the outlying districts where land is cheap. It will be difficult, he feels, to find people willing to invest in a limited-dividend company. Men are in business to make money.

3-12-26

Mr. Rockefeller will invest $100,000,000 in building homes under the plan of the Governor, if the Bank is eliminated. He objects to the Bank on the grounds that private capital would be obligated to manage property for 50 years, meet the interest payments, amortize the entire cost of the project and then turn back to the Bank any profits over 6%. He suggests an official State Housing Board, with paid members. Under the Governor's plan, private capital is not protected in any way from loss. There appears everything to lose and only 6% to gain. The Bank is unnecessary and undesirable. Mr. Rockefeller's plan is viewed as the embryo of the Republican plan, which will be substituted for the Governor's plan.

3-13-26

The Metropolitan Life Insurance Company is backing the Governor's plan; Mr. Rockefeller is backing the Republican plan. The latter keeps the essential feature of limited-dividend companies exercising powers of condemnation, but discards the Bank. No one imagines that any housing scheme now inaugurated will make more than a dent in the general situation. Genuine relief will come from private enterprise imitating on a large scale a successful demonstration under public auspices. The greater stimulation is apt to come from the plan which reduces the role of the State to the minimum.

The Governor will heartily support any compromise measure introduced by the Republicans. He is not committed to the Bank and refuses to allow the housing bill to become a political issue.

3-14-26

New York State Association of Real Estate Boards opposes the Governor's plan. People of the State do not desire to have the State Government go into any such "paternalistic or semisocialistic" program. The measure is unnecessary and unconstitutional. Government housing has never been a success in any country. State housing, under such a plan, would become a political football.

3-15-26

Mr. Norman Thomas, representing the Socialist Party, acquits the Governor of charges of socialism in his housing plan. Socialists want housing at cost. The Governor wants limited profit. Mr. Thomas feels that the Governor's plan is a good move, but that it is inadequate. To throw out the Bank would be to destroy the purpose of the bill.

3-18-26

Mr. Stabler calls the plan perfectly sound and feasible. He would like the bill amended so that the interest rate on money borrowed by the bank be 5% rather than 5½% and that the maximum profit for the limited-dividend company be raised to 8% in order that private capital would be attracted. The Metropolitan Life Insurance Company would invest in such a program.

Letter to the Editor: Many variations on the proposed plan have been suggested. There is general agreement with regard to the need to exercise the right of eminent domain. It is proposed that there be a concession by the State, and perhaps the cities, with regard to taxation. The necessary excuse for these exemptions seems to be that rents in houses enjoying the exemptions will be limited. But any limit on rents means a limit on the investments that will be made. Tax exemption shifts burdens and discourages building by other classes of builders. If the housing to be built under the law is to serve as an example, it should be done without special favors from the State.

3-21-26

The Builders' Protective Association of New York City deems the plan feasible and detrimental to neither builder nor operator.

3-22-26

Republicans draft a new bill. The aim of the new bill is that every possibility of State financial participation or responsibility shall be eliminated, including the proposal for a State Housing Bank. The bill leaves the State out as a financial factor, but offers inducements to public-spirited capitalists. Those who drafted the new bill feel that Mr. Stabler's conditional offer of money from the Metropolitan Life Insurance Company has nothing to do with the Bank, as the company desires to make direct loans on first mortgages up to 2/3 of the cost. What puzzles the Republicans is how to make it possible for the State to regulate and prevent the speculative sale of housing by the limited-dividend corporations unless the title to the property is retained by the State. The right of condemnation in the bill is another difficulty. Under the decisions of the highest court a limited-dividend company even where created for a public purpose cannot be dealt with on the basis of being a public utility within the legal definition of the term.

3-23-26

Mr. Stabler says that he did not intend to oppose the Bank in his statement. Some kind of a State instrumentality must be used and "bank" is as good a term as any to use for such a purpose. He does feel that the field for obtaining money under the law should be widened, making optional the plan of borrowing. Some State instrumentality must be used to acquire the right of eminent domain. The power given to such an instrumentality should not give the instrumentality power to deed this property at any time to private ownership - this would be an abuse of the State's right of eminent domain. The power of the borrowing institution should be broadened, in order that it may borrow money either on bonds issued by the borrowing instrumentality or by first mortgage loans from life insurance companies or other public lenders at 5% or less on 2/3 of the cost of the properties.

3-27-26

The Republicans offer their own bill dropping the idea of a State Bank. The object of the new measure is to give private capital every inducement to build consistent with sound public policy, and to prevent abuse of such an inducement by those who might seek to exploit it for speculative profit. The party stands against the proposals involving State "landlordism" or allowing the Government to enter private business ventures. Like the Democratic bill, the Republican one declares that providing housing relief is a public purpose. If enacted, either bill must stand or fall by the acceptance or rejection of that proposition by the courts. Instead of a State Housing Bank, the Republican bill calls for a bipartisan State Housing Board, a division of the State Department of Public Works. In the Democratic bill, the State delegated its power of eminent domain and condemnation to the State Housing Bank, which would also hold title to the properties acquired for housing purposes. The Republican bill delegates both of these functions to public limited-dividend companies. The bill also provides for private limited-dividend companies, not limited by law as to profits, but subject to the Board with regard to rents charged. The bill provides for financing through mortgages and mortgage bonds, not bonds from a Bank. Public limited-dividend companies are compelled to sign an agreement setting forth that they are dedicated to public use and will constitute a public relief in perpetuity. The companies agree to limit their profits and to be subject to regulation by the Board. In public limited-dividend companies, the surplus goes to the tenants, rather than to the Bank, as in the Democratic bill. The Board selects one of the directors of each limited-dividend corporation. The corporation must raise 1/3 of the cost of the undertaking, at a rate not to exceed 6%. A bank designated by the Board will receive the initial investment and handle the proceeds of the mortgage to be expended in the construction of the housing. The mortgage

interest rate is to be limited to 5%. The bonds are regarded as State instrumentalities and are therefore exempted from State and Federal taxes. Properties of public limited-dividend companies would be exempted from State and municipal taxes, if the authorities agree. Private limited-dividend companies would enjoy tax exemption only as long as they submitted to regulation by the Board.

3-28-26

A committee of legislators, led by Lieut.-Governor Lowman, inspected model tenements in Queens, Brooklyn and Long Island. They viewed the high-priced apartments built under tax exemption and also the Metropolitan Life development, renting at $9 per room per month. Mr. Stabler and Mr. A. F. Matthews, a leading home builder in Queens, say that more people will build if profits of the limited-dividend companies are held at 8% rather than 6%. This rate, Mr. Matthews feels, is the lowest rate to safeguard against unforeseen losses.

3-31-26

Mr. Samuel S. Koenig, Chairman of the New York County Republican Committee, asks the Governor for a conference to eliminate the Bank from the housing bill and to reach an agreement satisfactory to both parties. The Citizens' Union opposes both bills, terming them "political gestures" of doubtful constitutionality. The Democratic bill is unsound economically. Neither bill is necessary. The cities' powers of condemnation could remove the slums as effectively.

The Governor's housing bill is killed by the Republicans.

4-2-26

Editorial. Urges the cooperation of both parties in forming a compromise bill and lauds the Governor for his willingness to meet in conference for this purpose.

The Governor questions the constitutionality of the Republican bill and says it is unworkable. He requests a conference, in order that the two parties may discuss the bills.

Letter to the Editor: Two bills are pending; both agree on the power of condemnation; the use of tax exemption as a means of borrowing money at low interest rates; and limited-dividend companies as a means of construction, operation and management of the housing projects. In both plants, 2/3 of the money is to be raised on tax-exempt first liens at an interest rate not over 5%, and 1/3 at dividends not exceeding 6%. The Republican bill has defects. It says that housing conditions constitute an emergency, but the whole machinery of the bill rests on the theory that the real estate acquired by the private corporations shall be a public utility into perpetuity. Will this emergency last forever? Next, it declares that private stock of the corporations is to be an instrumentality of the State and that the companies are themselves agencies of the State. A corporation is not made public by calling it public. Both bills attempt to accomplish the same ends. The substitute bill enters a new field of constitutional law - the field of privately owned real estate as a public utility, subject to the regulation of a State agency. The bill attempts to make what is essentially a private corporation, an instrumentality of the State by calling it public. It grants power of eminent domain to a private corporation and substitutes regulation of doubtful constitutionality for a control through ownership in a State instrument. The bill holds out a promise which it cannot fill and introduces new dangers.

4-3-26

The Republicans agree to meet in conference with the Governor on the housing bill.

4-5-26

The New York County Republican Committee compares the two bills: The Democratic bill with its proposed Bank and allegedly political Board would put the State definitely in the housing business. The Republican bill would help private initiative and private

management solve the housing problem without State ownership. The Democratic bill will give the State title to private property bought and paid for by private capital, subject only to a 50-year lease, at the expiration of which the State becomes a landlord. The Republican bill provides for a bipartisan housing board; two classes of limited-dividend companies, public with the power of condemnation and private without the power of condemnation; rents subject to control; excess earnings to be returned to the tenant in low rents; and provision for tax-exempt securities and tax-exempt improvements.

4-7-26

The Legislature will ask Congress to pass a law exempting the securities of limited-dividend companies, in case the attempt to call them State instrumentalities is questioned in the courts.

4-8-26

Two conferences on the housing bills were held. The Bank is definitely out. The Governor bows. The Republican bill will be slightly amended. Mr. Stabler wants an 8% limit on profits, rather than 6%, and a clause that the rent maximum be flexible, in case economic conditions require a raise.

4-9-26

The earnings of the limited-dividend companies will be restricted to 6% in the Republican bill. The bill will be amended to fix rents in housing constructed by private limited-dividend companies.

4-16-26

Mr. Harold Riegelman, Chairman of the Special Housing Committee of the New York County Republican Committee, declares that the success of the housing bill will depend on the personnel of the Board and whether or not cities will help with tax exemption. Taxes are a substantial factor in rents. The housing law permits local tax exemption; unless the municipalities exempt improvements, it will be virtually impossible to build housing in congested areas to rent within a maximum of the law.

4-22-26

The Republican housing bill was passed in the Senate. The bill has been amended to tighten up the control of private limited-dividend companies. The public limited-dividend companies are vested with the power of condemnation and exempted from State tax on property and bonds, in return for accepting regulation as to dividends, rentals and management of the properties, including the sale of them.

5-23-26

Mr. Riegelman, in a letter to Mayor Walker, urged the passage of an ordinance allowing tax exemption under the State Housing Law. Federal exemption of securities has been proposed in Congress by Representative Mills. The State cannot exempt property from taxation if the City does not. The legislation will be fruitless, unless the City cooperates by exempting dwellings.

6-9-26

Mr. Bing announces plans to build under the new law, by incorporating a subsidiary company.

10-1-26

The Board is about to move for the introduction of a bill for an ordinance to exempt from taxation model tenements built by limited-dividend companies. The Board will submit drafts of the measure to the Governor, the Mayor of New York City, the President of the Board of Estimate and the President of the Board of Aldermen. The proposed tax exemption is designed to stimulate investment in that type of building.

12-1-26

Mr. Riegelman calls Mayor Walker the outstanding obstacle to the construction of tenement houses in New York City, since he has refused to approve an ordinance exempting from taxation the improvements built under the State Housing Law. The ordinance has been introduced in three forms and has been pigeonholed.

12-6-26

Mr. Lawrence B. Elliman, President of the Real Estate Board of New York, criticized the idea of extending tax exemption. He feels that such a measure places an unfair burden on the owners of all nonexempt buildings. He feels that assessments have risen in New York City as a result of the 1920 law.

12-12-26

Mr. Henry Brady, a New York realtor, takes exception to Mr. Elliman's views on tax exemption. The State had to stimulate building. As soon as the tax exemption law was passed, buildings started to go up. Land values increased considerably and the City is really benefiting.

12-17-26

The Governor will revive his demand for a Bank to back building operations.

1-10-27

Mr. Darwin R. James, Chairman of the State Housing Board, says the plans for building under the State Housing Law have reached a point where actual construction might go forward after the City takes action on tax exemption. Several groups have expressed their intention to build when tax exemption is passed by the City.

1-14-27

The Advisory Housing Conference agreed to ask the Mayor to support tax exemption for proposed structures. In the proposed tenements, a 30-year tax exemption would enable rents to be lowered to the vicinity of $5 per room per month. No one can lose by the proposed plan, for the capitalists will be able to invest money and the City will gain increased revenue from increased land values.

1-24-27

Mr. Stabler defends the principle of exempting buildings under the State Housing Law as necessary to the success of the program. He denies the statement by real estate interests that land will be untaxed. Under the law, the City, far from losing taxes, would gain in tax receipts. Except for tax exemption, the Metropolitan Life houses, renting at $9 per room, would not have been built. He showed that the taxes received by the City on the land for such developments had more than doubled, and that the taxes on the land and buildings in the vicinity of these developments had increased about six times.

1-28-27

Mr. Richard S. Childs, President of the City Club of New York, said that the delay of the Board of Aldermen and the Board of Estimate in passing the tax exemption ordinance was blocking the Board's $25,000,000 plan for the construction of model tenements. Such a law would not reduce the City's tax receipts, because of increased land values. Mr. James said that Mayor Walker had approved the general theory of tax exemption on improvements, but that the duration of the exemption was proving a difficult decision. The Board suggests a 30-year period, but the Mayor is attempting to see if a shorter period will be satisfactory. The Board has given him schedules to show that the longer exemption period would result in lower rents.

2-6-27

Housing Committee of Lower East Side Community Council adopts resolution: Whereas,

in the opinion of housing experts, it is impossible to build houses to rent at the maximum of $12.50 per room set by the State Housing Law, unless municipal tax exemption is granted....be it resolved that this organization urge that such a measure be introduced in the Municipal Assembly.

2-7-27

Mr. Douglas L. Elliman, President of Douglas L. Elliman and Company, real estate brokers, in a statement to the Board, endorsed tax exemption on tenement replacement projects under the State Housing Law. No great hardship is imposed on the City or the State. The exemption also places no burden on the taxpayer. The City does not have to relinquish any of its present income from taxes on property which may be improved. The proposal merely suggests that the City, like capital, limit its profits on the proposed improvements - and that for only a certain number of years. The plan of the Board provides for the continuance of tax on land equivalent to the total income which the City now receives from the entire property and, as the land value increases, a proportionate increase in taxes. It asks, however, that the assessment not be raised to cover improvements until enough of the mortgage has been paid off to provide increased taxes without increasing rents. Thus we do not really have tax exemption but tax limitation.

2-27-27

The Board declares that, without tax exemption, the reconstruction program is impossible, The proposal has been condemned by many realtors as an additional burden on the taxpayer. The Board says that 349 blocks in Manhattan are eligible for reconstruction. In a study of land values, the Board calculated acquisition costs by taking the present assessed value of the land and the buildings, adding to this an allowance for market value and further adding an allowance for the cost of condemnation. Having determined the estimated acquisition cost per square foot, the Board found that 349 Manhattan blocks were available at an estimated cost of less than $14 per square foot, or $35,000 for an ordinary 25-foot lot. After determining the cost of the land, the Board began to work out several types of buildings which could be built at a cost which would bring rentals within the limit of the State Housing Law. In computing the annual costs, interest is figured at 5.34% of the capital cost; taxes are computed to include the actual rate of the local tax on the land only; and Federal income tax is computed to take 12½% of the net earnings of the housing company. The operations are completely exempted from State taxes. Local tax on the land is computed on the present assessed value of the whole property and provides for an increase in taxes if the value of the land should rise. The Board insists that the local tax exemption is essential. It figures so largely in room rents that construction is impossible without it. Its value ranges from $1.45 to $1.62 per room per month.

2-28-27

Advisory Housing Conference urges the Mayor to take prompt action on tax modification proposal.

3-7-27

Mr. Norman Thomas, Director of the League for Industrial Democracy and former Socialist candidate for Mayor, says that the State Housing Law is a failure, since only one limited-dividend corporation has been formed under its provisions. He blames the Mayor for not taking action on the tax exemption provision.

3-8-27

Mr. Riegelman insists that Mr. Norman Thomas is correct in blaming the Mayor. It is generally accepted that the Housing Law cannot operate without tax exemption. The Mayor was urged in May, 1926, to act on the law; in June, an ordinance was introduced into the Board of Aldermen but was pigeonholed; in November, the Mayor said he was in

favor of the exemption but nothing happened. The Chairman of the State Board of Housing asked for a 30-year exemption. This request was not complied with. The Chairman has agreed to the taxing of land and new facilities on the same basis as the land and the old facilities, so that in no conceivable theory can it be said that the City was losing money. Still no action was taken by the Mayor. The State Housing Law has not had a chance to prove itself. The time is ripe for the Mayor to do something.

3-9-27

The Mayor is expected to introduce the tax exemption ordinance in the Board of Estimate on March 10. Much of the delay has been in attempting to settle on a definite time limit. The State suggests 30 years, but Mayor Walker is more likely to urge 20 years.

3-11-27

Mayor Walker introduces the tax exemption ordinance in the Board of Estimate. The bill aims at exempting from local taxation, for a period of 20 years, model tenements built by limited-dividend companies organized and existing under the State Housing Law. The Board had recommended 30- to 40-year exemption, but experts pointed out to the Mayor the 20 years would be sufficient.

3-12-27

Members of the Board expressed gratification at the Mayor's introduction of the bill and expressed their hope that action would be promptly taken. The 20-year limit on the exemption provides sufficient margin to operate effectively. The tax modification on buildings alone for 31 years, as originally requested, was considered desirable because it would make possible the amortization of the entire mortgage within that period, while gradually reducing rents to $6 to $7 per room per month. During 20 years, however, the company can amortize about 60% of the mortgage. It will make possible slower and less extensive rent reduction. Tax modification, as proposed in the ordinance, represents an initial saving of $1.45 to $1.65 per room per month in rent, and consequently makes operation feasible in the congested areas of Manhattan which otherwise could not be rebuilt to come within the maximum rental of $12.50 per room per month.

3-14-27

Mr. Norman Thomas attacks tax exemption as an inadequate solution to the housing problem. Even with tax exemption, the Manhattan rate, under the law, of $12.50 per room per month will not and cannot help more than half of the population. Mr. Thomas is not opposed to trying the scheme or to tax exemption, which will make it possible to erect such housing. It is not, however, enough. Mr. Browne says that not a single slum home building will be demolished and replaced with an up-to-date home building as a result of tax exemption. The only result will be to help the limited-dividend companies to build houses in the outskirts, as they are being built now. Mr. Browne suggested that tax exemption be limited to buildings which replace obsolete buildings with new ones having all modern improvements.

3-15-27

Mr. Riegelman, answering Mr. Thomas, defends the State Housing Law. New housing at $12.50 per room per month will draw heavily upon the less desirable quarters now renting at that level, thereby reducing the rents in those buildings and bringing them within the reach of those paying around $10. The same process will extend downward all along the line. All wage earners will benefit under the law, though many of them will be unable to live in the new housing built under the act. Perhaps eventually it will be necessary to make the inducements to capital more inviting, but municipal housing is not an alternative.

3-25-27

The housing bill was passed in the Municipal Assembly. Mr. Henry H. Curran, counsel to the City Club of New York, praised the Board of Estimate and the Mayor for the action. He informed the Board of Estimate that he knew of two men who were ready to advance $1,000,000 each to help build model tenements. Mayor Walker expressed his doubt as to the power of the Municipal Assembly to grant the exemption. He believed that it was within the power of the Board of Aldermen.

3-31-27

Mr. Gove urged all supporters of the State Housing Law to attend the public hearings on the tax exemption ordinance. He declared that tax exemption was essential to the success of the program and that if it were granted immediately, operations on a grand scale would commence. He declared that speculative enterprise had failed to give relief. Under the impetus of previous tax exemption, construction had surpassed a billion dollars a year, in 1924-26, without giving relief to the poorer classes.

4-1-27

The Committee on Local Laws held a public hearing on tax exemption. Real estate interests maintained that the proposed tax exemption ordinance was unnecessary and un-American. Assemblyman Doyle insisted that only building material men and labor unions would benefit from the exemption. Mr. James answered by saying that tax exemption would lower rents; without it, apartments at $12.50 per room per month could not be built. The Mayor asked Mr. James if such an exemption would cause a burden to fall on other property owners. Mr. James declared that it would not, because the limited-dividend companies in condemnation proceedings estimated that they would have to pay 140% on the assessed valuation of the site alone. This represents a 9% gain to the City in tax value. Mr. James told of the lots in Manhattan worth $35,000, supporting buildings valued at only $2,000. Model tenements on such property would increase their taxable value and would increase the taxable value of the neighborhoods where modern garden apartments were built.

5-6-27

The Mayor moved to have the tax exemption ordinance taken out of the Committee on Local Laws of the Municipal Assembly. He also provided an amendment. The ordinance is amended so that the exemption is given only upon structures built on sites formerly occupied or now occupied by old-law and undesirable buildings. The absence of such a limit might lead to the building of tenements on vacant plots of land; whereas one of the primary purposes of the enabling act was the elimination of city slums.

5-27-27

The Board of Estimate passed the exemption bill unanimously. A few hours after the passage of the law, the Citizens Advisory Commission to the State Housing Board was organized to help get construction underway immediately. The Real Estate Board fought the passage of the ordinance, denouncing it as an outgrowth of paternalism. It felt that tax exemption was entirely unnecessary to the effectiveness of the State Housing Law. Real estate interests argue that $900,000,000 worth of property is already partly exempted and was exempted in the hopes that rents would be lowered. The expected rent reduction had not been achieved by such exemptions.

6-8-27

The Board of Aldermen passed the tax exemption ordinance. All that remains is the signature of the Mayor. One dissenting vote was cast by Alderman John J. Keller, who felt that exemption was inequitable and that the benefits of the measure would not accrue to the taxpayer. Mr James said that the City has now met its obligation. It is now up to the citizens of New York to take up the work and carry it through. The capital must now be raised for the limited-dividend companies, and $25,000,000 is needed at once.

6-12-27

The passage of the tax exemption ordinance removed the last barrier in the way of a housing program such as no community or country has ever undertaken. The State Housing Law is based on 70 years of investigations. One of the essential features of the law is cooperation. The City and State agree to limit taxes and grant the power of condemnation, thus preventing unduly heavy land costs and taking a substantial chunk out of the load of annual carrying charges. In return for these favors, they ask the corporations to cooperate by: (a) cutting down on the cost of capital by paying 6% dividends; and, most of all, (b) insuring the benefits to the people it was designed to help by keeping rents down.

The City and State have now done all that it is possible for them to do, says Mr. Douglas L. Elliman. Now private capital must cooperate. One of the arguments against tax exemption was the fact that it might be possible to build new buildings to rent under the maximum without tax exemption. These limits established in the law are for maximums only; it is hoped that, with benefits of tax limitation, it might be possible to cut rents to $6 and $9.

The Brooklyn Real Estate Board says that steady increases in tax exemptions are eating into the City's debt-incurring power, making it more difficult to get the needed money for schools and other public improvements. The new tax exemption gained by the limited-dividend companies is a menace to the rentpayer and the taxpayer of the City.

6-13-27

Mr. Lawrence B. Elliman urges the Mayor to give full consideration to all of the factors before signing the tax exemption ordinance. Such a measure will ultimately react unfavorably upon the City's finances.

6-23-27

The Mayor signs the tax exemption ordinance. The Real Estate Board will probably sue to test the law. It feels that the law is discrimination in favor of large corporation owners, as against the 250,000 small home owners. The law will also have a very bad effect on the City's finances.

SCHEDULE OF NAMES OF INDIVIDUALS OCCURRING IN SECTION 3
(with page number of first reference)

APPENDIX

The material contained herein was either photocopied or typed from original or microfilmed documents. See bibliography for complete references.

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Governor Alfred E. Smith:
Annual Message, January 1, 1919.

(Excerpts)

IN SENATE, *January* 1, 1919.

A message from the Governor, at the hands of his secretary, was received and read in the words following:

STATE OF NEW YORK — EXECUTIVE CHAMBER

ALBANY, N. Y., *January* 1, 1919

To the Legislature:

With the Christmas Hymn "Peace on Earth to Men of Good Will" still ringing in our ears, we begin the new year full of thanksgiving to Divine Providence for the safe return of our soldiers, our sailors and all our citizens who offered themselves that the principles upon which the great Republic was founded might endure.

Our hearts go out to the afflicted families who have but the memory of their loved ones, and the sad sight of the returning sick and wounded puts the pang of sorrow in our hearts. Let us, nevertheless, greet the dawn of peace as meaning the end of the black night of conflict that has convulsed practically every civilized nation in the world. The new era that is coming in the United States puts the duty upon our State of blazing the way in the conception of readjustment. The old order of things that means standing by and meeting the situation when it presents itself must at once give place to a policy of initiation, broadness of vision, and foresight, that will not only hold the position that we have inherited in the country's affairs, but will provide for the successful solution of every condition that can arise.

The men and women of our State have done their full share. Let us not be content with what we have accomplished, rather let us prepare to build for the future of our national life. Our State has been called upon to make heavy sacrifices and to meet an extraordinary upheaval in living and working conditions. In the wake of war there is much that needs readjustment, and ours is an opportunity for the upbuilding of the service of the State to the people on permanently progressive lines.

I have full confidence in the splendid resources and possibilities of this great State and Nation, and in the soundness and virility of our people. I firmly believe that if, with faith in the future, we devote ourselves wholeheartedly to the normal pursuits of peace, dealing justly with one another in a spirit of mutual helpfulness and forbearance, the period of reconstruction will be one of prosperity for our people.

RECONSTRUCTION

The problems of reconstruction that will confront us may be divided into two classes:

First, those of a temporary nature, which call for immediate measures of relief, such as the care of the heroic injured, the impoverished family and the orphan child. They are certainly entitled to the care and protection of the State. Likewise, the question of unemployment as a result of readjustment, cries to us for an immediate remedy.

Among the temporary tasks of reconstruction which confront us, not one is more important than extending help to returning soldiers. Many of these will want to go to the farm where they can live wholesome, satisfying, lives in the open country. Naturally a large part of those who seek this field are already fitted for that life. All the allied countries except the United States have made generous provision for helping soldiers to become established in the country under congenial conditions. This country can do no less.

The Secretary of the Interior has submitted to the country a carefully prepared plan of co-operation between the Federal government and the states for creating soldier settlements in every state that wishes to participate. It is becoming more and more apparent that the ability and the experience of our agricultural leaders should be mobilized to create a planned rural development which will include co-operative organization for buying and selling, a system of credit that will give broader opportunities for men of small capital to become farm owners, and a better social life.

The soldier settlements proposed by Secretary Lane aims to bring into operation all of these agencies for rural progress. I am informed there are thousands of unused, but really very good farms available in all sections of the state; and these farms can be obtained under proper arrangement for those who want to secure them. The present machinery of the state will readily take care of this need.

The co-operation of New York with the Federal government would show our appreciation of the sacrifices of the soldiers, enlist the services of some of our ablest agricultural leaders in constructive planning and be a demonstration of enduring value to the State. While this matter will receive the attention of the commission hereafter spoken of in this message, I deem it of sufficient importance to specifically mention it to your Honorable Body to-day.

The second class would be permanent problems of reconstruction which will give to our people a full realization of democracy at home, the ideal for which they fought so valiantly to secure for all the world.

In the second group there comes to my mind problems pressing for solution as follows:

The enactment of measures of taxation which will bear equally upon all classes of our people.

Provision must be made for the production and distribution of the necessaries of life so that the people may obtain them at the lowest cost.

We must enact more stringent and more universal laws for the protection of the health, comfort, welfare and efficiency of our people.

The problems of finance and banking, as well as the questions of sanitation, unemployment, labor, the position of women in industry, education and military training, need solution as peace measures.

The readjustment of costs, production and distribution of food stuffs and fuel, wages and employment alone, present very large problems.

RECONSTRUCTION COMMISSION

As an effective means of assistance in the solution of these problems, I shall immediately appoint a Reconstruction Commission. That we may be well advised as to the best means of meeting these problems, I propose to call to my aid men and women of the State who, willing to give their time and service during the war, will, I am quite sure, be equally willing to aid the State in this period of reconstruction and readjustment. This commission can call to its aid advisory councils throughout the State. To their aid I shall summon the universities of the State with their expert staffs, the State departments and the voluntary social and civil organizations with their special knowledge of particular problems. In this way we will be able to co-ordinate the functioning of the State departments on these important problems and be advised as to legislation necessary for their solution. In appointing the commission, I shall recommend specific matters to their attention, and from time to time I shall recommend to your Honorable Body such matters as they deem proper subjects for legislation.

During this period of reconstruction we must not forget that New York State is now the commercial center of the world, and that the great business interests of this State have made their sacrifices because of war. Irresponsible and wanton attacks on business are a blow to capital and labor alike. The prosperity of the working man depends in large part upon the prosperity of the employer. In framing laws and in administering government, it is therefore of prime importance that legitimate business should be safeguarded, promoted and encouraged, to the end that we maintain our financial, commercial and industrial supremacy.

Message to the Legislature from Governor
Alfred E. Smith: Requesting an Appropriation
of $75,000 for the Work of Reconstruction
Following the War Period and Appointing the
Reconstruction Commission, January 20, 1919.

STATE OF NEW YORK — EXECUTIVE CHAMBER,

ALBANY, *January* 20, 1919

To the Legislature:

In my first Annual Message to your Honorable Body I spoke of the problems pressing the State for solution in the reconstruction period following in the wake of war. I promised at a later date to appoint a Commission to be made up of men and women who would be willing to give their time and service to the solution of these problems. I have tried to make a thoroughly representative Commission, composed, in large part, of men and women who volunteered their services during the war. The business interests

of the State, including banking and insurance; the agricultural interests; labor; all are represented. Real estate has its representative. Specialists on the question of child health have been appointed. The Commission contains the names of men and women representing every shade of political belief.

The State made all the sacrifices demanded of it and now faces the period of reconstruction and readjustment that naturally follow so great an upheaval. There is no good reason why we should approach these problems with any degree of apprehension. I have absolute confidence in the resources of this State, and I have an abiding faith in the courage and energy of our people to make it possible to deal adequately with whatever difficulties may arise.

There are laws on the statute books, placed there because of the emergency of war, that may need repeal. There may be some that, while intended to be temporary in their nature, may have demonstrated their usefulness so that revision will adapt them for permanency, and there will no doubt arise situations as the troops return that will need careful consideration and prompt action.

Much that was done during war time will need to be undone or readjusted to federal action. And there will unquestionably arise matters that are peculiar to the State and with which we must deal without waiting for federal action, or we may deem it wise to adapt ourselves to federal requirements.

The affairs of the world are in such a state that the people who have passed through the fire of war are demanding progress in government. Let us seize this opportunity to do things which will be most helpful to the permanent well-being and comfort of all our citizens.

In order that we may be advised and guided in these affairs by those best qualified by special knowledge and particular study to indicate the solutions of these problems, I hereby appoint a Commission, to be known as the Reconstruction Commission, and to consist of the following named men and women, citizens of our State: Abram I. Elkus, George Foster Peabody, Addison B. Colvin, Norman E. Mack, Mrs. Walter W. Steele, John G. Agar, William M. K. Olcott, Henry Dwight Chapin, Charles H. Sabin, Mrs. Lewis Stuyvesant Chandler, Edward F. Boyle, Mortimer L. Schiff, Carleton A. Chase, Dr. Felix Adler, S. J. Lowell, Michael Friedsam, Mrs. Ella Hastings, Alfred J. Johnson, M. Samuel Stern, John C. McCall, J. N. Beckley, Mrs. Sarah A. Conboy, Peter Brady, Charles P. Steinmetz, Garrit Y. Lansing, John Alan Hamilton, Otto H. Shulhof, Richard S. Newcomb, Alfred E. Marling, Henry Evans, Arthur Williams, Bernard Baruch, Mrs. William S. Good, Thomas V. Patterson, Thomas J. Quinn, V. Everit Macy.

The Commission is hereby empowered to constitute local branches of its organization wherever it finds such local bodies useful because of pressing problems or peculiar needs. These are to function through the State Commission in accordance with plans which the Commission will adopt.

The Commission is empowered to create for its own use such advisory bodies as it may find necessary or useful on special subjects considered by the Commission.

I hereby request all social and civic organizations having information or recommendations to make concerning the subjects which I will commit to the attention of the Commission, to place such information or recommendation at the disposal of the Commission.

Whenever the Commission deems it necessary to secure expert advice or information on any subject it has under consideration, and there exists a State Department in a position to place such services at its disposal, the department is hereby instructed to co-operate. Wherever necessary the Commission is authorized to specially request such co-operation.

Whenever the Commission desires the co-operation of the Universities of the State, or of experts on the faculty of any University, I hereby ask the co-operation of such University, and request that such experts be assigned to the task of helping to solve the reconstruction problems of the present time, as well as they helped to solve the emergency ones of the time now happily passed.

To the immediate attention of the Commission, I hereby commit the examination of all laws placed on the statute books as war emergency measures. The appropriations made for the work required by these statutes and the expenditures made under them and unexpended balances should be carefully examined into and recommendations made concerning the further use of such funds. The Commission should also recommend such further action by the State in relation to these emergency laws, their retention as permanent legislation, their amendment or their repeal.

The Commission is hereby instructed to conduct an immediate examination into the operation of the State Military Training Laws, with especial reference to the national laws for universal military training about to be enacted. The Commission must weigh the facts and determine whether it will be necessary for the youth of the State to undergo special military training as a State service in addition to the national training which federal legislation purposes. On the basis of such careful investigation and consideration, I desire the Commission to recommend amendments that may be needed or any other action which the Commission may deem suitable.

It is immediately necessary that the Commission examine carefully the housing conditions of the State. There exists among various voluntary agencies a large volume of information on the subject of present conditions, and I have no doubt that these agencies and many others interested in the housing problem will be able to offer constructive recommendations that will give relief. I ask the Commission to make every endeavor to secure the fullest information, and after carefully studying it to recommend either legislative or executive action. The war made apparent how fundamental adequate housing is in relation to labor supply. I am particularly anxious that we find a solution of our housing difficulties that looks to the future and that a program may be initiated that will make for the permanent welfare of the State.

One of the vexed problems of the State, which has repeatedly sought solution, has been taxation. Much special knowledge accumulated during the war and also through special study made from time to time, is in existence. In connection with the solution of the housing problem, I would ask this Commission to bring together information on taxation and to endeavor to find an enlightened and progressive solution.

Food contributed to the winning of the war. New York is a highly fertile and productive State and we learned during the war the almost immeasurable possibilities of development which exist. Food of every kind should be made available at decreased prices. I ask the Commission to study the food problems of the State with a view to capitalizing for permanent use the lessons the war has brought home to us and increase the productive and distributive facilities of the State, in co-operation with State and local agencies organized for similar purposes.

Employment is an important subject for the attention of the Commission. The State needs the services of every man and woman in the right place at the right time. Coordination of State resources with Federal, municipal and private resources is most important. The Commission should immediately be informed of any serious conditions of unemployment, and I request the public to bring to the Commission any information on this subject. From such knowledge and information I will be able to advise the Legislature of any action that may be necessary to meet any grave emergency.

I direct the Commission to give attention to problems of public health. These demand our increasing attention. The war has shown us much of neglect and carelessness in dealing with these matters, and I am hopeful that the Commission, with the assistance of the State Department of Health, will be enabled to provide a program of wide vision and fundamental usefulness. I ask the Commission also to assist in developing an efficient method of dealing with health emergencies. I am certain that the State Department of Health and various professional organizations of the State will co-operate to make possible the development of such a program.

Should any great labor crisis arise, due to the period of readjustment, although I hope that the productivity of the State will not be interfered with in any such way, I ask the Commission to find the best method of dealing effectively with such an emergency.

I commit to the Commission for their serious consideration the Federal government proposal as embodied in what is known as the "Soldiers' Settlement Act."

I also ask immediate consideration of the suggestion of the Secretary of Labor that necessary public works be speeded up to meet unemployment conditions, having in mind that they should be begun and finished in the order of their importance to the whole community.

From time to time as situations arise, due to the processes of reconstruction, which I may not now foresee, I shall convey them to the Commission for its attention.

More than all I enjoin upon the Commission such speed as may be consistent with thoroughness, in order that situations

demanding immediate relief be remedied as soon as possible. The Commission is directed to utilize all available material in the possession of special agencies or State Departments to this end. I shall rely upon the Commission for advice and counsel in all of the matters herein mentioned, and shall hope to receive early reports of progress and recommendations for action.

While this service will be offered to the State without compensation, I am of the opinion that it is of sufficient importance to warrant an appropriation for the necessary clerical assistance. I, therefore, suggest to your Honorable body that $75,000 be transferred by legislative enactment from some of the unexpended balances of appropriations made for war purposes.

(Signed) ALFRED E. SMITH.

A message from the Governor, at the hands of his secretary, was received and read in the words following:

STATE OF NEW YORK — EXECUTIVE CHAMBER.

ALBANY, *January* 20, 1919

RECONSTRUCTION COMMISSION

Governor Smith announced that the following well-known men and women of the State have been named by him as members of the Reconstruction Commission:

Abram I. Elkus, of New York city, who served as counsel to the New York State Factory Investigating Commission; Ambassador to Turkey, and a member of the State Board of Regents, lawyer.

Charles H. Sabin, president of the Guaranty Trust Company of New York city.

Bernard Baruch, of New York city, chairman of the Federal War Industries Board.

Gerrit Y. Lansing, of Albany, well known banker and Federal Fuel Administrator for Albany county.

John Alan Hamilton, president of the Legal Aid Bureau of Buffalo.

Dr. Felix Adler, president of the New York Society for Ethical Culture and well known generally throughout the country for his patriotic and civic activities.

Charles P. Steinmetz, of the General Electric Company of Schenectady, inventor and electrical expert.

John G. Agar, active in war work, and a prominent lawyer of New York city.

William M. K. Olcott, former District Attorney of New York county.

Arthur Williams, of the New York Edison Company of New York city, and Federal Food Comptroller of New York.

Michael Friedsam, president of B. Altman & Company, of New York city.

John C. McCall, secretary of the New York Life Insurance Company, of New York city.

Thomas J. Quinn, president of the Bronx National Bank, New York city.

Alfred J. Johnson, City Chamberlain of New York city.

Carleton A. Chase, prominent business man of Syracuse, N. Y.

George Foster Peabody, of Saratoga, director of the Federal Reserve Bank.

Dr. Henry Dwight Chapin, well known physician of New York city, and especially interested in child welfare work.

Mortimer L. Schiff, son of Jacob H. Schiff, banker and philanthropist, of New York city.

Sarah A. Conboy, and Peter A. Brady, of New York city, representing the State Federation of Labor.

Addison B. Colvin, of Glens Falls, president of the Glens Falls Trust Company, and Federal Coal Administrator for Central New York.

Mrs. Walter W. Steele, of Buffalo, prominent war worker of western New York.

Mrs. Ella Hastings, of New York city, member of the Executive Committee of the Democratic County Committee of New York.

Edward F. Boyle, Judge of the Municipal Court of New York city.

Henry Evans, of New York city, president of the Continental Fire Insurance Company.

M. Samuel Stern, member for many years of Board of Education of New York city.

Mrs. Lewis Stuyvesant Chanler, of Barrytown, Dutchess county, wife of former Lieutenant-Governor Chanler.

Thomas V. Patterson, of New York, president of the Lehigh & Scranton Coal Company, and member of the New York Produce Exchange and the Brooklyn Chamber of Commerce.

Mrs. William S. Good, of New York city, president of the Civic Club and active in charitable and civic organizations, and a member of the National League for Women's Service.

Norman E. Mack, of Buffalo, editor of the Buffalo Times and the Democratic National Committeeman from this State.

J. N. Beckley, prominent citizen of Rochester.

Otto Shulhof, prominent cloak and suit manufacturer of New York city.

V. Everit Macy, of Westchester, chairman of the Ship Building Labor Adjustment Board and chairman Executive Committee of the National Civic Federation.

Richard S. Newcombe, prominent member of the bar, Flushing, L. I.

S. J. Lowell, of Fredonia, president of the New York State Grange.

Alfred E. Marling, of New York city, president of the New York Chamber of Commerce.

Ordered, That said message be referred to the committee on finance.

Reconstruction Commission of the State of New York: Speech by Chairman, June 9, 1919.

RECONSTRUCTION COMMISSION OF THE STATE OF NEW YORK.

New York, June 9, 1919.

ABRAM I. ELKUS, Chairman, Reconstruction Commission of the State of New York.

1. The purpose of this meeting is to bring together those who have aided in the colossal task of gathering the facts that will make it possible to draw an exact picture of conditions under which people live in thirty-four characteristic congested blocks in New York City.

2. To thank those who have devoted so much time and energy to this work.

3. To consult with those who have aided us as to the best method of using this information so as to impress upon all New York the fact that such conditions as have been found can no longer be permitted to continue to exist.

At the time that the Governor appointed the Reconstruction Commission, he called particular attention to the need of our examining carefully the housing conditions in the city, and he said that he was particularly anxious that we find a solution of the housing difficulties looking to the future, and that a program be initiated that will look to the permanent welfare of the State.

The Housing Committee of the Reconstruction Commission had hardly started this study of this broad and permanent problem when it became apparent that it was necessary to temporarily put this aside so as to gather information that might be of value in meeting the present housing emergency. Rents were being raised in every part of the city. This was at first set down to profiteering on the part of the landlords. While undoubtedly there is some profiteering, it took but little study on the part of the Housing Committee to find that the causes were more fundamental.

The real difficulty was lack of sufficient livable houses. The following figures will give you some idea of this shortage:

The statistics of the population and building in New York City for the past six years are very significant. The normal increase in population for the years 1914 to 1916, inclusive, was an average annual growth of approximately 107,000 persons. In order to care for this increase 1,271 apartments were built, on an average, each year. In 1917 this number had decreased to 760. In 1918 there were only 130 apartment houses built. In the first three months of this year plans have been filed for 82 apartment houses, and only a few of those are actually under construction. Furthermore, the population during the past few years has increased at more than an average rate, owing to the war work. It is no exaggeration, therefore, to say that New York's population has grown at the rate of 150,000 to 200,000 during each of the last two years, when building was almost at a standstill.

The acuteness of the housing situation may also be realized from statistics which have been given us by the Tenement House Department. There are in New York City 103,000 tenements. In 1916 the vacancies were 5.6%; in 1917 there were 3.66%; in 1919 there were only 2.16% vacancies. The investigation of these vacancies made by our Housing Committee with your assistance has shown that practically all of them are in houses where the conditions are absolutely unlivable.

As a result of the shortage of houses the whole city was suffering. Increasing rents were forcing families in all parts of the city into smaller quarters, into apartments that they would have considered quite unsatisfactory a year or so ago. All down the line people were being forced to a lower standard of living. But ultimately they reach a point where they can go no lower. With this down-

ward pressure from above, what was happening in the cheapest form of housing? Was this resulting in or likely to lead to raising of rents to such a point that the poor would be forced out of the city, was it leading to a lowering of the standard of living or more than usual overcrowding or discontent? There was no use trying to visit the million or so apartments in the city, or even the 588,000 old law tenement homes. We decided that if we could take characteristic blocks in the various portions of the congested parts of the city we could very well judge what was happening throughout the poorer parts of the city.

So we called together the social organization of the city the neighborhood workers, the women's clubs, the unions. Each organization undertook the study of a single block. They were aided by volunteers from all parts of the city and by the people of the neighborhoods. It is wonderful the enthusiasm with which every one worked, for it is no easy task to visit house after house and gather information from tired workers. But they were most of them willing to help. A year ago tenants were afraid of their landlords. They dare not complain of the conditions under which they lived for fear of being dispossessed. But now things have changed. They are desperate. Things cannot be worse they say. They have pinned their hopes to our finding a way out. For we have made it clear that the object of these surveys is not only, not so much, to find relief from the temporary difficulty of the moment but to find a solution of the more permanent housing problems. We had set down, in the beginning of our investigation, these two objects as the objects that should be served:

1. Gathering information on which to base plans for reforms as to methods of supplying, remodeling, financing or managing housing in New York City.
2. Educating the public as to the need and possibility of improving living conditions.

Volunteer workers under the leadership of the neighborhood houses, women's clubs, etc., gathered information from every family as to the location of each apartment, the number of rooms, the length of time the family had occupied that apartment, the number of persons, boarders, children under 5 years of age, the present rental and past rental for two years back, the occupation and wages of all of the workers in the family. They collected general information as to the reaction of the people to the conditions under which they were living and the treatment they were receiving from the owners, the landlords or janitors. On another card information was collected with regard to the tenement house as a whole; the type of management, whether it was resident or nonresident owner, or of agent or lessees. The question as to whether the property had changed hands lately, and the condition in which it was being carried was also considered. All of these points were of the utmost importance in connection with the present housing emergency, because it was very apparent that many houses were unlivable because of the lack of care they were receiving. It is also apparent that much of the so-called profiteering is due to absentee landlordism and the management of apartments by lessees.

A more technical description of the physical arrangement of the apartments is being supplied by the Tenement House Department. Statistics have been given to us by the Health Department as well as the visiting nurses, that have been most valuable to us, on infant mortality, tuberculosis and contagious diseases.

All of the principal charity organizations of both Manhattan and Brooklyn have supplied us with information in regard to these blocks which are being surveyed. They are giving us complete data in regard to the assistance given to those dwelling in the homes investigated. Numerous associations, as well as the universities through their classes in statistics, and numerous other volunteers are aiding us in this work. The work is a city-wide work.

This is a truly democratic survey.

The scope of the work undertaken is somewhat apparent when I tell you that by the time this work is completed we will have visited some 1700 houses, consisting of about 34,000 apartments, accommodating between 175,000 and 200,000 persons.

What is to be the result of these surveys? What have we found out? It is difficult at the present moment to give more than a slight idea. All of the organizations have not as yet reported the results of their findings. There is a great task before us to compile all the information that has been gathered, but even now it is apparent that we will be able to picture life in the congested parts of the city in such a way that there should be a concerted movement on the part of the people of New York to do away with the sort of living conditions we have found.

First let me say a word or two as to the result of the survey to the present housing emergency.

There were in March 21,482 apartments vacant. A colossal number this seems in a city that is short of houses. It is only 2.18% of all the tenement apartments. Practically all of these 19,110 were in old law tenements. The survey has shown that practically no vacancies exist in livable houses.

As a result of this survey, it has been ascertained that practically no vacancies exist in habitable houses; in fact, in innumerable instances families are crowded together in dark ill-smelling apartments and are unable to find other quarters. Many landlords are taking no care whatsoever of their apartments. In many cases there are no janitors, and the stairs are never cleaned except by the tenants themselves. To a great extent vacancies exist in Italian and other foreign districts. There has been practically no immigration during the past few years. During this time a great many of the inhabitants of the Italian sections in the lower and upper East side went abroad to fight for their country. It is apparent that one who has become accustomed to the comparatively better conditions in the Bronx and upper Manhattan cannot be induced to return to these portions of the city where the old, dark tenements are in such abominable repair.

In one block in the Sixties on the East side, there were found to be only three vacancies in 865 apartments. This despite the fact that the apartments were found to be in bad repair and that rents had been increased. It was found that most of the tenements both here and elsewhere, were occupied by people who were afraid to complain for fear that their rents would be raised or that they would be dispossessed. In a nearby block the apartments were found in a wretched condition, ill-kept, many of the apartments with but little light, and roofs leaked, rubbish was collected in the basement, and yet every apartment was full and the tenants were afraid to complain for fear they would be put out. Another tenant in this apartment house told the investigator that her shoes had been worn out looking for another apartment but she had found nothing but "rat holes!" A six-story tenement in one of the Brooklyn blocks had every apartment taken although there were no dumb-waiters and ashes and coal had to be carried up and down five flights of stairs, and in spite of the fact that rents had been raised. In this block the vacancies are in old, ill-kept tenements; in fact, certain of them are not kept at all. They are left without care. The plaster is falling off the walls, and the halls and stairs are narrow, dark and dirty. In certain instances, the roof leaks and there is no light in the halls at night. All of these apartments have interior, dark rooms, but these exist in practically every neighborhood that was investigated by the Committee. In a block in the East Forties vacancies existed in houses of a similar type. Very often they were caused by lack of proper sanitary toilet facilities. These were situated very often in the yards and were used by a number of families. The rooms in the vacant apartments are dark and in many cases damp. Practically all the houses were in need of repair.

A few years ago, on account of the over-supplying of housing, the tenants were in control of the situation. Now the tables have turned. The landlord is the master. If he is kindhearted he will not raise the rent of those who are too poor to pay, and he will see that the conditions under which they live are at least not unclean. If he lacks interest, he can raise the rents to practically any extent that he desires and let his apartments fall into a disreputable condition, in which so many of those visited by our investigators of the Housing Committee found them.

One thing that has been emphasized very strongly by the surveys is the importance of proper management.

In considering the different types of management in relation to the care of houses, probably there are more bad conditions under a nonresident owner than under either resident owner, agents or lessees, although we have not examined enough data to state conclusively. Unless the nonresident owner has in charge of his house a responsible janitor or unless he makes frequent visits to his house himself, the care of the house is not likely to be good. A good janitor is the guardian of the sanitation and upkeep of a house. This is very evident in the block referred to here.

Bad management and lack of care on the part of tenants lead to innumerable vacancies.

Such conditions lead to constant moving on the part of tenants. Although in every block tenants were found who had occupied their quarters for long periods, some even for 20, 30 or 40 years, in general the length of tenancy is very short. Roughly speaking, what may be termed the "Tenant 'turn over'" last year, would seem like 20% that is about 1/5 of the families were newcomers in the block during the year. In about the first half dozen blocks on which we have examined the data in regard to the length of tenancy, we have found that more than one-half of the families have lived in the block less than four years. Certain of the conditions that were found to exist in practically every block can be remedied by better management.

These include lack of repairs, such as walls without plastering, walls needing painting, dirty halls, courts and yards; and, above all, unsanitary conditions brought about through lack of care of toilets.

If walls were painted a lighter color and more attention paid to cleanliness, conditions might be more bearable to people in the tenements, but what chance is there for cleanliness when half the homes are in partial darkness throughout the day?

A study of a block in the East Forties gives some very good examples of conditions difficult to remedy. The 36 tenement houses in this block are all old brick houses built before 1901 and showing all the evils of the "old law" tenement construction. The lighting is particularly bad. Of some 1200 rooms in the block, 600 have indirect lighting, that is, they have no windows opening to the outer air, only the so-called windows opening on to another room. Of the other 600 rooms, only half have windows to the street. The others open on a back yard or a court. Of course, these 600 dark rooms must be used. Almost in every case they are bedrooms. It is evident that at least 600 people and prob-

ably a great many more, since at least one, often two, three and sometimes four people sleep in these dark bedrooms, are compelled to sleep under unsanitary conditions, no matter how well they keep their apartments.

We have found that there are certain fundamental ills in the old tenements of New York which can only be cured by drastic operations. We have often found houses that are overcrowded, not only because there are many people living in them, in the amount of space occupied by the apartment, but because the apartments are so badly arranged, so badly ventilated, and so badly lighted. Let me give you just a few examples.

The new law houses are as crowded if not more so than the older type, and whereas the provisions of the tenement house law are such that airless rooms are impossible, nevertheless the arrangements of courts makes the light on the lower floors very bad and the planning of the apartments gives the impression that the spirit of the law regarding privacy was intentionally evaded. In this house as also in No. 29, there are apartments of three and four rooms, arranged in corridor fashion, that is to say, each succeeding room depending on the last for the exit and entrance. On the plans filed with the Tenement House Department, these rooms would be labelled successively parlor, dining room, living room, with toilet adjoining and bedroom. Where only the last room is used as a bedroom, proper conditions would exist but they cannot, if, as is invariably the case, the so-called parlor and dining room and often the kitchen are used as sleeping quarters. The plans filed show 28 bedrooms, averaging slightly over 70 square feet. There are 131 people living in this house, so it is therefore obvious that most of the rooms are being used for purposes for which they were not intended. Of 29 apartments examined, only seven may be said to have a satisfactory occupancy. Eight of them are extremely overcrowded, and the remainder are questionable. There are no vacancies and rents have been raised in the last year and will again be raised this year. The public halls are in very bad condition, but it is very possible that in this matter the tenants are more at fault than the owner as the halls show evidences of more than ordinary wear and tear. The apartment selected for investigation was of 3 rooms, i.e., a living room with an adjoining bedroom, and a parlor on the opposite side of the corridor. The occupants are a family of nine. That the place is ill-kept is not surprising under the circumstances. The members of the family are father, mother, a boy of 15, a boy of 11, four girls, respectively 9, 7, 5, 3 and a baby of 6 months. The baby is fortunate in sleeping in its carriage all alone in the living room. The two boys sleep on a folding bed in the parlor. All the other members of the family sleep in a bedroom 7' 9" x 11' 10". The father and mother occupy a double bed, while the folding bed is opened across the foot of that of the parents to accommodate the four little girls.

Conditions of the surrounding neighborhood play a very important part in the life of the people. We have, therefore, made a careful study of all of the opportunities for recreation and play in the vicinity of the blocks which have been investigated. In planning for the use of a fund that has been collected for the purpose of carrying on housing at the present time, we have made studies of arrangements of whole blocks of apartments. We have found that if cheap land is used, and if operations are carried on on a large scale, it is quite as economical to leave large park areas in the center of the block; and, in fact, we suggest that no more than 37½% of the block be covered by buildings instead of 70% and more, which is now so occupied by our new law tenements.

It is interesting to note that a very similar plan was suggested by one of the workers who helped in this survey, Miss Bowles of the Warren Goddard Houses. As a result of her study of housing conditions in Europe, she suggests that a block be built with a space in the center for recreation grounds for children, a community center for men, and the center for young people's recreation. She suggested, further, that balconies be built outside of each house, large enough so that comfortable chairs could be placed thereon, so that mothers could sit there and watch their children play below. In short her idea is that our present way of living be turned inside out, and instead of facing towards the streets we face towards a lovely green place that shall be safe for the children. It is very much this same idea the Reconstruction Commission of the State of New York is hoping to make a reality, to partially meet the present emergency. It is true that the houses we hope to have built cannot be built cheaply enough to serve the very poor. They will probably rent from $8 to $9 a room. However, if a large number of houses of this type can be built, it will give a certain amount of relief to everyone. There will be less pressure from above. But this is but for the moment. We must decide on a housing policy. We must look the whole problem straight in the eye. We must find a way out. We have spoken of American standards of living, and look at the kind of homes we give to the newly arrived immigrant. The landlord of one of the houses that had subagencies said to one of our investigators that he would have no trouble in filling his house when immigration again started. What is the use of talking of Americanization and education if the people of this city are to be forced to live in the homes that are being pictured by our block surveys? It is time that we should look at this matter clearly. If we are to find a solution of the real housing problems we must first answer these questions:

1. What is a decent standard; that is to say, what is the relation between the living condition of each and every person in the community to the welfare not only of individuals but of the community as a whole?
2. How should we fix the minimum standard?
3. Can that standard now be met by all members of the community; that is to say, can the man with the lowest wage afford to live up to the standard we have fixed?
4. If he cannot, how are we to take care of him and of all the others who, through necessity, fall below the standard of living that we think is essential to the welfare of each individual and to the good of the community?

We have with us today Mr. Thomas Adams, City Planning Adviser, Conservation Commission of Canada, one of the most famous British experts in housing and town planning, and Mr. Robert D. Kohn, formerly in charge of Construction of Housing for the Emergency Fleet Corporation, under whose leadership innumerable villages were brought into existence to house war workers in our shipyards.

Joint Legislative Committee on Housing:
Report, September 20, 1920.

REPORT OF THE JOINT LEGISLATIVE COMMITTEE ON HOUSING

(Excerpt)

To the Legislature:

This Committee was appointed in May, 1919. At the special session in July of that year several amendments to the Summary Proceeding Act were suggested and passed. The recommendations were concurred in by the Governor's State Reconstruction Commission, the chairman of the Mayor's Committee on Rent Profiteering of the City of New York, and the one affecting the Tenement House Law by the Charity Organization Society and Tenement House Department of the City of New York.

A preliminary report was submitted to the Legislature of 1920 and several bills passed, including the so-called rent laws, which are hereinafter discussed.

Conditions, Causes and Effects

When the United States entered the World War it became necessary to immediately arrange for the production of colossal quantities of war essentials, and to organize all the economic and social forces of America for maximum effectiveness. Industries considered nonessential were restricted and building for other than governmental use at first hampered by freight embargoes, increased transportation rates, limited use of fuel, diversion of men, material and money was finally stopped when the War Industries Board prohibited the use of building materials for school houses, residences, apartments and hotels.

At the close of the war the Federal authorities reported a worldwide shortage of housing accommodations and the need in America for one million new homes. The committee estimates the shortage of homes in New York State at this time to be approximately 100,000.

The Federal, State and City Health Authorities direct the attention of the nation to the overcrowding, especially in the large cities, and point out that the housing situation presents a potential danger and menace to the public welfare. The old, abandoned, unsanitary tenements are necessarily occupied and the slum is again raising its head in the cities.

The stability and progress of a people depend upon the comfort, healthfulness and security under which they live. Shelter is a necessity of life and the home the bulwark of the Nation.

The housing shortage developed a practice of rent profiteering, national in its scope and consequences. Tenants were evicted by the thousands because they were unwilling or unable to pay a greatly increased rental. Rent riots occurred in a number of the cities. In New York city thousands of dispossess proceedings were brought, a large number of which were settled out of court, through the efforts of local organizations.

Health laws, sanitation laws, vital of course, but mere accessories to the home itself, have had a great deal more attention by Legislators than the subject of housing. Occasionally, a social organization would point to bad housing conditions and take an interest in a measure rectifying such evils. Little, however, has been done, except as health measures, to alleviate suffering and distress, and only as to bad housing conditions. It was not until the housing matter affected not only the very poor but the average citizen that the question has become one of great public interest.

The newest thought on all public questions to-day is to promote the ounce of prevention and obviate the pound of cure. This matter of housing is not entirely an economic one. It has most important social aspects. The home of the individual, the family, its welfare, reflects in the entire community. A man's home is his castle. From there emanates everything that makes a community, the nation.

While the courts have held that no man may stand at the gateway of commerce and demand a toll from the poorest man that he cannot pay, and while the Constitution gives every man the right to the pursuit of happiness, that right must be safeguarded in the first instance for his first requirement — the roof over his head. And so important has this become that unless that roof is assured to the average citizen at a reasonable price, from present indications the result will not only affect the individual concerned, but the public at large.

The unrest that is generated in the home of a family which is harassed by high rents and undesirable change of domicile goes out into the community through the individuals so affected, so as seriously to menace the general welfare.

Profiteering has done more to create resentment on the part of the naturally peaceful citizen than any other element since the war. The most flagrant and the most acute form of extortion and one which is almost inescapable is rent profiteering. And as for eviction, never in the history of the city of New York have there been so many evictions. Every opportunity should be given both the tenant and the landlord to have their difficulties adjusted by a just tribunal.

Other Efforts

Governments of the different countries of Europe and of Canada have tried to stimulate construction by both direct and indirect subsidies, and the State of New Jersey has within the past few days adopted a tax exemption law.

Recommendations

1. A bill exempting interest on mortgages from the State income tax.

A similar bill was recommended by this committee last year but failed of passage. We urge the general exemption because if limited in amount or to mortgages on new housing old loans will be called as they become due and a worse condition created than it is sought to cure.

Exemptions from taxation are uneconomic and should be avoided but the great present need requires us to adopt extraordinary measures.

2. The Legislature memorialize Congress to exempt interest on mortgage holdings from taxation under the Federal Income Tax Law.

While the State income tax is small in amount we are advised by our representatives in Congress and experts familiar with the mortgage situation that they cannot very well hope for relief from the heavy Federal taxes unless the State shows its willingness to relieve mortgage interest from the State income tax.

3. A bill granting to the local authorities the right to exempt from taxation for local purposes for a period ending January 30, 1932, all new buildings erected exclusively for housing, provided construction is commenced before October 1, 1921, and the premises ready for occupancy before April 1, 1923.

Where conditions are acute, and where the public health, safety, morals and welfare are endangered, it is necessary to offer some substantial inducement to spur on building and in a measure to take care of the excess cost. An exemption for practically ten years at an average tax rate of 2.5 per cent. per annum would mean a present value saving of approximately 20 per cent. of the cost of the building. Such an exemption is not unfair to the owner of existing buildings because those properties were built on the old cost basis and if no new buildings are constructed the owner of the old property continues to pay all the taxes for support of government and is of the many who would suffer by reason of the resulting conditions of unrest and ill health. Building induced by the partial exemption will give employment, will help all of the people and ultimately add to the taxable values. There will be no loss of tax income for the land will be assessed and continue to pay taxes as at present. The buildings are not now assessable because they are not now in existence and will not be in existence unless some substantial inducement is held out in order to partially offset the abnormal cost of construction.

New Jersey has passed a similar bill.

The National Government exempted profits of ship building corporations from certain Federal taxes to stimulate building.

The proposed bill is optional in form and the advisability of its adoption must be passed upon by the local authorities who are in direct touch with the situation in their respective communities. They must know whether or not such a measure is needed and will give relief.

4. The creation of Local Housing Boards to be appointed by the Mayors of the various cities.

The function of the local boards shall be the collection and distribution of information relating to housing and community planning, aiding and advising each locality in meeting the immediate pressing needs for sufficient homes, the study of means of lowering the cost of housing, through better planning. So far as possible, to arrange full co-operation between labor and capital so that continued employment will be given, continued work done, strikes avoided, costs stabilized and time of completion approximately fixed, and such other and further power as may be conferred by the municipality creating such board.

5. A bill making bonds of the State Land Bank a legal investment for State and local Sinking Funds.

In 1914 the State authorized the organization of the land bank of the State of New York. It is a semi-public cooperative institution, the stock is held by cooperative savings and loan associations doing business under the provisions of the New York Banking Law and is intended to be a central institution for all the savings and loan associations of the State with power to assist them in procuring money to loan upon real estate, both urban and rural, on reasonable terms. The building and loan associations which become members of the land bank may deposit their bonds and mortgages. This collateral is held by the State Comptroller and the land bank issues its bonds secured by such collateral. The proceeds of the sale of the bonds are turned over to such savings and loan associations as apply for the money, they repay the money, and thus retire the bonds.

The State superintendent of banks, in an official report, said of these bonds: "It is difficult to conceive of a private institution of this character in which the possibility of loss could be more carefully minimized." Land bank bonds are legal investments for savings banks, executors, trustees and individuals. They are exempt from the State income tax but subject to the federal income tax. After the passage of the Federal Income Tax Law it became impossible for the State land bank to sell its 4½ per cent. taxable bonds, so that the bank has practically ceased to function. New York State has 254 savings and loan associations with $110,000,000 of assets and 210,000 members. Practically all of the assets are invested in small first mortgages on homes. The loans afford a safe security and the associations are of vast benefit in promoting home ownership.

The Committee has been requested to recommend legislation which would exempt these bonds from the federal income tax. The Legislature of the State of New York cannot declare them to be instrumentalities of the State because of the provisions of the State constitution.

6. That Congress be memorialized to enact necessary legislation to grant to the transportation of building material a priority subsequent only to that of food and coal, and to place an embargo on shipment of building material to foreign countries.

7. That Congress be memorialized to provide for the immediate investigation of the charges that certain manufacturers and producers of building material have entered into unlawful combinations and are engaged in methods of business calculated to maintain the prevailing prohibitive cost of such material.

8. The committee will further recommend such bills as in its judgment will, so far as possible,

(a) Protect tenants who have received notice to move on October 1st.

(b) Tend to prevent the granting of numerous short stays in hold-over proceedings and permit longer stays.

(c) Eliminate the 25 per cent. clause so that the burden of proving an increase of rent is reasonable in all cases will be upon the landlord who is in possession of all the information and who in a bill of particulars will be required to furnish the court and the tenant facts as to his income, maintenance and cost of operation.

(d) Make various amendments to procedural provisions of the code tending to facilitate the administration of the laws and

protect both the landlords and the tenants in their rights.

(e) Exempt new buildings from the provisions of the rent laws. It has been claimed by some that the laws deterred new building, although the facts are that there have been more accommodations for families built in New York city since the enactment of the laws than for the corresponding period in the preceding year and there has been less building in proportion done in Chicago, Boston, Philadelphia and other large cities where there have been no rent laws.

9. Amend the Tenement House Law so that variations from the letter but not the spirit of the law may be permitted in order that construction and reconstruction to add additional housing facilities may be promoted without increasing the fire hazard or lessening sanitary provisions.

10. Amend the Greater New York Charter granting the superintendents of buildings in the various boroughs power to refuse a permit as to future acquired property to demolish a building used for dwelling purposes if in the opinion of the superintendent it is in the public interest to continue the use of such building for dwelling purposes. An appeal may be taken from the decision of the superintendent to the Board of Appeals.

11. An amendment to the resolution creating this committee enlarging its scope and powers to aid in the completion of its work.

CONCLUSION

The Committee has had the full co-operation of all the members of the Legislature and the valuable aid of representatives of the Federal, State and Municipal Governments, Finance, Real Estate, Manufacturing, Construction, Labor Law, Transportation, and Tenants and Property Owners.

The Committee was most fortunate in having without charge the advice of the Hon. John P. Leo, a practical architect and builder of long experience, and chairman of the Board of Appeals of the city of New York.

Having in mind that our government was organized to secure laws "the most wholesome and necessary for the public good" and "to insure domestic tranquillity" and "to promote the general welfare," we have made recommendations which, so far as practically possible, we believe best meet the situation at this time.

Dated September 20, 1920.

Respectfully submitted,

CHARLES C. LOCKWOOD
WILLIAM A. CARSON
JOHN J. DUNNIGAN
THOMAS A. McWHINNEY
JAMES H. CAULFIELD, JR.
PETER J. HAMILL

ELMER G. SAMMIS,
Counsel,

NATHANIEL L. GOLDSTEIN,
Assistant Counsel.

I approve of the report except that I feel a definite recommendation should now be made favoring legislation at this time authorizing municipalities in their discretion to build in an emergency.

PETER A. ABELES.

Joint Legislative Committee on Housing:
Preliminary Report, January 30, 1922.

PRELIMINARY REPORT

JANUARY 30, 1922.

To the Legislature of the State of New York:

The Joint Legislative Committee on Housing herewith presents the following preliminary report and recommendations which is intended to be one of a series of reports and recommendations submitted and to be submitted to your honorable body from time to time as the work of the Committee has been so far completed upon the particular subjects with which the report and recommendations deal as to permit of their being made.

Your Committee finds overwhelming evidence that the emergency in housing accommodations that existed, particularly in the City of New York, at the time the emergency rent laws were passed still exists, and that with respect to the cheaper class of tenements and houses that formerly rented at from $4 to $11 per room the emergency has grown and is to-day more acute than it was at the time the laws were passed.

Your Committee further finds that owing to the high prices of labor and materials and to other economic conditions, no houses of the character last described are being constructed or are in prospect, whilst, on the other hand, many of the older tenements of this class have become obsolete and uninhabitable whilst many others have been torn down to make room for business buildings that are encroaching upon these neighborhoods.

The present costs have driven building activities into the construction of business and residential properties and of the more expensive apartment houses to the exclusion of reasonably priced tenements. Meanwhile the congestion among the masses of people in the great cities and particularly in the City of New York is increasing to such an extent that it has become a menace to the lives, health, morals and safety of the entire community. In many districts there are from three to four times as many human beings housed in the same number of cubic feet of living space as before the war. Such is the condition of this class of property that in the Borough of Manhattan alone there are said to be about 100,000 violations against the sanitary and building laws now on file in the public departments, upon most of which no action has been taken.

The congestion, both in these departments and in the courts that have to deal with these violations, is so great that the public officials, notwithstanding the commendable efforts they are making, are swamped with them and have practically been unable to enforce the laws.

Your Committee is satisfied that as a result of the shortage in this class of living accommodations the lives and health of the population of the City of New York are in grave danger from the results of contagious diseases apart from the perils that lurk in the unhealthful surroundings in which the poorer classes of our population are compelled to live.

There is no relief in sight from the ordinary activities of competitive building for the reasons above stated. We estimate that there is a shortage of about 80,000 apartments as compared with the normal supply that existed in the years preceding the war. As the average apartment of this class was formerly occupied by five persons the accommodations required to remedy this shortage would be for about 400,000 people in the City of New York.

Inasmuch as our labors are still far from completed in many of the ramifications of this subject upon which we have entered and should enter, there has not yet been the time or opportunity to examine into conditions that are said to be almost if not entirely similar in other cities of the State.

Unless the State or the city, assuming that either can secure the necessary constitutional power, will undertake to supply this pressing need (as to the advisability of which the Committee expresses no opinion at this time), the only way we see in which the necessary capital may be promptly secured would be by enlarging the powers of investment of the life insurance companies so as to permit them (but only during the existence of this emergency) to invest a small proportion of their capital in the construction of this class of buildings and the purchase of the land necessary therefor, subject to the limitations contained in the accompanying proposed amendment to the Insurance Law.

Your Committee regards this form of investment as entirely safe for these corporations under existing conditions. Our investigations have satisfied us that if the work of construction is conducted on a large scale by the building of units of square blocks at one time, substantial concessions from the ruling prices of labor and materials can be had that will permit of the construction of healthful model tenements in good neighborhoods adapted to the use of families of workmen, mechanics, laborers, clerks and others of very limited incomes at rental prices of not to exceed from $8 to $9 per month per room and still leave for the companies safe returns of 6 per cent upon their investment after making liberal allowances for depreciation, vacancies, reserves and the like.

In making these estimates your Committee is supported by the opinions of the most important building experts in the City of New York of vast experience. Included in these figures in fixing the rental basis your Committee has also calculated as an item of annual expense the amount of taxes that would normally be assessed against these properties but from which they will be exempt for nine years. Estimating the total saving through this exemption on the basis of eight years' exemption from the date of the completion of the buildings, we have a total of 20 per cent which would be set aside by the owners and credited against the original cost in addition to the annual depreciation allowance, thus insuring an additional margin of safety.

The plan as outlined, provided the proposed amendment is enacted, contemplates that in return for concessions to be made below the prevailing wage scale by mechanics and laborers who work upon these buildings they would be afforded by the owners a preference over the tenants in hiring apartments in the building, the hope and expectation being that by these means the men will feel that they are constructing their own homes and that added labor efficiency will thus be secured which is regarded as an important item by way of reduction of costs.

In view of the existing crisis and the constantly increasing urgent need for housing accommodations of the character above described, your Committee earnestly recommends the passage of the accompanying amendment at the earliest opportunity consistent with its proper consideration.

Owing to the necessity for attendance upon the sessions of the Legislature by the members of your Committee and to the time and labor that will be required by its counsel in formulating for the Committee a proposed intermediate report and proposed legislation dealing with the various subjects connected with the housing problem that have been and some of which are still under consideration by your Committee, in time for presentation to your body at the present session, it will be impossible for your Committee to continue its public hearings during the remainder of the session.

The Committee plans to present its report and recommendations dealing with a number of these subjects not later than February 15th, although it will be quite impossible to deal with all or nearly all of them within that time, especially as there are a number of topics upon which the evidence is still incomplete and others of importance upon which it has not yet been possible to take testimony.

Respectfully submitted,

CHARLES C. LOCKWOOD, *Chairman.*
THOMAS A. McWHINNEY, *Vice-Chairman.*
JAMES H. CAULFIELD, Jr.
WARD V. TOLBERT.
SALVATORE A. COTILLO.
PETER J. HAMILL.
PETER A. LEININGER.
WILLIAM A. CARSON.
JOHN J. DUNNIGAN.

Joint Legislative Committee on Housing:
Intermediate Report (-, 1922).
(Excerpts)

CHAPTER 1.

INTRODUCTORY STATEMENT.

The Joint Legislative Committee on Housing, presents this intermediate report of its work to date with recommendations for legislation.

Your Committee was appointed at the regular session of the Legislature, April 18, 1919, and immediately began the taking of testimony and as a result a special session of the legislature was called for June 16, 1919 by Governor Alfred E. Smith to consider Housing conditions and legislation. The Committee recommended and the Legislature adopted the following:

1. An amendment to the Tenement House Law to permit the remodelling of dwellings for occupancy by not more than four families.

2. An act permitting savings banks to make building loans with proper safeguards.

3. A resolution urging the representatives in Congress from this State to secure Federal Legislation extending to home owners opportunities similar to those afforded by the Federal Farm Loan Act.

4. A resolution urging members of Congress from this State to seek legislation exempting bonds of the Land Bank of the State of New York from Federal taxation.

5. An act requiring twenty instead of ten days notice to be given before dispossessing a tenant.

6. An act permitting the Municipal Court to stay the execution of dispossess warrants for twenty days instead of five days.

The Committee continued its work through the summer and fall of 1919 taking testimony in New York, Albany, Schenectady, Syracuse Rochester, Buffalo and Washington, D. C.

At the regular session of the Legislature of 1920 the Committee recommended the following:

1. An act to exempt the interest on mortgages from the State Income Tax.

2. A resolution memorializing Congress to make a similar exemption of interest on mortgages from the Federal Income Tax.

Neither of these was adopted by the Legislature.

Upon recommendation of the Committee statutes were enacted, providing as follows.

1. Where the time is not particularly specified in an agreement for occupation of premises in the City of New York, it shall be deemed to continue until the first of October following such agreement.

2. A new section of the Penal Law, known as section 2040, making the failure to furnish water, heat, light, power, elevator service, telephone service or interference with the quiet enjoyment of the premises a misdemeanor.

3. An amendment to section 2244 of the Code of Civil Procedure, permitting the court to give affirmative judgment upon a defense or counterclaim set up in a summary proceeding.

4. Providing that the landlord seeking to dispossess a tenant on the ground that he was objectionable must prove to satisfaction of the court that the tenant was objectionable.

5. An amendment to Code of Civil Procedure, providing that in an action to recover real property a tenant might put in an oral answer setting up the same defense or counterclaim that he could interpose in a special proceeding and authorizing the court to render affirmative judgment thereon.

6. Permitting a tenant sued for rent to set up the defense that the rent demanded is unreasonable, unjust and the agreement under which it is sought to be recovered oppressive, and providing also that an increase of twenty-five per cent in rent was presumptively unreasonable.

7. Permitting the justice of the Municipal Court in a proceeding to dispossess for non-payment of rent, to grant a stay not exceeding twelve months upon condition that the tenant pay such rent as the court should fix as reasonable during the time of the stay.

8. Repealing section 230 of the Real Property Law as to the liability of a tenant holding over.

9. That the landlord should have no right to dispossess for non-payment of rent if the amount demanded was greater than that paid for the preceding month, or if it had been increased more than twenty-five per cent over what it was one year prior thereto.

10. Providing that the landlord must give to the tenant thirty days notice to move, to be served in the same manner as a precept in summary proceedings.

The most important of the preceding enactments were the one providing for the special defense as to the reasonableness of the rent; the one giving to justices the power to stay the execution of the warrant; and the penal statute making it a misdemeanor to fail to furnish the facilities called for in the agreement. The purpose of the Legislature had been to keep the tenants in the apartments occupied by them and to protect them from the extortionate demand of rent, and also to prevent their being forced out by refusal to furnish them with the necessary conveniences incident to their occupancy. Experience during the time between the adjournment of the Legislature in April and the first of September showed that the results sought for had been only partially secured. The provision for the stay was effective in preventing immediate dispossessing of tenants, but it left them in great anxiety and uncertainty as to whether their stays would be continued in case of their inability to find other quarters. The increasing of rents continued. By September of 1920 so many thousands of notices to quit had been served that the unrest amongst the rent payers of New York City amounted almost to panic and to meet the serious situation which had arisen, a special session of the Legislature was summoned by Governor Alfred E. Smith for September 20, 1920.

The Committee submitted a brief report and recommended the adoption of additional legislation as follows:

1. Amending the Code of Civil Procedure taking away the right of the landlord to dispossess a tenant holding over except in four cases.

a. That the tenant was objectionable and the fact that he was objectionable must be established to the satisfaction of the court.

b. That the owner being a natural person seeks in good faith to recover the premises for his own use and occupancy as a dwelling.

c. For the purpose of demolishing the premises in order to erect a new building, plans for which have been filed and approved by the Superintendent of Buildings.

d. To recover premises in good faith sold to a corporation formed under a cooperative ownership plan the entire stock of which is held by stockholders in proportion to the space occupied by them and all apartments leased to stockholders for their personal occupancy.

2. Taking away the right of the landlord to disposses a tenant where the rent had been increased over the amount paid for the month preceding.

3. Amending the statute providing for the special defense of unreasonableness by providing for the filing of a bill of particu-

lars; that a judgment recovered by default should contain a provision that if the judgment be not paid within five days after entry and service of a copy upon the plaintiff, the defendant should be dispossessed; Providing for the deposit of the rent with the clerk of the court; Giving power to the court to open a default in a proper case; providing for deposit in case of appeal.

4. Providing that no action to recover the possession of real property, occupied for dwelling purposes in a city of one million or more shall be brought, except in the four instances in which a holdover tenant might be dispossessed in summary proceedings.

5. Exempting dwelling houses from local taxation until January 1, 1932, if in course of construction at the time of the passage of the Act, or commenced before April 1, 1922 and completed within two years thereafter.

6. An Act permitting the court to stay the execution of the warrant to dispossess pending a motion to vacate the order directing the issuance of the warrant and to vacate the warrant if the order be vacated.

7. Amending section 2040 of the Penal Law, making the refusal to furnish the usual facilities required by a lease, express or implied a misdemeanor and making it applicable to the agent, manager, superintendent or janitor, as well as the owner or lessor.

8. Making the bonds of the Land Bank of the State of New York a legal investment for savings banks.

9. Extending the time of service of a precept from three to five days and making the return day ten instead of five days.

10. An Act taking away the jurisdiction of the justice of peace in the city of Yonkers to take cognizance of an action to recover rent.

The constitutionality of a number of these laws affecting the right to disposses tenants and giving the special defense of unreasonableness of the rent, were attacked and the cases were carried to the Court of Appeals of the State of New York and the Supreme Court of the United States, in a number of cases involving various phases of the laws. Decisions sustaining the constitutionality of the laws in every case were rendered.

At the regular session of the Legislature of 1921 some further amendments to the statutes heretofore referred to were adopted as follows:

1. An act incorporating the law providing for dispossessing holdover tenants in the Civil Practice Act.

2. To incorporate in the Civil Practice Act the provision of the law that a tenant could not be dispossessed for non-payment of rent if the rent had been increased over that for the month preceding.

3. An amendment to the law permitting the reasonableness of the rent to be set up as a defense, as follows:

(a) Providing that the defense should not be allowed if three successive monthly installments had been paid after the commencement of the term and the passage of the amendment.

(b) Providing that all actions for rent if brought in the Supreme or County Court must be in the county where the property is situated and if in a Municipal Court in the district in which the property is situated.

4. An amendment to the Tax Exemption Law, having the effect of validating the ordinance of the Board of Aldermen of the City of New York, adopted February 15, 1921, by which the City of New York accepted the privileges permitted by said act, with certain conditions.

The statute permitting the tenant to set up the defence that the rent is unjust and unreasonable and the agreement under which it is sought to be recovered oppressive and those restricting the right of a landlord todispossess a tenant are emergency laws and remain in force only until November first, 1922 unless further extended by the Legislature.

CHAPTER 2.

AUTHORITY AND SCOPE OF INVESTIGATION.

(1) Creation of Committee.

Pursuant to a resolution adopted by the Legislature on April 18, 1919, your Committee was appointed to:

> "investigate and ascertain all housing and tenement house conditions and the causes for the lack of construction of new buildings, flats and apartments for rent in cities, and especially in the city of New York, and the causes of the continuous increases in rents, charged to tenants of apartments, flats and dwelling places in cities and especially in the city of New York, to report and disclose the facts showing whether such increase in the lack of construction be justified or not * * * and to formulate such legislative plan as the Committee may deem practicable and effective to prevent the exaction of excessive rents from such tenants."

After the adjournment of the Legislature, your Committee duly organized and began the investigations directed by such resolution.

The investigation disclosed that there existed such an alarming shortage of dwellings in the large communities of the State, and especially in the city of New York, and that housing conditions were generally so deplorable, and growing steadily worse, that there existed an emergency that would not only justify but require the Legislature to enact remedial laws.

It became evident as investigations proceeded that the housing congestion and its attendant hardships were not primarily due to rent profiteering, but that the latter, which had become general and extortionate, was the effect and not the cause of the former. The root of the evil was not located in the relationship of landlord and tenant but extended deeply into the industrial and mercantile world. The prohibitive rents that were being demanded and to which the tenants were forced to submit, were found to be due mainly to the operation of the inexorable economic laws of supply and demand, to which was added the prohibitive cost of building, largely brought about by the artificial conditions hereinafter described.

Due to the exigencies of the war and to the necessity for concentrating all the energies of the country upon war work and the vast building program connected therewith, private building construction became impossible. Neither the labor nor materials were to be had at any price; the cost would in any event have been prohibitive and it would have been unpatriotic to have diverted our resources from the winning of the war, which was our ultimate goal.

Meantime, while our population was steadily increasing, old residential properties were tottering into obsolescence and became unfit for human habitation from age and the inability of the owners to secure the labor to keep them in repair. Business buildings were encroaching upon residential sections due to business expansion, and before we realized our situation we found ourselves face to face with a housing famine that continues to be a peril to the life, health, safety and morals of the entire community to an extent not generally recognized and that has not yet been appreciably relieved.

The conditions of living thus created and still existing among the masses of our people defy description. The term "overcrowding" conveys no conception of the situation. In the city of New York it has become necessary to practically suspend the operation of our sanitary and building laws so as to preserve any sort of roof over the heads of the poorer population. There are said to be here over 100,000 recorded violations lodged against buildings that the public authorities dare not enforce; thousands of our people are huddled together in unsanitary and even unsafe tenements that are unfit for human habitation. If a contagious disease should take hold of the city of New York it would spread like wildfire in these many congested districts and nothing short of good fortune would prevent it from becoming a plague- stricken city.

In the city of New York alone there is now a shortage of approximately 80,000 low-priced homes to house 400,000 human beings as compared with the normal conditions of pre-war times. This has, of course, meant abnormally high rents, whilst high rents have in turn involved doubling-up and indecent, insanitary overcrowding.

In order that the Committee should be able to review the question of the existence and extent of the shortage of housing accommodations from every point of view, the two leading associations of owners of real estate in the city of New York, to wit, the Real Estate Board of New York and the United Real Estate Owners Association, were invited to present their views through their officials and to call such witnesses as they might elect. The last-named association frankly conceded the existence of the emergency and the necessity for the Rent Laws. The Real Estate Board of New York, which includes in its membership agents and brokers as well as owners of real property, has insisted that there is not now and has never been a substantial shortage in housing accommodations in the city of New York. On that ground it opposed the enactment of the Emergency Rent Laws, but, while claiming that there is no such shortage in accommodations for the middle and well-to-do classes that would justify the enactment in the first instance or the extension of the present laws, its officials now admit that such a shortage exists with respect to the low-priced accommodations most needed by the masses of the people.

Without submitting any local statistics in support of its claim it takes issue with the public officials of the city of New York as to the character and extent of the shortage and as to the means that have been adopted to correct that situation.

The Real Estate Board has presented a number of suggested amendments to the existing laws, which have received the serious consideration of the Committee. It has presented no persuasive evidence in support of its contentions, although invited to do so, and your Committee is not impressed with the justice, soundness or impartiality of its general attitude. It prefers to accept the

statistical information furnished by the public authorities, from which it appears that a housing shortage exists to the extent above indicated.

The Real Estate Association of the State of New York, by resolutions at its special and annual meetings has wholeheartedly supported the conclusions of the Committee. The Committee feels that the attitude of The Real Estate Board is, perhaps sub-consciously, largely influenced in its conclusions by the very natural desire to advance the interests of its members whose holdings might be unfavorably affected by a comprehensive program of building construction that would reduce the present abnormal demand for accommodations and thus render the owners of the class of property that is required to house the masses less productive and would correspondingly interfere with the ability of such owners to secure the rents that they are now receiving under the pressure of the existing emergency.

Your Committee, finds that the conditions above indicated continue to exist and that the housing shortage in the city of New York is increasing in the class of accommodations that are required for the masses of our people. The fact that rents for this character of accommodations are in many instances 150 per cent higher than in pre-war times and that there are no vacancies is to our minds conclusive.

The problem will not solve itself by the operation of economic laws. The deficiency in accommodations of the character most needed will not be supplied for the reason that this type of house cannot be produced as a paying investment for rentals that the average wage-earners can afford to pay at the present costs of construction and materials, nor at the prevailing prices of labor, except in large units on a non-speculative plan. The only solution (apart from State or municipal aid which would require a constitutional amendment that would require two years or more to enact and which your Committee is not prepared to recommend) is to be found in the bill that has been heretofore introduced and is now pending before your honorable body. We believe that with the aid of this legislation and of the remedial measures that we are about to offer the housing shortage will be largely remedied within eighteen months if the Committee is permitted to continue along the lines already followed and further indicated in this report.

While there are many evidences of the unconscionable profiteering by landlords upon our sorely-tried communities, it would be most unjust to indict the entire landlord class or any substantial part thereof as responsible for the present situation. We take it that our task is to encourage and stimulate all measures for increasing the supply until it equals the demand and thus eliminate the opportunity for extortion.

(2) Powers of Committee Enlarged.

Your Committee found profiteering, restriction of competition, price-fixing, trade strangulation and similar abuses in almost every phase of the building and allied industries. The manufacturer, jobber, middleman. contractor, labor leader and the laborers themselves, were all found to be locked in combinations, having the cumulative effect of making the construction of a building well-nigh an economic impossibility.

Your Committee therefore realized that its powers as defined by the resolutions of April 18, 1919, and April 24, 1920, should be enlarged so that it might comprehend in its researches the startling conditions the existence of which its preliminary investigations indicated. The Legislature accordingly upon the requestion of your Committee adopted on September 24, 1920, at the extraordinary session the following resolution:

"WHEREAS, A joint legislative committee was heretofore constituted pursuant to resolution duly adopted, April 18, 1919, and April 24, 1920, authorized to investigate and ascertain all the housing conditions and causes for the lack of the construction of new houses, flats and apartments for occupancy or rent in cities, and especially in the city of New York, and

"WHEREAS, It appears from the preliminary report of said committee that its investigations are unfinished and that the same cannot be concluded during this extraordinary session of the legislature and that the resolution under which it is now acting is insufficient in its delegation of powers to permit of the scope of inquiry that is believed by the committee to be necessary; therefore be it

"*Resolved,* That said resolutions be and the same hereby are amended and added to as follows:

"WHEREAS, There has been and is continuing an alarming shortage in the number of new flats, apartments, tenement houses and homes for rent in the cities of the state, and especially in the city of New York, which has led to the cessation of building operations, and

"WHEREAS, As a result of said shortage there are insufficient living accomodations for the people of such cities and such shortage has resulted in the exaction of exorbitant rents so that the people are unable to secure housing accomodations within their means; and

"WHEREAS, It has been charged that these conditions are due among other things, to the maintenance of exorbitant and fictitious prices of building materials caused by unlawful combinations, associations, agreements or understandings among manufacturers and dealers in building materials and to the inability to obtain or borrow money on bond and mortgage on such improvements; and

"WHEREAS, The cost of building materials is largely affected by the cost of the transportation thereof due to excessive rates and tariffs charged for the transportation of building materials either by rail or water, especially upon the canals of the state and other navigable waters thereof and to excessive charges for the use of docks and piers controlled, leased or operated by private ownership along and upon the navigable waters of the state."

"WHEREAS, It is imperative for the welfare of the state to, so far as possible, relieve the emergency that has thus been created by stimulating the construction of new buildings, and it is believed that in order to accomplish this, a program of corrective and constructive legislation will be necessary and that such program cannot be entered upon until there has been an exhaustive and proper inquiry into the causes of existing conditions; wherefore, be it

"*Resolved* (if the Assembly concur), That said joint committee be and is hereby continued and that to such committee there be and hereby is delegated the further powers and duties in addition to those already conferred, to fully investigate and ascertain housing conditions and causes for lack of construction of new houses, flats, tenement houses and apartments in cities of the state and especially in the city of New York; the increases made in rents, and report fully the facts showing such lack of construction and accommodations and the extent of the increases in rents; to investigate and report whether or not the construction of such new buildings is in any way impeded or injuriously affected by the existence of one or more combinations, associations, agreements or undertakings operating or transacting business within the state between manufacturers of and dealers in any of the materials or supplies that enter into the construction of buildings, or between individuals, groups or combinations of individuals, and to ascertain and report to what extent the decrease of such new building operations is due to withdrawal of loanable funds on mortgages on real property that was formerly available from corporations, associations, individuals, trustees or estates and the reasons therefor; and to ascertain and report fully the character of investments of such corporations, associations, individuals, trustees and estates and the advantage, if any, to them of preferring other investments to bonds and mortgages upon real property; to examine into, ascertain, publicly disclose and fully report as to the practices and usages obtaining in businesses and trades concerned with the construction of dwelling structures, and among individuals, corporations, associations and groups of individuals dealing in or furnishing building supplies, materials and labor in the construction and repair of housing structures, and to include in its investigations and inquiry any other thing or matter not specifically mentioned, deemed by said committee relative or pertinent to the general question of providing housing accomodations for the people of the cities, and especially of the city of New York, as though mentioned in detail herein, and further

"*Resolved,* That such committee is hereby authorized to choose from its members a chairman and such other officers as it may deem advisable to conduct as a whole, or through sub-committees, at such places in the state as it may determine, such hearings and investigations, public or otherwise, as it may be advised during or between sessions of the legislature; to employ necessary counsel, experts, accountants, bookkeepers, stenographers, clerical and other assistants; to summon and compel the attendance of witnesses; to compel the production of books and records, papers and documents of individuals, corporations, associations and other bodies or individuals; to administer oaths to witnesses; to have the assistance and cooperation of state officers and employees and departments and access and freedom and examination of their reports as may be necessary in its investigations, and to have all the power of a legislative committee provided by the legislative law; and further

"*Resolved,* That such committee is hereby authorized and directed to investigate the rates, tariff, equipment and condition surrounding and pertaining to the towing business upon the navigable waters of this state, including the canals, together with the dockage facilities and the rates and tariff charged for the use thereof in the ports and har-

bors and along the navigable streams and canals of the state."

"*Resolved,* That the committee begin its sittings and investigation immediately and report the results thereof with its recommendations with all convenient speed to the legislature, and further

"*Resolved,* That the further sum of twenty-five thousand dollars, or so much thereof as may be necessary, be and hereby is appropriated from the contingent fund of the legislature for the necessary expenses incurred and to be incurred by said committee, to be paid on vouchers approved and audited according to law."

(3) Powers of Committee Further Enlarged.

Later in the course of its investigations your Committee reached the conclusion that the construction of buildings was also being prevented in large measure by reason of an unprecedented stringency in the money market of the country, and that moneys which ordinarily and in normal times were available for building operations were directed to other forms of investment. Financial institutions that held in trust the funds of the masses of the people, tempted by the temporary higher returns, were found to be investing those funds in securities that were speculative and precarious as compared with loans on mortgages on improved real property. Scarcely any money was to be found in the mortgage loan market, although, as your Committee hereafter shows, carefully selected mortgages on improved real property are the safest and in the end the most stable and most profitable forms of investment that can be made.

This situation was further accentuated by the super-taxes on incomes imposed by the Federal Government, which resulted in the relinquishment of mortgages by individuals and estates in favor of tax-exempt securities.

Your Committee, therefore, found it desirable and necessary, incident to the solution of the housing problem, that the character of and returns upon the investments of banks, insurance companies and financial institutions and the general conditions in the money market that caused this diversion of funds from the building industry should be investigated and that legislation be suggested that would induce the employment of capital in building construction.

Your Committee accordingly asked the Legislature for power to inquire into these financial conditions. The Legislature modified and enlarged its previous resolution on February 16, 1921, as follows:

"WHEREAS, A joint legislative committee was heretofore constituted pursuant to a resolution duly adopted April 18, 1919, and April 24, 1920, whereby such committee was duly authorized among other things, to investigate, ascertain and report on all housing conditions and causes for lack of construction of new houses, flats and apartments for occupancy and renting in cities and especially in the city of New York, and

"WHEREAS, Said committee presented a preliminary report to a special session of the legislature held in September, 1920, from which it appears that its investigations were then still unfinished, that the same could not be concluded during the then special or extraordinary session of the legislature and that the resolution under which it had been acting was insufficient in its delegation of powers to permit the scope of inquiry that was believed by the committee to be necessary, and

"WHEREAS, The legislature at the aforesaid special or extraordinary session directed a continuance and enlargement of the investigation that was then being conducted under the aforesaid resolution of April 18, 1919, and April 24, 1920, by a joint and concurrent resolution dated September 24, 1920, to which reference is hereby made and which is hereby embodied herein as a part hereof, and

"WHEREAS, The said committee had continued and is still engaged in the investigation directed by each and all of the aforesaid resolutions and its work is still unfinished, and it appears that in order to complete said investigation and to report thereon and to formulate adequate recommendations for legislation based thereon, the powers conferred by each and all of the aforesaid resolutions should be continued and re-enacted and that the same should be enlarged in the particulars hereinafter specified, and

"WHEREAS, It is deemed necessary or advisable that for the purpose of enabling the committee to more fully investigate and report upon certain of the matters referred to in the aforesaid resolutions, the committee should be clothed with power to fully inquire, among other things, into each and every matter and thing that affects the present, past or future conditions surrounding or in any way bearing or relating to the construction, ownership, transfer, leasing and renting of stores, houses, lofts, apartments and other buildings in all and any of the cities of the state and particularly in the city of New York,

"*Now, therefore, be it Resolved,* as follows:

"1. That the aforesaid resolutions of April 18, 1919, April 24, 1920, and September 24, 1920, and all the powers thereby conferred are hereby reenacted, continued and conferred upon the committee appointed under this resolution with the same force and effect as though the text of all such resolutions were hereby expressly repeated and embodied herein as a part hereof. All the testimony taken and all other acts and things done by the committee acting under the above-described resolutions are to be deemed and taken as the testimony and as the acts and things done by the committee appointed under this resolution.

"The committee as hereby recreated, reconstituted and continued shall consist, as did the previous committee, of ten members, two of whom shall be members of the old committee who are members of the present senate, and the remaining three senate members shall be forthwith named by the temporary president of the senate and five members of the assembly, including such of said members as are members of the present assembly, the balance of such five members to be named by the speaker of the assembly. In the event of one or more vacancies, from time to time, in the committee as so reconstituted, the same shall be filled whether such vacancies occur during any recess or after the adjournment of the legislature, as to the senate members by the president pro tem of the senate and as to the assembly members by the speaker of the assembly.

"The committee may at any time and from time to time, by resolution of a majority of its members, be subdivided into subcommittees of such number as it shall by a majority vote determine. Such subcommittees may sit at the same times and places or at different times and places in the state of New York. Each subcommittee shall appoint its own chairman and may act by majority vote of its own members; it may administer oaths and issue subpoenas requiring the attendance of witnesses and the production of books, papers and documents and do all other acts and things that may be done by the committee as a whole or that may be delegated to it by the committee, subject always to the subsequent approval or ratification of its powers by the full committee.

"The powers and duties of the committee enumerated in the above recited resolutions, or of any subcommittee, to the extent authorized by the committee, shall include also the following powers in addition to those delegated and prescribed under each and all of such resolutions:

"Inquire into each and every matter and thing that affects the present, past or future conditions surrounding or in any way bearing or relating to the construction, ownership, transfer, leasing and renting of stores, houses, lofts, apartments and other buildings in any and all cities of the state, and particularly in the city of New York, the causes for any present lack of living and business accommodations, the danger or probability of future lack thereof and the reasons and remedies therefor; the practices and usages with respect to the making or withholding of real estate and building loans, and covering the costs, payments and expenses involved in making and obtaining such loans; the increase in construction costs and rents and the reasons and remedies therefor, including in such investigation and in its report the operation and effect of the various laws on this subject passed at the regular session of the legislature of 1919 and at the regular and the special or extraordinary sessions of the year 1920 and the advisability of amending or repealing the same or any of them.

"The investigation of the Committee may include any and every other matter and thing not specifically mentioned in this resolution and in the above described resolutions made part thereof relevant to the general question of providing, maintaining, stimulating or increasing accommodations for housing or business purposes for the people of the cities of this State and especially of the city of New York as though the same had been expressly specified herein.

"The Committee as a whole or through subcommittee may hold sittings beyond the sessions of the Legislature and during the recesses thereof and after its final adjournment. It shall immediately resume sittings and investigation and shall report the result of all investigations heretofore made under the above recited resolutions with its recommendations, with all convenient speed, but in no event later than March 1, 1922. The Committee may meanwhile from time to time make intermediate reports with such recommendations for remedial legislation as it shall deem advisable.

"*Resolved,* That no person shall be excused from attending and testifying before said Committee or before any subcommittees thereof, or from producing books, papers, contracts, agreements or other documents before the Committee or such subcommittees in obedience to its subpoena on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate or degrade him or to subject him to a penalty or forfeiture; but no person so attending and testifying or producing such books, papers or documents shall be subjected to prosecution or to any penalty or forfeiture for or on account of the particular transaction, matter or thing concerning which he may testify or produce evidence, documentary or otherwise, before said Committee or subcommittees or in obedience to its subpoena.

"*Resolved,* That the further sum of seventy-five thousand dollars, or so much thereof as may be necessary, is hereby appropriated from and out of the contingent fund of the Legislature for the necessary expenses heretofore incurred and hereafter to be incurred by said Committee, to be paid on vouchers approved and audited according to law.

CHAPTER 3.

GENERAL HOUSING CONDITIONS; RENT LAWS.

(1) Importance of Housing Question.

Of the domestic problems that confront the country at the moment that of Housing is one of the most critical and urgent.

It is estimated that the item of Housing represents about one-fifth of the cost of living in all of the great cities of the United States. It is by far the most important of the items of cost. A famine in Housing with its accompanying invitation to extortion, profiteering and exploitation is therefore by far the greatest deterrent to any effort to secure a reduction in the cost of living. Until a condition of normalcy in that item can be restored no substantial general reduction can be expected. It is not only far-reaching in its direct effects but it indirectly inflates every other item that enters into the cost of living, for the reason that increased rents on business places must be added to the cost of everything we buy.

(2) Disproportion Between Dwelling Space and Population.

Conditions in the city of New York, although more acute than in smaller cities, fairly represent general conditions throughout the great cities of the country.

Below is a statement year by year from 1910 to the present time, of the population of Greater New York, showing the increase or decrease in the number of tenements and apartments for each of these years, from which it appears that while the population from 1918 to the present time has increased over six per cent there has been a large decrease due to fire, obsolescence, demolition and conversion in the number of available tenements and an actual decrease for the past eighteen months in the number of apartments.

Year	Population of Greater New York		Tenements	Apartments
1910	4,766,883		plus 80	plus 11,702
1911	4,822,950		plus 588	plus 21,495
1912	4,879,017		minus 735	plus 13,894
1913	4,935,084		minus 839	plus 5,326
1914	4,991,154		plus 73	plus 21,557
1915	5,047,221		plus 522	plus 17,094
1916	5,161,786		plus 1,007	plus 21,507
1917	5,276,351		plus 888	plus 19,923
1918	5,390,917		minus 1,006	plus 5,451
1919	5,505,482		minus 62	plus 1,297
1920	5,620,048		minus 236	minus 1,616
1921	.....	Jan. 1921	minus 381	minus 219
1921	5,734,513	July 1921	minus 156	minus 209

The statistics taken in their entirety are startling and most discouraging. In 1910, when the population of the city was 4,766,833 there were 844,599 apartments available in New York city. In 1917 when the population was 5,276,351 there were 981,843 apartments available, being an increase of 134,249 apartments to meet an increase of approximately 624,034 in population.

The population in Greater New York as of July 1st, 1921, is estimated at 5,734,613 and there were then only 982,771 apartments available *or an increase of only* 923 *apartments to meet an increase of* 342,696 *in population.* As against an increase of 157,249 apartments in 9 years before the war, we have an increase of 923 apartments for the last 3½ years. There have, of course, been more than 923 apartments constructed during that period but the demolitions due to fire, old age and conversion to business purposes had brought the net increase of available dwelling space in 3½ years to less than 1,000.

From 1910 to 1917 inclusive there were net actual gains in available dwelling space of 16,570 apartments per year.

As against this it appears from the following table of the net increases and decreases of construction in apartments for the years 1918 to July, 1921, inclusive, that there have been actual losses from 1920 to the present time:

Year		Number of Apartments
1918	a gain of	5,451
1919	a gain of	1,297
1920	a loss of	1,616
Jan. 1, 1921	a loss of	219
July 1, 1921	a loss of	209

The sum total of these figures shows that construction fell behind 69,797 apartments from 1917 to July 1st, 1921.

From 1910 to 1917 an average of 24,922 new apartments were built each year. From 1918 to July 1st, 1921, the following construction in dwellings took place.

Year	Number of Apartments
1918	5,706
1919	1,624
1920	4,882
July 1, 1921	1,183

This shows an average of 3,642 new apartments constructed in the post-war period, so that the gross construction fell behind 73,832 apartments. The *gross* construction in 3½ years fell behind 4,034 more than the *net* construction which, as above stated, fell behind 69,797. All these calculations are based on official figures showing a shortage of nearly 70,000 houses on July 1st, 1921.

Joint Legislative Committee on Housing:
Final Report, December 31, 1922.

(Excerpts)

FINAL REPORT

OF THE

JOINT LEGISLATIVE COMMITTEE ON HOUSING

CHAPTER I

Introductory Statement

The Joint Legislative Committee on Housing presents to the Legislature the following report of its work, together with its recommendations.

The Committee was originally constituted on April 18, 1919, under a Joint Resolution of the Legislature. Its life expires by limitation on February 1, 1923, at which time it will have been upwards of three years and nine months in existence. During that period over 9,000 pages of testimony have been taken and 1,202 exhibits have been introduced in evidence.

The Legislature is referred to the Intermediate Report made by the Committee to the Legislature, and printed as Legislative Document No. 60 for the year 1922, to which this Report is intended to be merely supplementative. In order to avoid useless reiteration and recapitulation, it is requested that this Report be considered in connection with and as part of the Reports of the Committee that have preceded it and more particularly as part of its 1922 Report. The findings and recommendations set forth in such intermediate report are made part of this report. The facts found by the Committee continue in great measure to exist at this time, and most of the recommendations for remedial legislation then made by the Committee are at this time as urgent as when made originally.

After the Intermediate Report the Legislature deemed it advisable to continue the Committee, and on February 28, 1922, the following joint resolution was adopted:

> "Resolved (if the Assembly concur), That the Joint Legislative Committee created, pursuant to resolution duly adopted April 18, 1919, to investigate, ascertain and report on all housing conditions and causes for the lack of construction of new houses, flats, and apartments for occupancy and renting in cities, and especially in the City of New York, and thereafter continued with additional powers and duties by resolutions adopted respectively April 24, 1920, September 24, 1920, and February 16, 1921, be and the same is continued with all the powers, duties, and jurisdiction heretofore conferred on it, and that such committee make report to the Legislature not later than February 1, 1923."

Pursuant to this resolution the Committee continued to prosecute its activities and to conduct its investigations, hearings, and meetings, as conditions required.

The Committee is of the opinion that its powers should be extended by resolution until April 1, 1923, in order that the Legislature at the 1923 session will have full opportunity to pass upon the recommendations herein made. If the Legislature follows the recommendation of the Committee and creates a State Trade Commission, that commission will, upon the termination of the Committee, take up most of its work.

(1) *Legislative Action on Recommendations Heretofore Made*

Before considering the matters disclosed by the more recent investigations of the committee it seems advisable to review the recommendations made by the Committee in its Intermediate

Report, and to call attention to the action of the last Legislature upon these recommendations.

In chapter 19 of the intermediate report recommendations are set forth seriatim. Of these recommendations the following were enacted by the Legislature of 1921:

1. A bill extending the rent laws until February 15, 1924.
2. A bill extending the Tax Exemption Law so as to extend the time to commence construction, in order to secure exemption from taxation, until April 1, 1923.
3. A provision that, for the purpose of determining the reasonableness of rent, the assessed valuation of premises shall be presumptive evidence of the actual value.
4. A bill providing for the return of jury fees that have been paid by tenants, whose cases were not separately tried.
5. A provision for the dismissal of an action, with costs in favor of the defendant, if brought in the wrong district.
6. A provision that the defendant shall be entitled to costs in an action if the plaintiff does not succeed in recovering more than the amount previously paid by the defendant.
7. A provision clarifying the requirements of the law as to the payment of three monthly installments of rent.
8. A provision clarifying the law in relation to deposit of rent in court, and the payment of same to the landlord.
9. A provision requiring the landlord to give thirty days' notice of an increase in rent.

Of the above named Emergency Rent Laws, the bill designated number 4, for the return of jury fees, was vetoed by the mayor of the city of New York.

The Legislature failed to pass the following Emergency Rent Laws:

1. A bill providing that after the foreclosure of a mortgage, tenants may not be dispossessed, except in cases where summary proceedings are maintainable.

This bill passed the Senate on March 17, 1921, but in the Assembly it was not reported from the committee to which it was referred.

2. A bill providing for the creation of either a new Municipal Court district, or the appointment of additional justices in the Seventh District of Manhattan.

The committee did not introduce as a committee bill either of the above propositions.

In addition to the above Emergency Rent Laws the committee also recommended the following measures to rectify the conditions and practices disclosed by the committee in the business world by which monopolies were created, prices fixed, and competition prevented:

1. A bill repealing the provision of law giving to the courts the discretion of imposing a fine upon individuals or firms or to suspend prison sentences or the execution thereof.

The purpose of this amendment was to make it obligatory for the courts to impose a prison sentence of not less than three months or more than one year, in addition to a fine, on individuals convicted of violating the Donnelly Act.

In the same bill with this proposal a provision was made to include in the term, "any article or commodity in common use" everything of value that may be made the subject of purchase, sale, bargain, delivery, hiring, use, or contract, other than where labor is the sole subject matter of the contract, and whether or not labor be the major or minor factors in the cost or value of such article or commodity.

This bill was introduced in the name of the Committee on the second day of March, 1921, and referred to the Senate Cities Committee. On March 16th, a motion was made to discharge the committee for the purpose of bringing the measure before the Senate, but the motion was lost.

The Committee submitted, without recommendation, for the consideration of the Legislature, a bill for the creation of a State Board of Trade, with wide supervisory and investigating powers over trade associations.

This bill was introduced by the Committee in the Senate and under an Emergency Message from the Governor was passed by that body on March 17th, and went to the Committee on Rules of the Assembly which did not report the bill to the Assembly.

The recommendations made by your committee in reference to insurance companies and financial institutions, with their history in the Legislature are as follows:

1. A bill requiring insurance companies to invest at least 40 per cent of their future investable funds in mortgage loans on improved unincumbered real property.

Introduced as a Committee bill on March 2, 1921, reported from the Cities Committee on March 13th, and advanced to third reading; lost in the Senate on March 15th; vote reconsidered and again lost on March 16th.

2. A bill taking from the Superintendent of Insurance the right to extend beyond 1926 the period within which life insurance companies are required to dispose of their stock investments.

Introduced in the Senate March 2, 1921; reported and advanced to third reading March 13th; passed March 16th; went to Rules Committee of Assembly. The Rules Committee failed to report the bill and a motion on March 17th to discharge the Rules Committee from consideration of the bill was lost.

3. A bill subjecting to State supervision and control all rates and rate making bureaus and organizations in the field of fire and casualty insurance.

This bill became a law and is chapter 660 of the Laws of 1922.

4. A bill permitting mutual insurance companies, under certain safeguards to policyholders, to transact all kinds of insurance in the same manner as stock companies.

This bill was enacted by the Legislature and became chapter 659 of the Laws of 1922.

5. A bill permitting mutual employers' liability corporations to divide their directors into groups, whose terms may expire in different years.

A bill to cover this proposition was not introduced by the Committee for the reason that a similar bill was already pending in the Legislature.

This bill was enacted and is now chapter 267 of the Laws of 1922.

6. A bill prohibiting the conversion of mutual companies into stock insurance companies.

This measure, although not introduced as a Committee bill, became a law and is chapter 662 of the Laws of 1922.

7. A bill requiring all insurance companies, except life companies, to sell and dispose within five years of all corporate stocks held by them.

Introduced by the Committee in the Senate on March 2, 1922; reported by the Cities Committee March 13th; passed the Senate March 15th; went to the Rules Committee of the Assembly, that failed to report the bill, and a motion to discharge the Rules Committee from its consideration was lost.

8. A bill requiring savings banks to invest 60 per cent of all future investable funds on improved unincumbered real property, until not less then 40 per cent of their deposits are so invested.

Introduced by the Committee in the Senate March 2d; reported from the Cities Committee March 13th; passed Senate March 15th; went to Rules Committee of the Assembly; Rules Committee failed to report bill and motion to discharge Rules Committee from its consideration was lost.

The Committee recommended that a bill be passed allowing the people to appeal at any time within 6 months from an order, ruling, or decision of a court, dismissing an indictment. Introduced by the Committee in the Senate on March 2d, 1922; referred to the Committee on Cities, which failed to report the bill; on March 16th a motion to discharge the Committee from consideration of the bill was lost.

As a companion bill to the latter measure it was recommended that provision should be made to compel the Public Prosecutor consenting to the dismissal of an indictment without a trial to file a written statement of his reasons for such consent with the clerk of the court.

Introduced by the Committee in the Senate on March 2, 1922; referred to the Cities Committee; reported by Cities Committee on March 13th; passed the Senate March 15th; went to Rules Committee of Assembly, which failed to report the bill.

A bill was recommended to amend the charter of the City of New York, so that the City might at its election avail itself of contracts made with subcontractors, in cases where the principal contractor fails to complete his work.

Introduced by the Committee in the Senate on March 2, 1922; passed both Houses of the Legislature; approved by the Mayor; and became chapter 661 of the Laws of 1922.

It was recommended by the Committee that legislation be enacted to permit insurance companies to construct tax exempt dwelling houses, to be rented at a rate not to exceed $9 per month per room.

Introduced by the Committee in the Senate on January 30, 1922; passed by both Houses of the Legislature; became chapter 658 of the Laws of 1922.

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(3) *Betterment of Housing Conditions*

It is common knowledge that since the Committee filed its Intermediate Report the housing situation in the city and State of New York, and indeed throughout the entire country, has become less acute. In fact it would not be over optimistic to say that with the completion of the vast construction program now actively under way the crisis will have been passed during the coming summer and that the future extends the hope of continued amelioration in housing conditions, although the improvement is not yet reflected in an appreciable reduction of rents. Whilst there are already many vacancies in houses landlords to some extent are still holding out for the maintenance of the exorbitant scale of the past few years but this situation will soon end. General economic conditions are gradually adjusting themselves throughout the country under the impetus of revived competition; prices of materials are slowly approximating the normal and are expected to reach that level when the effects of the stimulus created by the tax exemption law come to an end; labor conditions show gradual improvement and exhibit greater efficiency. The stringency in the money market which attended the war time era and throttled investment in building enterprises is rapidly disappearing. Money on fairly easy terms and at accommodating rates may be secured by the building investor. The Tax Exemption Law and the release of competition in building materials have stimulated an astonishing resumption of building. Throughout the City of New York and its suburbs, thousands of one and two family houses have been erected and are in the course of construction. In the very heart of the city great apartment houses offering accommodations to many thousands of families are going up but most of them are beyond the means of the masses. The general result appears to be that in the higher class apartments there may be superfluous space in the city; whilst in the suburbs the one family and two family dwellings offer accommodations to a man of moderate means. In the city itself it is apparent that there will continue to be a scarcity of moderate and cheap priced apartments, until the supply in the higher-priced apartments has had its effect on the price of the others. In other words there is an abundant supply of apartments renting at upwards of $20 a room, but still an alarming scarcity of new apartments renting for between $9 and $12 per room and of the cheaper apartments. The apparent reason for this is that the prospective builder, because of the prevailing high cost of material, and the uncertainty of the cost of labor, has been compelled to place his investment in construction that will give him reasonable assurance of the high rentals necessary to pay him an adequate return on the large investment required.

Men of public spirit and forward vision realized the great danger to the community which grew out of the housing shortage.

The Metropolitan Life Insurance Company of New York, under the guidance of Mr. Haley Fiske, its president, and Mr. Frederick H. Ecker, its vice-president, has for years been the largest lender on bond and mortgage, especially on homes, and has devoted a very large proportion of its great resources to improving housing conditions and promoting home construction and home ownership in the city and State of New York and throughout the nation.

Its mortgage holdings as of December 31, 1922, were as follows:

City Loans	*Farm Loans*	*Total*
$402,865,431 88	$107,251,832 78	$510,117,264 66

Amount invested in 1922:

City Loans	*Farm Loans*	*Total*
$73,602,515 50	$26,880,282 47	$100,482,797 97

Percentage of assets invested in bond and mortgage over 40 per cent.

The officers of the Metropolitan Life generously and public spiritedly responded to the suggestion of the Committee that institutions handling great sums of money should, with the help of the Tax Exemption Law, come to the aid of the public and invest their funds in plainly constructed, though safe and sanitary apartment houses, suitable for the middle class that could be rented at $9 or less per room, per month. It should be observed also that the monies held by institutions such as the Metropolitan Life belong in fact to the policyholders of the company, who are largely the same people who would occupy the apartments and benefit by the enterprise. It should also be stated that this Committee and the officials of the Metropolitan Life, together with other persons who were convinced of the feasibility of the plan counted upon the cooperation of the building supply men and the labor world in general. The belief was justified that the labor unions would insure a constant supply of labor at reasonable prices and that the manufacturers and supply men would furnish necessary material at reasonable prices. With these hopes and promises the Committee recommended to the Legislature a bill authorizing life insurance companies during the emergency period to purchase land in cities of the first class and erect thereon apartments, tenements, or other dwelling houses, at an aggregate cost for land and improvements of not exceeding 10 per cent of their total assets; the estimated cost of construction to be such as to permit the rental of apartments at $9 or less per room per month. This bill became chapter 658 of the Laws of 1922, and the officials of the Metropolitan Life Insurance Company commenced its construction work.

The experience of the company in its endeavor to take advantage of this law is best stated by Mr. Walter Stabler, comptroller of the Metropolitan Life Insurance Company, one of the leading real estate and mortgage experts of the country, as a witness before the Committee, on June 15, 1922. He said that the immediate plans of his company contemplated the following operations: to build four square blocks; one block in Astoria, bounded by Ditmars avenue, Wolcott avenue, Fourth and Sixth avenues, being 200 feet by 830 feet; on this lot 16 houses would be built, the buildings themselves to be 88 feet wide by 83 feet deep, on a plot of 100 feet square. Provision was made for large courtyards. The other three blocks are in Long Island City, one near the Bliss Street Station, one immediately south of the latter, and the third in the same neighborhood about two blocks distant. All four blocks are to be built practically on the same plan, except that on the north side of Ditmars avenue it is intended to install stores.

This initial operation will afford accommodations for 1,950 families. The contracts have been let to A. H. Iron and Sons, 101 Park avenue, New York City. The cost of construction is to approximate $6,500,000, on which the contractors' profit is a little less than 4 per cent.

According to Mr. Stabler the houses are to be quite uniform in plan. A sample plan of a house is as follows: the house itself occupies practically 50 per cent of the lot upon which it is built, the balance being open space. The width of the courtyard at the widest part is 39 feet 4 inches and at the narrowest point is 30 feet. The length of the courtyard is 60 feet. Each building is an independent building standing alone, open on four sides and with four windows on four sides. The space between the different building varies from 12 feet to 16 feet. Concerning the construction of the individual rooms the witness testified that no room would be smaller than 70 square feet, and that they run up as high as 130 or 140 square feet. Each apartment has a bathroom, is steam heated, and lighted by electricity.

The type of building covered by the plans and specifications, and the type of the individual rooms is the best that have been put up in recent years. Mr. Stabler testified "that no sacrifice of stability or solidity in these buildings would be made in order to come within the statutory requirements, but that we must make them as plain as possible, i. e., we cannot waste any money on finish, but they are going to be splendidly built, fully equipped, wholesome houses, that anyone could live in with safety and comfort. All of them are located on the lines of the five-cent fare. All are accessible to the rapid transit; also they have surface lines connections."

The work has been progressing rapidly and it is now hoped and expected that this initial venture will be completed and the apartments ready for occupancy during the summer of 1923.

There were filed with the Bureau of Buildings of the five boroughs of New York City during the first 11 months of 1922 plans for 46,419 new buildings and the estimated cost of all construction, including buildings and alterations, reached the unprecedented total of $568,591,076, as compared with 33,052 new buildings and a total of construction costs of $429,215,374 in the corresponding 11 months of 1921. This is a gain of approximately 60 per cent over last year's total. Not only are the plans filed, but building is going ahead on a larger scale than ever before in the history of the city, notwithstanding the scarcity of material and the high cost of labor. The demand is far ahead of the supply.

The activity in filing of plans is continuing with increasing volume. Plans were filed during the month of November in the entire city for 4,941 new buildings and the total estimated cost of construction was $59,389,165.

It is estimated that the new dwellings, plans for which were filed throughout the city in the past 11 months, will provide homes for 65,000 families or an increase of about 300,000 in the city's population.

The total of new buildings and total valuation of new construction work plans for which were filed during the first 11 months by boroughs and as compared with the corresponding 11 months of 1921 are as follows:

Brooklyn leads with 19,054 new buildings, total construction cost $186,640,688, as compared with 13,670, cost $144,748,453 in the first 11 months of 1921.

Manhattan, 1,019 buildings, cost $151,240,160; 821 buildings in 1921, cost $134,900,673.

Queens' largest number of buildings 19,167, cost $125,561,112; 12,351 buildings in 1921, cost $74,373,270.

Bronx, 4,058 new buildings, cost $93,697,237; 3,059 buildings in 1921, cost $65,934,010.

Richmond, 3,121 new buildings, cost $11,451,884; 3,151 buildings in 1921, cost $9,258,968.

The totals for the month of November by boroughs are as follows: Brooklyn, 2,055 buildings, cost $23,055,898; Manhattan, 57 buildings, cost $12,398,647; Bronx, 458 buildings, cost $11,472,866; Queens, 2,137 buildings, cost $11,476,020; Richmond, 234 buildings, cost $985,721.

The volume of business transacted in Brooklyn continues to grow in a measure exceeding all expectations. The total of plans filed during the first six working days of this month was $6,472,103 or an average of $1,078,700 per day.

Commission of Housing and Regional Planning: Report on the Present Status of the Housing Emergency, December 22, 1923.

(Excerpts)

IV

Effect of New Construction on Housing Emergency

All evidence secured by the Commission is unanimous with reference to the large amount of new construction in New York city during the last two years.

The United States Bureau of Labor Statistics presents in the Monthly Labor Review for October, 1923, the results of a study of building permits issued in the principal cities of the United States. For the first six months of 1923 New York city stands seventh in a list of 68 cities, with 110.9 families per 10,000 of population, provided for by such permits. For the first and second half of 1922 the ratio was 86.7 and 76.5, respectively. The average for the first half of 1923 for all cities was 72.1.

The statistics of the New York Tenement House Department showed the following number of apartments in tenement houses completed between January 1 and November 30, 1923:

Brooklyn	10,080	apartments
Bronx	10,063	"
Manhattan	5,103	"
Queens	1,295	"
Richmond	167	"
All boroughs	26,708	"

In 1922 there were only 24,924 apartments in tenement houses completed during the entire twelve months. In both years there was a large amount of construction of one- and two-family houses and a number of alterations of private houses to accommodate additional families.

The Law Committee of the Real Estate Board in the city of New York presented at the hearings of the Commission in New York city the results of an especially detailed and careful investigation conducted under the direction of Dr. Samuel McCune Lindsay, Professor of Social Legislation at Columbia University. Figures from the official reports of the Tenement House Department and the Department of Taxes and Assessments were tabulated to show the net gain or loss in apartments in tenements and in one- and two-family houses between 1910 and 1920, and also between January 1st, 1920, and June 30th, 1923, with estimates bringing the figures up to October 1st, 1923. According to Table X (page 15) in the above report the total net increase since 1920 is as follows:

	Tenements	Dwellings			Total increase in suites in tenements and in one- and two-family dwellings
	No. of suites	One-family	Two-family	Suites in one and two-family dwellings	
Manhattan.	1,618	1,040	69	902	716
Bronx	19,254	3,239	1,773	6,785	26,039
Brooklyn.	12,496	10,034	7,924	25,882	38,378
Queens	3,056	21,028	6,028	33,084	36,140
Richmond	101	4,966	619	6,204	6,305
N. Y. city....	36,525	38,227	16,413	71,053	107,578
Supplementary Data.					
N. Y. city, July 1–Sept. 30, 1923..	8,142	3,041	1,492	6,025	14,167
Grand total, Jan. 1, 1920, to Sept. 30, 1923	44,667	41,268	17,905	77,078	121,745

Similar results have been secured in an independent analysis of the same data by the Commission and also in certain special calculations made at the request of the Commission by the Committee on the Plan of New York and its Environs.

Calculation of Shortage or Surplus in Housing Accommodations

Two quite different methods of calculation have been used by various persons in attempts to determine statistically if the net gain in apartments in New York city during a certain period of time has created a condition of surplus or shortage in relation to need for housing accommodations.

The first method assumes that the average rate of construction during several preceding years indicates the normal rate of increase in construction as required by the normal rate of increase in population. The Housing Committee of the New York State Reconstruction Commission used this method in estimating housing shortage in New York city in 1919 and in 1920, and it was used also by the Joint Legislative Committee on Housing in 1921, the first committee making its calculations in relation to the normal rate of construction as shown by the average for the years 1914 to 1916, inclusive, and the second committee basing its estimate on the average construction for the longer period of 1910 to 1917, inclusive. A more recent use of this method is by Leonard P. Ayres, Vice-President of the Cleveland Trust Company,* who estimates the extent of building shortage at the beginning of 1922 in a number of cities, including New York city, as indicated by the trend in certain data from 1900 to the beginning of the war period.

The second method of calculating mass shortage or surplus makes no comparison with rates of increase in number of apartments during a preceding period of time, but bases its entire conclusion on the assumption that an increase in number of apartments during a certain period of time should be in close agreement with the increase in population during the same period of time, divided into families of a specified size. That this relationship was ever true has not been established. While accurate data can be secured with reference to the number of apartments added each year to the housing accommodations of New York city, figures for population always include many persons not requiring housing accommodations in apartments. Except during a census year, figures of population are an estimate rather than the result of an actual count, and another possibility of error exists in the case of an inaccurate estimate of the number of persons in a family group requiring a separate apartment.

This second method of calculating housing shortage or surplus has been used by Dr. Samuel McCune Lindsay in a special report, "Economic Aspects of the So-called Emergency Housing Legislation of 1920 in New York State and the Alleged Housing Shortage in New York City", issued in 1921, and in his report to the Law Committee of the Real Estate Board, which was presented to the Commission at its hearings in New York city in October, 1923, and to which reference has already been made.

In his earlier estimate Dr. Lindsay makes the assumption that the average family consists of four persons; in his later estimate and in his revision of his earlier estimate, he places dependence upon the size of the family in New York city as shown in the 1910 and 1920 census. The following is the definition of a family as used in the tabulations and reports of the Census Bureau: "The term 'family' as here used signifies a group of persons, whether related by blood or not, who live together as one household, usually sharing the same table. One person living alone is counted as a family, and on the other hand, the occupants or inmates of a hotel or institution, however numerous, are treated as a single family. Thus the census family in some cases differs greatly from the natural family". (Report of the 14th Census of the United States, 1920, Vol. 3, p. 11.)

According to this definition the average size of family in New York city was 4.7 persons in 1910 and 4.4 persons in 1920. The average size of family in the 1920 Block Survey of the Reconstruction Commission was 4.11 persons, and in the Rental and Income Survey of the Housing Commission in 1923 it was 4.18 persons, indicating that the size of family found in New York apartments is smaller than the family as tabulated by the Census Bureau. This is especially likely to be the case if calculation is being made primarily of the number of persons accommodated in new apartments in tenement buildings. Here the trend has been increasingly towards a larger proportion of apartments with three rooms, according to certain calculations of trends in new construction made for the Commission through the courtesy of the Committee on the Plan of New York and its Environs. Between 1912 and 1922 the proportion of three-room apartments in new tenement houses increased from 20 to 41 per cent, while the proportion of five-room apartments decreased from 23 to 12 per cent, the proportion of four-room apartments decreased from 44 to 38 per cent, and the proportion of six-room apartments from 6 to 4 per cent. In an apartment house of recent construction, having accommodations for 270 families, the average number of persons per apartment was 2.87, according to a count secured by John J. Murphy, Secretary of the Tenement House Committee of the Charity Organization Society, and described in his testimony at hearings of the Commission.

As already indicated, the accuracy of the final estimate of the amount of housing shortage or surplus in the Lindsay method of calculation depends mainly upon the accuracy of the estimates of total population and of number of persons in the family. In calculations involving millions of persons, as is necessary in the use of population statistics for New York city, a slight variation, especially in the number of persons per family, makes a large difference in the final results. This is well illustrated by the wide variations in Dr. Lindsay's results in his three calculations of the extent of the surplus in housing accommodations accumulating between 1910 and 1920. The surplus in persons, which Dr. Lindsay found statistically could be accommodated in new construction, is 90,415, if it is assumed that there are 4 persons per family; 174,722, if it is assumed that there is an average of 4.4 persons per family; 203,012, if it is assumed that there is an average of 4.55 persons per family.

With reference to the additional housing surplus estimated as accumulating between January 1, 1920, and October 1, 1923, an estimate of 4.3 to 4.9 persons per family is used in the calculations for the different boroughs, or an average of 4.4 for the entire city, as shown by the 1920 census. The result of this calculation is that there are housing accommodations for 165,241 persons. If a larger or smaller figure were used in the calculations, a widely varying estimate would again be secured.

If we accept this method of calculation as the basis for an accurate statement of housing conditions in New York city, we have to build up in our minds the following picture. This method of calculating shortage or surplus shows that between 1910 and 1920 so many new houses were being constructed that they cared not only for the present population but for all the expected growth in population until 1921 or 1922, assuming an average annual increase in population of 87,879 persons, as used in the estimates of the City Health Department. It shows also that up to October, 1923, there had been so much building that there are enough suites to care for all growth of population well into 1926. That this is not the case has been shown by all other evidence presented to the Commission and also by its various investigations. If the supply of housing accommodations so far exceeded demand, rents would be showing a tendency to decrease and vacancies would be obvious on every hand. However, rents show a strong tendency to increase; practically no vacancies can be found. The tenant has little bargaining power except as protected under the rent laws. Congestion exists to a degree harmful to health and welfare.

While there would be a great value in a method of calculation which would establish accurately the relationship between growth of population and increase in housing accommodations, the obvious inaccuracy of the results in the method just described makes it exceedingly doubtful if dependence can be placed on this particular method in determining the existence of housing shortage or surplus.

In the opinion of the Commission, no statistical analysis of mass data to show the existence of a gross housing shortage or surplus is sufficient to prove the presence or absence of a housing emergency. The important factor in the emergency is the adjustment or lack of adjustment in the supply of rentals at different levels and the distribution of family incomes. An empty apartment at $100 a month has little value to the man with an income of $25 a week, and a shortage or surplus at a certain rental has little immediate effect on the conditions existing at a widely different rental, although eventually adjustment comes through the working-out of the situation under the control of the laws of supply and demand.

Rents in New Construction in Relation to Family Income.

The rent which people can afford to pay is controlled by the amount of family income. Competition for housing accommodations is primarily within economic groups in the community rather than within the community as a whole. According to the best available estimate of the distribution of family income in New York city (see Appendix A) 69 per cent of all families have a family income of less than $2,500 a year, 23 per cent have an income of $2,500 to $5,000 a year, and only 8 per cent have incomes above $5,000. All the evidence collected by the Housing Committee of the Reconstruction Commission and the Joint Legislative Committee indicated a condition of acute shortage of housing conditions in New York city in 1920 and 1921, especially for the great mass of the population with the smaller incomes. The important question to be decided with reference to the influence of the large amount of new construction now in progress in New York city, is not its influence in reducing mass shortage, but its effect in reducing shortage with reference to the various income groups.

In the Rental and Income Survey of the Commission 3,841 families gave figures for family income which were considered sufficiently accurate for tabulation. In Table III will be found the number of families in each income class, the average rental and the percentage of the income for rent. As will be seen, the actual rent expenditure increases as the income increases, while the percentage of the income for rent decreases. When the average family income was less than $2,500 a year, the proportion of income for rent averaged 20 per cent, but a much smaller proportion was used with the larger incomes.

TABLE III

Rentals in Relation to Family Income

As Shown by Rental and Income Survey, New York State Commission of Housing and Regional Planning

Income Class	Number of families	Average annual family income	Average annual rent	Percentage of family income for rent
Under $1,000	371	$789 49	$224 40	28.4
$1,000-$1,500	1,036	1,224 16	282 00	23.0
$1,500-$2,000	1,024	1,684 38	315 48	18.8
$2,000-$2,500	605	2,169 33	384 48	17.7
$2,500-$3,000	268	2,600 99	450 84	17.3
$3,000-$3,500	231	3,125 96	486 84	15.5
$3,500-$4,000	99	3,630 72	488 04	13.4
$4,000-$4,500	76	4,087 81	610 56	14.9
$4,500-$5,000	28	4,642 21	630 72	13.6
$5,000 and over	103	5,922 33	822 36	13.7
All families	3,841	$1,933 98	$354 25	18.3
Under $2,500	3,036	$1,514 88	$306 68	20.2
$2,500-$5,000	702	3,151 00	491 28	15.6
$5,000 and over	103	5,992 33	822 36	13.7

The Housing Committee of the Brooklyn Chamber of Commerce made a special investigation during the latter part of 1922 with reference to rent expenditures and also with reference to the availability of new construction on the basis of the earning or purchasing power of employees in Brooklyn industries. The conclusions are based on the data secured from 500 families in eight of the large industries in Brooklyn, information on the weekly earnings of each employee being provided by the company. Over 79 per cent of the persons furnishing information had a weekly income of less than $40 a week, or about $2,000 a year. Assuming that family income is one and one-fourth

* Leonard P. Ayres, The Prospects for Building Construction in American Cities, The Cleveland Trust Company, 1922.

times the earnings of the main support of the family (see Appendix A), the family income is $2,500 a year when individual income is $2,000 a year, making this group comparable with the group having family incomes of less than $2,500 a year as tabulated in the Rental and Income Survey of the Commission. The average annual rent of these families in the Brooklyn survey was $301.05 in comparison with an average of $306.68 as shown in the Rental and Income Survey of the Commission. In this study the proportion of income for rent decreases also with the larger incomes.

It is commonly assumed in discussion of rent expenditures that families tend to keep their rent expenditures at about 20 per cent of the family income (see Appendix B). If we were to use this percentage in estimating maximum housing expenditure for families in New York city, we would find that 69 per cent of the families are unable to pay more than $500 a year for rent because this proportion of the families in New York city, as previously discussed, has an annual income of less than $2,500 a year. The demand for rentals between $500 and $1,000 a year is limited, according to this method of calculation, to the 23 per cent of the population with incomes between $2,500 and $5,000 a year. The demand for rentals above $1,000 a year is limited to the 8 per cent of the families in the population with incomes of $5,000 and over. However, the recent surveys of the Commission and of the Brooklyn Chamber of Commerce, as well as many earlier investigations, show that families with larger incomes use a smaller proportion of income for rent, so that the maximum rent expenditure is probably less than the amount estimated by use of the arbitrary figure of 20 per cent of the income for rent.

The limited effect of new construction in relieving immediately the housing shortage for the mass of the population was shown by much testimony at the public hearings of the Commission with regard to the high rents being charged in new construction and also by a special survey of the Commission with reference to rents and vacancies in houses erected since September 27, 1920. Only a few instances were reported of rents in new construction at less than $15 per room per month, or $45 for a three-room apartment. Assuming 20 per cent of the income for rent, and also on the basis of average rentals paid, construction at this minimum rental is beyond the means of most of the 69 per cent of the population with family incomes below $2,500 a year.

In most instances the rents in new construction were found to range upwards from $20 per room per month, or from $60 and $80 for apartments of three and four rooms, respectively. If we assume the maximum rent expenditure is 20 per cent of the family income, these rentals are available only for about 15 per cent of the population with family incomes of $3,500 and upward. If we use the data on actual rent expenditure shown in the reports of families included in income and rent surveys, we find that most new construction is available only for the 8 per cent of the population with incomes of $5,000 and more.

The Brooklyn Chamber of Commerce reaches similar conclusions with reference to the slight relief from new construction in the housing shortage faced by the industrial worker. Following a careful study of costs of construction in Brooklyn, it estimates that only 2.8 per cent of the new construction is within the renting power of persons earning up to $60 a week, and that there was none available in Brooklyn in 1922 for a person earning less than $45 a week. The allowable rents in new construction were found to average $15.60 per room per month, in contrast with the average of $6.23 per room per month reported by the families included in the survey, and the wide gap in rentals was found to prohibit workers from changing to quarters in new construction.

The investigations of the Commission indicate a large amount of construction of one- and two-family houses for sale, and also a limited amount of construction of multi-family dwellings under a co-operative plan of home ownership. These are offered for sale under various plans requiring monthly payments of $40 or more, which, with carrying charges, including interest, insurance and depreciation, place them beyond the means of the mass of the population.

The lowest rent in new construction already available for occupancy was found in a group of houses erected by the Phelps-Stokes Fund on East 97th street, Manhattan. When the houses were opened in March, 1923, a rent of $9 per room per month was charged, but rents are to be increased 12½ per cent in January, 1924, making the average rent, including charge for bath rooms, $10.50 per room per month. According to a published statement of the Fund, this increase was necessary in order to make the investment yield 6 per cent and provide 2 per cent to take care of depreciation and provide for future taxation from which the buildings, under the present New York State law, are exempt for another eight years.

The Metropolitan Life Insurance Company has now under construction a group of 54 buildings containing about 2,150 apartments, and it is expected that about six of these buildings will be available for occupancy next February. The buildings are located in Long Island City, Woodside and Astoria, the land costing approximately 20 per cent of the cost of suitable land in Manhattan. A maximum rent of $9 per room per month was fixed in the statute authorizing the use of insurance funds for housing construction, and this is the rate to be charged for living rooms, dining rooms, bedrooms, and kitchens, while a rate of $6.75 is made for dining alcoves. Heat and hot water are included in the rental, and no charge is made for bath rooms. The active demand for new construction at such moderate rentals is indicated by the fact that more than 6,000 applications had been received prior to May 1, 1923, at which time the lists were closed and no more applications were accepted.

The wide difference between necessary rents in old and new construction and the problems encountered in attempting to erect houses for rent at rates which can be afforded by the mass of the population, are shown in the following statement presented by Reginald Auchincloss, president of the City and Suburban Homes Company, at the hearings of the Commission:

> "The City and Suburban Homes Company was incorporated in 1897 with purpose of supplying model apartments to wage earners. However, it was the hope of the incorporators that the rentals would permit such a return on the investment as to allow the company's growth along reasonable commercial lines. . . . The policy of the company has always been to charge approximately the same rents as are prevailing in the neighborhood, but to give better service than given by neighboring landlords. . . . The company to-day owns houses containing 2,945 apartments in Manhattan, as well as various suburban properties which have been developed for the wage earner. The company's Manhattan apartments to-day rent on an average of $8.63 per room per month on a week to week lease, payable in advance. Of course, we have no vacancies and last year no arrears. We have more than 2,000 applicants.
>
> The company's trustees are very anxious to build more tenements in order to relieve the housing shortage, but are unable to see their way clear to the erection of buildings, in view of the high rentals it would be necessary to charge. This company's policy is to cater to the class of wage earner, who to-day is able to pay approximately $12 or less per room per month. The company's officers have made very careful calculations on plans drawn by a well known architect and have reached the conclusion that at the present cost of building a tenement could not be constructed to rent for less than $15 per room per month in order to give a fair return on the investment. The rental required of $15 per room per month is too high for the class of people that this company has served in the past and is serving at the present."

A later report from the Commission will discuss methods of relieving housing shortage through new construction. Even with the large amount of new construction now under way in New York city, the evidence seems conclusive that as yet it has brought but litle relief in the housing shortage affecting the masses of the population.

APPENDIX C

LETTER FROM EDWARD F. BOYLE, JUSTICE CHILDREN'S COURT, NEW YORK CITY

November 24th, 1923.

Hon. BERNARD L. SHIENTAG, *State Industrial Commissioner, Counsel to State Housing Commission, New York City:*

MY DEAR COMMISSIONER.— You know of my keen interest in the purposes of the State Housing Commission. I have kept in touch with its work, especially during the public hearings held in this city recently, and noted the various aspects — social and economic — from which the housing situation was treated by the witnesses who testified before your Commission.

There is an angle of the subject which was touched upon at the hearings and which in my judgment should be lined out more sharply and amplified so that its effects, actual and potential, may be better understood and appreciated, for it transcends in importance, I think, certain other phases of your inquiry which — properly enough — have had considerable emphasis.

My experience in the Children's Court and the opportunity afforded me as a member of Governor Smith's Reconstruction Commission, which as one of its functions studied and reported in 1919 upon the housing situation, have given me an insight into conditions and their consequences which perhaps qualifies me to discuss the subject with some degree of competency; in particular with reference to certain features of our work in the Children's Court, which it seems to me have a very direct bearing upon it.

The accompanying memorandum includes a few typical cases — omitting identities of course — in the Children's Court which have a direct relation to the housing situation. Subjoined to the memorandum is a summary statement which speaks for itself.

In this letter I shall take the liberty to discuss the matter of housing somewhat more broadly.

Economic laws, it seems, are taking care of our well-to-do folks as regards housing. On that point apparently there is little, if any, controversy. But what of the masses — the middle class, the wage-earner and the poor of our city? Are they any better off than they were in 1919 when Governor Smith recommended to the Legislature the creation of a permanent State Housing Commission based upon a report of his Reconstruction Commission? The answer is that they are infinitely worse off.

It is true we have the so-called Emergency Rent Laws, which thus far have served to avoid that which in their absence would have been a calamity and the extension of the operation of which no sane person will undertake to oppose, at least not until there has been worked out a solution of the housing problem — a permanent, lasting solution that will serve to insure to the poorest among our people decent accommodations in which to live and raise their families at a cost in rental that will not rob them of the means to provide necessary food and clothing.

Had the Governor's recommendation, back in 1919, looking to a permanent solution been translated into action, we would now be that much farther advanced towards taking care of a situation, bad enough at the time and grown much worse meanwhile until it has become a very real menace to health and morals.

It appears by the testimony before your Commission that in the last three years housing accommodations have been provided for five hundred thousand people in New York and it was urged in view of the fact that the population had increased only three hundred thousand in the same period, the housing condition was just that much improved. This is a fallacy. It appears there was just one house built in the past three years, which would provide housing at $10.00 a room. Whatever further accommodations have been provided are far beyond the reach of the average family in New York, because the average family, as we know, cannot pay rents as high as $20.00 per room and upwards. The limit, I think, is $10.00 per room or perhaps less. Surely no one will seriously urge that there was any

appreciable change for the better as regards congestion and high rents, by the enormous building enterprises which have been put through in the past three years. The three hundred thousand increase in population has only added to the difficulties of the problem, for it is certain that at least two-thirds of the number, or two hundred thousand, were obliged to fit themselves into dwellings or tenements already congested beyond reason.

It was testified at your hearings that there are at present five thousand illegally constructed tenement-houses, which, if closed, as required by law, would render thirty thousand people homeless; that the existing laws providing for standards of safety and sanitary conditions are not being enforced because thousands would be "camping in the parks and streets"; that it was normal for children of congested districts in our city to weigh from five to fifteen pounds less than normal children elsewhere; that we are facing "an acute social problem"; "that home is a less decent place to live in for the wage-earner's family than it was two years ago"; that there are families living in "holes"; that tenement-houses vacated ten years ago as "unfit" are now occupied; that one low-priced flat was offered and twenty applicants presented themselves ready to take it "sight unseen"; that more and more children are being cared for in the day nurseries because mothers are obliged to leave their families and go to work in order to meet the high rent; that the "doubling up" of families and the awful congestion in certain neighborhoods have given rise to "loathsome familiarities"; that there is less food and lower morals and that standards of common decency have been lowered. All this constitutes a terrible indictment and, unfortunately, it is true.

It seems to me, private enterprise having failed utterly, that the time for temporizing has gone by and that the matter must be faced fairly and squarely by the State itself, or by the city under authority from the State. Far from debating Emergency Rent Laws, a question which it seems to me is outside the realm of debate, we should be discussing what manner of legislation, what means shall be employed by the State to provide for relief of the present crisis and for a permanent program which will insure to the masses of our people, which includes the so-called "white collar" man, decent, sanitary accommodations at a reasonable rental.

Sincerely yours,

(Signed) EDWARD F. BOYLE,
Justice Children's Court, City of New York.

Message to the Legislature from Governor Alfred E. Smith: Tax Exemption of New Housing - Transmitting Reports of Commission of Housing and Regional Planning.

Tax Exemption of New Housing — Transmitting Reports of Commission of Housing and Regional Planning

STATE OF NEW YORK — EXECUTIVE CHAMBER

ALBANY, *March* 25, 1924.

To the Legislature:

I am transmitting to you herewith the report of the Commission of Housing and Regional Planning, on tax exemption.

This is the first comprehensive study of the effects and value of tax exemption. Obviously tax exemption cannot be continued as a permanent policy but the report presents cogent reasons for its continuance for one more year. Its chief value lies in its effectiveness as an encouragement to the individual small home owner. But the real burden of taxation is only shifted and the relief, while worth giving when it reaches those who need it most, is at best a makeshift placing burdens elsewhere.

Permit me again to call to your attention my repeated requests for housing legislation of more permanent usefulness. Every expedient including tax exemption and extension of facilities possessed by the State Land Bank should be tried and tried to the fullest possible extent, to induce private capital to go into housing on an adequate scale. But many years have already been lost during which conditions of living have grown steadily worse and old housing deteriorates to the point of disuse while new accommodations in sufficient number at low prices within the reach of working people are not provided. Study and investigation, together with practical experience, have demonstrated beyond a doubt that the trouble lies in the unwillingness of capital to invest in this type of housing because of its inadequate return.

It takes time to enact constitutional amendments. We delayed four years ago and the situation is four years worse. Legislation which will permit the State to extend its credit to housing undertakings on an equitable financial basis and enabling cities to take their own measures of financial relief for this condition should be passed now. Should private capital meanwhile come forward it may never be necessary for the State to act, but if present indications continue to prevail, the State and the municipalities will be in position to help.

While I trust that you will carry the recommendation, to extend the period of temporary relief by tax exemption for another year, I urge upon you to enact the progressive program of enabling State and local credits for housing purposes if you would have a record established for permanent housing relief.

(Signed) ALFRED E. SMITH.

Commission of Housing and Regional Planning: Report on Tax Exemption of New Housing, March 14, 1924

Tax Exemption

The housing shortage by 1920 had become sufficiently acute in cities of the State of New York to justify the Legislature at the special session held in September of that year to enact two forms of housing legislation: 1. The rent laws designed to protect tenants from exorbitant demands of landlords. 2. The Tax Exemption Law.

As a constructive stimulus to new building the Legislature (chapter 949, Laws of 1920) amended the Tax Law. This amendment permitted municipalities to exempt from local taxation, until January 1, 1932, buildings, excepting hotels, to be used exclusively for dwelling purposes on which construction was completed after April 1, 1920, or on which construction was begun before April 1, 1922, and completed within two years thereafter. (See Appendix A for full text of law.)

The act was merely permissive and wisely left a large measure of discretion to municipalities in applying it to local conditions. By further amendment (chapter 281, in effect April 13, 1922) the time for beginning construction was extended to April 1, 1923, and subsequently (chapter 337, in effect May 21, 1923) to April 1, 1924.*

* The constitutionality of chapter 949, Laws of 1920, as amended by chapter 444, Laws of 1921, and chapter 281, Laws of 1922, and the validity of the ordinance adopted by the Board of Aldermen of the City of New York (City ordinance, 1127) on February 5, 1921, approved by the Mayor February 18, 1921, and by the Board of Estimate and Apportionment February 25, 1921, was challenged in the courts and its constitutionality and validity sustained. *Hermitage Co.* vs. *Goldfogle*, 204 App. Div. 710; aff., without opinion, 236 N. Y. 554.

Another constructive measure which was made effective largely because of tax exemption, was enacted by the Legislature in 1922 as an amendment to the Insurance Laws (chapter 658, Laws of 1922) to permit foreign and domestic life insurance companies to engage in the building of residential property under definite restrictions until March, 1924. The Commission has considered the effect of this act in connection with tax exemption and with particular regard to the housing development of the Metropolitan Life Insurance Company in New York city to which further reference will be made.

In compliance with the instructions of the Legislature (chapter 694, Laws of 1923) the Commission of Housing and Regional Planning has studied the effect of tax exemption as a stimulus to the building of homes and as a contributing factor in relieving the housing shortage in those cities in which it has been granted. The Commission has examined all available recorded data and in New York city has inspected newly constructed tax exempt dwellings of all types in all boroughs. A public hearing on tax exemption was held in New York City Hall on February 20, 1924. To this hearing public officials and all citizens were invited.

Conclusions and Recommendations

As a result of its investigation the Commission has reached the following conclusions:

1. Tax exemption was the principal factor in breaking the deadlock in housing construction and in starting the extensive building program which began in 1921 and which has increased in each succeeding year.
2. Tax exemption has served as an incentive to the building of large numbers of houses of moderate cost since 1921. In the past two years there has been a marked change in trend toward this type of dwelling. To what extent the building of single and two-family houses has been due to the ready market and the great demand for housing facilities it is impossible to ascertain. Nevertheless tax exemption, by reducing the annual payment required in the purchase of a house, has greatly stimulated construction for home ownership.
3. The need for houses for families of moderate means is still greatly in excess of the supply.
4. Unless tax exemption is continued the production of houses of this type will be greatly diminished.

The Commission, therefore, recommends:

1. That the Legislature amend section 4-b of the Tax Law to permit municipalities to exempt from taxation for local purposes, other than for assessment for local improvements, until January 1, 1932, new buildings planned for dwelling purposes exclusively, including buildings three stories in height used exclusively for dwelling purposes above the ground floor, except hotels, provided construction be commended after April 1, 1924, and before April 1, 1925.
2. That in the city of New York the municipal officials consider the advisability of further restricting the exemption in such a manner that its benefits so far as possible will be enjoyed by home owners and tenants and not by commercial builders or landlords and so that it shall be applied only to buildings constructed in accordance with reasonable standards with relation to sanitation and fire hazards. This may be accomplished by some such means as that of limiting tax exemption to one- and two-family houses to be sold for a limited price and to apartments to be sold for co-operative ownership at a limited price or to apartments for which a limited rental will be charged.

In recommending the extension of the tax exemption privilege the Commission recognizes that tax exemption is a subsidy. The exemption of one class of owners from taxes paid by other owners of a similar class of buildings imposes an added burden upon those owners whose buildings are not exempt. More buildings ultimately mean new streets, new public schools, more police and fire protection and other public utilities which the municipality must provide. These must be paid for by the community through

taxation. This form of subsidy may have been justified in 1920 so as to break the deadlock in building, even though it benefited speculators and builders more than tenants. It is no longer warranted unless means can be provided to insure that the benefit of tax exemption shall be enjoyed primarily by those families of limited income who are to live in the homes which this subsidy is designed to create. So great is the need for homes for this portion of the population that so long as tax exemption continues effectively to stimulate the production of houses, particularly in the city of New York, the municipal authorities should be permitted to extend its benefits under the limitations suggested. The present form of the amendment to the Tax Law wisely permits municipalities adequate discretion in limiting the application of the tax exemption privilege.

3. That chapter 658 of the Laws of 1922 be further amended to permit foreign and domestic life insurance companies to engage in building residential property until March 1, 1926, and so long thereafter as the housing emergency shall continue.

The Deadlock in 1920

The need for some form of stimulus to housing enterprise at the time the Tax Exemption Law was passed is evident from a survey of conditions prevailing throughout the country. Building activity had been slowing down since 1907. After our entry into the war the government placed drastic restrictions on capital, on transportation, on use of fuel and material and allocated the man power of the nation entirely to war activities. In November, 1918, building activity reached its low-water mark at 4 per cent of the normal for the years 1905 to 1914, inclusive. After the armistice, in spite of the removal of those restrictions, there still existed a number of factors, such as high transportation rates, advancing wage and material prices and a diversion of money to commercial activities, which acted as deterrents to the resumption of housing construction.

In the beginning of 1919 there was a general belief that materials and labor would soon fall in price and construction was not, therefore, readily undertaken. However, there was an increase in the volume of construction that year, approximating 25 per cent over the five years previous. Of the total amount of construction, 36 per cent was for residential building. There was a further slight increase above this rate in the early months of the year 1920, which reached a peak in April but thereafter fell precipitately until building was as stagnant as during the period just following the armistice.

The conditions which retarded building throughout the country operated with equal force in New York State. The building depression was felt most acutely in the larger cities, including Buffalo, Rochester, Syracuse and Albany. In New York city there was practically no housing construction and but little commercial building. In spite of a tremendous need and accumulated demand the prevailing trend at the end of 1920 was downward, reaching a still lower point in January of the year 1921. By the summer of 1920, the growing housing shortage in New York city had aroused the greatest public concern. Something had to be done to revive building enterprise. Many plans were proposed and considered by the Legislature. Of these the exemption from taxation by local authorities promised to be most effective. Its object was to offset prevailing high costs of construction, reassure capital and spur builders to renewed activity. It was justified, not so much in theory as in the hope of its practical success in increasing the available volume of housing in those cities which should grant it.

Outside of New York city, but four cities in the State have granted tax exemption: Beacon, Little Falls, Plattsburgh and Saratoga Springs. It is in New York city that its effect has been most evident.

New York City

In New York city opinion was divided as to the wisdom of taking advantage of tax exemption. Two attempts to pass an ordinance in accordance with the terms of the law were defeated. The third attempt succeeded, and in February, 1921, the following ordinance was passed:

"Be It Ordained, by the Board of Aldermen of the City of New York, as follows:

"Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Law of the State of New York as such section was added by chapter 949 of the Laws of 1920, entitled 'An act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes,' it is hereby determined that until January 1, 1932, new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation, as herein provided, for local purposes other than assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1920, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years after such act took effect.

"Section 2. It is further ordained that such exemption shall be granted to the extent only of one thousand dollars for each living room, including the kitchen, but not including the bathrooms, in each such buildings, provided that the total amount of such exemption shall not exceed, for every single-family house coming within the terms of the statute, five thousand dollars of the value of the building, and for every two-family house coming within the terms of the statute ten thousand dollars of the value of the building, and for every multi-family house coming within the statute, an amount of the value of the building equivalent to five thousand dollars for each separate family apartment therein contained.

"Section 3. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

"Adopted by the Board of Aldermen, Feb. 15, 1921.

"Approved by the Mayor, February 18, 1921."

An important feature of this ordinance was the method adopted for limiting the benefit. It was wisely considered undesirable to encourage the production of high cost housing, either apartment buildings or one- and two-family dwellings. Housing for the wealthy did not and does not require aid. The benefits of tax exemption were intended for the housing of families of moderate or less than moderate means. As shown in the previous report of this Commission to the Legislature (Legislative Document [1924] No. 43) the housing emergency affects chiefly that two-thirds of our population — the families with average annual incomes of less than $2,500. It was for the housing of such families that tax exemption in New York city was chiefly designed. The amount to be exempted was limited to $5,000 for each family unit, whether apartment or house; and that such units should be planned for family accommodation, the exemption was further linked to the number of rooms by allowing a maximum of $1,000 for each room to the extent of five rooms for each family unit. Builders attempting to satisfy the demand for high rental two- and three-room apartments would receive exemption to the extent of only $2,000 or $3,000, respectively, for each apartment, instead of the full $5,000. It was felt that under such conditions tax exemption would primarily benefit the owners of single and two-family houses and would especially stimulate that type of construction. It was also expected that the limitation of benefit would offer inducement especially to apartment buildings at room costs closely approximating the maximum of tax exemption per room — $1,000.

The Deadlock is Broken

That the passage of the New York city ordinance had a marked and immediate effect is evident from the records of housing permits. In the first four weeks after the passage of the ordinance (February 25, 1921) applications were filed for 1,616 one- and two-family dwellings and 1,025 tenements, as compared with the corresponding weeks in 1920, when applications were filed for 1,411 one- and two-family dwellings and 190 tenements. Compared with 1920, when permits for 8,634 dwellings and 121 tenements were filed, is the 1921 record, when permits were filed for 25,133 dwellings and 1,138 tenements. Permits for dwelling houses in 1921 showed accommodations for twice as many families as were provided for by the 1920 permits. The value of the new housing projects in 1921 showed an increase of 246 per cent, as compared with 1920, while general construction in the same period showed an increase of only 58 per cent. See Table I.

TABLE I

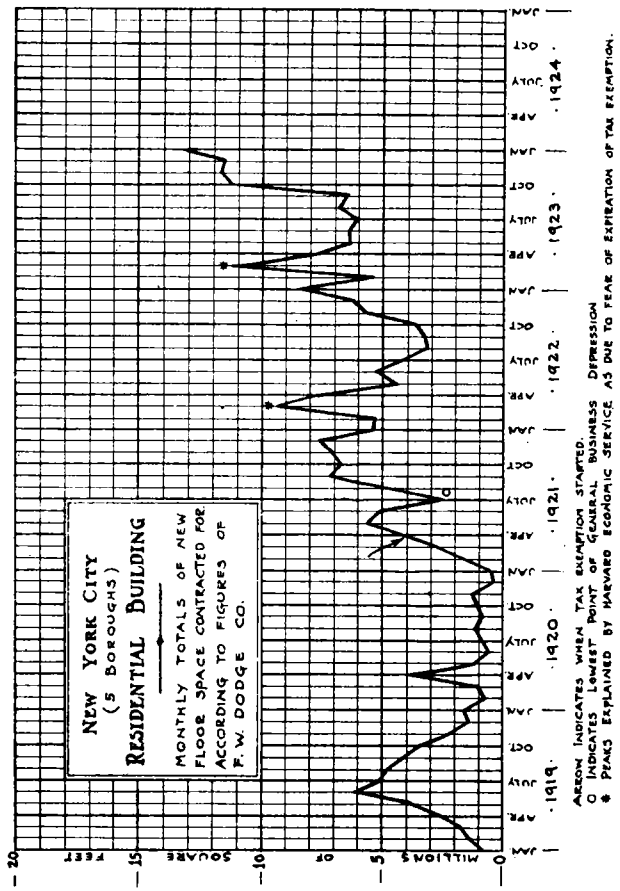
PLANS FILED FOR RESIDENCE BUILDINGS (ALL BOROUGHS) SINCE TAX EXEMPTION LAW WENT INTO EFFECT, AND COMPARISON WITH THE YEAR PRECEDING THE ADOPTION OF THE LAW

BOROUGH	Dwellings		Estimated cost	Tenements		
	Number of buildings	Number of families		Number of buildings	Number of families	Estimated cost
1920						
Manhattan	22	76	$1,503,500	22	1,134	$13,565,000
Bronx	545	714	4,062,975	24	894	3,610,000
Brooklyn	3,105	4,043	22,919,573	52	645	3,077,900
Richond	1,297	1,319	3,202,963	.....	.....	.....
Queens	3,665	5,198	22,145,213	23	300	1,750,000
Totals	8,634	11,350	$53,834,224	121	2,973	$22,002,900
1921						
Manhattan	135	305	$3,015,300	109	4,532	$33,435,000
Bronx	2,481	3,319	16,332,849	277	10,718	39,834,900
Brooklyn	9,936	14,805	81,182,325	534	7,724	33,699,500
Richmond	2,535	2,797	8,204,089	.....	.....	.....
Queens	10,046	12,895	57,661,270	218	1,983	8,528,200
Totals	25,133	34,121	$166,395,833	1,138	24,957	$115,497,600
1922						
Manhattan	40	58	$2,477,976	169	8,240	$56,690,000
Bronx	3,148	4,616	24,741,575	416	15,438	58,803,000
Brooklyn	12,521	18,709	99,508,205	1,218	14,513	56,366,300
Richmond	2,346	2,663	8,298,836	4	179	910,000
Queens	15,738	29,944	94,354,850	398	5,478	19,379,400
Totals	33,793	55,990	$229,381,442	2,205	43,848	$192,148,700
1923						
Manhattan	136	211	$2,103,000	225	11,596	$76,091,500
Bronx	3,985	6,189	36,193,700	395	14,990	58,445,500
Brooklyn	14,320	21,067	115,181,735	2,667	22,145	91,339,300
Richmond	2,130	2,608	9,636,552	.....	.....	.....
Queens	17,780	22,845	111,334,185	343	4,548	21,865,900
Totals	38,351	52,920	$274,449,172	3,630	53,279	$247,742,200

The upward trend continued into 1922. Building permits issued in the month of March reached an astounding figure chiefly, if not wholly, through fear of the expiration of the law. There was a rush to get building started in time to get the benefits. On March 28, 1922, the tax exemption ordinance was extended in New York city for one year, following a further amendment of the Tax Law. The 1922 ordinance widened somewhat the scope of the application to include buildings of three stories or more intended for dwelling purposes of which the ground floor was used as a store. The building permits filed in the five boroughs in 1922 totaled 33,803 for dwellings and 2,205 for tenements.

This boom year, however, was surpassed in 1923, when the total volume of building permits were 38,351 for dwellings and 3,630 for tenements. As in the preceding year permits in the month of March reached an astounding peak, a total of $145,000,000 for building permits in New York city. This unprecedented peak

was due to the fear that the Tax Exemption Law would be permitted to lapse. The building period for tax exemption expired in April of that year and was not extended until June, leaving a period of three months during which there was great uncertainty. This uncertainty was reflected in a precipitant decline in contracts and permits. (See Chart.)



On June 26, 1923, the Board of Aldermen re-enacted the tax exemption ordinance, this time limiting its application on multi-family houses to a maximum of $15,000, while continuing the maximum room exemption of $1,000 to the extent of $5,000 for single-family houses and $10,000 for two-family houses. (See Appendix B.) By this time it had become evident that apartment house construction of the prevailing high rental type did not longer need the stimulus of tax exemption. Whereas, in 1920 builders were meeting difficulty in financing apartment house construction and were themselves unwilling to undertake the risk of construction at costs which they believed must soon fall, by 1921 they had learned that they need not be deterred by high costs. In 1920 they were figuring on normal income from rental property based on previous standards. By 1921 they had discovered that increasing rental return was sufficient to cover all costs and insure large profit to the builder.

Moreover, the landlord after acquiring the building could, with high rents and the benefit of tax exemption, completely amortize the building before tax exemption expired in 1932. For construction under such conditions no bonus was justifiable. That it was not needed is shown by subsequent events. The building of large, high-rental multi-family apartment buildings continued unabated in spite of an exemption negligible in amount, in proportion to cost. High rents and a ready market made such building profitable and profit is sufficient inducement. In the light of this after-experience it now seems that tax exemption might better have been withdrawn from apartment building construction entirely, or extended in full under such restrictions as to make it applicable only to buildings in which rents did not exceed a maximum fixed by ordinance. In this manner tax exemption would encourage the building of multi-family houses of the type most needed and directly benefit the families needing housing.

The Metropolitan Life Insurance Company Experiment

The result of linking tax exemption to a limited rental is to be seen in the valuable experiment conducted by the Metropolitan Life Insurance Company. This company, acting under the special authority granted by the Legislature (chapter 658, Laws of 1922), has erected 54 apartment houses in the borough of Queens. The law provided that the rent charged must not exceed nine dollars per room per month. This law would have been wholly ineffective and the Metropolitan Life Insurance Company would not have attempted to build under this rental restriction in 1922 had not exemption been granted from local taxation. The following extract from the testimony of Walter Stabler, comptroller of the company, shows the relation of tax exemption to their planning:

"Mr. Stabler: After the law was passed we had plans about ready, anticipating the passage of the law, and we obtained bids from half a dozen contractors, one of which in our opinion was low enough to warrant us in proceeding with this operation, as we believed that after deducting the operating costs, deducting the taxes only on the land, that we could make from eight to nine per cent. net on our investment. If we do make that return we expect to credit six per cent to interest and the balance to amortize the cost of these houses.

"The rental of a typical house which accommodates 39 families, at $9 per room, for the regular rooms, living room, dining room, kitchen and bedrooms, and $6.75 per month for what we call dining alcove — that is a small room with a table and two benches in it — produces $18,500 per annum, not allowing for loss of rent but allowing for the cost of administration.

"The estimated expenses, including taxes only on the land, we estimated at $6,000. That would leave net about $12,500. We believe the buildings, with the land, will not cost us in excess of $150,000. Six per cent on that investment will be $9,000. It would leave about $3,000 to $3,500 over and above interest.

"If we had to pay full taxes we estimate that that surplus would be largely consumed by taxes, and that it would be about an even break at six per cent. if we had to pay full taxes. So that we could not have undertaken this operation with the knowledge that we would have to pay full taxes.

"Q. So that the tax exemption made that particular development possible? A. It did; yes, sir.

"Q. Really what difference would that make in the rental of a room if you had to pay taxes? A. It would make a difference of about $1.25 per room per month. That is to say, in order to obtain the net return that we expect now to get, in order to get the same return by payment of full taxes we would have been obliged to charge about $1.25 per room per month more."

Mr. Stabler, when asked if it was the intention of the company to continue construction of this kind, said: "We expect not to do any more." The work already undertaken by the Metropolitan and now nearing completion meets a most pressing need. Without regard to the present plans of this company, the authority under which life insurance companies may contribute to the supply of housing designed for low rental should not now be withdrawn. That this valuable contribution toward the increase of the supply of moderate cost housing may be continued and followed, the powers granted under the present law should be extended.

One- and Two-Family Houses

The limitation of the exemption on multi-family houses to $15,000 gave further impetus to the building of one- and two-family dwellings. From the beginning tax exemption has stimulated this type of construction in New York city, and to an astounding extent. Prior to the granting of tax exemption the trend in residential construction in New York city had been toward multi-family buildings. Since 1921 the trend has been toward one- and two-family dwellings.

The stimulus to building has been felt especially outside of Manhattan. In The Bronx, in Queens, Richmond and Brooklyn permits for one- and two-family dwellings increased nearly 200 per cent in the four months after the passage of the ordinance. In The Bronx and in Manhattan, new housing accommodations were largely of the tenement type, but in Queens, Richmond and in Brooklyn thousands of one- and two-family houses have been built.

Most of this new development is found in Upper Astoria, East and South Jamaica, Ozone Park, Garretson Beach, Homewood, Elmhurst, Long Island City and some in The Bronx. Usually the real estate operator takes the initiative, buying land and subdividing it. He sells tracts to builders, whom he helps to finance, thereby taking his main profit in the land. The builder is expected to profit on the building. The responsibility for street improvements usually lies with the original operator and he usually provides the minimum. The lots originally valued at from $600 to $1,000 are turned over at from $1,500 to $2,500 with street improvements. In the improved districts frequently one builder will build up one side of a street for the distance of a block and then pass to another, while a second builder builds the other side. Other builders take up odd lots or block ends, filling in vacant spots, following larger operations. The houses are arranged to fit the lot sizes. By far the greater number are built on lots twenty feet wide. All of these newly constructed dwellings may be readily classified in a few distinct types of which each operator has one or two designs which he generally repeats indefinitely. Prices range from $4,250 to $6,000 for single-family frame houses. Two-family houses in the cheaper districts average $9,000. Single-family brick houses range from $9,500 up and two-family brick houses from $12,000 to $18,000. The present trend of prices for these houses is upward. This is due to tremendous demand caused by the housing shortage and the continuous high rents charged in the borough of Manhattan. The testimony of builders shows that most of the potential home owners come from apartments in Manhattan where rental increases and insecurity of tenure justify families in making every possible sacrifice to escape from present conditions. These competing buyers have inflated prices beyond anything expected by the builders. As a result, present costs of building and land are not the most important factors in determining market prices. This is shown by the progressive increase in selling prices of houses in several of the developments inspected by the Commission. In one development the original price of a single-family house was $8,000; this house is now being sold at $9,500. In another development of forty houses, the first ten were sold at $7,000 the second ten at $7,500 and the price last quoted was $8,750.

Builders make special efforts to encourage prospective home owners to visit their properties on Sundays. Every Sunday families may be seen parading along newly opened streets, inspecting houses. The house first completed in each group is a sample house, which is always open to inspection. From this sample house builders sell dwellings in various stages of completion. It is not unusual for all the completed houses of a group to be sold on a single Sunday. Such an experience is sufficient justification to some builders to raise the price for the next group. Such rapid selling does not prevail for all types or at all prices. There is a

limit, and this limit the builder tries to find.

In the financing of these houses the first mortgages cover from 40 to 60 per cent of the sales price. The mortgages are provided by savings banks and trust companies. They run from three to five years on the average, although it is possible to secure longer term loans. The second mortgages are limited to five years and payment is expected at the end of that period. Amortization is arranged to include payment upon termination of the loan. This second mortgage presents the most serious problem of the builder, particularly if he has over-extended his credit, as is frequently the case. In order to realize upon a second mortgage the builder frequently agrees to a discount of from 20 to 30 per cent, which factor absorbs much of the discrepancy between stated costs and selling prices and accounts for the apparently large profit. These houses are sold to home owners on a first payment ranging from $500 to $1,500 for single-family houses, $1,000 to $1,500 for two-family houses.

That there is a continued market for the new one- and two-family dwellings at prevailing high prices has been explained by many builders as due entirely to tax exemption. Builders customarily use tax exemption as their most effective selling argument, for whatever be the relation of selling price to actual costs or ultimate value, the prospective home owner calculates the remission of taxes as sufficient offset to protect him from ultimate loss. Moreover, tax exemption by reducing his monthly expenditure until 1932 will enable him to apply approximately $12 monthly toward the liquidation of the mortgage which otherwise he would not feel competent to satisfy. This was explained in the testimony of Mr. Charles A. Chase, assistant secretary of Realty Associates of Brooklyn, at the public hearing. The corporation which Mr. Chase represents has built approximately 1,500 one- and two-family houses since tax exemption became effective.

"I know the sacrifice people are making to meet their payments and to get away from high rentals," he said. "I know how hard it is to meet these payments in the $68 monthly outlay I mentioned, but the realization that they are accumulating a home is the incentive. I know if you take away tax exemption it would simply make it impossible for them to purchase a home."

However great is the value of home ownership it must be acknowledged that for many families the necessary sacrifice is too great. There is evidence of considerable doubling up in both one- and two-family houses which have been acquired by families with an inadequate income. Such purchasers start by applying their complete savings and assume obligations, known and unknown, which will strain their abilities to the limit. Especially for the cheaper houses they must accept poor transportation, unfavorable market conditions and inadequate school facilities. Many of these houses are so poorly constructed as to increase the present fire hazard. Many of them will require early repairs of paint and plastering when payments are highest. Public improvements will follow with special taxes and expenses. Nevertheless, under the conditions prevailing in New York city, all of these burdens will be endured in order to have a home in the hope that when payments are completed and ownership established the sacrifices will have been justified.

Who Gets the Benefit

The full and immediate benefit of tax exemption goes only to the man who builds his own home. In so far as he is able to confine his construction costs within the limit of $5,000 for the one-family, or $10,000 for the two-family house, his benefit is considerable, representing a final offset of approximately one-third of construction cost. With each succeeding year, with exemption limited to January 1, 1932, the real value of the inducement diminishes. But with seven more years to run, even for dwellings on which construction is begun prior to April 1, 1924, tax exemption will effect a return of almost one-fourth of the present cost.

To a lesser degree the home owner benefits when the house is built by a commercial builder, for the commercial builder obtains his share. Under present conditions of demand this may be capitalized in the selling price. But even so, it is only through tax exemption that home ownership is made possible for many families who would otherwise be compelled to pay in rent an amount equal to the monthly installment required for the purchase of a home, including current maintenance costs. Heretofore the market for one- and two-family dwellings in New York city has not been large. Today the market is unlimited. This is due in large measure to tax exemption. For the family that buys a dwelling built by a commercial builder, the value of tax exemption is still real and effective.

Tax exemption has as yet brought no direct benefit to the tenant. Rents have not decreased, as was shown in the previous report of this Commission to the Legislature. (Legislative Document [1924] No. 43.) Ultimately, in so far as tax exemption has stimulated new construction and increased the volume of available housing accommodations in New York city, it must be credited with a share in the future benefits which the tenant will derive. Immediate benefits can reach the tenant only if the exemption is limited to apartments and dwellings in which not more than a moderate rental is charged, as determined by the local authorities.

Effect of Tax Exemption on City Revenue

Despite the lack of any method or data by which the effect of tax exemption on the city revenue may be accurately shown, consideration must be given to certain facts bearing on this question.

Where there is no building, land values are stationary and tend to decline; where building goes on in large volume, there is demand for land, and land values increase. Assessment ultimately increases in proportion.

There has been a tremendous increase in land assessments since 1920 in all the boroughs. There has likewise been a tremendous increase in improvements in the same period. In Richmond and Queens, for example, where because of cheaper land value tax exemption has stimulated an enormous amount of building of almost exclusively one- and two-family dwellings, the increase in assessments of land, improvements and vacant parcels for 1923, when tax exemption had been in operation for two years, was ten times and two and a third times greater, respectively, than in the year previous. In Brooklyn for that period there was an increase of $631,486,852. The increase for all the boroughs was $855,550,035. (See Table II.)

Tht resumption of building has greatly increased the taxable value of the land, which is not included in the exemption. The tax assessment on land for all boroughs for 1922 — covering the period March, 1921, to March, 1922, which coincides with the first year of tax exemption — was $4,976,000,282. This represents an increase of about $56,000,000 over land assessment for 1921, *i. e.*, March, 1920, to March, 1921, just previous to tax exemption. The second year of tax exemption brought land assessments in the five boroughs up to $5,084,991,202, representing an increase of $108,990,920.

The increase in assessments on improvements is even more remarkable. In the second year of tax exemption the increase in assessments on improvements was $785,009,922, while in the year before tax exemption, assessments on improvements showed a decrease of $337,660,071. Tax exemption, as has been shown in the earlier part of the report, has stimulated the tremendous growth of residential building. In so far as it has been responsible for this improvement and has contributed to the creation of higher realty values, it may be credited with increasing city revenue.

From the increased taxable value of the land, the city is already drawing benefits in larger taxes. From the tremendous increase of taxable values in improvements, the city will derive benefit in a few years. The immediate outlay which the city will have to make in added requirements for fire and police protection, for schools, for sewers and other services is relatively small. In the future the city will be repaid for any immediate outlay. Mr. Henry Wright, expert on city planning, testified before the Commission at the public hearing in reference to the large volume of one- and two-family construction in the outlying sections of New York city:

"The city is giving up returns which are necessary to maintain schools and other things. Looking at it purely from a business standpoint, this is excusable because the cheaper one-family frame house is now going into districts where it neither has nor reasonably expects much city service. They are going along without sewers, going along without street pavement and many other things. Consequently the city has little expense. Taxes are paid to the city to perform service to its citizens. Merely as a business proposition it is reasonable to keep on exempting taxes from people who do not get service."

If the city is to encourage development, it must plan to provide the necessary accommodations. From the standpoint of revenue, the city must be considered in the character of a business man who ventures an immediate outlay to insure future income. Tax exemption is creating aggregate taxable values to an extent heretofore unknown in the history of any municipality.

TABLE II.

EXEMPT FROM TAXATION UNDER CHAPTER 949, LAWS 1920, AND AMENDMENTS FOR THE YEAR 1923.

BOROUGH	One- and two-family houses	Exempt valuation	Amount of exempt taxes	Multi-family houses	Exempt valuation	Amount of exempt taxes	Total exempt valuation	Total amount exempt taxes
Manhattan								
1922	2	$10,000 00	$275 00	46	$7,452,000 00	$204,930 00	$7,462,000 00	$205,205 00
1923	20	130,000 00	3,562 00	109	15,340,000 00	420,316 00	15,470,000 00	423,878 00
Bronx								
1922	913	4,361,300 00	119,935 75	67	8,503,700 00	233,851 75	12,865,000 00	353,787 50
1923	918	6,954,225 00	190,545 77	87	30,009,800 00	822,816 52	36,964,025 00	1,013,362 29
Brooklyn								
1922	4,476	27,980,465 00	772,260 83	168	6,175,100 00	170,432 76	34,155,565 00	942,693 59
1923	5,831	35,372,475 00	960,205 82	461	30,225,100 00	828,167 74	65,597,575 00	1,797,373 56
Queens								
1922	6,473	23,538,315 00	656,718 99	29	2,210,600 00	61,675 74	25,748,915 00	718,394 73
1923	8,261	35,742,695 00	979,349 84	103	5,028,850 00	137,790 49	40,771,545 00	1,117,140 33
Richmond								
1922	1,183	3,217,465 00	89,445 53	.....	.....	.....	3,217,465 00	89,445 53
1923	1,487	2,701,575 00	74,563 47	.....	.....	.....	2,701,575 00	74,563 47
Total all boroughs								
1922	13,047	59,107,545 00	1,638,636 10	310	24,341,400 00	670,860 35	83,448,945 00	2,309,526 35
1923	16,517	80,900,970 00	2,217,226 90	760	80,623,750 00	2,209,090 75	161,524,720 00	4,426,317 65
					$104,965,150 00	$2,879,391 09	*$244,973,665 00	†$6,735,844 00

* For 1922–1923.
Estimated increase, 1924 — $190,000,000.
Total estimated exemption for 1924 — $424,973,665.

† Total tax exemption for 1922–1923.

Commission of Housing and Regional Planning: Report of Commission, dated March 1, 1925.

(Excerpts)

Comparison of Present Conditions with Pre-War Period:

There is good reason to believe that the housing conditions for people of low and moderate income are worse than they have been in the past. This is not indicated by average rental figures and costs of construction in contrast with wage figures. Wages have advanced to a relatively higher point than construction costs and even today are somewhat above the rent index of the Federal Reserve Bank and much above that of the U. S. Bureau of Labor Statistics. If we might assume that in 1914 the wage-earner had been able to command adequate housing, his postion today would be much improved.

In the opinion of the Commission such a conclusion would be fallacious. Most important is the fact that average rentals are not indicative of the pressure to which the tenant is subjected today. The purchasing power of those who have benefited by the rent laws has increased. In the case of families with an average income of $1600-$1700 in 1923 .[1] occupying an apartment for five years or more. rent consumed an average of about 17 per cent of the income. In an open market this figure would more nearly approach 20 per cent. Even for an average of all tenants in four-room apartments with the same average income rents were only 19.4 per cent of the income. For many people the pressure on current income is therefore less today than it was in 1914, but only so long as they remain in the same apartment, for tenants who have lived in the same apartment less than one year were paying 27 per cent of their income for rent. Potential high rents absolutely precluded the possibility of moving except for most emergent reasons. These rentals represent a real retrogression of conditions for those who are actually paying them.

The index of building cost of the Federal Reserve Bank of New York stood in September and October, 1924, at 196 as compared with 100 in June, 1914. These figures indicate a relative increase in purchasing power, and yet as has been seen, even under these conditions new construction cannot directly operate to relieve the pressure.

The vacancy figures cited in Table 2 are further indication of the relatively worse condition of the tenant today. From 1920 to 1924 vacancies were usually somewhat less than 0.5 per cent in old-law tenements. Such vacancies allowed of almost no movement. They indicated an actual physical shortage of houses. Today this pressure is less severe by comparison with this period of drastic shortage, but the present vacancies of 1.81 per cent in old-law tenements are far below those of 6.52 per cent in March, 1916.

The significance of these figures may perhaps be better appreciated from a history of occupancy rather than vacancy. Before the war old-law tenements were being gradually demolished. Even at best this progress was slow. If the rate of demolition for 1911, the year of largest decrease, were steadily maintained it would take more than sixty years to rid the city of old-law tenements. But slow as this progress was, it represented improvement. Commissioner Mann testified before the Commission of Housing and Regional Planning:[2] "I am under the impression and I maintained years ago that if normal conditions had continued to prevail, that the time would come when nobody would live in the old-law tenements." "They would have been automatically vacated by becoming obsolete." Conditions today should, therefore, be better than in 1914 merely to maintain the normal pre-war trend.

The accompanying charts show what has actually happened. Houses have been destroyed, it is true. But it is not the standing structure but the fact of its use that constitutes a menace. From March, 1916, until April, 1920, there was a steady increase in the number of families living in old-law tenements despite the fact that the number of buildings decreased. From April, 1920, until January, 1924, there was a decline in the number of these families but there were still 10,500 more than in 1916. The survey of January, 1925, indicates that we have at last returned to the conditions of 1916. Today there are 461 fewer occupied apartments than in 1916. What formerly represented only a starting point in an unplanned program of improvement, for nine years has been a goal to achieve!

Still worse, if we may accept the common verdict of the Tenement House Department, "housing progress in New York city has been set back twenty-five years." By this is meant that the increased demand for old-law houses has required a new investment to rehabilitate them. This investment has not made heretofore indecent housing adequate. It has brought the house to a standard that meets the requirements of the law—not for new construction but for those shells already built in 1901 that could be improved but never brought up to the new standard. But this very act of investment has revived the determination of owners to hold such houses in use. Officials of the Tenement House Department believe that it will be twenty-five years before such investments have been wiped out and the houses become so obsolete that the old trend will be resumed with full force.

Further evidence of the retrogression of housing conditions can be seen in the records of the Tenement House Department. One of the most significant changes of attitude forced by present conditions is not of great practical importance. The Tenement House Law has provided[1] since 1912 that: "A building not a tenement house, hereafter converted or altered to such use, shall thereupon become subject to all the provisions of this chapter affecting tenement houses hereafter erected." This means in effect that there can never be any increase in the number of old-law tenements. If such a house is converted to non-tenement uses as was done on a large scale in 1918 due to a shortage of business and industrial construction, that building can never be returned to tenement use without structural alterations making it into a new-law tenement. In practice there have been such reversions on a small scale, the position of the Tenement House Department being that in the existence of such an emergency as the post-war period produced no court would sustain action by the Department if there have been no structural alterations during business use that render the tenement illegal as an old-law house. Such reversions have been few in number since the passage of the section 1912.[2] None the less they typify a lowering of standards not only on the part of the Tenement House Department but on the part of landlords. The former perhaps is not important for it is only a temporary condition. The latter is far more significant for it demonstrates that old-law property is again recognized as merchantable housing. Heretofore the old-law house has been regarded as rapidly becoming obsolete. Any honest[3] conversion to non-tenement use was final. There was no desire that the house revert to tenement use. Today this is evidently not the case.

Further, there have been many illegal conversions to tenement use that have real numerical importance. About 5000 houses affecting from 25,000 to 30,000 families have been altered by filing plans for two-family or non-housekeeping apartments with the building department. The latter issues a permit on the basis of legal plans and later certifies to the completion of the alteration. Such houses are not tenements within the law and hence are outside the jurisdiction of the Tenement House Department. So soon, however, as the certificate is issued, the landlord installs stoves and sinks, thus secretly converting the house to tenement use. The Tenement House Department may only file a violation against the property. But in practice, unless there is a fire hazard compliance is not formed. Commissionr Mann testified in 1923[1]: "If we consider that there is any fire danger, we bring the matter into court. If we consider it a case where there is no danger of fire — in other words, it may be a 10 story house were no fire-escape is required, or it may be so occupied that there is a fire-escape on it and yet it is not a tenement — we don't prosecute on the ground that there are times, and these are the times, when a public official charged with enforcing a certain duty must close one eye, and sometimes both, and particularly because of the housing shortage." Such houses are still in existence. Commissioner Mann is now trying to enforce the law. Ultimately this should mean that all such illegally converted houses are either removed from tenement use or made to comply with the law. Meanwhile the situation has so improved in Commissioner Mann's opinion that no further illegal conversions will be tolerated.[2]

Aside from the known fact that even today as many people are living in old-law tenements as before the war and that many families are living in houses that do not necessarily meet the standards of the law in any respect other than the provision of fire-escapes, there is reason to believe that the internal condition of the houses is poorer than before the war. In the first place the work of the Department has increased and its force has remained almost stationary. The result is that inspections are made only on complaints. Commissioner Mann thinks a monthly inspection desirable and a semi-annual inspection a minimum. Yet no complete inspection of the tenement houses of the city has been made in recent years.[3] A second indication of this condition is to be found in the increase of complaints filed. Before 1919 the average number was 32,000 to 35,000 per year. It is now about 100,000.[4] This conclusion is borne out by other testimony offered and elsewhere summarized by the Commission.[5] Houses that were unfit for use in 1900 and still unfit in 1914 are today ten years older and ten years more the worse for wear.

How Have the Rent Laws Served?

The outstanding characteristic of the present condition of housing is the peculiar relationship of rental and tenure. The facts for 1703 families living in four-room apartments are presented in Table 5.

II. The Approach to the Housing Problem

Permanence of a Housing Problem:

During the post-war period housing conditions became acute. For a short period even the well-to-do found it difficult to secure shelter. There was a physical shortage of homes that led to a downward pressure as higher income groups bid for quarters that had hitherto been occupied by less favorably situated groups. As usual the pressure became most severe on those least well able to pay. But for all economic classes the housing problem was serious, arising for groups for whom shelter had always been provided. At present the problem consists in the fact that no new construction has been or can be made available for the lower income groups

[1] Based on data collected by the Commission.
[2] *Hearings:* October, 1923. pp. 342-343.

[1] Chapter 61 of the consolidated laws, section 3.
[2] On only five occasions have they been sufficient to cause a net gain in the number of old-law tenements. In Brooklyn there was a net gain in 1919-1920 of 16 apartments. In The Bronx in 1914-1915, 1917-1919, and 1920-1921 there were net gains of 34, 17 and 2 apartments respectively. In Queens in 1919-1920 there was a net increase of 88 old-law apartments.
[3] The law was amended in 1912 to prevent a common practice of facilitating sales. If a house is removed from tenement use, it automatically ceases to be under the jurisdiction of the Tenement House Department and all pending violations are dismissed. To expedite sale it was often the practice ostensibly to place the house in non-tenement use thus ending the violations. After the house was sold it was immediately placed in tenement use and all the violations again come under the jurisdiction of the Tenement House Department.

[1] *Hearings*, p. 354.
[2] Record and Guide, January 10, 1925. p. 7.
[3] *Hearings*, pp. 349-350.
[4] *Ibid.*, p. 348.
[5] Leg. Doc. (1924) No. 43. p. 25. pp. 43-45.

who constitute the majority of the population and that in those old houses which they may occupy a severe strain has been set up by the peculiarity of the rent structures. The "spot" price for such apartments is so high as gravely to menace the standard of life of large sections of the population.

But underlying all this is a permanent problem. At all times and in all places private enterprises has been unable to supply adequate housing to meet the needs of the underlying population. In New York City the first official statement of the inadequate character of the housing of these economically less fortunate groups dates back to 1842. Periodically thereafter investigations have been conducted by official and unofficial bodies all of which find the same or similar conditions continuing.

Restrictive Legislation:

In dealing with the housing problem, whether it be the "normal" problem or the "emergency" situation, social policy has usually been restrictive. Although the rent laws did not inhibit new building enterprise as was pessimistically predicted by many — the record of the years 1922, 1923 and 1924 is ample proof that they were wrong — by no stretch of the imagination can the rent laws be regarded as an incentive to new construction. Rent laws meet the temporary problem, not the permanent one. Some exception to the generalization above should be made in favor of tax-exemption[1] which did much to break the deadlock in 1921 although the benefits of exemption pass to the builder rather than to the ultimate consumer. In facing the permanent problem the legislature set up a tenement house law in 1867 and has frequently amended it since. These laws are intended to prevent the erection of tenements below certain standards. Such laws do not srve as an incentive to new construction. Furthermore the standards must always be set low enough to allow private enterprise still to find a profit in housing at least the upper strata of the lower income groups. Otherwise they will inhibit construction for all but the well-to-do.

Constructive Approach:

The Commission recognizes the permanent character of the problem. There can be no doubt of the need of restrictive legislation. But the problem must be dealt with constructively as well. Therefore, the Commission has considered the continuous, as well as the temporary problems and has sought to make an analysis that will allow of constructive application to the permanent problem, the provision of adequate homes to persons of low income.

The problem is fundamentally that of providing adequate housing at low cost. The following analysis confines itself to factors of cost, for it is only by cost reduction that adequate housing can be afforded. But at all points the Commission has held firmly in mind the fact that cost reduction at the expense of quality is a false ideal. The reason for cost reduction is to make possible an improvement in quality in any or all of the factors of the house: Its structure and internal arrangement, the public facilities provided and the recreational and extra-mural amenities that are necessary to an adequately equipped home.

To confine one's aims to merely cheaper houses leads to false economy and inadequate homes. Although the ultimate installation of public improvements and the high rate of deterioration of many of the miles of wooden houses built in Queens make it doubtful that any real economy has been effected, one must admit that immediate costs have been reduced. It is barely possible that the direct money costs of housing have actually been reduced, even from a long time point of view. But the housing itself is inadequate. The fire-hazard created is perhaps the greatest immediate menace. The houses are built on narrow lots with inadequate light and ventilation for side rooms. Truly useful recreational space does not exist. At least temporarily public improvements are inadequate. In the opinion of the Commission such facilities can never be provided without so burdening the land that the charges cannot be carried by the present occupants. The Commission believes that the aid of cost reduction is leading builders to seek not an ultimate saving but merely to effect the most immediate and temporary money economy.

The Commission in the following sections seeks means of reducing true costs. But this is only a means to an end. The goal is the provision of adequate homes for people of small incomes, homes that will allow of a decent standard of life in all those respects over which the physical house and its surroundings exercise control.

The Costs of Housing:

The costs of housing are of two kinds: the original capital outlay and the current running expenses. The problems of cost reduction will only be partially analyzed if either is neglected. Everyone will admit that it is desirable to reduce the original capital outlay. To reduce the cost of a housing unit including land from $200,000 to $160,000 would be heralded as a great achievement. But this capital outlay is important to the tenant only because it forms the basis on which interest payments and amortization charges are made. An equally great saving would be effected if current expenses were reduced by making money available at 6 per cent rather than 7.5 per cent and the cost of the unit were still $200,000. The ideal of course should be to effect both economies, reducing the cost of the unit to $160,000 and the rate of interest to 4 per cent. As will be seen later, it is sufficiently difficult to house the lower income groups at anything like their present rentals. To bar the possibility of some saving by considering only building costs or only financing costs makes the problem needlessly difficult if not impossible.

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3. Taxation

The gains to be realized by a decrease of taxes is far less apparent than those due to lower interest rates. For example in the case of the apartments assumed to be built with varying rates of interest (page 26) a decrease in the rate of interest from 9 per cent, about the present commercial average, to 6 per cent would make possible a reduction of 20 per cent in rents. Total tax-exemption on land and buildings would only allow rents to be reduced 15½ per cent. Complete exemption on the buildings would amount to 14½ per cent. It is of course only when the building is erected on cheap land that the saving is relatively so great in the latter case.

Such exemption has been tried for a few years in New York City and as a permanent scheme in Scranton and Pittsburgh. The two latter cities are gradually reducing taxes on improvements until ultimately building values will enjoy a great differential over land values. The New York experience clearly demonstrated that tax-exemption applying only to new buildings, which are a small proportion of the total, must be coupled with a limitation of the return if the benefit is to reach the tenant. Tax-exemption undoubtedly induced much building. But it did this because the speculative builder was able to pocket almost all the saving. It had little more effect on rents than had the city given a few men a direct bonus for every house built at a time when the new buildings had no influence on the general market price. As a means of ending a physical shortage the measure was excellent. As a means of getting cheaper homes, it was almost useless.

The situation would be quite different if limited dividend companies could secure tax-exemption. Because of their low interest payments, their rents are already below the market: $9.22 instead of $11.51. The saving due to tax-exemption would necessarily have to pass to the tenant because the return is limited to 6 per cent. For such a company tax-exemption on the buildings would mean that rooms could be rented at about $7.50.

Tax-exemption of Buildings:

In so far as tax-exemption is granted for the period of amortization the interest rate may be raised. With tax-exemption and money at 5 or 6 per cent present old-law tenement rents may be duplicated. Without tax-exemption to reach these same rents the interest rate must be 3 or 4 per cent.

Amortization:

The loans can only be amortized over a long period if all benefits of the low interest rate and tax-exemption are not to be lost. In commercial tenements studied the rate of amortization of mortgage loans was about 4 per cent of the value of the buildings. Well constructed tenement properties will be sound investments if amortized in forty years or at the rate of 1 per cent a year. In the calculations above this has been assumed. Assuming money at 6 per cent without tax-exemption families may be housed on cheap land at $9.20 per room per month and with tax-exemption of buildings at $7.50. But if amortization were at 4 per cent even with tax exemption the rent would have to be $9.70. Any policy that sought to retire the loans in less than forty years would defeat its purpose.

Limited-Dividend Companies:

Two types of housing should be distinguished. The well-to-do are able to pay for homes. For these private enterprise has organized the business of housing. The housing of the lower income groups in new construction is not profitable. Therefore this does not form part of the business of housing. It is frequently thought that new construction renders slightly older buildings obsolete for the economic group for whom business enterprise functions. These vacated buildings are supposedly better than those occupied by the mass of wage-earners who are able to move into the deserted buildings. That this process has not worked effectively is illustrated by the intensive use of old-law tenements. The business of housing cannot furnish adequate homes directly or indirectly to these families. They will be adequately housed only by non-business enterprise. This does not mean that private enterprise should be supplanted but rather that some supplemental organization must function in a field which business enterprise does not and cannot enter.

The limited-dividend companies and cooperative groups are the two types of non-business enterprise that today furnish such houses. This has been possible in part because of economies in construction and management, but chiefly because they operate with a low return on capital investment. Public credit would expand their scope.

Furthermore, it is only through such organizations that cheap credits or tax exemption will benefit the tenant. Speculative private enterprise will operate only for profits far exceeding a limited return of six per cent. If funds were made available at low rates of interest without restriction as to the rents charged, the profits of speculative enterprise for many years to come would be enormous for the volume of such construction would be small compared with the aggregate accommodation and would not materially influence competitive rentals. If rents were limited to a figure allowing a return at less than current business rates, speculative enterprise would not operate even with cheap credit. If the rent is fixed to allow a satisfactory profit, the rent must be higher than is necessary to cover current expenses. If Public credit furnished the funds for housing, such profit is mere waste. No proposal to lend Public credit for the use of speculative enterprise is justifiable, unless such enterprise agrees to operate under the limitations of interest returns which are imposed on limited dividend companies or cooperative organizations.

The latter types of housing organization have successfully conserved for the tenant all economies effected. The practical value of their methods justifies the fullest encouragement and widest extension of housing development by limited-dividend and cooperative organizations. As heretofore shown, such extension in

[1] For the statement of the Commission of Housing and Regional Planning on this subject see Leg. Doc. (1924) No. 78, p. 6.

effective degree is possible only through capital increase at a low interest rate. Through public credit alone can this be provided.

Commission of Housing and Regional Planning: Message from the Governor, dated February 22, 1926, Transmitting Report of the Commission Submitting a Proposal for Permanent Housing Relief, dated February 18, 1926.

(Excerpts)

STATE OF NEW YORK

EXECUTIVE CHAMBER

ALBANY, *February* 22, 1926.

To the Legislature:

I am herewith transmitting to you the Report of the Commission on Housing and Regional Planning submitting a proposal for Permanent Housing Relief.

In my first annual message I referred briefly to the question of proper housing in congested sections throughout the State. In order that the picture may be fully before you let me here recite the State's treatment of this important question since 1919 to date.

Upon my assumption of office in January 1919, I called attention to the then existing housing emergency. Early in 1919 in my message appointing the Reconstruction Commission I called their attention specifically to housing conditions. Shortly thereafter the Legislature appointed a Joint Legislative Committee on Housing and in June of that year in a report to me in speaking of the shortage of proper housing the Legislative Committee said: "The deterring factor is the difficulty in obtaining building loans." and pointed out the need of low cost money for construction of homes at low rentals. They further said:

> "We believe the financial institutions such as savings banks, life insurance companies, fire, accident, health and casualty insurance companies and other institutions favored by Federal and State tax exemptions can and should meet the situation in this State by loaning liberally within the law for housing construction."

In the same report to me the Committee suggested that I as Governor of the State should make an appeal to the leading organizations of the State "immediately to put forth every possible effort to aid new construction of dwellings especially those renting at low rates."

As early as May 1919, I had stated that the only real remedy for the situation was the construction of more houses. In 1920 upon receipt of a report from the Reconstruction Commission I urged that we should not spend all our efforts on rent legislation but should undertake constructive effort that would have a permanent effect. The facts were carefully presented in a report of the Reconstruction Commission and I urged a constructive policy in the creation of Housing Boards and the adoption of the recommendation of the Commission. Your own Committee in a report made to the Legislature at the Special Session in September 1920 said:

> "The Federal, State and City health authorities direct the attention of the nation to the overcrowding, especially in the large cities, and point out that the housing situation presents a potential danger and menace to the public welfare. The old, abandoned, unsanitary tenements are necessarily occupied and the slum is again raising its head in the cities. The stability and progress of a people depend upon the comfort, healthfulness and security under which they live. Shelter is a necessity of life and the home the bulwark of the Nation."

In the same report the Committee indicated that a survey which it had received showed a general shortage in the cities and that local efforts were being made to stimulate construction and obtain first and second mortgage money, showing that your Committee was conscious of the fact that the cost of money was interfering with building. The recommendation of the Joint Legislative Committee all suggested attempts to relieve mortgages from taxation, to make the bonds of the State Land Bank a legal investment for State and local sinking funds, and also recommended the creation of local building boards. Thereafter the Joint Legislative Committee directed itself to various investigations looking to lowering the cost of construction of houses including investigations of various trade conditions and other matters which seemed to increase costs denoting that they were entirely conscious of the fact that in some way housing costs would have to be lowered to meet the needs of a large proportion of the population.

In 1922, your own Committee again stated that "the emergency in housing accommodations that existed, particularly in the City of New York still exists and with respect to the cheaper class of tenements and housing the emergency has grown and is today more acute than it was at the time the laws were passed."

The Legislative Committee further states in the same document:

> "Your Committee further finds that owing to the high prices of labor and materials and other economic conditions **no houses of the character last described** (low rental apartments) are being constructed or are in prospect, whilst, on the other hand, many of the older tenements of this class have become obsolete and uninhabitable whilst many others have been torn down to make room for business buildings that are encroaching upon these neighborhoods."

The same report also states:

> "**The present costs have driven building activities into the construction of business and residential properties and of the more expensive apartment houses to the exclusion of reasonably priced tenements. Meanwhile the congestion among the masses of people in the great cities and particularly in the City of New York is increasing to such an extent that it has become a menace to the lives, health, morals and safety of the entire community. In many districts there are from three to four times as many human beings housed in the same number of cubic feet of living space as before the war. Your Committee is satisfied that as a result of the shortage in this class of living accommodations the lives and health of the population of the City of New York are in grave danger from the results of contagious diseases apart from the perils that lurk in the unhealthful surroundings in which the poorer classes of our population are compelled to live. There is no relief from the ordinary activities of competitive building for the reasons above stated.**"

Your own Committee recommended the enlargement of the powers of investment of the life insurance companies so as to permit them during the existence of the emergency to invest a small proportion of their capital in the construction of this class of buildings.

Later in 1922 your Committee reported in greater detail the difficulties of securing money from the usual loaning institutions for low cost housing purposes and pointed out that "the construction of buildings continues to be further discouraged by the difficulties encountered by prospective builders in securing loans or other financial assistance. Life insurance companies, savings banks, and other lenders of money have imposed unusual conditions." In the same section of the report your own Committee pointed out the causes for the high cost of money for construction purposes and also stated that in their opinion "the City of New York is in urgent need of at least 70,000 healthful and sanitary apartments of four rooms each that can be rented at not to exceed $9 per month per room."

In the final report of your Committee in 1923 they stated:

> "In the very heart of the city great apartment houses offering accommodations to many thousands of families are going up but most of them are beyond the means of the masses. The general result appears to be that in the higher class apartments there may be superfluous space in the city; whilst in the suburbs the one family and two family dwellings offer accommodations to a man of moderate means. In the city itself it is apparent that there will continue to be a scarcity of moderate and cheap priced apartments until the supply in the higher priced apartments has had its effect on the price of the others. In other words, there is an abundant supply of apartments renting at upwards of $20 a room, but still an alarming scarcity of new apartments renting for between $9 and $12 per room and of the cheaper apartments. The apparent reason for this is that the prospective builder, because of the prevailing high cost of material, and the uncertainty of the cost of labor, has been compelled to place his investment in construction that will give him reasonable assurance of the high rentals necessary to pay him an adequate return on the large investment required."

I quote thus at length from the reports of your own Committee to indicate the careful studies which they made and also desire to point out that no change has come about on the Island of Manhattan which in any way alleviates these distressing conditions. I could continue to quote from other messages and public documents but they are all in your possession. The reports of the State Commission on Housing and Regional Planning repeatedly draw attention to the same conditions but the report which accompanies this message presents conclusive and up-to-date evidence that there is a permanent housing problem which none of the remedies thus far suggested meets. Tax exemption produced houses but except for the negligible quantity of small houses in the outlying districts made no impression whatever on the congested areas in the large cities so far as relief for moderate income groups is concerned.

This whole question has been investigated, and re-investigated, and investigated all over again until there are in existence today official records on file in the Capitol at Albany sufficiently large to fill volumes of books. One outstanding fact still remains as a result of all the investigations and that fact is that the construction of certain types of homes for wage earners of small income is unprofitable under the existing system. All of the investigations disclose the undisputed fact that the building of homes has in the past been looked upon as an enterprise conducted like any other business in which the element of speculative profit has been the compelling force. Until this situation is changed it will be impossible to rebuild the tenement areas which continue throughout the years to be a menace to the health and the morals of the country.

The report of the State Commission on Housing which I transmit herewith furnishes a list of old law tenements in New York City still standing and still inhabited which were condemned as foul, unsanitary and unfit to live in by the Tenement House Committee of 1885.

Legislative committees, private agencies, the Reconstruction Commission, the State Housing Commission, everybody who has studied the subject is unanimous in the belief that the great obstacle to private capital for this class of housing has been the cost of borrowing money, and the present slow and expensive process of acquiring sufficient land to conduct profitable building operations on a large scale. They are also unanimous in the belief that if the apartments in such buildings are to be offered at a rental within the means of the low scale of wage earners they must be constructed on a large scale.

After serious thought, study and investigation by the State Housing Commission and other interested organizations it seems to be the opinion that the creation of a State Housing Bank similar to

the Federal Land Bank organized for the relief of farmers, clothed with the power of condemnation for suitable projects, to the end that they may at a low rate of interest loan money to limited dividend corporations organized for the purpose of carrying on these operations at a reasonable return on the money invested, is the key to a solution of the situation.

Accordingly there will be before you a bill to accomplish these purposes. While the limited dividend companies which are to construct and operate the buildings yield to the sovereign power of the State for their regulation as to cost and rentals, nothing in the plan involves the extension of either State or Municipal credit and no amendment to the Constitution is required as all the objects and purposes sought to be accomplished can be achieved by amendment to statute law.

I strongly urge your Honorable Bodies to progress this legislation. Already too much time has been wasted in investigation. Nothing can possibly be disclosed that is not already a matter of record either in the Committee of your own creation known as the Lockwood Committee, in the reports of the investigations by the Reconstruction Commission and later by a body of your own creation known as the State Housing Commission. Every day's delay prolongs the condition now existing known to everybody and pressing hard for solution. The State will be compelled to pay in impaired health and vitality of a large part of her people for every week of delay. That there is a wide-spread demand for immediate relief there can be no doubt and the people of the State will have just cause to be uneasy about this whole situation. When all the facts are known and a practical, sane, sensible and business solution is suggested should there grow into the whole situation any further and unnecessary delay?

The record disclosed early in this message clearly indicates that the State has temporized with this question to the last degree. Nothing of a constructive nature looking to a solution of the problem aside from the creation of the Bureau of Housing in 1923 has been actually accomplished since I first called it to the attention of the Legislature in January, 1919. The temporary expedients in the way of amendments to the Code of Civil Procedure commonly referred to as rent laws are nothing more or less than stimulants given to the patient to carry it along. Attempt to stamp out the evil and get at the root of the trouble has been sufficiently long delayed. I, therefore, urge upon you and since you must admit the facts, that you seek this remedy or suggest a better one. I have no fear of the ultimate success of this plan. I am satisfied that citizens of large means will be satisfied with limited return upon their investment if they can feel that they are making substantial contribution to the health, comfort and morals of a great community.

ALFRED E. SMITH.

REPORT OF COMMISSION OF HOUSING AND REGIONAL PLANNING TO GOVERNOR ALFRED E. SMITH AND TO THE LEGISLATURE OF THE STATE OF NEW YORK

FEBRUARY 18, 1926

HOUSING A PERMANENT PROBLEM

The Commission of Housing and Regional Planning has repeatedly shown that the existing housing emergency, as defined by the Legislature, is but an intensification of a permanent underlying condition for which the emergency rent laws offer no remedy. In its first report on the status of the housing emergency in December, 1923,[1] the Commission found that "while it is perfectly apparent that the rent laws must be continued for the protection of tenants, particularly tenants in the lower income groups, it is equally apparent that the rent laws will not serve to bring the housing emergency to an end. This report proves the extent to which public health and welfare are dependent on proper housing.[2] * * * Means must be found not only to meet the present emergency, but also to stimulate a continued supply of adequate and decent homes for all classes."

The permanent features of the housing problem have been recognized for more than half a century. The underlying population in cities always has been and is now inadequately housed. Since the middle of the 19th century investigation after investigation has been made by legislative and municipal commissions and by reform organizations. Through all these years succeeding legislatures have attempted to deal with the problem by placing added restrictions on commercial builders in an attempt to improve housing standards. But restrictive legislation has failed to discover a remedy. Restrictive laws have been essential as a preventative. They have established minimum standards for housing but they have not produced new housing.

From the appointment of the first legislative committee to examine conditions in tenant houses in New York City and Brooklyn in 1837 through succeeding reports by the Council of Hygiene and Public Health in 1865, the Tenement House Commissions of 1884, 1894 and 1900 to the present day, there runs a continuous description of housing conditions as vile as are to be found anywhere in the world. All of these reports present conditions of filth, congestion, deterioration, degradation, dark rooms, inadequate sanitary provisions, high rents and exorbitant profits. Many thousands of families in New York City and other larger cities of the State, have been at all times and are now forced to live in dark, ill ventilated, unsanitary tenements paying rentals beyond their capacity with a consequent lowering of the standard of life to a level which ever menaces the health, security and the welfare of the entire community. The larger the city, the more serious its housing problem and the more difficult it is to find means for producing adequate housing for the great mass of the poulation. Higher land values, higher rents, higher taxes, higher costs of transportation and all other incidental expenses make it more and more impossible to provide housing at rentals proportionate to income.

Prior to the war, housing conditions in the larger cities were growing steadily worse. The outbreak of the war came at a period when housing accommodations, particularly for wage earners' families, were becoming increasingly inadequate. With the war, new construction stopped. Increasing urban population pressing upon the existing housing supply was confronted with a mass housing shortage. The resulting crisis, due to increasing rents, the eviction of tenants and the downward pressure exerted by families competing for relatively low rental properties, gave to the housing problem the specific form which makes it one of the most serious social and economic problems of the present day.

The emergency has affected almost all families in the larger cities of the State. A condition which has for years been "normal" for the major part of the population living in urban centers has for the time being affected even the higher income families. The passing of the housing emergency will be marked by relief for these higher income groups which, under prevailing conditions, may be directly served by new housing at commercial rents. But for approximately two-thirds of all the families of the State no substantial improvement is possible.

Despite the great volume of new construction since 1921 all the evidence before the Commission shows that housing conditions of the wage earning population have not improved. Most of these families are now and will be forced to live under conditions which challenge the social conscience that tolerates them. In New York City, tenement house conditions have been growing worse with each succeeding year. Since 1920 the deterioration of these properties has been greatly accelerated.

When the rent laws were first enacted landlords, failing to obtain increased rentals, began the practice of harassing tenants by refusal to make necessary repairs. This practice caused unusual hardship in the lower rental apartments in the tenement house areas of the city. Prior to the enactment of the rent laws the average number of complaints received by the Tenement House Department was from 32,000 to 35,000 per annum. By 1923 the number of complaints for violations of the Tenement House Law had increased to more than 100,000 per annum. The testimony at the public hearings held by the Commission in New York City, Buffalo and Albany showed that this practice was universal and that it soon resulted in an unprecedented reduction of housing and living standards in all but the highest income ranges.

The deterioration of properties in New York City has been an outstanding feature of the oppressive conditions justifying legislative action. These conditions may be described briefly in the words of Dr. Henry Fleischman, Director of the Educational Alliance, who testified before the Commission:[1] "The conditions are abominable. I know of any number of houses in which no attempt has been made to repair the conditions that actually menace life and limb. Sanitary conditions have gone from bad to worse. They are unspeakable. Plumbing repairs are made only when great pressure is brought to bear by the municipal authorities and then only to a degree that complies with the letter of the law. The fire escapes are rotten through and through for lack of paint. Painting has become obsolete."

The following is a statement of Berry Parker, F. R. I. B. A., eminent English architect and town planner, following his visit to the tenement areas of New York with members of this Commission in April, 1925:[2] "The duty has devolved upon me to get to know Portuguese and Brazilian slums as few know them. I also know the notorious slums of Dublin, and on its being asserted that Liverpool had the worst slums in Great Britain I enticed those who made this assertion to show me Liverpool slums. I have spent many midnights and other hours in the slums of Edinburgh with those who well knew all their intricacies and ramifications. I have been taken to the worst slums in Berlin. I know Italian, French, Belgian, Dutch and Norwegian slums and the conditions of life in any slums I have ever seen are better than they are in the slums of New York."

The Commission has already shown[3] that the Tenement House Department has been unable to cope with the growing violations, and the lack of enforcement of the law or delay have exercised a pressure that tends even to nullify the rent laws.

The testimony of Tenement House Commissioner Mann before the Commission[4] shows that the Tenement House Department has been unable to enforce the law with regard to the illegal conversion of one- and two-family dwellings into tenement house use. This practice in New York City has led to the crowding of from three to eight families in a single family dwelling. "There are thousands of such houses in the Greater City that have been converted illegally without filing any plans," said Mr. Mann before the Commission.

Less than one-tenth of the families have incomes above $5,000 a year.

The wage earning population is almost entirely included within the class earning less than $2,500 a year. These families can pay not more than $600 a year for rent with an average rental limit of less than $500 a year. No housing accommodation is available to this vast underlying population of the city that exceeds a rental value of $12.50 per room per month. At that rate only the favored families in this group may be supplied. For 70 per cent of all the families of the city commercial enterprise has supplied less than 3 per cent of the total new construction in the year 1924. Ninety-seven per cent of the total construction is available

[1] Legislative Document No. 43, 1924, page 9.

[2] Ibid., p. 101.

[1] Leg. Doc. No. 43, 1924, page 44.
[2] Journal of the Town Planning Institute, May, 1925, page 171. London.
[3] Leg. Doc. No. 40, 1926, page 77.
[4] Leg. Doc. No. 40, 1926, page 79.

only to that 30 per cent of all the families of the city with annual incomes in excess of $2,500. As shown by this record commercial enterprise, in multi-family construction, builds for not more than 30 per cent of the population.

In one- and two-family construction, as the Commission has already shown,[1] the required monthly payments of at least $50 place an undue burden on the income of any family earning less than $2,500 or $3,000 per annum. Commercial enterprise has attempted to satisfy the demands of lower income families particularly in the one- and two-family construction referred to. The results have demonstrated that such minor cost reduction as may be achieved under the prevailing methods of business operation and finance are usually at the expense of the structure and by failure to provide necessary public improvements. In a later report, the Commission will fully describe the newly constructed one- and two-family dwellings which now occupy many square miles in the Borough of Queens. This newly constructed wooden city now constitutes the most extensive, imminent conflagration hazard to be found in any city of the Western world.

When private building for profit satisfies the immediate housing demand of 30 per cent of the population, further construction becomes unprofitable. Construction usually continues as long as the market is "favorable," or until evidence of surplus is discovered in a downward trend in the higher rentals. Then the lending agencies become conservative and private building stops. The cycle revolves slowly. Even this limited surplus is infrequent. And this small and occasional surplus derived from housing construction intended to satisfy the demand of only 30 per cent of the population represents all that commercial enterprise ever provides to meet the constantly increasing needs of 70 per cent of the population. *At all times and in all places, private enterprise has been unable to supply adequate housing to meet the needs of the underlying population.*

This condition has always prevailed. Building on a speculative basis is confined to a field which offers the margin of profit that speculative enterprise requires. The speculative method is based on a series of negotiations, a combination of independent activities and a heaping up of small profits which accumulate to put the newly constructed dwelling quite beyond the reach of the average family.

The average family must be content with the left overs—and there are never enough of these to permit adequate housing for more than half the population.

A system of producing houses which is geared to satisfy less than one-third of the current requirement of society must be accounted a social failure. It may function satisfactorily in its limited field but it must be supplemented by some other producing agency if the social need for housing is ever to be satisfied.

Housing and Public Policy

Public interest in housing has gone through two stages: First, the recognition of the housing problem, investigation and agitation; second, an attempt to combat the evils of bad housing through restrictive measures, the establishment of minimum standards of quality and space in housing necessary under urban conditions for health, safety and public welfare. Public interest now faces a third stage, namely, to make the standards established by the State effective by measures which will supply a sufficient quantity of standard housing at rates which two-thirds of the population can afford.

The introduction to the housing problem in New York came through a report issued by the Commissioner of Health of New York City in 1835. He pointed out the relation between slum conditions and disease. During the first half century of investigation the close connection between bad housing and contagious diseases like small-pox and infectious diseases like tuberculosis was clearly established. The Draft Riots during the Civil War called attention to the persistence of these evils with renewed force. The body of restrictive laws which began with the sanitary regulations of 1867 was founded on the perception of notorious lapses in public health and morals growing out of an inadequate supply of living quarters for the lower income families of the community. The supply had always been inadequate to meet social needs; hence room overcrowding; hence the slow rate of demolition of dilapidated and unsanitary houses. At intervals of about ten years further investigations followed, until the Tenement House Law of 1901 was enacted. The cumulative effect of these investigations was to establish beyond a reasonable shadow of doubt the public evils that result from bad housing.

The Tenement House Law of 1901 marked a distinct change in public policy; it recognized the concern of the whole community in other phases of housing than the pathological ones which had first awakened interest in the problem. The law of 1901 established standards of air, light, sanitation, and structural safety in all tenement houses built thereafter. Almost half a century had gone by since the Select Committee to Examine into the Condition of Tenant Houses in New York and Brooklyn had said: "The law must step in and determine what, under every circumstance, a human habitation is; what is required in air and space to sustain life as it should be sustained." The Tenement House Law of 1901 took a definite step in this direction; it defined the minimum conditions of a multiple-family house. In the light of that law almost every previous tenement house stood condemned as unfit for human occupation.

The new Tenement House Law was not merely restrictive; it was mandatory with respect to existing housing. In new construction it was merely restrictive. It provided that each family must be equipped with a private toilet; it required a certain cubic capacity of air per person; it provided for windows and access to daylight in every room. The sort of house that was erected under these provisions was far from being thoroughly desirable. As heretofore asserted, this law was merely a tolerable compromise for the time. It represented a low average standard for an urban community even in 1901.

The housing problem was not solved, for the activity of the public authority had been only partially enlisted. In erecting the standards of quality, the Legislature had done nothing to insure quantity; it left the second element to the commercial market; to what is called the action of demand and supply.

Restrictive measures do not create housing conditions which are adequate to the maintenance of health. The death rate has been lowered in New York City only by a higher per capita expenditure upon agencies to fight disease — health department, hospitals, sanitoria,— than any other city in the country. The present laws have only established as a minimum standard for today those standards which were attainable twenty-five years ago. The actual standard demanded today by public health and housing authorities is much higher.

But our present standards, low as they are, cannot safely be abandoned. Since the lowering of those standards under prevailing conditions is a menace to public health and decency, the public authority must intervene in a manner to insure the safeguarding of the public welfare. The State must exercise its powers to secure, quantitatively, the qualitative standards which it has imposed.

The housing conditions which prevail in New York City and other of the larger cities of the State can no longer be tolerated. Society cannot permit the general security to be endangered in the face of conditions which are progressively growing worse. It is the duty of the State to insure healthy conditions of national growth. The tremendous social waste due to bad housing can and must be avoided.

Constructive Housing Policy

There are two essentials to an effective program for housing relief.

1. The gradual reconstruction of the worst tenement areas in cities.

2. The adoption of a method of providing adequate housing for families of limited income which commercial enterprise cannot serve, applicable not only to the worst tenement areas but as well to any part of a city or cities in which the need is manifest.

A practical procedure to accomplish this end is presented in the succeeding sections of this report. Any effective program will require adequate safeguard by municipal authorities through exercise of powers now granted. Housing must be planned with relation to location of industry, transit facilities and physical characteristics of the Metropolitan area. Adequate zoning provisions are essential. The housing must be provided by some agency operating without speculative profit, under public control with money at a low rate of interest, aided by the exercise of the power of condemnation, producing on a large scale with efficient organization and management.

Throughout the past century with increasing urbanization municipalities have been obliged to take over functions with relation to housing which were once performed by the individual members of rural communities. The house was once an independent shelter. It was built on raw land and widely separated from any other shelter. The builder of the house found ample recreational facilities in a natural environment. He could provide his own water supply by drilling a well. He could provide the necessary facilities for sewage disposal. He could and did build a roadway and maintain it.

Today the house is no longer an independent shelter. It is now connected by a thick net of public and semi-public utilities to the rest of the city. The provision of the necessary facilities for the house is no longer optional—it is compulsory. The city provides all of the services which are essential to the house such as water supply, sewage disposal, recreational facilities through acquisition of land for public parks, streets and roads. Taken together roads, parks, sewers, water pipes and other compulsory adjuncts of the house constitute at least half of the indispensible equipment of the modern home. It is as impossible to conceive a modern tenement without sewer connections or running water as without walls and roof. The house is no longer self-sufficient. It does not end at the building line. Already a good part of it has been supplied by public agencies at cost. There is not a single function that the public authority now exercises with relation to the house that was not at one time or another provided by individuals. One by one these functions have been taken over by the public authority under compulsion in the public interest because the individual could no longer provide them for himself. The municipality now provides at cost all essentials of the house except the walls and the roof. The provision of walls and roof at cost is now necessitated by the fact that private enterprise cannot supply what remains of the house at a profit to sell or rent at a price which two-thirds of the population can afford to pay.

Taxes

Commercial enterprise must pay taxes on virtually the full value of the property. The short period of tax-exemption in New York City has passed.

As is pointed out in the following computations, tax exemption for non-commercial enterprise would materially reduce current expenses. In the rebuilding of tenement areas by limited dividend enterprise there is no justification for taxing the improvement. If obsolete houses in a block of 600 families are replaced by adequate housing for these families, there is no logical reason to add the value of the new buildings to the assessed value of the old site. There are no more families; there are no more costs to the city. Indeed, insofar as such decent shelter reduces crime and disease, the city costs are decreased. A tax on such an improvement would merely penalize a non-commercial enterprise that sought to create housing within the reach of the mass of the population. The effect of this penalty would be to withdraw such housing from the reach of many.

It may be necessary not only to exempt the improvement but also to remit present taxes on the site for a limited period. As will be seen, reconstruction of the high priced Manhattan areas is

[1] Leg. Doc. No. 40, 1926, page 20.

extremely difficult. After all economies have been effected the rent will still be beyond the reach of many now living there. Just as tax exemption was granted in 1920 to accomplish a desirable social end, it may be necessary to bring about tenement reconstruction. Such exemption will differ from that given before in that all of the benefit will be passed to the tenants in lower rents.

What can be Done with Money at 5 per cent

On $1,000 land a five-story tenement can be erected without any tax-exemption to rent for $13.10 per room per month. This will rehouse at their present rents (corrected for heat) about 0.6 per cent of the families now living in such areas. With tax-exemption of the new buildings and present taxes on the site, the cost will be $11.15 and may be met by about 10 per cent of the families. With complete tax-exemption the cost will be $10 and may be met by about 17 per cent of the families.

On $800 land a five-story tenement can be erected without any tax-exemption to rent for $12.30 per room per month. This will rehouse at their present rents (corrected for heat) about 2 per cent of the families now living in such areas. With tax-exemption of the new buildings and present taxes on the site, the cost will be $10.40 and may be met by about 11 per cent of the families. With complete tax-exemption the cost will be $9.40 and may be met by about 20 per cent of the families.

On $100 land a five-story tenement can be erected without any tax-exemption to rent for $9.50 per room per month. This will rehouse at their present rents (corrected for heat) about 25 per cent of the families now living in such areas. With tax-exemption of the new buildings and present taxes on the site, the cost will be $7.70 and may be met by more than 50 per cent of the families.

Commercial and Limited Dividend Enterprise

The tables in the foregoing section show what rents may be achieved under various conditions of cost. Private enterprise pays an average of about 9 per cent for its money, amortizes its buildings at 3 per cent instead of 1½ per cent and must pay taxes. Under such conditions it may build tenements on the cheapest land to rent for about $13.80 per room per month. Translated into terms of income this means that 20 per cent of an income of $2,500 would pay for three rooms. A four room apartment would demand 25 per cent of a $2,650 income. Commercial enterprise at its best cannot build decent tenements for families with incomes of less than $2,500, unless such families use an undue proportion of their income for rent.

In an earlier report[1] the Commission showed that only 31 per cent of the families in New York City had incomes in 1920 of more than $2,500. Commercial enterprise is geared to supply the needs of less than one-third the families of the city. It leaves wholly unprovided the underlying two-thirds; more accurately, this two-thirds of the population are provided for only through the miscalculation by commercial enterprise of the effective demand of the more fortunate third and through the obsolescence of houses originally devoted to higher priced uses. Under the system of supply through the exclusive activity of commercial enterprise two-thirds of the population live in cast-off, second-hand houses. They need decent shelter and all that they may buy are shop-worn, obsolete, "damaged" homes.

The needs of families with incomes of more than $2,500 are cared for and should continue to be met by commercial enterprise. The needs of the other 70 per cent of the population can only be met by non-speculative enterprise which takes a moderate return on its investment.

Limited-dividend companies have demonstrated what may be done. The City and Suburban Homes Company was the first large company in the field in New York City. Its greatest period of activity was from about 1900 to 1915. It housed wage-earning families in tenements much beyond the standard of the day. It did educational pioneer work in the matter of the installation of steam heat. And yet in 1925 it owned and operated less than 3,000 apartments. The City Housing Corporation at Sunnyside has built houses for sale to the families of wage earners at rates that compare favorably with rents in limited-dividend apartments. The utilization of land at Sunnyside is almost revolutionary in city building practice. Sufficient open ground is left to provide adequate recreational space within the block for the needs of each block. If this is true of any other developed block in New York City, it is only in isolated, wealthy areas. And yet the City Housing Corporation has supplied only a few hundred homes a year. The Metropolitan Life Insurance Company with Andrew J. Thomas built several blocks of apartments in Queens to rent for $9 per room per month. The interior garden lay-out is admirable. The whole plan is so far in advance of current commercial enterprise operating even for families able to pay $15 or $20 per room per month that no comparison is possible. The project received the greatest publicity. Its success has been widely heralded. And yet in all it was only possible to erect slightly more than 2,000 apartments. There have been other limited-dividend companies operating on a somewhat small scale to house wage-earners; the Phelps-Stokes houses, John D. Rockefeller, Jr.

Despite the success of these companies, they all have had one common limitation. Money is not forthcoming in sufficient volume to enable the companies to house any appreciable fraction of the population. They are in the business of producing samples. Their work has been tremendously important in pointing the way. But despite the fact that wage-earners can afford to live in their houses, it is not possible to say that they now care for the needs of any real part of that two-thirds of the population with incomes of less than $2,500.

Only if the principal of limitation of profit is adopted as it has been by these companies, may the full benefit of reductions of cost be passed on to the tenant. For example, in this report tax-exemption is advocated — indeed, it is essential. Yet in an early report[1] the Commission found that tax-exemption had done the buyer and tenant little good. The statements in the two reports are not in the least contradictory. The mass of existing housing is so large that the operations of a few builders hardly affect the market. If tax-exemption is accorded to new but not to old buildings, most of the benefit goes to the builder. The value of exemption is capitalized. It is only a limited dividend principle that can be made to conserve this advantage to the tenant in a market that would sustain a higher price.

If limited dividend companies are supplied with adequate capital at low rates of interest, they may care for the needs of a large part of the underlying population whose income is less than $2,500. To refer again to the tables of cost: with tax-exemption on the improvement but with present taxes on the site a limited dividend company operating with money at 5 per cent may build on $1,000 land to rent for $11.15 per room per month. Under these conditions families with incomes of $2,000 may be decently housed in what are now congested old-law tenement areas in Manhattan. The family with an income of $1,400 or $1,500 may be placed in a similar house in the other boroughs at a rent of $7.70 on land costing $100.

It should be noted that an income of $1,400 is somewhat less than that of the average worker in tenement blocks. This average worker is now unprovided for. Limited dividend enterprise with adequate funds would meet his needs.

There are of course families with incomes of less than $1,400. They constitute not more than 25 per cent of the population. Even limited dividend enterprise cannot supply their needs without subsidy. However, the effectiveness of a program should not be gauged by the fact that it fails to take care of every family. There are families with incomes of as little as $500 who live in the bitterest poverty. The maintenance charges of $2.50 per room per month on a four-room apartment would alone consume 25 per cent of such an income. Given an apartment without taxes, without amortization and without interest, they could hardly afford the rent.

The great obstacle to limited dividend enterprise has been the volume of capital available. They have demonstrated what may be done with cheap money. But every enterprise has been limited not only as to dividends but as to funds. In designing a mechanism by which such companies may be operated there should be features to attract new capital. They can operate now in outlying districts without any new machinery if they can secure capital. As is explained later the program recommended by the Commission is drawn in such a manner as to offer the maximum stability and return which are commensurate with the ends to be served. It is believed that they are adequate to secure the operation of private investment capital in some localities. If experience demonstrates that private capital cannot be attracted to undertake the difficult tack of reconstruction of tenement areas, the municipality must assume part of the risk as described later.

Limited dividend enterprise must further have the power to acquire site through condemnation. The project must be carried out on a large scale. Due to the peculiar fixed nature of land it cannot be bought in the sort of market that characterizes staple crops. The market is always closed against forced purchase. If one can conceive of a man who is "short" 442 West 48th Street, nothing less than his total wealth will cover his position if it is known. This is somewhat the situation in assembling a site. The buyer constantly bids up the property against himself and the final units bring a forced price that is out of all proportion to their value as mere fractions of the entire site. The complete assembling of four contiguous blocks in developed sections of New York City, which seems to be the minimum necessary for economical operation, is economically impossible by the ordinary process of land acquisition. The limited dividend company must benefit from the power of condemnation which vests in the state and municipalities.

Tax-exemption has already been discussed at length. It should be noted again that only through a limited-dividend enterprise may the benefits of tax-exemption be passed to the tenants.

The possibilities of a housing program are therefore apparent. Commercial enterprise now takes care of the needs of 30 per cent of the population. The needs of the other 70 per cent do not concern commercial enterprise. In the jargon of the economist they do not constitute part of the "effective demand"; i. e., pressing as their needs may be, these families can't afford to buy good housing.

The others can for the most part be supplied by limited dividend enterprise aided by tax-exemption, the power of condemnation and adequate capital. There will remain some for whom direct provision cannot be made economically. But the average worker, the man with an income of $1,400 to $1,800 may be decently housed. It would no longer be possible to say that the majority of the families in the city are, have been and will continue to be inadequately housed.

Message to the Legislature from Governor Alfred E. Smith: Convening Extraordinary Session, September 20, 1920.

STATE OF NEW YORK — EXECUTIVE CHAMBER,

ALBANY, *September* 20, 1920.

To the Legislature:

I have exercised the power vested in me by the Constitution to call the Legislature into Extraordinary Session because I am convinced that an emergency confronts the State, and because I feel

[1] Leg. Doc. No. 43 (1924), p. 68.

[1] Leg. Doc. 78 (1924).

that we cannot wait until the regular session to find remedies for its relief.

In the period of reconstruction, many problems have been pressing for solution which are not ordinary in their nature, but are the direct result of war conditions. None of them has so taxed the agencies of government as the question of proper housing facilities.

In January of 1919, I charged the Reconstruction Commission with the duty of making an exhaustive inquiry into this subject to the end that the legislative and executive branches of the Government might be in a position to deal with this problem, which even at that time promised to be acute. Your Honorable Bodies, believing that facts should be produced upon which to predicate remedial legislation, appointed a Committee from both houses of the Legislature, to investigate the subject. This Committee reported at the last session of the Legislature and several legislative proposals arising from their report were enacted into law. It was admitted at the time that they were expedients intended to alleviate the situation temporarily. As we understand legislation, they were entirely regulatory. Two vital objects were overlooked; one, the encouragement of building construction, and second, the adoption of a State policy looking to the future study and development by the State of this all important question of adequate housing facilities.

Experience of several months has revealed to us the weaknesses of the temporary expedients and had made more acute the necessity for encouragement of building operations so far as it can be done by law, and the creation of State agencies for future use.

We, therefore, at this session, as I see it, have three distinct branches of the subject with which to deal.

First, the strengthening of the temporary statutes enacted at the recent session.

Our temporary laws of last spring have fallen far short of what was expected of them and selfishness and greed on the part of not a few landlords has brought about an indescribable condition in the Municipal Courts in New York City. I am informed by the President of the Board of Justices of the Municipal Court that there are pending for October first, more notices of dispossess proceedings than were filed during the whole year of 1919 — approximately 100,000. The court rooms have been crowded beyond their capacity by tenants seeking relief. These figures of themselves cannot communicate the harassing uncertainty and the misery caused by the constant repetition of these proceedings. It has been publicly stated by the Health Commissioner of the City of New York that this condition of uncertainty is alone a direct menace to the health and welfare of the community. The housing shortage leaves the citizen nowhere to turn. Families have been broken up and dispersed generally through the city, or crowded and huddled into the homes of relatives until the health, welfare and morality of the community is seriously threatened.

It seems a very great pity that the decent, honest landlord should be obliged to come under a regulation clearly not intended for him, but made necessary by the willful and deliberate profiteer, who would turn this great crisis in our State's history to his personal advantage. The people, to some degree at least, have managed to protect themselves from other forms of profiteering, but they are helpless to deal with this one, because a home everyone must have. Have in mind that no regulatory legislation, properly drafted, will have any disastrous effect upon an honest man. It has been my experience that only those who seek to live outside of the moral law have any great fear of State regulation. The State has a conscience and it will regulate fairly.

Inasmuch as regulation must be exercised through the agency of our courts, it is to existing statutes or the enactment of new ones supplementing them that we must turn our attention.

Landlords have been given the special privilege of summary proceedings in order to regain immediate possession of their premises. This privilege does not belong to any landlord as a matter of inherent right. Inasmuch as the evidence laid before us indicates that summary proceedings are being grievously abused, in a crisis of this kind, the State does only its duty when it withdraws or modifies them.

There is an abundance of evidence that undesirability or failure to pay rent is not in the majority of instances the basis of the application for the writ of summary removal, but on the other hand, it is the operation of the profiteer who would remove the desirable and paying tenant in order to create a vacancy which may thereafter be offered to the highest bidder. As a result of this, families have been shifted from place to place without rhyme or reason and the unscrupulous and selfish have profited immensely by it. October first was to be the height of the harvest. The State should step in and use its power to disappoint them.

I believe the emergency to be such that the strong arm of the State must reach through its courts and protect the people for at least one year, until the crisis shall have passed or the situation is relieved. The courts should be empowered where it is evident that the dispossess is requested for the purpose of unreasonable rent-raising, to suspend the dispossess remedy for an adequate period. You might well hold that the courts shall have the power to suspend rent increases and place the burden of proof upon the landlord to show the necessity for the increase or any part of it. No honest man can suffer from such legislation. The court will undoubtedly give its approval to increases that can be justified.

Inasmuch as the personnel of your committee remains the same, I have no doubt that they will be in a position to suggest to you other specific amendments to the existing so-called rent laws; and that they will strengthen them where experience has proven them to be weak.

The second phase of the question before us is how to stimulate building construction. Figures gathered from the most authentic sources indicate that the State is years behind its normal housing accommodations. Between June 1, 1919 and July 1, 1920, in the City of New York, 3,652 individual apartments designed for the same number of families were constructed, but as an offset to that new construction there were demolished or converted for non-residential uses 3,833 apartments, leaving 271 less homes at the end of that period, although the question has been constantly before the public for a year and a half.

The housing shortage is felt not alone in the City of New York but all cities in the State are passing through the same difficulty. In New York City at least 50,000 homes are immediately necessary. It should therefore be your chief objective during the Extraordinary Session to encourage, so far as that can be done by law, the building of houses.

The commercial and economic supremacy of the State is threatened by this shortage. No community can expect to achieve an industrial growth if it is unable to house its working population properly. Labor shortage can be frequently attributed to improper housing accommodations. It is only human for a man to want to live where he can rear his family in decency and comfort. If some other State offers him that opportunity, it comes into sharp competition with our own State, and good housing is therefore a necessity for the promotion of commerce and industry.

The question of stimulating building growth becomes a very practical one because of the fact that the cost of building operations has trebled since 1915. Building at this time is considered an unprofitable field and money will not enter it, nor can it be forced into it by law, but we may be able to offer an inducement to capital to come back into the field and building may be resumed in a natural way if the State can find some way to offset the increased costs.

A very vital element in the carrying cost of a newly constructed building is the taxation to which it is subject. While I do not, as a matter of policy, favor tax exemptions, the emergency is such at the present time that it might be well to consider the enactment of a law exempting from taxation for a period of years, with proper restrictions, buildings used for dwelling purposes whose construction is undertaken within such a period as will assure an immediate increase in housing accommodations. I believe this will aid in putting new construction on a fair competitive basis with buildings erected before the war and will assist in creating a market for new buildings.

Much has been said about the exemption of mortgages from the provisions of the State Income Tax. The State's Tax is very small and we can give no guarantee of federal legislation along the same line. I, therefore, do not place much faith in this suggestion as offering any great remedy. However, your Legislative Committee is in possession of more facts on this subject than I can lay before you.

Loaning institutions apparently have not kept in step with the times and have spent their energy in securing investments bringing a larger return than real estate mortgages. For instance, our Savings Banks and Mutual Insurance Companies are organized not for profit but as depositaries for the people's money, and it would be entirely in keeping with their purpose if their funds were made available to a greater extent to meet the people's needs, by investing a larger portion of them in bond and mortgage.

In 1914, there was created by statute a State Land Bank having for its purpose assistance to building and loan associations. Inasmuch as the proceeds from the sale of the bonds of the Land Bank are used for the building of homes, the State should do everything that it possibly can to make the bonds a more desirable purchase. We have already exempted them from the provisions of the State Income Tax but the abnormal yield at this time from other securities is such as to make them an undesirable investment. It might be well that the State use its own moneys or a portion thereof now in the various sinking funds of the State to purchase these bonds. It might also enable municipalities of the State to invest in such bonds.

These recommendations are made in the hope that the legislation which they suggest will bring voluntary capital into the building market. That, of course, remains to be seen. If the present condition be not thus relieved and the health of the community continues to be menaced, then we have a grave public emergency to meet such as would confront us in a time of epidemic or of catastrophe. Clothed with the proper safeguards the Police power of the State should be extended to municipalities in order that they may be enabled either to build or lend their credit to the building of houses.

Undoubtedly, the State as well as the municipalities should be in a position to extend its credit either through the medium of the State Land Bank or a specially created agency.

There is one avenue of possible direct State aid in an emergency which might be applied at once. The State apparently owns considerable property that was either acquired by escheat or was bought in at tax sales. It might be well to direct the Comptroller either to arrange favorable short term leases or dispose of the property, if it is to be used for housing at such prices as will encourage its development.

It has been called to my attention by the report of the Reconstruction Commission and by hearings held before the Joint Legislative Committee and by private citizens, that the high cost of building materials is artificially stimulated. No doubt, one very vital aid to construction would be the elimination of any combinations to increase the prices of building materials. Investigation of this situation by an agency of your own creation is, to my mind, highly desirable.

We come now to the third consideration — provision for a permanent housing policy.

The existing accommodations are far from the standards of adequacy that a normal family has the right to expect. I was conscious that the State was facing a problem of housing, both from the fundamental point of view, and from that of the shortage in the supply, when I asked the Reconstruction Commission to study and to suggest a permanent policy for the State in this regard.

The evils of bad housing are only too apparent in New York city — but my study and experience here have shown me that an inadequate standard of housing exists in nearly every city and town in the State. The Tenement House Law has some measure of beneficent effect, but in the smaller communities investigation shows that housing is without even elementary supervision as to safety and sanitation.

Nor is the situation of such recent growth as is popularly supposed. Since we passed the Tenement House Law of twenty years ago, nothing constructive has been done. We rested with that achievement and every attempt to aid in developing a solution for other communities has met with failure.

Any attempts to amend the present Tenement House Law are likely to be viewed with alarm and suspicion if they are aimed at detailed and specific sections of the law. It is, however, probable that the law can be made to fit present conditions if it is applied with greater elasticity. I would, therefore, recommend as an aid to the construction of multi-family homes, that there be created for the tenement house department a board of appeals similar to or identical with the one at present functioning for the building department in the city of New York. If such a board is constituted, deviations from the letter of the law, which make possible new methods of construction, can be carefully considered by such a board and the law be less hampering in its effect.

Building houses for some groups in the population has become an unprofitable business. Hence, these groups have for a generation lived in the left-over housing, or in the cheapest and most poorly-planned type of home that a grudging and unrealizing community would provide. As a result of the present emergency, a still larger portion of our population is being forced back into houses of a standard below that which we have accepted as decent American homes.

Except for the report of the Reconstruction Commission and the findings of your own committee, we have been aided by no State agency in the consideration of this very important problem. In the enactment of labor laws, we are guided by the Industrial Commission. In the enactment of health measures, by the State Health Department. In matters affecting the conservation of our natural resources, by the Conservation Commission. The Banking Department, the Insurance Department, and other State agencies all deal with special subjects that need executive or legislative action. But in housing, dealing with the elementary need of shelter and establishing homes, there is no State or local agency to aid the legislative and executive branches of the government either in meeting an emergency, or what is more important, in helping to establish a permanent housing policy for the State. Such a policy does not necessarily mean the building of houses by the State, but it does mean the establishment of housing standards and of local development that should underlie any future growth of the cities of this State.

Granted that Your Honourable Bodies will enact measures to meet the emergency, it is important that you recognize the challenge which these insufferable conditions raise, to establish agencies for providing an enlightened and constantly developing housing policy for the future.

To this end I recommend a law which will create in each community having a population of over ten thousand a local housing board, which shall be charged with the duty of finding a solution for the local housing situation. These local boards should be required to prepare within a period to be determined by the local authorities a plan for the future development of the city and should consider local housing ordinances. A State agency should be created and the local Boards should be required to report to it at stated intervals so that there may be available at all times a body of information applicable to this subject.

The State agency, on the other hand, should first of all be directed to report to the next Legislature on a method for the development of a system of State credits for housing purposes. Through the State agency information should be made available to Local Communities that will aid them in their housing program.

These agencies, both State and Local, should be unpaid, but so far as the State agency is concerned, adequate appropriation for its expenses should be made.

This is the time for action. We are confronted with a real problem of reconstruction. Shall we remain in the dark ages of inadequate and un-American housing, endangering the health and morals of future generations of our citizenship? Or shall we go forward with the times, and enter the new era of our democracy with an enlightened interest in the fundamental needs of our cities and our citizenship for well-planned communities that serve the industrial, commercial and social needs of the people, and homes that make for a stabilized, self-respecting, wholesome family life.

If this is accomplished, the sufferings caused by the housing crisis will not be without their compensation. The permanent fruits of this emergency should be written on the record which this State has made for progressive laws affecting human needs. It takes a serious emergency to bring a realization of deficiencies. The opportunity is yours to remedy them.

(Signed) ALFRED E. SMITH.

Laws of New York
(1919-1927)

LAWS OF NEW YORK, 1919.

Chap. 647.*

AN ACT to amend the banking law, in relation to authorized investments by savings banks.

Became a law June 23, 1919, with the approval of the Governor. Passed, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision six of section two hundred and thirty-nine of chapter three hundred and sixty-nine of the laws of

* Passed at the extraordinary session.

nineteen hundred and fourteen, entitled "An act in relation to banking corporations, and individuals, partnerships, unincorporated associations and corporations under the supervision of the banking department, constituting chapter two of the consolidated laws," is hereby amended to read as follows:

6. Bonds and mortgages on unincumbered real property situated in this state, to the extent of sixty per centum of the appraised value thereof. Not more than sixty-five per centum of the whole amount of deposits and guaranty fund shall be so loaned or invested. If the loan is on unimproved and unproductive real property, the amount loaned thereon shall not be more than forty per centum of its appraised value. No investment in any bonds and mortgages shall be made by any savings bank except upon the report of a committee of its trustees charged with the duty of investigating the same, who shall certify to the value of the premises mortgaged or to be mortgaged, according to their judgment, and such report shall be filed and preserved among the records of the corporation. [1] For the purposes of this subdivision real property on which there is a building in process of construction, which when completed will constitute a permanent improvement, shall be considered improved and productive real property.

§ 2. This act shall take effect immediately.

[1] Following sentence new.

LAWS OF NEW YORK, 1920

Chap. 946.*

AN ACT to amend the banking law, in relation to investment of public funds in bonds of the state land bank.

Became a law September 27, 1920, with the approval of the Governor. Passed, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Chapter three hundred and sixty-nine of the laws of nineteen hundred and fourteen, entitled, "An act in relation to banking corporations, and individuals, partnerships, unincorporated associations and corporations under the supervision of the banking department, constituting chapter two of the consolidated laws," is hereby amended by inserting at the end of article three a new section to be section one hundred and forty-nine, to read as follows:

§ 149. **Bonds legal investment for public funds.** Bonds of the land bank of the state of New York shall be a legal and valid investment for the sinking and trust funds of the state of New York or of any municipal corporation or political subdivision thereof.

§ 2. This act shall take effect immediately.

LAWS OF NEW YORK, 1920.

Chap. 949.*

AN ACT to amend the tax law in relation to the exemption from local taxation of new buildings planned for dwelling purposes.

Became a law September 27, 1920, with the approval of the Governor. Passed, three-fifths being present.

* Passed at the extraordinary session.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," is hereby amended by inserting therein a new section, to be section four-b, to read as follows:

§ 4-b. **Exemption of new buildings from local taxation.** The legislative body of a county, or the legislative body of a city with the approval of the board of estimate and apportionment, if there be one in such city, or the governing board of a town, village or school district may determine that until January first, nineteen hundred and thirty-two, new buildings therein, planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April first, nineteen hundred and twenty, or, if not so completed, that construction be commenced before April first, nineteen hundred and twenty-two, and completion for occupancy be effected within two years after such commencement, or if now in course of construction within two years after this section takes effect.

§ 2. This act shall take effect immediately.

LAWS OF NEW YORK, 1921

Chap. 444.

AN ACT to amend the tax law, in relation to the exemption from local taxation of buildings planned for dwelling purposes and validating the action of local legislative bodies in granting certain exemptions.

Became a law April 30, 1921, with the approval of the Governor. Passed, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section four-b of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," as added by chapter nine hundred and forty-nine of the laws of nineteen hundred and twenty, is hereby amended to read as follows:

§ 4-b. **Exemption of new buildings from local taxation.** The legislative body of a county, or the legislative body of a city with the approval of the board of estimate and apportionment, if there be one in such city, or the governing board of a town, village or school district may determine that until January first, nineteen hundred and thirty-two, new buildings therein, planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April first, nineteen hundred and twenty, or, if not so completed, that construction be commenced before April first, nineteen hundred and twenty-two, and completion for occupancy be effected within two years after such commencement, or if now in course of construction [1]before September twenty-seventh, nineteen hundred and twenty-two. [2]The provisions of this section shall not be construed to preclude such legislative bodies from granting exemptions which do not exceed the exemption authorized by this section. Any such limited exemption heretofore granted by any such legislative body, intending or purporting to act under the authority conferred by this section, is hereby legalized, validated and confirmed.

§ 2. This act shall take effect immediately.

[1] Remainder of sentence formerly read: "within two years after this section takes effect."
[2] Remainder of section new.

LAWS OF NEW YORK, 1922

CHAPTER 281

AN ACT to amend the tax law, in relation to extending the time for the commencement of construction for the purpose of securing exemption from local taxation of buildings planned for dwelling purposes.

Became a law March 27, 1922, with the approval of the Governor. Passed, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section four-b of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," as added by chapter nine hundred and forty-nine of the laws of nineteen hundred and twenty, and amended by chapter four hundred and forty-four of the laws of nineteen hundred and twenty-one, is hereby amended to read as follows:

§ 4-b. **Exemption of new buildings from local taxation.** The legislative body of a county, or the legislative body of a city with the approval of the board of estimate and apportionment, if there be one in such city, or the governing board of a town, village or school district may determine that until January first, nineteen hundred and thirty-two, new buildings therein, planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April first, nineteen hundred and twenty, or, if not so completed, that construction be commenced before April first, nineteen hundred and twenty-three,[1] and completion for occupancy be effected within two years after such commencement, or if [2] in course of construction [3]on September twenty-seventh, nineteen hundred and twenty, within two years thereafter. The provisions of this section shall not be construed to preclude such legislative bodies from granting exemptions which do not exceed the exemption authorized by this section. Any such limited exemption heretofore granted by any such legislative body, intending or purporting to act under the authority conferred by this section is hereby legalized, validated and confirmed. [4] For the purposes of this section, construction shall be deemed commenced when the plans have been filed with the proper authority and excavation actually and in good faith begun. The owner or architect may file with the authority with

[1] Formerly read: "nineteen hundred and twenty-two."
[2] Word "now" omitted.
[3] Remainder of sentence formerly read: "before September twenty-seventh, nineteen hundred and twenty-two."
[4] Remainder of section new.

whom the plans are filed a statement in writing setting forth the date of filing plans and the date when excavation was actually commenced; and said authority shall forthwith cause said facts to be investigated. If said statement on such investigation is found to be true, said authority shall thereupon issue to such owner or architect a certificate setting forth the date when the plans were filed with him, and the date when excavation was actually commenced, which certificate shall be conclusive evidence of the date when construction was commenced, for the purpose of obtaining the benefits of this section.

§ 2. This act shall take effect immediately.

LAWS OF NEW YORK, 1922

CHAPTER 658

AN ACT to amend the insurance law, in relation to the power of insurance companies to purchase, improve and sell or convey real property during certain emergencies.

Became a law April 13, 1922, with the approval of the Governor. Passed, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Chapter thirty-three of the laws of nineteen hundred and nine, entitled "An act in relation to insurance corporations, constituting chapter twenty-eight of the consolidated laws," is hereby amended by inserting therein a new section, to follow section twenty, to be section twenty-a, to read as follows:

§ 20-a. **Powers as to real property during certain emergencies.** Until March first, nineteen hundred and twenty-four, and so long thereafter as the emergency in housing conditions mentioned in certain acts of the legislature of nineteen hundred and twenty and nineteen hundred and twenty-one shall continue, every life insurance corporation, foreign or domestic, transacting business in this state, may purchase land in any city of the first class in this state and on such land and on land in such a city acquired pursuant to any other provision of this chapter may erect apartment, tenement or other dwelling houses, not including hotels. Such corporations may thereafter hold, maintain, manage, collect and receive income from, and, from time to time, sell or convey the lands so purchased and the improvements thereon. The aggregate cost of all the lands so purchased and improvements so made shall not exceed ten per centum of the total admitted assets of such corporation as of December thirty-first, nineteen hundred and twenty-one, as such assets are shown in the annual report of such corporation to the superintendent of insurance for the year nineteen hundred and twenty-one. The cost of land acquired under this section shall not be allowed as an admitted asset unless improved as provided by this section, nor, if so improved, shall the cost of such land and improvements thereon be so allowed unless the average net rental value of such apartment, tenement or other dwelling house erected thereon, as estimated at the commencement of construction, be nine dollars or less per month per room.

§ 2. This act shall take effect immediately.

LAWS OF NEW YORK, 1923

CHAPTER 243

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Became a law April 16, 1923, with the approval of the Governor. Passed, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section four-b of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," as added by chapter nine hundred and forty-nine of the laws of nineteen hundred and twenty, and last amended by chapter two hundred and eighty-one of the laws of nineteen hundred and twenty-two,[1] is hereby amended to read as follows:

§ 4-b. **Exemption of new buildings from local taxation.** The legislative body of a county, or the legislative body of a city with the approval of the board of estimate and apportionment, if there be one in such city, or the governing board of a town, village or school district may determine that until January first, nineteen hundred and thirty-two, new buildings therein, planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April first, nineteen hundred and twenty, or, if not so completed, that construction be commenced before April first, nineteen hundred and twenty-four[2] and completion for occupancy be effected within two years after such commencement, or if in course of construction on September twenty-seventh, nineteen hundred and twenty, within two years thereafter. The provisions of this section shall not be construed to preclude such legislative bodies from granting exemptions which do not exceed the exemption authorized by this section. Any such limited exemption heretofore granted by any such legislative body, intending or purporting to act under the authority conferred by this section is hereby legalized, validated and confirmed. For the purposes of this section, construction shall be deemed commenced when the plans have been filed with the proper authority and excavation actually and in good faith begun. The owner or architect may file with the authority with whom the plans are filed a statement in writing setting forth the date of filing plans and the date when excavation was actually commenced; and said authority shall forthwith cause said facts to be investigated. If said statement on such investigation is found to be true, said authority shall thereupon issue to such owner or architect a certificate setting forth the date when the plans were filed with him, and the date when excavation was actually commenced, which certificate shall be conclusive evidence of the date when construction was commenced, for the purpose of obtaining the benefits of this section.

§ 2. This act shall take effect immediately.

[1] Previously amended by L. 1921, ch. 444. Section 4b is further amended by L. 1923, ch. 337, post.

[2] Formerly read: "nineteen hundred and twenty-three."

LAWS OF NEW YORK, 1923

CHAPTER 337

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Became a law May 21, 1923, with the approval of the Governor. Passed, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section four-b of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," as added by chapter nine hundred and forty-nine of the laws of nineteen hundred and twenty, and amended by chapter two hundred and forty-three of the laws of nineteen hundred and twenty-three,[1a] is hereby amended to read as follows:

§ 4-b. **Exemption of new buildings from local taxation.** The legislative body of a county, or the legislative body of a city with the approval of the board of estimate and apportionment, if there be one in such city, or the governing board of a town, village or school district may determine that until January first, nineteen hundred and thirty-two, new buildings therein, planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April first, nineteen hundred and twenty, or, if not so completed, that construction be commenced before April first, nineteen hundred and twenty-four and completion for occupancy be effected within two years after such commencement, or if in course of construction on September twenty-seventh, nineteen hundred and twenty, within two years thereafter, [2]or if a building three stories in height, used exclusively for dwelling purposes above the ground floor, provided construction was commenced since April first, nineteen hundred and twenty-three and before April first, nineteen hundred and twenty-four. The provisions of this section shall not be construed to preclude such legislative bodies from granting exemptions which do not exceed the exemption authorized by this section. Any such limited exemption heretofore granted by any such legislative body, intending or purporting to act under the authority conferred by this section is hereby legalized, validated and confirmed. For the purpose of this section, construction shall be deemed commenced when the plans have been filed with the proper authority and excavation actually and in good faith begun. The owner or architect may file with the authority with whom the plans are filed, a statement in writing setting forth the date of filing plans and the date when excavation was actually commenced; and said authority shall forthwith cause said facts to be investigated. If said statement on such investigation is found to be true, said authority shall thereupon issue to such owner or architect a certificate setting forth the date when the plans were filed with him, and the date when excavation was actually commenced, which certificate shall be conclusive evidence of the date when construction was commenced, for the purpose of obtaining the benefits of this section.

[3]If in a city, town, village or school district to which this section is applicable, there be no department or officer having supervision of the construction of buildings, with whom plans are required to be filed, such fact shall not preclude the governing board from granting exemption under this section; and in such case construction shall be deemed commenced when excavation shall have been actually and in good faith begun.

§ 2. This act shall take effect immediately.

[1a] Previously amended by L. 1921, ch. 444; L. 1922. ch. 281.

[2] Remainder of sentence new.

[3] Remainder of section new.

LAWS OF NEW YORK, 1923

CHAPTER 694

AN ACT to amend the public buildings law, establishing in the department of architecture the bureau of housing and regional planning, and making an appropriation therefor.

Became a law May 24, 1923, with the approval of the Governor. Passed, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Chapter forty-eight of the laws of nineteen hundred and nine, entitled "An act relating to public buildings," constituting chapter forty-four of the consolidated laws, is hereby amended by inserting therein a new article, to be article two-a, to read as follows:

ARTICLE 2-A.

Bureau of Housing and Regional Planning.

§ 19-f. **Bureau of housing and regional planning.** There shall be in the department of architecture a bureau to be known as the bureau of housing and regional planning. Such bureau shall be in charge of a commission consisting of eight members, the state architect, the state commissioner of highways and the industrial commissioner, ex officio, and five lay members to be appointed by the state architect. The members of such commission shall receive no salary as such commissioners, but shall be entitled to the necessary traveling and other expenses incurred in the discharge of their duties.

§ 19-g. **Secretary; employees.** The state architect shall appoint and at pleasure remove a secretary to the commission, a stenographer and a clerk. The secretary shall receive a salary of four thousand dollars a year.

§ 19-h. **Powers of bureau.** The commission of housing and regional planning shall

1. Study housing needs and conditions in the state and prepare plans adapted to meet such needs and conditions.
2. Collect and distribute information relating to housing and community planning and study means of lowering rents on dwellings by securing economy in the construction and the arrangement of the buildings.
3. Assist in the preparation of legislation and regulations in relation to housing, zoning and planning throughout the state.
4. Co-operate with local housing boards or similar bodies in cities and localities and with state and federal authorities.
5. Make a report to the governor and to the legislature in respect to matters within its jurisdiction.

§ 19-i. **Special duty of commission in housing emergency.** It shall be the duty of the commission to examine housing conditions, prevailing rents and available dwelling space in relation to which the legislature of nineteen hundred and twenty and nineteen hundred and twenty-one declared the existence of a public emergency, and to determine whether or not, at the time of making report thereon, such emergency still exists, the conditions and status of such emergency, if existing, and the extent to which such emergency requires governmental or legislative action. Such examination shall be made for the purpose of advising the governor and the legislature of the facts in relation to such emergency for the purpose of aiding the governor and the legislature in determining their action in the premises. The report of the commission in relation to the examination prescribed by this section shall be filed with the governor and with the legislature not later than the thirty-first day of January, nineteen hundred and twenty-four, and may state the recommendations of the commission in relation to the rent laws and the tax exemption law enacted by the legislature in the years nineteen hundred and twenty and nineteen hundred and twenty-one for the purpose of meeting the then existing emergency.

§ 2. There is hereby appropriated out of any moneys in the state treasury not otherwise appropriated the sum of ten thousand dollars for the purpose of defraying the expenses of the state architect for personal services and otherwise in carrying into effect the provisions of this article. Such moneys shall be payable by the treasurer on the warrant of the comptroller and the certificate of the state architect.

§ 3. This act shall take effect immediately.

Laws of New York, 1924

CHAPTER 87

AN ACT to amend the tax law, in relation to exemption from local taxation of new buildings erected for dwelling purposes.

Became a law April 1, 1924, with the approval of the Governor. Passed, by a two-thirds vote.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section four-b of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," as added by chapter nine hundred and forty-nine of the laws of nineteen hundred and twenty, and last amended by chapter three hundred and thirty-seven of the laws of nineteen hundred and twenty-three,[1] is hereby amended to read as follows:

§ 4-b. **Exemption of new buildings from local taxation.** The legislative body of a county, or the legislative body of a city with the approval of the board of estimate and apportionment, if there be one in such city, or the governing board of a town, village or school district may determine that until January first, nineteen hundred and thirty-two, new buildings therein, planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April first, nineteen hundred and twenty, or, if not so completed, that construction be commenced before April first, nineteen hundred and twenty-five[2] and completion for occupancy be effected within two years after such commencement, or if in course of construction on September twenty-seventh, nineteen hundred and twenty, within two years thereafter, or if a building three stories in height, used exclusively for dwelling purposes above the ground floor, provided construction was commenced since April first, nineteen hundred and twenty-three and before April first, nineteen hundred and twenty-four. The provisions of this section shall not be construed to preclude such legislative bodies from granting exemptions which do not exceed the exemption authorized by this section. Any such limited exemption heretofore granted by any such legislative body, intending or purporting to act under the authority conferred by this section is hereby legalized, validated and confirmed. For the purposes of this section, construction shall be deemed commenced when the plans have been filed with the proper authority and excavation actually and in good faith begun. The owner or architect may file with the authority with whom the plans are filed, a statement in writing setting forth the date of filing plans and the date when excavation was actually commenced; and said authority shall forthwith cause said facts to be investigated. If said statement on such investigation is found to be true, said authority shall thereupon issue to such owner or architect a certificate setting forth the date when the plans were filed with him, and the date when excavation was actually commenced, which certificate shall be conclusive evidence of the date when construction was commenced, for the purpose of obtaining the benefits of this section.

§ 2. This act shall take effect immediately.

[1] Previously amended by L. 1921, ch. 444; L. 1922, ch. 281; L. 1923, ch. 242.
[2] Formerly read: "nineteen hundred and twenty-four."

Laws of New York, 1926

CHAPTER 823

AN ACT to promote the public health and safety by providing for the elimination of unsanitary and dangerous housing conditions, to relieve congested areas, and the construction and supervision of dwellings and for the letting of apartments at reasonable rentals; repealing article two-a of the public buildings law relating to the bureau of housing and regional planning, and making an appropriation to carry out the provisions of this act.

Became a law May 10, 1926, with the approval of the Governor. Passed, three-fifths being present, on message of necessity.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

STATE HOUSING LAW.

ARTICLE 1.

§ 1. **Short title.** This act shall be known as the "State Housing Law."

§ 2. **Legislative finding.** It is hereby declared that congested and unsanitary housing conditions which exist in certain areas of the state in low priced dwellings are a menace to the health, safety, morals, welfare and reasonable comfort of the citizens of the state. The correction of these conditions in such areas being now otherwise impossible, it is essential that provision be made for the investment of private funds at low interest rates, the acquisition at fair prices of adequate parcels of land, the gradual demolition of existing unsanitary and unsafe housing and the construction of new housing facilities under public supervision in accord with proper standards of sanitation and safety and at a cost which will permit monthly rentals which wage earners can afford to pay and not in excess of the rates hereinafter provided. Therefore, there are created and authorized the agencies and instrumentalities hereinafter prescribed, which are declared to be the agencies and instrumentalities of the state for the purpose of attaining the ends herein recited, and their necessity in the public interest is hereby declared as a matter of legislative determination.

ARTICLE 2.

§ 10. **State board of housing.** There shall be in the department of architecture a board to be known as the "state board of housing," of which the state architect shall be ex officio a member and which shall in addition consist of five commissioners to be appointed by the governor by and with the advice and consent of the senate. One commissioner when appointed shall hold office for a period of five years, one for a period of four years, one for a period of three years, one for a period of two years and one for a period of one year, and at the expiration of the term of each commissioner and any succeeding commissioner, his successor shall be appointed in like manner and hold office for five years. Any commissioner so appointed shall hold office until his successor has been appointed and qualified. Said commissioners shall receive no salary, but shall be entitled to the necessary travelling and other expenses incurred in the discharge of their duties.

§ 11. **Officers and employees.** The commissioners shall choose from among their number a chairman and a vice chairman, and

may appoint such other officers and employees as the board may require for the performance of its duties and shall fix and determine their qualifications, duties and salaries.

§ 12. **Duties of the board generally.** The state board of housing shall study housing needs and conditions throughout the state to determine in what areas there exist the conditions declared in section two of this chapter; shall prepare plans for correcting such conditions; collect and distribute information relating to housing and community planning and study means of lowering rents on dwellings by securing economy in the construction and arrangement of buildings; assist in the preparation of legislation and regulations in relation to housing, zoning and planning throughout the state; cooperate with local housing boards or similar bodies in cities and other localities; investigate monopolies of building materials and cooperate with federal and state prosecuting officers to end such monopolies; encourage cooperative housing and tenant ownership of dwellings; and make report from time to time to the governor and legislature with respect to matters within its jurisdiction. Each member of the commission shall have power to administer oaths, take affidavits and to make personal inspections of all places to which their duties relate. The board shall have power to subpoena and require the attendance of witnesses and the production of books and papers pertaining to the investigations and inquiries hereby authorized and to examine them in relation to any matter it has power to investigate, and to issue commissions for the examination of witnesses who are out of the state or unable to attend before the commission or excused from attendance

§ 13. **Duties of board with respect to projects for providing housing accommodations.** Whenever the board shall find that there exist in any locality throughout the state conditions described in section two of this chapter which cannot be remedied through the ordinary operation of private enterprise so as to insure the construction of housing facilities in conformity with reasonable standards of health, sanitation and safety within the maximum rental rates herein prescribed, the board shall select and approve an area or areas within or adjacent to such localities for the construction of buildings by limited dividend corporations formed under this act. No project shall be approved unless it shall appear practicable to rent the accommodations to be constructed at a monthly rental not to exceed, per room in the county of New York, twelve and one-half dollars; in the counties of Kings and the Bronx, eleven dollars; in other counties within the city of New York and in cities of the first class throughout the state other than New York city, ten dollars; and elsewhere in the state where such areas exist, nine dollars, provided that bath rooms shall not be counted as a room for the purpose of the foregoing calculations. No such project shall be approved in contravention of any zoning or building ordinances in effect in the locality in which designated areas are located. The board shall also supervise and control the operations of limited dividend housing companies as hereinafter provided.

§ 14. **Execution of projects.** No building or construction shall be undertaken by any limited dividend housing corporation formed under articles three or four of this chapter without the approval of the state board of housing. Such approval shall be conditioned upon:

1. The submission of a plan in such form and with such assurances as the board may prescribe, to raise at least thirty-three and one-third per centum of the actual cost of the lands and improvements and carrying charges including interest during construction required in the project, through the investment of private capital in the stock of such corporation; and to raise the balance by mortgage bonds which shall not exceed sixty-six and two-thirds per centum of the actual cost of the said project.

2. The acceptance of a designee of the state board of housing as a member of the board of directors of said corporation.

3. The approval by the board of the plans, specifications and estimated costs of the proposed housing facilities in respect to the conformity thereof to reasonable standards of health, sanitation, safety and provision for light and air.

4. When required by the board, the designation by the board with respect to each project approved by it of a trustee, which shall be a banking corporation authorized to perform trust functions, and such trustee shall receive moneys received by the said corporation from the sale of its mortgage bonds and make payment therefrom for the acquisition of land, the construction of improvements and the payment of interest charges during construction and other purposes authorized by the board, upon presentation of draft, check or order signed by a proper officer of the corporation and countersigned by the said board or a person designated by it for said purpose. Any funds remaining in the custody of said trustee after the completion of the said project and the payment in full therefor shall be paid to the corporation.

§ 15. **Regulation of limited dividend housing companies.** The board may

1. Order such repairs as will preserve the health and safety of the occupants of such buildings and structures owned or operated by said corporations.

2. Examine all such corporations and keep informed as to their general condition, their capitalization and the manner in which their property is constructed, leased, operated or managed with respect to their compliance with all provisions of law and orders of the state board of housing.

3. Either through its members or inspectors or employees duly authorized by it, enter in or upon and inspect the property, equipment, buildings, plants, offices, apparatus and devices of any such corporation; examine all books, contracts, records, documents and papers of any such corporation and by subpoena duces tecum compel the production thereof.

4. In its discretion, prescribe uniform methods and forms of keeping accounts, records and books to be observed by such companies, and after a hearing to prescribe by order accounts in which particular outlays and receipts shall be entered, charged or credited.

5. Require every such corporation to file with the board an annual report setting forth such information as the board may require, verified by the oath of the president, vice-president, treasurer, secretary, general manager or receiver, if any, thereof, or by the person required to file the same. Such report shall be in the form, cover the period and be filed at the time prescribed by the board. The board may further require specific answers to questions upon which the board may desire information and may also require such corporation to file periodic reports in the form, covering the period, and at the time prescribed by the board.

§ 16. **Control of rentals.** The board shall fix the maximum rental per room to be charged the tenants of the housing accommodations furnished by such corporation, not in excess of the maximum rentals prescribed by law. Such maximum rental rate shall be determined upon the basis of the actual final cost of the building containing such room, so as to secure a sufficient income to meet all necessary payments to be made by said corporations, as hereinafter prescribed, and such room rental rates shall be subject to revision by the board from time to time. The payments to be made by such corporation shall be all operating and maintenance charges and expenses, taxes and assessments, and insurance; an amortization charge at an amount to be fixed by the board sufficient to amortize within a period fixed by the board the total cost of the building, exclusive of the cost of the land; interest on all outstanding securities and a dividend, not exceeding the maximum fixed by this act, upon the stock of the corporation allocated to the building by the board. The charges for operation and maintenance, taxes and assessments, and insurance, may include reserves and the corporate expenses of the corporation essential to the operation and management of the property in such amounts as shall be approved by the board.

Letting of apartments in such buildings or structures at a greater rental than the maximum rentals prescribed by law or by the order of the board are prohibited and all such leases will be void for all purposes.

§ 17. **Reorganization.** 1. Reorganization of limited dividend housing companies, pursuant to sections thirty-six, ninety-six and ninety-seven of the stock corporation law and such other statutes as may be indicated from time to time, shall be subject to the supervision and control of the board and no such reorganization shall be had without the authorization of such board.

2. Upon all such reorganizations the amount of capitalization, including therein all stocks and bonds and other evidence of indebtedness shall be such as is authorized by the board which, in making its determination, shall not exceed the fair value of the property involved.

§ 18. **Approval of transfer of buildings and structures.** Except as otherwise provided in section fifty-one of this chapter no such limited dividend housing company shall convey, encumber or lease all or any part of its real property to any other person or corporation, without the written consent of the board, provided, however, that leases conforming to the regulations and rules of the board and for actual occupancy by the lessees may be made without the consent of the board. No apartments in such buildings or structures shall be sublet or otherwise transferred or assigned at a greater rental than the maximum rentals prescribed by law or by the order of the board and all such sublettings or other transfers or assignments and agreements thereof shall be void.

§ 19. **Summary proceedings.** Whenever the board shall be of the opinion that such limited dividend housing company is failing or omitting, or about to fail or omit to do anything required of it by law or by order of the board, and is doing or about to do anything, or permitting anything, or about to permit anything to be done, contrary to and in violation of law or of any order of the board, or which is improvident or prejudicial to the interests of the public, the lienholders or the stockholders, it shall commence an action or proceeding in the supreme court of the state of New York in the name of the board for the purpose of having such violations or threatened violations stopped and prevented either by mandamus or injunction. The board shall begin such action or proceeding by a petition to the supreme court, alleging the violation complained of and praying for appropriate relief by way of mandamus or injunction. It shall thereupon be the duty of the court to specify the time, not exceeding twenty days after service of a copy of the petition, within which the corporation complained of must answer the petition. In case of default in answer or after answer the court shall immediately inquire into the facts and circumstances in such manner as the court shall direct without other or formal pleadings, and without respect to any technical requirements. Such other persons or corporations as it shall seem to the court necessary or proper to join as parties in order to make its order or judgment effective, may be joined as parties. The final judgment in any such action or proceedings shall either dismiss the action or proceeding or direct that a mandamus order or an injunction, or both, issue as prayed for in the petition or in such modified or other form as the court may determine will afford appropriate relief.

§ 20. **Construction of buildings; acquisition of land.** When the state board of housing shall have approved of a project for the construction of housing accommodations presented to it by a limited dividend housing company organized under articles three or four of this chapter, such company may undertake the acquisition of the property needed for said project. Such property may be acquired by purchase or, in the case of public limited dividend housing companies, by the exercise of the power of eminent domain, under and pursuant to the condemnation law. The power of eminent domain shall not be exercised by a public limited dividend housing company, except with specific authorization of such action by the state board of housing and for such purpose the board shall specify that the acquisition of the property and the construction of the particular housing accommodations in connection with which said power is requested has been determined by the board, after public hearing, to be in the public interest and necessary for the public use. The commission may expressly except from its certificate hereunder any part of the property proposed to be acquired as unnecessary to the plan. A duly certified copy of such certificate shall be conclusive evidence as to the matters lawfully certified therein in any proceeding under the

condemnation law to acquire property, or any part thereof, set forth in such certificate. In the case of property situated within the city of New York, the corporation may petition the city of New York to acquire the property required for any project, approved by the state board of housing and to institute proceedings under chapter twenty-one of the Greater New York charter for the acquisition of title to real property so acquired. The city of New York may acquire such property and the acquisition thereof by the city shall be deemed to be for a public use as in the case of property acquired for the use of any department of the city; but when the city shall have acquired such property it shall convey the same to the corporation upon payment by the corporation of all sums expended, or required to be expended by the city in the acquisition thereof under the provisions of such charter. The city of New York, however, before proceeding with the acquisition of such property may require satisfactory evidence or assurances that the corporation will have available the moneys necessary to complete the conveyance of said property after acquisition thereof by the city.

Wherever in such chapter twenty-one of the Greater New York charter requirement is made for the performance of an act by a department or officer of the city it shall be regarded for the purposes hereof as compliance therewith if with the approval of the board of estimate and apportionment such act be performed by the state board of housing or any of its officers designated for the purpose.

§ 21. **Increase of rentals.** Whenever it shall appear that the interests of lienholders or stockholders cannot otherwise be safeguarded the state board of housing shall, notwithstanding the limitations prescribed in this article upon rentals, have power by its order after public hearing and upon written application of a limited dividend corporation, to authorize, and upon such authorization, said limited dividend housing corporation may charge a higher rental per room than the rental fixed in this article. Said hearing shall be held upon no less than twenty days' written notice to the tenants and such notice shall have annexed thereto a copy of the application for increase in rentals. The board may prescribe rules of practice governing such applications. But no such order or authorization shall be made or given unless the board shall find that changes in economic conditions in their application to the project with respect to which request for increased rentals shall have been made are such that the maximum rentals fixed as herein provided are insufficient to meet the payments authorized in section forty-two of this act and unless the board shall find that such insufficiency cannot be corrected by reasonable economies in management and operation of said project. The board shall not authorize any increase in rentals in excess of the minimum amount necessary to enable the said corporation to make the said payments authorized in section forty-two. Any order by the board shall be final and conclusive upon all questions within its jurisdiction, with respect to the project affected thereby, unless reversed or modified on appeal therefrom as hereinafter provided. Within thirty days after notice of the filing of the order of the board has been sent to the said corporation and served upon the said tenants affected thereby in such manner as the board shall prescribe, an appeal may be taken to the appellate division of the supreme court in the department in which the project affected by the order is located, from such order of the board by any party in interest. If notice of such appeal is served upon the board, the board shall, within thirty days thereafter, serve upon the parties in interest a statement of its conclusions of fact and rulings of law in such case. The board may also in its discretion certify to such appellate division of the supreme court, questions of law involved in its order. Such appeal and the questions so certified shall be heard in a summary manner and shall have precedence over all other civil cases in such court. The board shall be deemed a party to every such appeal and its counsel, if it have counsel, or, if it have no counsel, the attorney-general without extra compensation shall represent the board thereon. An appeal may also be taken to the court of appeals in all cases where the decision of the appellate division is not unanimous and by consent of the appellate division or a judge of the court of appeals where the decision of the appellate division is unanimous, in the same manner and subject to the same limitations, not inconsistent herewith, as is now provided in civil actions. It shall not be necessary to file exceptions to the rulings of the board. The board shall not be required to file a bond upon an appeal by it to the court of appeals. Otherwise, such appeals shall be subject to the law and practice applicable to appeals in civil actions. Upon final determination of such an appeal, the board shall enter an order in accordance therewith.

ARTICLE 3.

Public Limited Dividend Housing Companies.

§ 30. **Public limited dividend housing companies.** Three or more persons may become a public limited dividend housing company for the purpose of carrying out a project or projects to be authorized and approved by the state board of housing in accordance with article two of this chapter, on making, signing, acknowledging and filing a certificate which shall contain:

1. The name of the proposed corporation;
2. The purposes for which it is to be formed which shall be as follows: To acquire, construct, maintain and operate housing projects when authorized by and subject to the supervision of the state board of housing.
3. The amount of the capital stock, which shall be at least one-third of the estimated total cost of the project or projects so authorized by the state board of housing to be carried out by said company, and if any be preferred stock, the preference thereof.
4. The number of shares of which the capital shall consist, all of which shall have a par value.
5. The city, village or town in which its principal business office is to be located; if located in the city of New York, the borough thereof in which it is to be located.
6. Its duration, which shall not be less than fifty years.
7. The number of directors, which shall not be less than three, one of whom shall always be appointed by the state board of housing.
8. The names and post-office addresses of the directors for the first year.
9. The names and post-office addresses of the subscribers to the certificate and a statement of the number of shares of stock which each agrees to take in the corporation.
10. A provision that in the event that income debenture certificates are issued by the corporation the owners thereof shall have the same right to vote as they would have if possessed of certificates of stock of the amount and par value of the income debenture certificates held by them. The certificate may permit the retirement of income debenture certificates of the company as and when there shall be funds available in the treasury of the company from the receipt of amortization or sinking fund instalments for that purpose. Interest shall be paid by the company upon such income debenture certificates only in the same proportion as dividends may be paid upon the capital stock of the company.
11. A provision that the real property of the corporation shall not be sold, transferred or assigned except under and pursuant to the terms and provisions of this article.
12. A declaration that the corporation has been organized to serve a public purpose and that it shall remain at all times subject to the supervision and control of the state housing board or of other appropriate state authority; that all real estate acquired by it and all structures erected by it, shall be deemed to be acquired for the purpose of promoting the public health and safety and subject to the provisions of the state housing law and that the stockholders of this corporation shall be deemed, when they subscribe to and receive the stock thereof, to have agreed that they shall at no time receive or accept from the company, in repayment of their investment in its stock, any sums in excess of the par value of the stock, together with cumulative dividends at the rate of six per centum, and that any surplus earnings in excess of such amount, if said company shall be dissolved, shall revert to the state of New York.
13. A declaration that all of the subscribers to the certificate are of full age; that at least two-thirds of them are citizens of the United States and that at least one of them is a resident of the state of New York; that at least one of the persons named as a director is a citizen of the United States and a resident of the state of New York.

§ 31. **Consent of state board of housing to incorporation of limited dividend companies.** If any such certificate shall be presented to the secretary of state he shall not file said certificate unless there shall accompany the same a certificate of the state board of housing that it approves the project for which said public limited dividend housing company is to be formed and that it consents to the filing of such certificate.

§ 32. **Application of stock corporation law.** The provisions of sections ten, eleven, fifteen, thirty-five, forty-five to fifty-one inclusive, fifty-five, fifty-seven to sixty-one inclusive, sixty-five to seventy-three inclusive, seventy-five to seventy-seven inclusive, of the stock corporation law shall be applicable to any corporation formed under this article so far as consistent herewith, provided that one director shall be designated by the said state board of housing, who need not be a stockholder.

§ 33. **Limited dividends.** No stockholder in any company formed hereunder shall receive any dividend in any one year in excess of six per centum per annum except that when in any preceding year dividends in the amount prescribed in the certificate of incorporation shall not have been paid on the said stock, the stockholders shall be entitled to the payment of any deficiency without interest out of any surplus earned in any succeeding years.

§ 34. **Time of payment of subscription to stock.** Subscriptions to the shares of a corporation formed hereunder shall be paid at such times and in such instalments as the board of directors and the state board of housing may require. If any default shall be made in the payment of any instalment as so required, the board of directors may enforce said subscription by appropriate action and upon their failure so to do said subscription may be enforced by the state board of housing. At the option of the board of directors with the consent of the state board of housing, the board may upon such default declare the shares and all previous payments thereon forfeited, after the expiration of twenty days from the service on the defaulting stockholder personally, or by mail directed to him at his address as shown on the books of the company, of a written notice requiring him to make payment within twenty days from the service of the notice at a place specified therein and stating that, in case of failure to do so, his shares and all previous payments thereon will be forfeited. Such shares if forfeited may be reissued or reoffered for subscription. If a receiver of the corporation has been appointed, all unpaid subscriptions shall be paid at such times and in such instalments as such receiver or the court may direct.

§ 35. **Consideration for issuance of stocks and bonds.** No limited dividend housing company shall issue shares of stock

* So in original. [Does not conform to section heading.]

except for money, and in no event shall the stock so issued be less than the total of one-third of the actual cost of any project or projects undertaken under article two of this chapter. If the actual cost of said project or projects shall be different from the estimated total cost thereof, the capital stock of the limited dividend housing company may be increased or decreased, as the case may be, by filing a certificate to such effect in the offices where its original certificate of incorporation was filed, together with the certificate of the state board of housing of the approval of such change.

§ 36. **Minimum amount of stock.** The entire amount to be paid in cash by the stockholders of a limited dividend housing company shall be equivalent to at least one-third of the total cost of any one project or projects, approved by the state board of housing.

§ 37. **Exchange of stock for income debenture certificates.** Whenever the state board of housing shall approve, the directors of limited dividend housing companies organized hereunder may offer to its stockholders the privilege of exchanging their stock in such quantities and at such times as may be approved by the state board of housing, for income debenture certificates, bearing no greater interest than five and one-half per centum per annum. In no event shall there be exchanged for such certificates more than ninety per centum of the entire stock of the company. If stockholders owning more than ninety per centum of the entire stock of the company shall elect to make such exchange, they shall be entitled to exchange such part of their respective stockholdings as ninety shall bear to the total per centum of the stock so offered for exchange.

§ 38. **Limitations.** No public limited dividend housing company shall:

1. Acquire any real property or interest therein unless it shall first have obtained from the state board of housing a certificate that such acquisition is necessary or convenient for the public purpose defined in this act.

2. Sell, transfer or assign any real property except (a) to another public limited dividend housing company formed under this article, and (b) without first having obtained the consent of the state board of housing, and (c) for a price not in excess of the cost of the said property less any amounts paid in amortization of the first lien or the redemption of income debenture certificates on the buildings plus so much of the limited dividends on the stock of the said company from date of issue as shall have been unpaid and accrued interest on the first mortgage and income debenture certificates thereof.

3. Pay interest returns on its first lien at a higher rate than five per centum per annum or upon its income debenture certificates at a rate higher than five and one-half per centum per annum.

4. Issue its stock or bonds covering any project undertaken by it in an amount greater in the aggregate than the total actual final cost of such project, including the lands, improvements, interest and other carrying charges during construction.

5. Mortgage any real property without first having obtained the consent of the state board of housing.

6. Issue any securities or evidences of indebtedness without first having obtained the approval of the state board of housing.

7. Use any building acquired by it for other than housing purposes, except where zoning laws permit stores, in which event only the floor at grade or street level may be used for that purpose.

8. Charge or accept any rental for housing accommodations in any building constructed, acquired, operated or managed by it in excess of the prices prescribed by the state board of housing, which, except as provided in section twenty-one of this act, shall not be in excess of the following prices per month per room: In New York county, twelve and one-half dollars; in the counties of Kings and Bronx, eleven dollars; in other counties within the city of New York and in cities of the first class throughout the state, other than New York city, ten dollars; and elsewhere in the state where such areas exist, nine dollars; provided that a bath room shall not be counted as a room for the purpose of the foregoing calculations.

9. Enter into contracts for the construction of housing projects, or for the payment of salaries to officers or employees except subject to the inspection and revision of the state board of housing and under such regulations as the state board of housing may from time to time prescribe.

10. Voluntarily dissolve without first having obtained the consent of the state board of housing.

11. Make any guaranty pursuant to section nineteen of the stock corporation law, without the approval of the state board of housing.

§ 39. **Tax exemptions.** 1. Any public limited dividend housing company formed hereunder shall be exempt from the payment of any and all franchise, organization, income, mortgage recording and other taxes to the state and all fees to the state or its officers.

2. Bonds and mortgages and the income debenture certificates of all companies incorporated hereunder are declared to be instrumentalities of the state, issued for public purposes and shall, together with interest thereon, be exempt from taxation. The dividends on the stock of said companies shall be exempt from taxation by the state. Any municipality in which the projects authorized under article two of this chapter are located is authorized to exempt the buildings and improvements created in connection with such projects from local taxation, and should said municipality exempt such buildings and improvements from such taxation, the buildings and improvements of said company shall to the extent of such exemption be exempt from any and all state taxes. But such exemption of said buildings and improvements from taxation by the municipality and state shall not extend to buildings erected after January first, nineteen hundred and thirty-seven.

§ 40. **Mortgages and mortgage bonds.** Any company formed under this article may, subject to the approval of the state board of housing, borrow funds and secure the repayment thereof by bond and mortgage or by an issue of bonds under trust indenture. Each mortgage and/or issue of bonds by a company formed hereunder shall relate only to a single specified project and no other and said bonds shall be secured by first mortgage upon all of the real property of which said project consists. First lien bonds of such company when secured by a mortgage not exceeding two-thirds of the appraised value or estimated cost, whichever be the less, of said project as certified by the state board of housing, are hereby declared securities in which all public officers and bodies of the state and of its municipal subdivisions, all insurance companies and associations, all savings banks and saving institutions, including saving and loan associations, executors, administrators, guardians, trustees and all other fiduciaries in the state may properly and legally invest the funds within their control. The bonds so issued and secured and the mortgage indenture relating thereto, may be so drawn that a first or senior interest and a second or junior interest therein may be acquired by different investors. In such event, only the first or senior interest therein shall be deemed securities in which such officers, bodies, corporations, associations and fiduciaries, may invest the funds within their control. Such bonds and mortgages may contain such other clauses and provisions as shall be approved by the state board of housing, including the right to assignment of rents and entry into possession in case of default; but the operation of the housing projects in the event of such entry shall be subject to the regulations of the state board of housing under this act. Provisions for the amortization of the bonded indebtedness of companies formed under this article shall be subject to the approval of the state board of housing.

§ 41. **Surplus.** The surplus of companies formed hereunder shall be limited to an amount equal to twelve per centum of the outstanding capital stock and income debenture certificates thereof and the amount of the net earnings transferable to surplus in any year shall be subject to the approval of the state board of housing. On dissolution of any public limited dividend housing company, the stockholders shall in no event receive more than the par value of their stock plus accumulated, accrued and/or unpaid dividends; and any remaining surplus shall be paid into the general fund of the state of New York.

§ 42. **Reduction of rentals.** Should the gross receipts of any company formed hereunder from the operation of any project undertaken pursuant to article two of this chapter exceed (a) operating and management expenses; (b) taxes, if any; (c) interest on mortgages and income debenture certificates; (d) dividends; (e) authorized transfer to surplus, the balance shall be applied to the reduction of rentals, provided that the amount available for this purpose shall be entirely so applied within one year after it becomes available. The charges for operation and maintenance may include insurance and reserves essential to the management of the property or necessary to meet requirements for depreciation and amortization of bonded indebtedness, but the amount set aside therefor shall be subject to the approval of the state board of housing.

§ 43. **Foreclosure.** In any foreclosure action the state board of housing shall be made a party defendant; and such board shall take all steps in such action necessary to protect the interest of the public therein, and no costs shall be awarded against the board. Foreclosure shall not be decreed unless the court to which application therefor is made shall be satisfied that the interests of the holder or holders of the first lien or first lien bonds cannot be adequately secured or safeguarded except by the sale of the property. In any such proceeding, the court shall be authorized to make an order increasing the rentals to be charged for the housing accommodations in the project involved in such foreclosure, but not exceeding the maximum rentals fixed herein, or appoint a receiver of the property or grant such other and further relief as may be reasonable and proper. In the event of a foreclosure sale or other judicial sale, the property shall except as provided in the next succeeding paragraph of this section be sold only to a public limited dividend housing corporation organized under this act, unless the court shall find that the interest on the bonds cannot be earned under the restrictions imposed by this and the preceding sections and that the proceeding was brought in good faith. In such event the property shall be sold free of all restrictions imposed by this act.

2. Notwithstanding the foregoing provisions of this section wherever it shall appear that a corporation, subject to the supervision either of the state insurance department or the state banking department, shall have loaned on a mortgage which is a first lien upon any such property such corporation shall have all the remedies available to a mortgagee under the laws of the state of New York.

ARTICLE 4.

§ 50. **Private limited dividend housing companies; organization.** Three or more persons may become a private limited dividend housing company for the purpose of carrying out a project or projects to be authorized by the state board of housing in accordance with article two of this act, by making, signing, acknowledging and filing a certificate which shall contain all of the provisions required under section thirty of this act.

§ 51. **Powers; exemptions.** Private limited dividend housing companies shall be subject to the provisions of sections ten to twenty-one, inclusive, sections thirty-one to thirty-seven, inclusive, subdivisions three to eleven, inclusive, of section thirty-eight and sections thirty-nine to forty-two, inclusive, of this act, except that

(a) Private limited dividend housing companies are authorized to sell, assign, convey and otherwise dispose of real property owned by them; but no private limited dividend housing company shall sell, assign or convey any real property owned, operated or managed by it or any right, title or interest therein, except upon notice to the state board of housing of the terms of such sale, transfer or assignment and unless and until the state board of housing shall consent thereto;

(b) The provisions exempting the buildings and improvements of such companies from taxation shall apply only so long as such property is owned, managed and operated by one of said companies;

(c) Said companies shall not under any circumstances have or exercise the power of eminent domain or acquire its property otherwise than by purchase or gift;

(d) The securities of a private limited dividend housing company are not to be deemed instrumentalities of the state, but they and the income therefrom shall nevertheless be exempt from any taxation by the state.

ARTICLE 5.

Section 60. Appropriation.
61. Saving clause.
62. Laws repealed.
63. When to take effect.

§ 60. **Appropriation.** There is hereby appropriated out of any moneys in the state treasury not otherwise appropriated the sum of one hundred thousand dollars ($100,000) for the purpose of carrying into effect the provisions of this act relating to the state board of housing, payable in the manner provided by law on requests signed by the chairman of the state board of housing.

§ 61. **Saving clause.** If any term or provision of this act shall be declared unconstitutional or ineffective in whole or in part, by a court of competent jurisdiction, then to the extent that it is not unconstitutional or ineffective, such term or provision shall be in force and effect; nor shall such determination be deemed to invalidate the remaining terms or provisions hereof.

§ 62. **Laws repealed.** Article two-a of chapter forty-eight of the laws of nineteen hundred and nine, entitled "An act relating to public buildings, constituting chapter forty-four of the consolidated laws," as added by chapter six hundred and ninety-four of the laws of nineteen hundred and twenty-three, and all other acts and parts of acts inconsistent with this act are hereby repealed, and the duties and functions heretofore exercised by the bureau of housing and regional planning and all the files thereof shall be transferred to the state board of housing created by this act.

§ 63. **When to take effect.** This act shall take effect immediately.

Bills of New York State Legislature Which Failed to Pass: On the Subject of Tax Exemption, 1919-21.

2-5-19 No. 482, Int. 470 (Assembly). Introduced by Mr. Fertig - read once and referred to the Committee on Affairs of Cities.

AN ACT to amend the Greater New York charter, in relation to the exemption from increased assessed valuation of real estate improved for dwelling purposes.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The Greater New York charter, as re-enacted by chapter four hundred and sixty-six of the laws of nineteen hundred and one, is hereby amended by inserting therein after section eight hundred and eighty-nine-a, a new section to be section eight hundred and eighty-nine-b, to read as follows:

ASSESSED VALUATION OF REAL ESTATE IMPROVED FOR DWELLING PURPOSES NOT TO BE INCREASED.

§ 889-b. Where unimproved land is improved by the erection thereon of a tenement house or apartment building at any time within two years after the enactment of this act, the assessed valuation of such land for the said two years, shall not be increased by reason of the erection thereon of such building.

§ 2. This act shall take effect immediately.

3-28-19 No. 1775, Int. 1433 (Assembly). Introduced by Mr. Wells - read once and referred to the Committee on Taxation and Retrenchment.

AN ACT to amend the tax law, in relation to exemption of improvements.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section four of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," is hereby amended by inserting therein a new subdivision to be subdivision eleven-a, to read as follows:

11-a. For the purpose of stimulating and encouraging the building of homes throughout the state of New York, each dwelling house or building used for domestic or commercial purposes constructed on unimproved land, or in addition to or in substitution for existing buildings on improved land, whereby the value of the real property exclusive of the value of the land is increased, shall be exempted from taxation to an amount not exceeding five thousand dollars for a period of five years from the commencement of such construction; but this subdivision shall not exclude land valuation for the purpose of taxation. The period of such exemption shall begin on the first day of July subsequent to the time this subdivision takes effect.

§ 2. This act shall take effect immediately.

3-11-20 No. 1275, Int. 1122 (Assembly). Introduced by Mr. McGue - read once and referred to the Committee on Affairs of Cities.

AN ACT to amend the Greater New York charter, in relation to reduction in assessed valuation of real property on which tenement houses may be hereafter constructed, within a limited period.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The Greater New York charter, as re-enacted by chapter four hundred and sixty-six of the laws of nineteen hundred and one, is hereby amended by inserting therein, after section eight hundred and ninety-two-a, a new section, to be section eight hundred and ninety-two-b, to read as follows:

REDUCTION IN ASSESSED VALUATION OF NEW TENEMENT HOUSE PROPERTY.

§ 892-b. Subject to the provisions of this section, if a tenement house, as defined by the tenement house law, except that it shall be adapted for occupancy by at least six families instead of three, shall be constructed in the city after this section takes effect and be ready for occupancy by May first, nineteen hundred and twenty-one, the assessed valuation of the parcel of land on which such house is built, as set down in that part of the annual record of assessed valuation in which is given the sum for which such parcel, under ordinary circumstances, would sell if wholly unimproved, shall constitute the total assessed valuation of such tenement house property for purposes of taxation during a period of seven years from the time or times hereinafter prescribed. Provided, however, that in any such year in which, at the time of the completion of the assessment rolls pursuant to section nine hundred and seven, except such rolls for the year nineteen hundred and twenty-one, such building shall not have been actually occupied by an average of at least six families since the preceding first day of May, the foregoing provisions shall not apply to such property. In such case, the assessed valuation for the year for which such rolls are made shall be the sum for which such parcel, under ordinary circumstances, would sell with the improvements thereon. To entitle the owner of tenement house property to the reduced assessed valuation provided for by this section, the owner shall cause to be filed with the tenement house commissioner an affidavit, in such form as such commissioner shall prescribe, of a person conversant with the facts, showing that the tenement house conforms to the requirments of this section. Such affidavit shall be filed not later than December first, nineteen hundred and twenty-two. If, after such investigation as he may deem proper, such commissioner is satisfied that the provisions of this section apply to such property, he shall so certify to the department of taxes and assessments. Upon the receipt of such certificate, there shall be entered in red ink, by the proper officers, in the annual record of assessed valuations and in the proper assessment rolls based thereon, in connection with the statement of the sum representing the value of the land without the improvements, the words and figures "Charter, sec. 892-b." Such entry shall be taken to mean that such sum is the total assessed valuation of the property for the purposes of taxation during the year for which the assessment is made, and shall be repeated in each of the six ensuing annual records and assessment rolls, except during a year that it shall be shown that the tenement house was not occupied by at least six families as above provided. If such affidavit be filed before the completion of the assessment rolls for the year nineteen hundred and twenty-one, and if such commissioner is satisfied that the building is nearing completion and will be ready for occupancy on May first of such year, such reduced assessment may begin with such year. During such period of seven years, the department of taxes and assessments may call upon the tenement house commissioner to investigate and report as to any complaint that the average of the number of families occupying the tenement house is less than six.

§ 2. This act shall take effect immediately.

3-17-20 No. 1514, Int. 1312 (Assembly). Introduced by Mr. Healey - read once and referred to the Committee on Taxation and Retrenchment.

AN ACT to amend the tax law, in relation to the exemption of certain real property from taxation.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section four of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," is hereby amended by inserting therein a new subdivision to be subdivision nineteen-a, to read as follows:

19-a. All one and two family dwelling-houses constructed between April first, nineteen hundred and twenty, and April first, nineteen hundred and twenty-five, by individual owners, in cities of over one million inhabitants.

§ 2. This act shall take effect immediately.

4-17-20 No. 2170, Int. 1691 (Senate). Introduced by Mr. Boylan - read twice and ordered printed, and when printed to be committed to the Committee on Taxation and Retrenchment.

AN ACT to amend the tax law, in relation to exemptions.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section four of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," as last amended by chapter two hundred and eighty-eight, of the laws of nineteen hundred and eighteen, is hereby amended by inserting therein a new subdivision, to follow subdivision twenty-one, to be subdivision twenty-two, to read as follows:

22. The board of estimate and apportionment in the city of New York and the corresponding body in any other city of the first class in the state shall define the districts in such cities to which this section shall apply. Such districts shall be those in which construction has not taken place within twenty years. No such district shall be less in area than a city block; but where construction has not taken place within forty years such area may be less. If prior to the thirty-first day of December, nineteen hundred and twenty-one, the land within such area be improved by the erection of new buildings complying in all respects to the tenement house law, capable of housing ten families or more and rentable at a monthly rental of not to exceed ten dollars per room, excluding bathrooms, the property so improved together with the buildings thereon shall be exempted from taxation for any and all purposes from a period of five years from the completion of such construction as certified to by the tenement house department.

§ 2. This act shall take effect immediately.

2-10-21 No. 650, Int. 616 (Assembly.) Introduced by Mr. Reiburn - read once and referred to the Committee on Taxation and Retrenchment.

AN ACT to amend the tax law, in relation to exemption from taxation where dwelling, tenement and apartment improvements are erected under the control and direction of a municipal board or commission as trustees to provide relief in emergency due to lack of housing in cities of the first class.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Upon inquiry made by a joint committee of the senate and assembly and upon report of its findings, it is hereby declared that an emergency exists in cities of the first class, due to lack of housing in such cities, and that immediate relief therefrom is necessary to conserve the life, health and safety of the inhabitants of such cities.

§ 2. Chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," is hereby amended by inserting therein two new sections, to be, respectively, sections eighteen and three hundred and fifty-nine-a, to read as follows:

§ 18. Exemption of certain building improvements erected in cities of the first class under the control and direction of a municipal board or commission as trustees to relieve lack of housing and limiting the assessed valuation of the land upon which such building improvements shall be erected. The building improvements for dwellings, tenements and apartments erected with moneys received by a municipal board or commission, as trustees, in cities of the first class, whenever any such board or commission shall be authorized by an act of the legislature to act as trustees and to acquire funds to be loaned for the erection of such buildings, to relieve lack of housing, and loaned upon bond and mortgage upon such land and building improvements, shall not be assessed for the purposes of taxation during the term of any such mortgage or until such mortgage is matured or extinguished, and during such period the mortgaged premises shall be assessed exclusive of valuation for such building improvements at no greater valuation than such land shall have been assessed at the time of the making of said loan. Such valuation, however, shall not be taken as a standard by any court, commission or other body in determining the value of other or neighboring property and such exemption shall be considered in the nature of compensation to the owners of the premises so mortgaged for the use to which they are permitted to be put to provide such relief, and in consideration of the control and direction thereof by such municipal board or commission.

§ 359-a. Exemption of income where building improvements are provided under the control and direction of a municipal board or commission as trustees to relieve lack of housing. The term 'gross income' shall not include interest upon bonds issued by municipal boards or commissions as trustees in cities of the first class, whenever any such board or commission shall be authorized by an act of the legislature to act as trustees and to acquire funds to be loaned for the erection of dwellings, tenements and apartments to relieve lack of housing, nor shall it include income from the use of property improved with such buildings erected from the proceeds of any loan made by such board or commission as trustee, upon bond and mortgage, during the term of such mortgage or until such mortgage is matured or extinguished, nor income from such bond and mortgage, and such interest and income shall be exempt from taxation under this article. The provisions of this section shall continue in effect until such bonds and bond and mortgages are matured or extinguished, and such exemption shall be considered in the nature of compensation to the purchasers of such bonds and to the owners of such property and bonds and mortgages in providing such relief, and in consideration of the control and direction thereof by such municipal board or commission.

§ 3. Section two hundred and fifty-two of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," is hereby amended so as to read as follows:

§ 252. Exemptions. No mortgage of real property situated in this state shall be exempt and no person or corporation owing any debt or obligation secured by mortgage of real property situated within this state shall be exempt from the taxes imposed by this article by reason of anything contained in any other statute or by reason of any provision in any private act or charter which is subject to amendment or repeal by the legislature, or by reason of non-residence within this state or for any other cause[.] , except that mortgages of real property to secure loans made by a municipal board or commission, as trustees, in cities of the first class, whenever any said board or commission shall be authorized by an act of the legislature, to act as trustees and to acquire funds from which such loans may be made to relieve lack of housing, shall not be subject to the tax provided by this article, and such exemption shall be considered in the nature of compensation to the mortgagors and mortgagees in providing such relief, and in consideration of the control and direction thereof by such municipal board or commission.

§ 4. This act shall take effect immediately.

Proceedings of the Board of Aldermen of the City of New York: Ordinances and Resolutions, 1919-27.

4-15-19 No. 1464.

Resolution Empowering the Committee on General Welfare to Co-operate With the Mayor's Committee to Investigate the Unreasonable Increases in Rentals.

By Aldermen Gilmore and Bostwick--

Whereas, There exists in The City of New York to-day a critical condition caused by the increase in rentals of apartments and dwellings to an exorbitant and unreasonable amount; and

Whereas, This condition is caused in a great many instances by the owners of apartment houses leasing their entire building to unscrupulous rent profiteers who are increasing the rentals beyond a reasonable amount and have no interest in the property other than through a lease to obtain profits without effort by taking an unfair advantage of a lack of suitable accommodations to meet the demand for housing facilities in The City of New York, caused by a restriction upon building materials during the war and by the present high prices of building materials; therefore, be it

Resolved, By the Board of Aldermen that the Committee on General Welfare be, and it hereby is instructed to co-operate to the fullest extent with the Committee recently appointed by the Mayor to investigate the unreasonable increases in rentals throughout the City, and that the said Committee on General Welfare be, and it is hereby empowered to investigate all matters relating to increases in rentals in apartments and dwellings in The City of New York, and to investigate the practice of landlords entering into agreements with lessees, whereby rents are increased beyond a reasonable amount, and that the Committee shall have power to hold public hearings when necessary, and to compel by subpoena signed by the Chairman of the Committee, the attendance of witnesses and the production of books, papers and records relevant or pertinent to the investigation hereby authorized.

Which was adopted.

5-20-19 No. 1227.

Report of the Committee on Labor and Industries in Favor of Adopting Resolution Disapproving Action of Lending Institutions in Discouraging Building Loans, Operating in Detriment to Labor and Needed Housing Facilities of this City.

The Committee on Labor and Industries to which was referred on February 4, 1919, (Minutes, page 330) the annexed resolution disapproving action of a lending institution in discouraging building loans, operating in detriment to labor and needed housing facilities of this City, respectfully,

REPORTS:

That long before the introduction of this resolution the housing problem had reached an acute stage due to the lack of construction of new dwellings due in measure to the

war and largely by the unwillingness of the loaning institutions to consider loans, there is consequently a shortage of dwelling apartments and tenants are being exploited unmercifully by unscrupulous landlords and speculators.

The records of the several bureaus of buildings in the various boroughs of the City show a considerable falling off in the amount of proposed building operations for the year 1919, and the greater part of this proposed work depends upon the obtaining of satisfactory building loans, which the loaning institutions are either unable or unwilling to make, and until such institutions take a different view of things than at present, the erection of buildings will be at a standstill.

Your Committee feels that if the loaning institutions will reconcile themselves to the present conditions and make appraisals in accordance with present prices that immediate relief would result.

It, therefore, recommends the adoption of the accompanying resolution disapproving the present action of the lending companies in the matter of new building loans.

Whereas, There has recently appeared in the public press extracts from the annual report of the trustees of one of the largest institutions lending money on real estate in this city, in which, among others, the following statements are made:

"It is not time yet to consider building loans.* * * Buildings now in existence can be purchased at prices that will pay better incomes than any new buildings that can be built with materials at their present prices. As a result, lenders do not want to advance money to construct buildings that are not needed.

'In Manhattan and The Bronx in particular, the lack of space for living purposes is not yet severely felt. Rents are higher but the increase has not been enough to offset the increased cost of operation.

'It seems unkind to suggest that rents must be higher than they are, but until the present policy of making real estate bear the major burden of the taxes for the support of City government is changed, rents have got to go up."

--And

Whereas, It is common knowledge to the members of this Board that never before has there been such a scarcity of dwellings and apartments in The City of New York, particularly in the Boroughs of Manhattan and the Bronx, and that there is urgent need for the immediate construction of new buildings for living purposes;

Resolved, That the Board of Aldermen strongly disapproves of the action of the lending institution as above set forth in discouraging building loans at this time and thus postponing the commencement of new building construction in the City.

We believe that such an improper attitude, if persisted in, is designed to force increased rentals on the already overburdened rentpayers of the City; that it will deprive thousands of employment during the trying period of reconstruction through which we are now passing, and that it can only result in hampering and embarrassing the City, state and national governments at a time when it requires the best co-operation of all interests in order that we may return expeditiously to the normal pursuits of peace.

THOMAS M. FARLEY, EDWARD V. GILMORE, WM. P. McGARRY, HUGH A. ALWELL, THOMAS W. MARTIN, Committee on Labor and Industries.

Which report was accepted.

Note: *** New matter

6-24-19 No. 1671.

A Resolution Concerning the Housing Problem.

By Alderman Braunstein--

Whereas, The report of the Public Works and Construction Division of the United States Department of Labor shows that there is a shortage of one million homes throughout the country, and that 75,000 families in New York City are in immediate need of dwellings; and

Whereas, Unscrupulous, profiteering landlords are taking advantage of this shortage to inaugurate an unwarranted and unprecedented raise in rents; and

Whereas, This has brought intense hardship to the working population of the City, and has caused the practice of two families sharing one apartment; and

Whereas, The City has large tracts of land available for building purposes; and

Whereas, Doubt exists in the minds of some members of this Board and of other City officials as to whether the City has the power to use this land for the purpose of erecting dwellings thereon, and rent them to the people at cost; therefore

Be it Resolved by the Board of Aldermen of the City of New York:

(1) That the Governor of the State of New York be and he is hereby urgently requested and advised immediately to call a special session of the legislature for the purpose of enacting legislation which will remove all question as to The City of New York possessing the legal right to perform a function so needful to the health and general welfare of its inhabitants.

Which was referred to the Committee on State Legislation Affecting The City of New York.

10-21-19 No. 1870.

Resolution in Reference to Taxation Legislation

By Alderman Quinn--

Resolved, That this Board of Aldermen hereby recommend to the new legislative bodies about to be elected in the State of New York that they pass legislation at the next session of the Legislature so that the charter of the City of New York be amended to give the Bureau of Taxes and Assessments in the City of New York power to omit taxation upon all buildings erected for housing or living purposes, including tenements, flats and apartment houses within the next six months for ten years, and those built within a year for five years; also to double the existing tax rate on unimproved property; also that a copy of this resolution be sent to all candidates elected to both houses of the State Legislature at the proper time.

Which was referred to the Committee on State Legislation affecting the City of New York.

Alderman Kenneally moved that the Board do now adjourn.

The President pro tem put the question whether the Board would agree with said motion.

Which was decided in the affirmative.

3-9-20 No. 278.

Resolution Relative to Shortage in Housing Accommodations, with Measures of Relief for Consideration by Committee on General Welfare.

By Aldermen Bostwick and Friedman--

Whereas, The discontinuance of building operations during and since the war has caused a shortage in the necessary housing accommodations of the City of New York and

Whereas, Certain owners of real property taking advantage of such shortage have already increased rentals from fifty to one hundred and fifty per cent, over the rentals of 1916, and

Whereas, At a public hearing held within the last week a representative of certain real estate interests stated that rents will go up at least 300 per cent. this year" * * * "because we can get it," therefore be it

Resolved, That in the opinion of the Board of Aldermen the present rental situation in the City of New York creates and is an emergency growing out of the period of reconstruction following the Great or World War; and further

Resolved, That the following measures of relief be considered by the Committee on General Welfare:

First--That we recommend the enactment of a law providing for exemption from increased valuation of real property improved for dwelling purposes in New York City, the valuation not to be increased over that on the day the building plans are approved until the assessed valuations for 1926 are fixed, provided such buildings are ready for occupancy before December 31, 1921, along the lines of the bill introduced in the Assembly on January 20th;

Second--That the Corporation Counsel be requested to advise this Board at its next meeting his opinion as to whether the City may legally make loans to builders of housing accommodations provided such building operations are completed and ready for occupancy on December 31, 1921;

Third--In view of the fact that shortage of housing accommodations is a nation wide problem, that Congress be requested to enact legislation by which building supplies may be regulated during the reconstruction period, giving preference to building projects for new dwellings;

Fourth--As a measure of immediate relief this Board recommends the enactment of legislation whereby during the emergency period only, rentals be regulated by a Rent Commission along the lines of the Rent Commission Law now in force in the City of Washington, D. C.

WILLIAM T. COLLINS, STEPHEN F. ROBERTS, EDWARD CASSIDY, EDWARD J. ATWELL, FRANCIS D. McGAREY, CHARLES H. HAUBERT, JOHN N. KNOESEL, GEORGE J. JOYCE, Committee on General Welfare.

10-5-20 No. 973.

The Mayor-- Recommending Passage of an Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes.

City of New York, Office of the Mayor, October 5, 1920.

To the Honorable, the Board of Aldermen, City of New York:

Gentlemen--The urgent need for new housing construction, which has created an emergency, endangering the life, health and safety of the inhabitants of the City of New York, resulted in the calling by the Governor of a special session of the Legislature, with the intention of inducing appropriate measures for relief.

A series of bills were prepared under my direction which, if enacted into law, would have provided means to encourage the construction of new buildings, apartment and tenement houses in the City of New York, during this emergency.

Note: *** New matter

These bills enabled the Commissioners of the Sinking Fund, as Trustees, to issue building loan bonds, the proceeds of which would be loaned on bonds and Mortgages to those owners who would agree to construct dwellings, apartment houses and tenement houses, under such conditions as the City might prescribe, to meet the emergency and give the necessary relief, in compensation for which exemptions from taxes were granted, with the effect that the present high cost of building would be offset, and the consequent high rentals be relieved. The provisions of the law precluded any obligation to arise against the City credit; although the bonds were declared to be such securities in which the Sinking Fund accruals might be invested.

Assurances were given to me that the bonds so authorized, would find a ready market and induce large amounts to be made available for loans, and that the terms provided for mortgages loans were such as to attract builders to proceed without delay to erect the kind of houses, apartments and tenements which are urgently required.

These bills passed the Senate by a substantial majority, but failed of passage in the Assembly, because of the two-thirds rule, although the vote showed a very considerable majority in favor of the bills. Assemblymen from the rural communities of the State, where there is no housing problem to contend with, seem to fail to appreciate the serious condition with which The City of New York is confronted.

It is a great misfortune to the people of The City of New York that these bills were not passed at the special session of the Legislature, because now the relief intended to be provided will have to await the regular session in January next, when these bills will be again presented and urged for immediate passage.

The only possible relief to provide for new houses at this time, appears to have been granted by the Legislature, by chapter 949 of the Laws of 1920, approved by the Governor September 27, 1920, a copy of which is herewith transmitted, entitled:

"An Act to amend the Tax Law in relation to exemption from local taxation of new buildings planned for dwelling purposes."

I am advised that this law involves many different constitutional questions, which it may be necessary to have determined by the Courts, and under ordinary circumstances there might well be some hesitation in passing local legislation to carry the law into effect; but, under the present emergency condition, every possible advantage should be taken of the only relief thus made possible.

It seems, therefore, desirable to pass local legislation to make the provisions of this Law applicable in the City of New York, with such restrictions, however, as will protect the City from a raid upon its Treasury.

I call to your attention that under this Law, unless restrictions are carefully provided for, exemption from taxes, amounting in the period to almost one-third of the cost of the building, will be granted as a gratuity to the owners of buildings already erected, which have been completed since April first, or are now under way; and that exemptions are provided for the owners of future dwellings and apartment houses for the rich or well-to-do people, for whom there is no need for relief. Exemptions of this character will amount to millions of dollars, which, in the last analysis, will be loaded as a serious additional burden upon the general body of taxpayers, without affording any real relief for new houses.

It should be obvious, that in granting exemptions and in applying this Law, the City should not be called upon to grant to owners any exemptions from taxes in cases such as the following:

(1) Buildings which have been, are being or will be erected, regardless of the emergency relief.

(2) Buildings of a character which will not provide the relief necessitated by the emergency.

(3) Buildings where the exemption will merely afford an additional and unearned profit to the owner, or where exemption will in effect simply refund to the owners losses which have already been incurred.

(4) Buildings whose occupancy will affect those persons for whom there is ample accommodation now available.

Your honorable board is requested to give immediate attention to the consideration of chapter 949 of the Laws of 1920, and to the enactment of a suitable Ordinance, which will carry its purposes into effect, in such a manner as will provide for immediate relief in the existing emergency in the City of New York, due to lack of housing, while at the same time protecting the City from general and promiscuous grants of exemptions from taxes, which will fail to effect the relief purposes for which this Law was enacted.

In my judgment, the test as to whether the relief desired will in fact be obtained in any case, should be applied upon each application for exemption, and be determined upon its merits under suitable administrative direction.

Very respectfully,
JOHN F. HYLAN, Mayor.

12-21-20 Int. Nos. 973, 1084 (G. O. 139).

Report of the Committee on General Welfare in Favor of Adopting a Substitute Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in The City of New York.

The Committee on General Welfare, to which was referred:

No. 973.

Message of the Mayor, recommending, with proposition by Alderman Collins, an ordinance in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York (page 63, Minutes of October 5, 1920).

No. 1084 (Ord. No. 67).

An ordinance in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York (page 219, Minutes of November 9, 1920).

--respectfully

REPORTS:

Your Committee, in presenting this substitute ordinance for Int. Nos. 973 and 1084, is well aware that it is confronted with the most serious and far-reaching problem that has ever engaged the attention of the local legislature, both from a legal and financial standpoint.

It offers this substitute ordinance for consideration in the hope of a candid and careful review of its provisions, both by the Board and the public generally, with a view to bringing out any additional suggestions which may be deemed necessary to make effective the intent of the Legislature in conferring upon the local authorities the power to enact legislation for stimulating activities in building for housing purposes by means of a limited tax exemption.

It is not necessary to review here the causes which have contributed to the present situation of housing shortage. They are well known and are not only country-wide, but obtain throughout many portions of the civilized world where urban populations live and labor.

If there is anything which the local authorities can do in this crisis, in the form of legislative encouragement and support, it ought to be undertaken and undertaken quickly.

One of the most alarming pictures of the present situation given at the hearings on this subject by your Committee was presented by Doctor Copeland of the Health Department. At the close of his address, urging speedy action by the Board, he stated that unless something was done to stimulate building activity for relieving the existing housing congestion, he would be compelled, in the interest of the public health, to commandeer vacant houses or partially vacant houses in order to stay the incursion of disease and epidemics due to the dangerously unsanitary manner in which a large portion of the population of this city are housed at the present time.

When the head of the Health Department warns of an impelling crisis of such a character, it is time not only for the local authorities but for builders, bankers, trust, companies and loaning institutions of all character and the public generally to realize the seriousness of the situation.

Your Committee, in presenting this substitute ordinance, has always had in mind what it believed to be the clear intent of the Legislature; that is, to promote the construction of moderate-priced houses and apartment buildings within the reach of the wage earner and the small and moderate salaried man with growing children.

Your Committee believes that it was never the intention of the Legislature to afford relief from local taxation for the next ten years to the opulent citizen who could afford a residence demanding the highest skill of the architect and artisan, or the apartment house builder where the rentals would be of such a nature that the occupancy must necessarily be confined to the wealthy or the well-to-do.

That class of our citizenship does not ask for nor need relief.

It was to meet this situation that section 2 was inserted in the proposed ordinance, and some of the members of this Committee were strongly disposed to limit the tax exemption to apartment buildings where a rental of ten instead of fifteen dollars per room may be charged as now set forth in that section.

It has been contended by some able members of the legal profession that unless this Board confined itself to a substantial reiteration of the statute passed at the special session of the legislature, the Courts would not sustain any ordinance which might be adopted.

In normal times and under normal conditions it may well be that the courts would not sustain such an exercise of legislative power as herein proposed; but we are living in abnormal times, and when civil government is confronted by abnormal conditions.

These conditions can be met only by means beyond the ordinary, and we know the Courts have heretofore modified their views in regard to legislation to meet the changing conditions confronting human society, and given its approval to legislation which it had previously put aside as radical and unconstitutional.

The radicalism of yesterday may be the conservatism of tomorrow. Your Committee believes that the property values created by a tax exemption ordinance for a limited time and of a limited nature, would result in the addition of many millions of real property to the aggregate city wealth available for taxation purposes in the days to come, the creation of which would be delayed many years and in some instances not be created at all.

There appeared before your Committee a number of citizens who protested vigorously against the passage of any

law of this character, alleging that the burden of sustaining the City government for the next ten years would fall upon the present real estate owners, and that investors in housing buildings would escape for that period. Surely the existing taxpayer is not compelled to bear any additional burden if this real property would not be created by any other means than partial tax exemption, and which in a few years will be compelled to take up its proper share of local taxation.

Your Committee is of the opinion that if some scheme of tax exemption is not put into effect, then, as a matter of preserving the public health, the City would be compelled to take up this proposition and undertake a policy of building to meet the exigencies of the hour.

It seems quite clear that any departure of that character would completely destroy private enterprise in the line of building construction for housing purposes, and the speculative and building investor would abandon this field of operation entirely. The safer course would seem to be in the line of a temporary tax exemption, the end of which we can see and the cost of which can be approximately gauged rather than an embarkation on a municipal housing project, with all its incalculable costs and entanglements.

Your Committee recommends the adoption of the substitute ordinance and the filing of Int. Nos. 973 and 1084.

SUBSTITUTE.

AN ORDINANCE, in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be it Ordained, By the Board of Aldermen of The City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Law of the State of New York as such section was added by chapter 949 of the Laws of 1920 entitled "An act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes", it is hereby determined that until January 1, 1932, new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than assessments for local improvements during construction, and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1922, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years after such Act took effect.

Section 2. It is further ordained that such exemptions shall be granted to a single-family house coming within the statute only where the assessed valuation by the Department of Taxes and Assessments of The City of New York is not more than ten thousand dollars, and a two-family house only where such assessed valuation is not more than twenty thousand dollars, and a multi-family house only where such assessed valuation is not more than ten thousand dollars for each separate family apartment therein, provided, however, that such exemptions shall not be granted in respect to any such building or apartment if occupied other than by the owner of the property which is rented at a monthly rate of rental in excess of fifteen dollars for each habitable room therein or for which such excessive rate is demanded. The term "habitable room" shall not be deemed to include a bathroom, toilet, pantry or alcove.

Sec. 3. In the event that the provisions of the preceding section of this ordinance shall be held by the Judicial Department to be unauthorized or inconsistent with the provision of chapter 949 of the Laws of 1920 or otherwide invalidated by a court of competent jurisdiction, then it is intended that the provision of section 1 of this ordinance shall nevertheless be and remain in effect without the modifications or limitations specified in section 2 of this ordinance.

Sec. 4. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

ORIGINAL NO. 973.

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be It Ordained by the Board of Aldermen of The City of New York as follows:

Section 1. Pursuant to the provisions of section 4-B of chapter 60 of the Consolidated Laws, as enacted by chapter 949 of the Laws of 1920, entitled, "An Act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, are hereby determined to be exempt from taxation for local purposes, other than for assessments for local improvements, during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or, if not so completed, that construction be commenced before April 1, 1922, and completion for occupancy be effected within two years after such commencement, or, if now in course of construction, within two years after the said Act took effect; provided, however, that the Board of Estimate and Apportionment shall first inquire into, hear and determine any application for such exemption when the Tenement House Commissioner shall have certified to said Board in writing that in his judgment the granting of such exemption in any such case will provide relief in an emergency existing in the City of New York due to lack of housing; and provided further that said Board of Estimate and Apportionment shall thereupon by unanimous vote approve of applying such relief for a period not extending beyond January 1, 1932, in any such case, and it shall thereupon certify its approval to the Commissioners of Taxes and Assessments for their appropriate action in assessing such property for purposes of taxation.

Section 2. This ordinance shall take effect immediately.

ORIGINAL NO. 1084.

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be it Ordained, by the Board of Aldermen of The City of New York, as follows:

Section 1. Pursuant to the provisions of section 4-b of chapter sixty-two of the laws of nineteen hundred and nine entitled "An Act in relation to taxation, constituting chapter sixty of the consolidated laws," as enacted by chapter nine hundred and forty-nine of the laws of nineteen hundred and twenty entitled "An Act to amend the tax law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," and with the approval of the Board of Estimate and Apportionment of The City of New York, it is hereby determined that until January first, nineteen hundred and thirty-two, new buildings in the City of New York, planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April first, nineteen hundred and twenty, or if not so completed, that construction be commenced before April first, nineteen hundred and twenty-two, and completion for occupancy be effected within two years after such commencement, or if now in course of construction within two years after this section takes effect.

Section 2. This ordinance shall take effect immediately upon the approval thereof by the Board of Estimate and Apportionment of The City of New York.

WILLIAM T. COLLINS, EDWARD CASSIDY, FRED SMITH, GEORGE J. JOYCE, EDWARD J. ATWELL, EDWARD W. CURLEY, JOHN N. KNOESEL, Committee on General Welfare.

MINORITY REPORT

Alderman Beckerman, being a member of the Committee on General Welfare, reports as follows:

This ordinance is the climax of a series of governmental evasions and stupidities recently perpetrated in the name of relief for suffering tenants. If the true nature of this ordinance and the State law to which it gives effect were generally understood, both the State law and the ordinance here proposed would raise a storm of opposition from the masses of working men and women against whose interests they undoubtedly work.

Rents are high because houses are few. When houses are scarce they come high. And they come as high as the traffic will bear. That is the rent problem in a nutshell. New York faces today not so much a rent problem as a shortage of houses.

The extent of this shortage is staggering. The Mayor's Housing Conference Committee, in its report of July 21st last, stated that "the construction of houses is fully four years behind." "It is safe to say," says the report, "that at least 100,000 apartments are now urgently needed, which number will apparently be increased in 1921 to at least 115,000." What this means in rent increases is common knowledge. Tenement House Commissioner Mann has publicly stated that as a result of the shortage there are 400,000 people in New York at present improperly housed. Health Commissioner Copeland revealed the imminent dangers of this situation when he said last month that housing conditions pertaining today are a menace to the health of the City and a fertile field for plagues raging abroad.

The truth is that private initiative in housing construction has completely broken down. Private ownership of land and building conducted for private profit has failed to produce enough houses for the people to live in. The present crisis sets the seal of failure on an instrumentality that has collapsed.

When private initiative fails to meet a widespread human need, public control, always desirable, becomes an absolute necessity. This necessity is now admitted even by the most conservative. Private initiative in the building of dwellings, at least for the masses, must give way to action by the City and the State.

Municipal housing on a large scale and State financial aid for dwelling are the irreducible necessities of the situation. The City must build houses and rent them at cost. The State must make loans on easy terms to finance co-operative building operations.

The State government has refused to face these obvious facts. In an effort to placate a host of angry tenant voters the State Legislature has struck at the symptom, high rents, in the rent laws passed at the extraordinary session last fall. But responsive to the pressure of business interests, which are always opposed to public ownership or control, it

has failed to treat the disease, the shortage of houses. And in treating the symptom it has but aggravated the disease. The rent laws are depriving builders and investors of the profit inducement to finance new dwelling house operations. In the meantime the refusal of the Legislature to empower cities to embark in housing projects and its failure even to move in the direction of State financial aid for building construction has cut off the only possible escape from the present intolerable situation.

The City administration has shown a like refusal to face the inevitable. The Board of Estimate and Apportionment has even failed to act on a resolution passed by this Board on March 16th last, which requested it to take action to make vacant City property available for housing relief.

The ordinance here proposed is a fair sample of the evasions and stupidities mentioned above. I recommend that it be filed, and for the following specific reasons:

(1) The main effect of this ordinance will be to lend impetus to the efforts of certain moneyed interests to escape the burdens of taxation.

To exempt from taxation certain building investments on the plea that it will indirectly build houses and lower rents is a precedent full of danger to the masses of people. Exemption of railroad securities from taxation to relieve transportation congestion and high rates has about as much foundation in sound public policy as the principle upon which this ordinance rests.

(2) The passage of this ordinance would cut off a major source of public revenue.

A rough estimate can be made of the amount of revenue which would thus be lost to the City. For the first six months of 1920, in spite of the stagnation of building operations, plans and specifications were filed with the Building Departments in New York for $50,624,766 of dwelling construction. Assuming no increase in buildings as the result of the passage of this ordinance and that $100,000,000 is erected yearly, the value of the property exempted during the 12 years during which this ordinance will be in effect would amount to $7,800,000,000. This means, at the present rate of taxation of 2.48, a loss to the City of $193,440,000 in twelve years.

(3) This ordinance would put vast sums of the City's money into the pockets of the landlords which might be turned into relief for tenants and assets for the City.

The $193,400,000 lost to the City in twelve years would be a gift to the landlords. The City loses the revenue and the landlord keeps his money. This $193,400,000 might be invested by the City in municipal housing projects that would give the people low rent and to the City a valuable and permanent asset. What reason is there in a proposal to pay the landlords $193,400,000 for the privilege of high rents for the people and the loss of a valuable opportunity for the City?

(4) No evidence has been presented before the State Legislature or the Board of Aldermen that the exemptions contemplated in this ordinance will actually increase building operations to any considerable extent.

All the expert testimony brought out in recent investigations of the housing situation reveal the real property tax as an insignificant factor in the shortage of money for building operations. With the cost of materials high, with mortgages still taxed, and with rent laws that make landlords shriek revolution, it is difficult to understand what practical effect the provisions of the ordinance will have. Without some substantial assurance in this direction, this measure is chimerical.

(5) If passed this ordinance would give to the Board of Estimate and Apportionment and to the Tenement House Commissioner a measure of authority dangerous to the welfare of the people.

To grant these executive agencies the power to exempt properties of great value from taxation at their own discretion is an action subject to abuses the gravity of which it is not necessary to point out to practical men.

(6) This ordinance is so carelessly drawn as to necessitate redrafting, even were its intent commendable.

It is a fundamental principle of American law that municipal corporations are creatures of the State, that their powers are delegated powers, and that they can act only as they are granted the power to act by the Legislature of the State. Section 1, par. 4-b of the State Tax Law, which this ordinance is designed to give effect, empowers the City Legislature to exempt from taxation buildings "planned for dwelling purposes only." This ordinance exceeds the power granted to the Board of Aldermen by granting exemption to buildings of "four stories or more in height used exclusively for dwellings above the ground floor." This clause is clearly null and void and of no effect. Furthermore, the enabling act of the State empowers cities to grant exemption to buildings "now in course of construction" if completed "within eighteen months after this section takes effect." This ordinance exceeds the power so granted to the Board of Aldermen by allowing an exemption to buildings now in course of construction if completed "within two years after the said act took effect." This clause also is null and void and of no effect. Further, the State enabling act allows cities to exempt buildings on which construction was begun before October 1, 1921, and completion for occupancy effected within eighteen months. This ordinance extends the exemption to buildings begun before April 1, 1922, and completed within two years. This clause also is null and void and of no effect. Finally, the State enabling act does not give discretionary power to any administrative organs of municipal government to refuse exemptions authorized under its provisions. In providing that the Board of Estimate and Apportionment, on certification of the Tenement House Commissioner, can refuse to exempt property otherwise coming within the terms of the State law, the Board of Aldermen is exceeding its powers. Such would be a virtual annulment of the express provisions of a superior law. This clause also is null and void and of no effect.

SUBSTITUTE FOR THE WHOLE.

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be it Ordained, by the Board of Aldermen of the City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Law of the State of New York as such section was added by chapter 949 of the Laws of 1920 entitled, "An act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," it is hereby determined that until January 1, 1932, new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than assessments for local improvements during construction, and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1922, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years after such Act took effect.

Section 2. It is further ordained that such exemption shall be granted to every single family house coming within the terms of the statute to the extent only of ten thousand ($10,000) dollars of the value of the building, and to every two-family house coming within the statute only to the extent of twenty thousand ($20,000) dollars of the value of the building, and to every multi-family house coming within the statute, but only to the extent of an amount of the value of the building equivalent to ten thousand ($10,000) dollars for each separate family apartment therein provided.

Section 3. In the event that any clause, sentence, paragraph or part of this ordinance, or of chapter 949 of the Laws of 1920, shall for any reason be adjudged by any court of competent jurisdiction to be invalid, it is the intent that such judgment shall not affect, impair or invalidate the remainder of this ordinance, but shall be confined in its operation to the clause, sentence, paragraph or part thereof or of chapter 949 of the Laws of 1920, directly involved in the controversey in which such judgment shall have been rendered.

Section 4. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

The Vice-Chairman then put the question whether the Board would agree with said report and adopt such ordinance substituted for the whole.

1-25-21 No. 1390.

Resolution Calling Upon Legislature to Enact Matters Tending to Relief of the Housing Situation.

By Alderman Haubert--

Resolved, By the Board of Aldermen of The City of New York, that the State Legislature of New York be and it hereby is respectfully requested to enact during its present session legislation tending to relieve the present housing emergency; such proposed legislation to provide:

1. The establishment and operation of a State savings bank, with branches in every county of the State.

2. That the funds or deposits of such banks be devoted to loans at 5 per cent. for the building of dwelling houses only in the cities of all classes during the present housing emergency.

3. The State to guarantee all accounts and pay depositors a rate of interest equal to that paid by other savings banks in the State; all profits over actual operating expenses and upkeep to be shared on a pro rata basis among the depositors, provided they have been depositors for a certain period of time.

4. For the prevention of the erection of buildings not intended to be used solely for dwelling purposes in cities of all classes during the present housing emergency.

That a copy of this resolution be forwarded to Governor Miller, the Senate and the Assembly of the State of New York.

Which was referred to the Committee on State Legislation Affecting The City of New York.

Alderman McGuinness moved that the Board now do adjourn.

The Vice-Chairman put the question whether the Board would agree with said motion.

Which was decided in the affirmative.

2-1-21 No. 1413.

Resolution Authorizing Board of Commissioners of the Sinking Fund to Lease Certain City-Owned Lands for the Purpose of the Erection Thereon of Dwelling Houses.

By Alderman Buckley--

Whereas, A public emergency exists as a result of the shortage of dwellings, which shortage seriously affects and endangers the public welfare, health and morals: and

Whereas, It is a physical impossibility to relieve the housing shortage within the next five years by the building of multi-family houses: and

Whereas, The City of New York now owns many acres and lots of unimproved land throughout the different boroughs, which lands are not used for parks, wharves, piers or other city purposes, and which lands for divers reasons the city is unable to sell or otherwise dispose of, and said lands yield absolutely no revenue and are a charge upon the City of New York: and

Whereas, The Charter of The City of New York expressly authorizes and permits the Board of the Commissioners of the Sinking Fund, within its discretion, to lease such vacant and unimproved city lands for a definite term of years upon certain terms and conditions, and in the manner expressly provided in said Charter of The City of New York: and

Whereas, There are at present many thousands of families, who by reason of the housing shortage are compelled to live under unhygienic conditions, in crowded quarters, whose health and morals are impaired, and who would avail themselves of the opportunity to rent from The City of New York said unimproved lands and build thereon one or two-family houses for the use of themselves and their immediate families: now therefore be it

Resolved, By the Board of Aldermen of The City of New York, at its regular session held at the City Hall in the City of New York, on the 1st day of February, 1921, that the Board of Commissioners of the Sinking Fund of The City of New York be and it hereby is authorized and directed under and pursuant to the provisions of section 205 of the Greater New York Charter, and such other sections of said Charter as are applicable thereto, to forthwith offer to lease at the highest rent obtainable at a public auction, or by sealed bids after advertisement of a period of at least fifteen days in the City Record and after appraisal under the direction of said Board made within three months after the date of the sale, any and all city lands not used by the City of New York for any useful purpose, and except such lands as are used for public parks, wharves and piers and lands under water, for a term of ten years, with the option to the City of New York for a renewal term of ten years: that the rentals at which said unimproved lands shall be leased shall not exceed the tax levy for similar unimproved lands for the years of the term of said lease; and that the leasing of said lands owned by the City of NewYork as aforesaid, shall be limited to persons who in good faith desire to, and who shall within a period of six months from the date of the execution and delivery of said leases erect and construct upon such leased lands houses and buildings to be used for dwelling purposes for themselves and their families; and that the improvements so erected upon such lands shall be the property of the lessees and builders thereof and shall not form part of the realty. Said leases may further provide that no other tax, assessment, or any other levy may be imposed by the City of New York, except the rents aforesaid, and except the charge for the use of Croton water, against said lands so leased as aforesaid.

Referred to the Committee on General Welfare.

2-15-21 Int No. 1268 (G. O. 181).

Report of the Committee on General Welfare in Favor of Presenting to the Board, Without Recommendation, an Ordinance in Relation to "Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes."

The Committee on General Welfare, to which was referred on January 3, 1921 (Minutes, page 20), the annexed ordinance in relation to the exemption from local taxation of new buildings planned for dwelling purposes, respectfully

REPORTS:

That your Committee, being unable to agree as to the merits of the proposed ordinance and not wishing to delay final action by the Board on the subject, presents the matter to the Board without recommendation.

SUBSTITUTE.

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be It Ordained, by the Board of Aldermen of the City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Law of the State of New York as such section was added by chapter 949 of the Laws of 1920, entitled, "An Act to amend the tax law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," it is hereby determined that until January 1, 1932, new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation, as herein provided, for local purposes other than assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1922, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years after such act took effect.

Sec. 2. It is further ordained that such exemption shall be granted to the extent only of one thousand dollars for each living room, including the kitchens, but not including the bathrooms, in each such building, provided that the total amount of such exemption shall not exceed for every single-family house coming within the terms of the statute, five thousand dollars of the value of the building, and for every two-family house coming within the terms of the statute ten thousand dollars of the value of the building, and for every multi-family house coming within the statute, an amount of the value of the building equivalent to five thousand dollars for each separate family apartment therein contained.

Sec. 3. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

ORIGINAL.

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be It Ordained, By the Board of Aldermen of The City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Law of the State of New York as such section was added by chapter 949 of 1920, entitled, "An Act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," it is hereby determined that until January 1, 1932, new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation, as herein provided, for local purposes other than assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1922, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years after such Act took effect.

Sec. 2. It is further ordained that such exemption shall be granted to every single-family house coming within the terms of the statute to the extent only of five thousand dollars ($5,000) of the value of the building and to every two-family house coming within the statute only to the extent of ten thousand dollars ($10,000) of the value of the building, and to every multi-family house coming within the statute, but only to the extent of an amount of the value of the building equivalent to five thousand dollars ($5,000) for each separate family apartment therein provided.

Sec. 3. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

WILLIAM T. COLLINS, EDWARD CASSIDY, C. S. BOSTWICK, GEORGE J. JOYCE, EDWARD W. CURLEY, AUGUST FERRAND, FRED SMITH, STEPHEN F. ROBERTS, ABRAHAM BECKERMAN, CHAS. H. HAUBERT, EDWARD J. ATWELL, Committee on General Welfare.

President La Guardia offered the following amendment:

After the word "purpose" in line 4 of section 1, insert the following: "and for the further purpose of relieving the housing crisis at present existing by encouraging the building of dwellings to relieve congestion and provide homes at fair and reasonable rates."

President La Guardia offered the following amendment:

Add after section 2 the following, to be a separate section:

'Section--. The enjoyment and privilege of the tax exemption herein provided shall be terminated at any time, whenever it is found by a court of record that any dwelling so exempted, or part thereof, shall be leased or rented at an excessive, unfair or unreasonable rental. The Corporation Counsel of The City of New York is hereby empowered to commence an action in any court of record for the purpose of terminating such exemption of the ground and for the reason that such dwelling or any part thereof is leased or rented at an excessive, unfair or unreasonable rental.'

Alderman Vladeck moved as an amendment to the second amendment offered by the President, the insertion of the following words after the word "rented" in the third line of said amendment: "at a rental not to exceed a return of 6 per cent. on the original cost of the building."

Alderman Hannoch moved that the foregoing amendments be placed on file. The President pro tem ruled the motion out of order for the reason that a roll call had been ordered, demand therefor having been made by two members, in accordance with the rules.

In protest of this ruling Alderman Hannoch declared that inasmuch as roll call had not begun his motion was in order and asked that his protest be noted on the record.

The President pro tem put the question whether the Board would agree with said motion of Alderman Vladeck.

Which was decided in the negative.

3-8-21 No. 1345.

Report of the Committee on General Welfare in Favor of Adopting Resolution Requesting the State Legislature to Extend the Powers of The City of New York.

The Committee on General Welfare to which was referred on January 18, 1921 (Minutes, page 100), the annexed resolution requesting the State Legislature to extend the powers of The City of New York, respectfully

REPORTS:

Your Committee is of the opinion that the question of the power of The City of New York to adopt a housing policy should such a policy become necessary ought to be settled beyond a cavil of doubt. It does not agree with the second preamble of the resolution that such a policy is the only feasible one to pursue or the most economical one to adopt. Your Committee believes, however, that in view of the statements of the Health Commissioner and the grave danger which in his opinion might rise in the event of epidemic and its effect upon the public health that the City should be clothed with ample power to meet every possible emergency. It, therefore, recommends the adoption of the following substitute and that copies of the same be transmitted to all members of the Legislature representing New York City:

SUBSTITUTE.

Whereas, A difference of opinion exists as to the right of The City of New York to build houses for dwelling purposes; therefore be it

Resolved, By the Board of Alderman of The City of New York that representatives of The City of New York in the State Legislature be and they hereby are requested to promote legislation which would unequivocally grant to The City of New York all powers necessary to undertake municipal housing.

ORIGINAL.

Whereas, A difference of opinion exists as to the right of The City of New York to build houses for dwelling purposes; and

Whereas, Municipal housing is the only feasible, practical and economical solution of the housing problem in the City of New York; therefore be it

Resolved, By the Board of Aldermen of The City of New York that representatives of The City of New York in the State Legislature be and hereby are requested to promote legislation which would unequivocally grant to The City of New York all powers necessary to proceed with municipal housing.

WILLIAM T. COLLINS, STEPHEN F. ROBERTS, EDWARD J. ATWELL, FRED SMITH, EDWARD W. CORLEY, EDWARD CASSIDY, CHAS. H. HAUBERT, GEORGE J. JOYCE, Committee on General Welfare.

The Vice-Chairman put the question whether the Board would agree with said report and adopt such resolution.

Which was decided in the affirmative.

3-15-21 No. 1163.

Report of the Committee on General Welfare in favor of Filing an Ordinance Creating a Bureau of Municipal Housing and Providing for Its Activities.

The Committee on General Welfare to which was referred on December 6, 1920 (Minutes, page 705), the annexed ordinance creating a bureau of municipal housing and providing for its activities, respectfully

REPORTS:

A short time ago this Board adopted an ordinance, which has since become a law, partially exempting from taxation buildings erected for dwelling purposes in the expectation of stimulating construction of new houses. This Board also adopted a resolution asking the State Legislature to empower the City authorities to construct houses for dwelling purposes, should such a course become necessary.

Your Committee is of the opinion that no further Legislation should be enacted at this time and recommends that this ordinance be placed on file.

WILLIAM T. COLLINS, AUGUST FERRAND, CLIFFORD S. BOSTWICK, EDWARD J. ATWELL, FRED SMITH, EDWARD W. CURLEY, EDWARD CASSIDY, STEPHEN F. ROBERTS, CHAS. H. HAUBERT, GEORGE J. JOYCE, Committee on General Welfare.

Which, on motion of Alderman Braunstein, was recommitted to the Committee on General Welfare.

3-28-22 No. 361.

Recommendation for Adoption of an Ordinance Relating to Tax Exemption.

City of New York, Office of the Mayor, March 28,1922.

To the Honorable the Board of Aldermen:

Gentlemen--Pursuant to the provisions of rule 27, chapter 9 of the Rules of the Board of Aldermen, I herewith recommend the adoption of an ordinance amending the ordinance adopted February 15, and approved February 18, 1921, in relation to tax exemption from local taxation of new buildings planned for dwelling purposes, by extending the time from April, 1922, to April 1, 1923, in which to commence construction. Very truly yours,

MURRAY HULBERT, Acting Mayor.

In connection with the foregoing message the Vice-Chairman and Aldermen Friedman offered the following ordinance, which was made a General Order for the day:

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

Be It Ordained, by the Board of Aldermen of the City of New York as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Law of the State of New York as such section was added by chapter 949 of the Laws of 1920, as amended by chapter 281 of the Laws of 1922, entitled, "An Act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes." It is hereby determined that until January 1, 1932, new dwellings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation, as herein provided, for local purposes other than assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920. or if not so completed that construction be commenced before April 1, 1923, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years thereafter.

Sec. 2. It is further ordained that such exemption shall be granted to the extent only of one thousand dollars for each living room, including the kitchens, but not including the bathrooms, in each such building, provided that the total amount of such exemption shall not exceed, for every single-family house coming within the terms of the statute, five thousand dollars of the value of the building, and for every two-family house coming within the terms of the statute ten thousand dollars of the value of the building, and for every multi-family house coming within the statute, an amount of the value of the building equivalent to five thousand dollars for each separate family apartment therein contained.

Sec. 3. The ordinance adopted February 15, 1921, approved by the Mayor February 18, 1921, and approved by the Board of Estimate and Apportionment February 25, 1921, entitled "AN ORDINANCE in relation the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York," is hereby repealed as of the date of April 1, 1922.

Sec. 4. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

The Vice-Chairman put the question whether the Board would agree with said ordinance.

Which was decided in the affirmative.

2-20-23 No. 2013.

Resolution for Appointment of a Special Committee on City Dwellings.

By Alderman Harvey--

Whereas, The Board of Aldermen is ever ready to advance the welfare and interests of the great mass of people residing in our City, particularly those dependent on daily wages or small salaries for the support of themselves and their families; and

Whereas, It realizes that the problem of providing proper housing for the many thousands who yearly elect to reside in the Greater City and the problem of congestion of population, particularly in Manhattan and The Bronx, together with the increasing difficulties in transit incident thereto, should properly be considered in conjunction, one with the other; and

Whereas, A solution of these troublesome problems could be reached were it possible to build during the next few years a great number of dwellings in the outlying sections of the City; and

Whereas, It must be admitted that at the present rate of construction by individuals and with private funds, the much desired result cannot be arrived at in a generation or more; and

Whereas, It is believed that The City of New York, the richest City in the world, could properly invest a part of the public funds in constructing and selling on easy terms homes for clerks, mechanics and laborers, who without such financial assistance could hardly hope to own their own homes; therefore be it

Resolved, That the Committee on Rules be instructed to appoint a Special Committee on City Dwellings with the object in view of obtaining information by means of public hearings or otherwise which would enable it to prepare and recommend the adoption of suitable ordinances to cover the case.

Referred to Committee on Rules.

3-26-23 No. 2263 (G. O. 226).

Report of the Committee on General Welfare in Favor of Adopting an Ordinance in Relation to Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in

the City of New York.

The Committee on General Welfare, to which was referred on May 1, 1923, (Minutes, page 179), the annexed ordinance in relation to exemption from local taxation of new buildings planned for dwelling purposes in the City of New York, respectfully

REPORTS:

This ordinance extends for one year, or until April 1, 1924, the period in which the construction of buildings planned for dwelling purposes may be commenced.

There is no doubt that building construction has been very greatly accelerated by the tax exemption ordinance and your Committee is of the opinion that the exemption should be extended for another year.

During the closing hours of the session of the last Legislature, the Tax Exemption Law was amended by extending to buildings of 3 stories in height, used exclusively for dwelling purposes above the ground floor, the same provision which heretofore applied to buildings of 4 stories in height.

Representations were made to your Committee that construction of this class of building would be greatly accelerated in the Boroughs of Brooklyn and Queens, and therefore the Committee is recommending for adoption an amended ordinance with this provision inserted.

SUBSTITUTE.

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be it Ordained, by the Board of Aldermen of The City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Laws of the State of New York as such section was added by chapter 949 of the Laws of 1920, as amended by chapter 281 of the Laws of 1922 and chapters 243 and 337 of the Laws of 1923, entitled "An Act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," it is hereby determined that until January 1, 1932, new buildings in the City of New York, planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation, as herein provided, for local purposes other than assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1924, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years thereafter, ***or if a building three stories in height used exclusively for dwelling purposes above the ground floor, provided construction was commenced since April 1, 1923, and before April 1, 1924.

Sec. 2. It is further ordained that such exemption shall be granted to the extent only of one thousand dollars for each living room, including the kitchens, but not including the bathrooms, in each such building, provided that the total amount of each exemption shall not exceed, for every single family house coming within the terms of the statute, five thousand dollars of the value of the building, and for every two family house coming within the terms of the statute ten thousand dollars of the value of the building, and for every multi-family house coming within the statute, an amount of the value of the building equivalent to five thousand dollars for each separate family apartment therein contained.

Sec. 3. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

Note: *** New matter

ORIGINAL.

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be it Ordained, by the Board of Aldermen of The City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Law of the State of New York as such section was added by chapter 949 of the Laws of 1920, as amended by chapter 281 of the Laws of 1922 and chapter 243 of the Laws of 1923, entitled, "An Act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," it is hereby determined that until January 1, 1932, new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation, as herein provided, for local purposes other than assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1924, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years thereafter.

Sec. 2. It is further ordained that such exemption shall be granted to the extent only of one thousand dollars for each living room, including the kitchens, but not including the bathrooms, in each such building, provided that the total amount of such exemption shall not exceed, for every single-family house coming within the terms of the statute, five thousand dollars of the value of the building, and for every two-family house coming within the terms of the statute ten thousand dollars of the value of the building, and for every multi-family house coming within the statute, an amount of the value of the building equivalent to five thousand dollars for each separate family apartment therein contained.

Sec. 3. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

WILLIAM T. COLLINS, EDW. J. SULLIVAN, DAVID J. STEWART, MATTHEW G. FULLUM, RUDOLPH HANNOCH, P. J. FARRELLY, M. F. TANAHEY, Committee on General Welfare.

Alderman Cunningham offered and moved that the following ordinance be substituted for G. O. No. 226:

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be it Ordained, by the Board of Aldermen of The City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Laws of the State of New York as such section was added by chapter 949 of the Laws of 1920, as amended by chapter 281 of the Laws of 1922 and chapters 243 and 337 of the Laws of 1923, entitled "An Act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," it is hereby determined that until January 1, 1932, new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation, as herein provided, for local purposes other than assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1924, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years thereafter.

Sec. 2. It is further ordained that such exemption shall be granted to the extent only of one thousand dollars for each living room, including the kitchens, but not including the bathrooms, in each such building, provided that the total amount of such exemption shall not exceed, for every single-family house coming within the terms of the statute, five thousand dollars of the value of the building, and for every two-family house coming within the terms of the statute ten thousand dollars of the value of the building, and for every multi-family house coming within the statute if construction be commenced after April 1, 1923, and before April 1, 1924, and completion for occupancy be effected within two years after such commencement, fifteen thousand dollars of the value of the building; and if the construction of such multi-family house was completed since April 1, 1920, and prior to April 1, 1923, or its construction was commenced prior to April 1, 1923, and completion for occupancy be effected within two years after such commencement, then an amount of the value of the building equivalent to five thousand dollars for each separate family apartment therein.

Sec. 3. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

Following discussion by Aldermen Friedman, McGuinness, Fitzpatrick, Harvey, Falconer, Stewart, Hannoch, McGarey, Curley and the Vice-Chairman, Alderman McManus moved the previous question.

The President put the question, "Shall the main question be now put?"

Adopted.

The President then put the question whether the Board would agree with the motion of Alderman Cunningham for the substitution of his ordinance for G. O. No. 226.

Which was decided in the affirmative.

Alderman Falconer then moved that the duly substituted ordinance be amended by adding the following words at the end of section 2 thereof--provided, however, that any multi-family house on which construction is begun after April 1, 1923, and before April 1, 1924, shall be exempted to the full amount of five thousand dollars for each apartment in the said building so long as no such apartment is rented at more than $17 per room, per month.

Following discussion, Alderman Burden moved the previous question:

The President put the question "Shall the main question be now put?"

Adopted.

The President then put the question whether the Board would agree with said motion of Alderman Falconer.

Which was decided in the negative.

Following further discussion, the President put the question whether the Board would agree with said duly substituted ordinance of Alderman Cunningham.

Which was decided in the affirmative.

7-10-23 No. 2451.

Memorandum in Connection With Approval of an Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

City of New York, Office of the Mayor, July 2, 1923.

To the Honorable the Board of Aldermen:

Gentlemen--I am returning Ordinance Int. No. 2263, adopted by the Board of Aldermen on June 26, 1923, entitled:

"An ordinance in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York."

This ordinance, pursuant to and in accordance with the provisions of section 4-B of the Tax Laws of the State of New York as such section was added by chapter 949 of the Laws of 1920, as amended by chapter 281 of the Laws of 1922 and chapters 243 and 337 of the Laws of 1923, extends for one year, or until April 1, 1924, the time within which certain types of new buildings, planned for dwelling purposes exclusively, may be commenced, and upon which taxes will be remitted until January 1, 1932.

As heretofore, a maximum exemption of $5,000 of the value is permitted to a single-family house and $10,000 of the value to every two-family house. In the case of multi-family houses the exemption is limited to $15,000 of the value upon all construction commenced after April 1, 1923, and before April 1, 1924.

Prior and since the passage of the ordinance there has been considerable editorial comment in the newspapers. Recently, particular stress, of an adverse character, has been laid upon the limitation in the ordinance to a maximum exemption of $15,000.

Conspicuous among these newspapers has been The Evening World. That newspaper, running true to form, denounces the ordinance and refers to the action of the Board of Aldermen as "dirty work under a specious and false battery of objections to full tax exemption." This is another instance of the shuttlecock tactics of The Evening World, which a few days ago editorially proclaimed that "any failure to act on the exemption would be dishonest failure," and insisted loud and clamorously for the passage of the ordinance.

It is generally conceded that the principal object of tax exemption was and is to assist the average citizen of moderate means to own a home to properly house his family, the thought being that not only would this prove beneficial to the immediate family circle affected , swelling the ranks of the small home owners of whom there can never be too many in a growing city, but also alleviate in a measurable degree the housing shortage. That object has been conserved in the ordinance just enacted.

Tax exemption was not designed to provide a perennial harvest for large realty speculators. These speculators have enjoyed exemptions on multi-family houses often exceeding a quarter of a million dollars a year. The commendable desire to speed the construction of apartment houses and to create a healthy competition among owners which would accrue to the advantage of tenants in the form of reasonable rents has been the compelling reason for these generous exemptions.

But the beneficent purposes sought to be accomplished in granting such exemptions have not altogether been realized. The generosity of the City has not been passed along to the tenants as a general rule, although isolated cases of such generosity may have been recorded. It is an open secret that rent profiteering among a grasping minority is still with us; and to this fact the many thousands of cases handled by the Mayor's Committee on Rent Profiteering bear strong evidence.

The Evening World insists that the City's munificent reward to facilitate housing construction should be continued to large realty speculators in order that such speculators may continue to rent "expensive apartments" at figures ranging from $20 to $100 or more per month for a solitary room, without any diminution in rentals reflective of the gift of the City.

That newspaper bemoans the fate of the speculative builder, the greedy landlord and the rent shark, who have enjoyed unexampled opportunities under the tax exemption ordinance to coin the needs of the people and the munificence of the City into exorbitant private gains.

That newspaper seeks editorially to coerce official disapproval of an ordinance intended to limit unduly large gifts by the City to the speculative realty fraternity and to retain such gifts for the benefit of the people of the City.

There has also been some apprehension manifested by that newspaper and in other quarters that the limitation of exemption in the case of high class apartments will restrict new construction of such character. It has not been shown, however, that this particular type of dwelling is far behind the normal demand. Nor has it been shown that the tenants or lessees of the exclusive, expensive accommodations have been the recipients of any bounty in the form of decreased rentals from the owners favored by the former ordinance. Therefore, there will be little or no curtailment of advantage to tenants, present or prospective, of such apartments if some of the financial underpinning provided by the City be withdrawn where it is not required.

There may be a diminution of some of the immediate profits which the big realty speculators enjoyed under the prior over-generous tax exemptions ordinance. However, nothing concrete has been advanced indicating that there will be any diminution of new construction if the proposed ordinance becomes operative. High rents have been exacted without justification by such speculators in the past with a generous municipal subsidy in operation. With the withdrawal of a portion of that subsidy there is no reason to think that the leopard will change his spots.

Moreover, a definite limitation of exemption in the case of the buildings above referred to should prove of decided benefit to the taxpayers at large. Many millions of dollars will now be saved for the people which, under the prior tax ordinance were greedily swallowed up by the realty speculators. This money will now be used to help lessen the burden on the other property owners who do not share the benefits of the tax exemption ordinance.

I do not propose to be swerved by the "specious pleas" of The Evening World or other newspapers whose sympathy seems to be with the speculators and rent profiteers from doing my duty to all the people of the City, and in particular to all potential home owners. If the people can be prevented from building their own homes with the substantial aid of the City, there must be an inevitable rush to apartment houses with the sky-rocketing of prices which this always entails.

What this City needs is more homes of the one- and two-family type. The tax exemption ordinance is intended to continue the stimulous given to such construction. The invidious references of The Evening World to the "Tammany majority of the Board of Aldermen" comes with ill grace. Every member of the Board of Aldermen who voted for this ordinance has made a distinct contribution to a better and greater City and in turn to a better and greater nation. They are useful public servants who have done a constructive work toward real Americanism far more enduring than all the empty preachments of this newspaper on the gospel of Americanism while secretly espousing the cause of the profiteering interests. The action of the Board of Aldermen was not in the interest of a specially favored few who would not yield one jot for the common good, but in the interest of the great fold of our citizenship who have been buffeted from pillar to post by all manner of profiteering groups and their newspaper friends.

The recent "Own Your Home" exposition held in this City attracted hundreds of thousands of eager, inquisitive visitors. Impelled by that innate desire and that fundamental American inspiration to own one's own home in which children may be reared in an invironment conducive to a healthy-minded, sturdy citizenship, these visitors thronged the exposition to learn the intricacies of home ownership. The possibilities of such ownership through liberal advances plus the added impetus of tax exemption have transformed many potential buyers into actual home owners. It is not our intention to break the faith of the thousands who seek to create about them a genuine American atmosphere of home life necessary to genuine contentment and prosperity. Such New Yorkers are contributing to the stability of our City, State and Nation. Every home that they build is another milestone in the onward march of civilization.

This ordinance is approved.

Very truly yours, JOHN F. HYLAN, Mayor.

Filed.

3-31-25 No. 1249.

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York.

By Aldermen Fitzpatrick and Halberstadt--

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York.

Be it Ordained, by the Board of Aldermen of The City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 4-B of the Tax Laws of the State of New York as such section was added by chapter 949 of the Laws of 1920, as amended by chapter 281 of the Laws of 1922 and chapters 243 and 337 of the Laws of 1923, as last amended by chapter 87 of the Laws of 1924, entitled "An Act to amend the Tax Law in relation to the exemption from local taxation of new buildings planned for dwelling purposes," it is hereby determined that until January 1, 1932, new buildings in the City of New York planned for dwelling purposes exclusively, except hotels, shall be exempt from taxation, as herein provided, for local purposes other than assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height used exclusively for dwelling purposes above the ground floor, provided construction was completed since April 1, 1920, or if not so completed that construction be commenced before April 1, 1925, and completion for occupancy be effected within two years after such commencement, or if on September 27, 1920, in course of construction within two years thereafter.

Sec. 2. It is further ordained that such exemption shall be granted to the extent only of one thousand dollars for each living room, including the kitchens, but not including the bathrooms, in each such building, provided that the total amount of such exemption shall not exceed, for every single-family house coming within the terms of the statute,

five thousand dollars of the value of the building, and for every two-family house coming within the terms of the statute ten thousand dollars of the value of the building, and for every multi-family house coming within the statute if construction be commenced after April 1, 1924, and before April 1, 1925, and completion for occupancy be effected within two years after such commencement, fifteen thousand dollars of the value of the building; and if the construction of such multi-family house was completed since April 1, 1920, and prior to April 1, 1923, or its construction was commenced prior to April 1, 1923, and completion for occupancy be effected within two years after such commencement, then an amount of the value of the building equivalent to five thousand dollars for each separate family apartment therein.

Sec. 3. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

Referred to Committee on General Welfare.

11-24-25 No. 1649.

Resolution Placing the Board of Aldermen on Record in Favor of Continuation of the Emergency Rent Laws.

By Alderman Curley--

Whereas, Recent surveys of the housing conditions of the City of New York indicate an extreme shortage in the type known and described as walk-up or tenement houses; and

Whereas, The aforesaid condition vitally affects the immediate welfare of every tenant, that must, of necessity, live in this type of tenement house, that it is estimated, will reach approximately over one hundred thousand families; and

Whereas, It is the opinion of the majority of the people of the City of New York that a crisis was reached in the housing situation in the City of New York, and still pends, due to insufficient construction of the more moderate class of tenement house, and

Whereas, The Emergency Rent Laws of the State of New York expire in February, 1926, which fact will cause the already overburdened working men and women of the City of New York to be at the mercy of the unprincipled and profiteering landlords, therefore be it,

Resolved, That the Board of Aldermen of The City of New York, does hereby place itself on record as being in favor of extending the existing Emergency Rent Laws of the State of New York on the date of the expiration of the same in February, 1926, and be it further

Resolved, That a copy of the foregoing resolution be transmitted to the Governor of the State of New York, and to both branches of the Legislature of the State of New York.

Made General Order for the day and adopted.

6-8-26 No. 531 (Ord. 32).

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York Under the State Housing Law.

By Alderman Pratt--

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the city of New York under the state housing law.

Be it Ordained, by the Board of Aldermen of The City of New York, as follows:

Section 1. Pursuant to and in accordance with the provisions of section 39 of the state housing law of the state of New York, being chapter 823 of the laws of 1926, entitled "An act to promote the public health and safety by providing for the elimination of unsanitary and dangerous housing conditions, to relieve congested areas, and the construction and supervision of dwellings and for the letting of apartments at reasonable rentals; repealing article two-a of the public buildings law, relating to the bureau of housing and regional planning, and making an appropriation to carry out the provisions of this act," it is hereby determined that dwellings erected before January 1, 1937, by limited dividend housing companies under and pursuant to the state housing law shall, so long as they are operated and maintained under and in accordance with said law, be exempt from taxation for all local purposes other than assessments for local improvements.

Sec. 2. This ordinance shall take effect immediately upon approval by the Board of Estimate and Apportionment.

Referred to Committee on General Welfare.

2-15-27 No. 969 (Ord. No. 55).

An Ordinance in Relation to the Exemption from Local Taxation of New Buildings Planned for Dwelling Purposes in the City of New York Under the State Housing Law.

By Alderman Pratt--

AN ORDINANCE in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York under the State Housing Law.

Be it Ordained by the Board of Aldermen of The City of New York as follows:

Section 1. Pursuant to and in accordance with the provisions of section 39 of the State Housing Law of the State of New York, being chapter 823 of the Laws of 1926, entitled "An act to promote the public health and safety by providing for the elimination of unsanitary and dangerous housing conditions to relieve congested areas, and the construction and supervision of dwellings and for the letting of apartments at reasonable rentals; repealing article two-a of the public buildings law relating to the bureau of housing and regional planning, and making an appropriation to carry out the provisions of this act" it is hereby determined that dwellings erected before January 1, 1937, by a public or a private limited dividend housing company organized and operating under and pursuant to the State Housing Law shall be exempt from taxation for all local purposes other than assessments for local improvements. Such exemption shall apply only to the improvements, and shall not apply to the land, which land shall be assessed at not less than the assessment for both land and improvements thereon at the time when it was acquired by such public or private limited dividend company for the purpose of erecting dwellings thereon under the State Housing Law; and such exemption shall apply only so long as such dwellings so erected shall be owned, operated and maintained by such public or private limited dividend company under and in accordance with the provisions of such Housing Law, but in no case for a period longer than twenty years after such dwelling is ready for occupancy.

Sec. 2. This ordinance shall take effect immediately.

Referred to Committee on General Welfare.

4-5-27 No. 531.

Report of the Committee on General Welfare in Favor of Filing Int. Nos. 531 and 661.

The Committee on General Welfare, to which was referred:

No. 531 (Ord. No. 32).

An ordinance in relation to the exemption from local taxation of new buildings planned for dwelling purposes in the City of New York under the State Housing Law (page 1331, Minutes of June 8, 1926).

--respectfully

REPORTS:

That these matters are recommended for filing for the reasons that, in reference to Int. No. 531 there is now pending in the Committee a supplementary ordinance. (Int. No. 969--Ord. No. 55.)

6-7-27 No. 1226.

Report of the Committee on General Welfare in Favor of Adopting an Ordinance in Relation to the Limitation of Local Taxation on Buildings and Improvements Owned, Operated and Managed by Public Limited Dividend Housing Companies and Private Limited Dividend Housing Companies Organized and Existing Under the State Housing Law.

The Committee on General Welfare, to which was referred on May 31, 1927 (Minutes, (page 1051), the annexed ordinance in relation to the limitation of local taxation on buildings and improvements owned, operated and managed by public limited dividend housing companies and private limited dividend housing companies organized and existing under the State Housing Law, respectfully

REPORTS:

This ordinance is a duplicate of Local Law Rec. 19 reported favorably to the Aldermanic Branch of the Municipal Assembly, relative to a twenty-year tax exemption on limited dividend corporations operating under the State Housing Law. Its adoption in the form of an ordinance is recommended by your Committee in order to clear up any doubt as to the proper form of procedure.

Made General Order for the day.

The President pro tem. put the question whether the Board would agree with said report and adopt such ordinance.

Which was decided in the affirmative.

6-7-27 Rec. No. 19. E. & A. 8.

Report of the Committee on Local Laws in Favor of Adopting a Local Law in Relation to the Limitation of Local Taxation on Buildings and Improvements Owned, Operated and Managed by Public Limited Dividend Housing Companies and Private Limited Dividend Housing Companies Organized and Existing Under the State Housing Law.

The Committee on Local Laws, to which was referred on May 31, 1927, (Minutes, page (1014), the annexed local law in relation to the limitation of local taxation on buildings and improvements owned, operated and managed by public limited dividend housing companies and private limited dividend housing companies, organized and existing under the State Housing Law, respectfully

REPORTS:

Your Committee gave a public hearing on this bill, which has for its purpose the demolition of unsanitary tenements in congested population centres and their replacement by modern structures under limited dividend housing companies. The State Commission will exercise supervision and control over the local housing corporations and your Committee believes any loss in taxes by the City

(which is problematical) in the matter of a limited tax-exemption policy will be amply justified by the bettered living conditions in congested areas.

Favorable action is recommended.

A LOCAL LAW in relation to the limitation of local taxation on buildings and improvements owned, operated and managed by public limited dividend housing companies and private limited dividend housing companies organized and existing under the state housing law.

Be it enacted by the Municipal Assembly of The City of New York, as follows:

Section 1. It is hereby declared that congested and unsanitary housing conditions which exist in certain areas in this city in low-priced dwellings are a menace to the health, safety, morals, welfare and reasonable comfort of the citizens of this city and that projects under the state housing law are to be encouraged within this city.

Sec. 2. Pursuant to the provisions of sections thirty-nine and fifty-one of the state housing law, the buildings and improvements within the city of New York erected, made or created prior to January first, one thousand nine hundred and thirty-seven, by a public limited dividend housing company or a private limited dividend housing company in connection with a project or projects authorized under article two of the state housing law, shall not be subject to taxation for local purposes, other than assessments for local improvements, for a period of twenty years after the completion of such buildings or improvements. Such limitation shall apply only while such buildings and improvements shall be owned, operated and managed by a public limited dividend housing company or by a private limited dividend housing company organized and existing under the state housing law.

Sec. 3. This local law shall take effect immediately.

WILLIAM SOLOMON, EDWARD W. CURLEY, EDWARD J. WALSH, RUTH PRATT, P. S. DOWD, F. A. CUNNINGHAM, FRANCIS D. McGAREY, MORITZ GRAUBARD, MARTIN F. TANAHEY, Committee on Local Laws.

Report agreed with; local law, as recommended, passed.

TAX POLICIES COMMITTEE

Dr. Arthur P. Becker, Chairman
Department of Economics
University of Wisconsin
Milwaukee, Wisconsin

Mr. S. Howard Evans
Former Director, Urban Renewal
Service Branch and Program
Demonstration Branch, Federal
Urban Renewal Administration
Washington, D.C.

Mr. Earle K. Moore
Attorney at Law
New York, New York

Mr. Pierrepont I. Prentice
Publisher
House and Home Publications
New York, New York

Dr. George Sause
Professor of Economics
Lafayette College
Easton, Pennsylvania

Dr. Edwin H. Spengler
Professor of Economics and
Director of School of General
Studies and Summer Session
Brooklyn College
Brooklyn, New York

PREFACE WRITTEN BY

Mr. Walter Rybeck
Editorial Writer
Dayton Daily News
Dayton, Ohio

STUDY STAFF

The staff work for the Committee was conducted by Management Services Associates, Inc., management consultants, New York City.

The following members of that organization participated:

Albert Pleydell, *President*
Elizabeth Wood, *Director of Urban Studies*

Alice F. Barton, *Analyst*
Jean F. McIntyre, *Senior Analyst*

Citizens' Housing and Planning Council of New York, Inc.

Willkie Memorial Building

20 West 40th Street **New York 18, N. Y.**

LOngacre 3-5990

Since 1937, the Citizens' Housing and Planning council, a non-profit, non-partisan organization, has combined the efforts of civic-minded New Yorkers of diverse interests in stimulating vigorous private and public action to bring better housing to a better city.

Annual memberships: sustaining, $50 or more; contributing, $25; organizations, $10 or more; associate, $10; active $5 (available only to students and civil servants). Contributions are income tax deductible.