

Editors' Introduction

Legacy of the Housing Act of 1949: The Past, Present, and Future of Federal Housing and Urban Policy

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Abstract

This article summarizes a special issue of *Housing Policy Debate*, which commemorates the 50th anniversary of the Housing Act of 1949. The act is best remembered for its declaration that every American deserves a “decent home and a suitable living environment.” The articles in this collection offer varying perspectives on how this act helped shape the postwar metropolis. The authors—urban planners, historians, and public officials—each consider a different part of the legacy.

The first three articles deal primarily with the act’s creation and social and political ramifications, while the next three look at how Titles I, II, and III have influenced the past 50 years of housing and urban policy. The record of the Housing Act of 1949 is mixed, and so are its lessons. There remains an ongoing struggle to find the right mix of housing support to reach the goals first expressed in this landmark legislation.

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Just over 50 years ago, Congress passed the landmark Housing Act of 1949, which is best remembered for its declaration that every American deserves a “decent home and a suitable living environment.” It attempted to meet this goal through the programs specified in its titles: Title I financed slum clearance under urban redevelopment (later renewal) programs. Title II increased authorization for Federal Housing Administration (FHA) mortgage insurance. Title III committed the federal government to building 810,000 new public housing units, and Title V allowed the Farmers Home Administration to grant mortgages to encourage the purchase or repair of rural single-family homes.

To recognize the 50th anniversary of this act and its enormous impact on American cities, the Fannie Mae Foundation commissioned the following six articles, which were originally presented at one of the two conferences the Foundation held on the topic in 1999. The articles reveal a mixed legacy: The Housing Act of 1949 helped millions realize the dream of homeownership, while it simultaneously disrupted

the lives of those displaced by the renewal projects it engendered. We explore this complex and often controversial legacy because the 1949 act shaped the postwar housing and urban policy landscape. Insights gained by sorting through its legacy will help us refocus current policies as we address the many problems that the act either failed to correct or exacerbated.

Remarkable improvements have been made over the past 50 years in the way Americans are housed. We have more space, facilities, and amenities than could be conceived of in 1949. The contrast between a typical new home in 1949 and 1999 is quite dramatic (National Association of Home Builders 1999). A typical new home in 1949 had one story; featured two bedrooms (or fewer), one bathroom, no garage, and no air conditioning; was heated by coal; and contained 983 square feet of space. By 1999, the typical new home had two stories; featured three or more bedrooms, three bathrooms, a two-car garage, and central air conditioning; was heated by natural gas; and contained about 2,000 square feet of space. When one considers that in 1950 the size of a typical household was 3.37 people versus 2.62 today, the contrast is even more striking (U.S. Bureau of the Census 1999). We have made considerable material progress, but as a nation we have also failed to deliver on the act's most basic goal. The articles that follow consider how, despite 50 years of unprecedented national prosperity, a decent home and a suitable living environment remain beyond the reach of many Americans.

In a survey that the Fannie Mae Foundation recently commissioned of the top 10 most important influences on the postwar American metropolis, the Housing Act of 1949 appears twice (Fishman 2000). There is little doubt that the act had a profound effect on American cities. The FHA Mortgage Financing and Subdivision Regulation ranks second on the list (behind the Interstate Highway Act) because of the unprecedented suburban growth facilitated by its practices. Urban renewal, which includes downtown redevelopment and public housing, ranks fourth. The act was also directly and indirectly linked to four other influences cited in the survey: (#5) Levittown (the mass-produced suburban tract house), (#6) racial segregation and job discrimination in cities and suburbs, (#8) Sunbelt-style sprawl, and (#10) urban rioting in the 1960s. Given its impact, it seems reasonable to assume that without the Housing Act of 1949 our cities and suburbs—for better or worse—would look different.

The act was groundbreaking in policy terms as well. Its scope and funding levels demonstrated housing's growing importance to federal policy. America faced a severe postwar housing shortage, which made it a difficult issue to ignore. Congress linked the health of the nation to its housing quality. As the act states in its preamble:

The general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, [and] the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas....

Direct federal involvement in physically shaping cities was unknown before 1949. The act changed all that. No longer was slum removal solely a local matter. The federal government now funded and managed city-building projects. Despite controversy, one of the act's legacies is the fact that most Americans now accept the idea that the federal government has some legitimate role in local housing and development issues.

The articles in this collection offer varying perspectives on how the act influenced the postwar metropolis. The authors—urban planners, historians, and public officials—each consider a different part of the legacy. The first three articles deal primarily with the act's complicated creation and its social and political ramifications, while the next three look at how Titles I, II, and III, respectively, influenced the past 50 years of housing and urban policy.

Setting the context for this special issue, the first article by Alexander von Hoffman looks at the moment in history in which the 1949 act was passed. He finds that the politics surrounding the act's passage were riddled with contradictions. For example, despite its progressive provisions, noted conservative Senator Robert Taft (known as Mr. Republican) was the bill's chief sponsor. In an equally intriguing moment, conservative Republicans offered an amendment to integrate public housing—a move the Republicans made to force northern Democratic liberal supporters to vote the bill down in order to retain their fragile alliance with anti-civil rights southern Democrats.

Von Hoffman also finds that the Housing Act of 1949 produced a contradictory legacy. It was intended to relieve a housing shortage, but its urban redevelopment policies led to more units being torn down than were built. Its omnibus nature, necessitated by its complicated politics, is partly to blame for these contradictions. The act contained elements that satisfied diverse constituencies whose interests and targeted programs often worked at cross-purposes.

The second article, by Peter Dreier, looks at the unique coalition that pushed for passage of the act. Trade unions, farmers, real estate interests, lenders, and housing advocates brokered compromises so that the act supported new housing and the rebuilding of commercial centers. Some argue that parts of this coalition were poorly served by these compromises. Housing advocates in particular were disappoint-

ed in the years following the passage of the act that more action was taken on urban renewal than on public housing.

Today, a different set of actors has a common stake in seeing increased aid to housing and urban projects. Dreier considers the politics and interests of such a coalition and what lessons it can draw from the Housing Act of 1949. He highlights three factors that help account for the effectiveness of the 1949 campaign and the current marginality of housing as a public policy issue: First, progressive housing advocates in the 1930s and 1940s offered a radical vision of federal housing policy, which incorporated the concerns of both poor and middle-income families and which they popularized and injected into mainstream political debate. Second, these efforts were also part of a broader movement for social reform that linked housing to other issues and built alliances with other constituencies, most of all organized labor. Finally, housing advocates worked with a broad coalition to mobilize the urban and labor vote, activating a constituency for housing reform. Rebuilding the political constituency for federal housing policy requires learning from these successful efforts and adapting them to today's political and economic realities.

A group not included in the debate over the housing act was African Americans. Arnold R. Hirsch carefully reconstructs the conversations and struggles that led up to the 1949 act. Despite the best efforts of many supporters, the possible impact of the housing act on race and income segregation not only remained unaddressed, but was actively ignored.

Hirsch traces the evolution of the Racial Relations Service (RRS), an institutional remnant of the New Deal, which attempted to stop local authorities from using the new federal resources to reinforce existing ghettos. Many local authorities, citing the debate in the Senate over integrating public housing, argued for sharp housing segregation in locating and filling projects. Hirsch finds that the RRS, in trying to establish what it called a "sound Negro policy," failed to create a national standard of nondiscrimination in federal housing programs but "offered bureaucratic resistance to individual projects deemed inimical to minority interests," thus slowing the redevelopment program. Several forces, including demographic and political shifts in the 1950s, the elimination of the RRS, and the reaction to the Supreme Court's decision in *Brown v. Board of Education*, contributed to the use of urban renewal to sustain and create racially separate neighborhoods.

The fourth article, by Jon C. Teaford, examines the history of urban renewal. Title I prescribed a radical rehabilitation of American cities based on the concept of "district replanning." Cities were granted the power of eminent domain over large sections of their downtowns in order to remove urban blight and replace it with comprehensively

planned structures. The result was a targeted demolition and rebuilding of mostly center-city commercial areas and surrounding neighborhoods. The rebuilding was guided by a Modernist ethos that devalued the existing built environment. It took a generation for dissidents, such as Jane Jacobs, to raise objections to the wholesale demolition of neighborhoods on the theory that new (that is, Modern) buildings improved the central cities.

Teaford argues that “the impact of urban renewal, however, was never as great as some observers assumed, and its physical legacy was limited.” Examples of federally funded, large-scale clearance projects are found in relatively few cities and they soon lost favor. He finds that after urban renewal, revitalization programs shifted their emphasis from clearance to rehabilitation. Fallout from urban renewal failures also “called into question the efficacy of planning panaceas and federal dollars in solving urban problems.” Yet urban renewal’s fallout helped shape subsequent federal revitalization programs such as Community Development Block Grants, which gave localities greater flexibility in using funds.

In the fifth article, Sylvia C. Martinez analyzes federal homeownership policy since 1949. Title II dramatically increased the availability of FHA mortgage insurance and fueled a postwar boom in housing construction and homeownership. While the program is considered a success by some, critics charge that it defeated other elements of the act by aiding an exodus from the central cities to the suburbs and, in the process, deepening the racial divide in metropolitan America. In addition, Martinez finds that “the Section 235 program failed to live up to its promise.” The early programs were blatantly discriminatory and needed amendment in subsequent legislation. Even when the discriminatory elements were removed, homeownership programs failed to reach underserved markets for lower-income households and minorities. Martinez sees some signs for hope in a maturing mortgage market that is now beginning to understand and service underserved and emerging markets.

The sixth article, by Charles J. Orlebeke, focuses on the evolving federal role in assisting low-income rental housing. Under Title III, the Housing Act of 1949 promised 810,000 public housing units by 1955, a target date that was famously missed by more than two decades. Since 1949, the federal government has devised multiple programs for low-income housing. Orlebeke examines the history of federal housing assistance and considers how the structure and the targets of this assistance changed during the past 50 years and what key lessons we have learned.

Orlebeke divides the evolution of low-income housing policy since the 1949 act into roughly two quarter-century segments. The first runs

from 1949 to the 1973 Nixon moratorium on subsidized production programs and is characterized by a direct federal presence in housing production. The second spans the years since 1973, which are marked by a diminished federal leadership role and an increased state and local role. After years of leadership in housing, as best exemplified in the Housing Acts of 1949 and 1968, the federal government devolved housing programs to states and localities and sought to draw the market into the production of low-income housing. Orlebeke considers three important policy instruments that mark this devolution: housing vouchers, housing block grants, and the Low-Income Housing Tax Credit. He argues that “the three-pronged strategy of vouchers, block grants, and tax credits has achieved reasonably good results and attracted an unusual degree of political consensus. A steady expansion of all three components offers the most promising path to the ‘realization as soon as feasible’ of the national housing goal.”

As can be seen from these articles, some parts of the act worked better than others. The consensus is that Title I urban renewal mostly failed, in part because large-scale slum clearance proved a crude and largely unworkable redevelopment method. Urban renewal also failed because concerns over social equity, such as where to house dislocated people, were inadequately addressed. By steamrolling people and places and replacing them with office buildings, convention centers, high-rise housing, and (all too often) empty lots, urban renewal typically worsened the conditions it sought to relieve by spreading the problem to other parts of the city. But out of this failed legacy have emerged key redevelopment insights that inform current urban policy. Urban renewal dramatically demonstrated the limits of physical solutions to social problems. In addition, reaction against urban renewal’s early slum-clearing methods has led to a planning movement that now works with the existing neighborhood fabric as it redevelops low-income areas.

In contrast to urban renewal, Title II’s homeownership goals were by and large met successfully. Expanding FHA authorization did make it easier for many Americans to own homes. However, FHA guidelines also discriminated against minorities. By providing opportunities to some while denying them to others, the FHA helped to dramatically segregate metropolitan America. Middle-income whites left the cities in droves, thereby diminishing urban tax bases and concentrating poverty. By the time the FHA eventually reformed its policies, the damage was already done—the region was divided. Title II leaves an equally divided legacy.

It is hard to fairly evaluate the success of Title III public housing because the program was never really given a chance. It was attacked from the start, and when not under attack, it was subject to conditions and amendments that defeated its original goals. There is no

doubt, however, about the political verdict on public housing. Fairly or not, it has served as a punching bag over the years. During the 1996 presidential campaign, Republican candidate Bob Dole referred to public housing as one of the last bastions of socialism (Gugliotta 1996). In the press, all public housing is wrongly conflated with a long-discredited high-rise Modernist variant that is now typically shown being imploded. The collapsing buildings provide a dramatic visual for failed big-government programs.

It is unlikely that we will see federal housing legislation on the scale of the 1949 act again anytime soon. The politics are not favorable, and the results are too ambiguous. In his 1996 State of the Union address, President Clinton declared that the era of big government was over. Yet the federal role in housing and urban development continues, albeit much diminished from what was attempted under the Housing Act of 1949. One of the most important consequences of the act is the legacy of criticism and protest of federal housing and urban policies. Fallout from the act's failures sparked a variety of subsequent policy reforms. The policies covered in the articles that follow reveal an ongoing struggle to find the right mix of housing support. The balance has yet to be achieved between project and people subsidies, between private and public funding, between federal, state, and local control to reach the worthy goal of providing all Americans with decent housing and a suitable environment, as first expressed in the landmark Housing Act of 1949.

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