

# How to Cure the Housing Shortage

[Address of Charles Johnson Post before Henry George School on "How to Cure the Housing Shortage"]

**I**N A RECENT Friday evening address before the Henry George School, Charles Johnson Post, former Commissioner in the United States Department of Labor, outlined the methods by which the desperate housing shortage following World War I was cured and, in a seven year period, directly stimulated over 5 billions of dollars in new building and housing in an area the size of Greater New York. This, he stated, had been done, without one dollar of government capital and wholly by means of private enterprise and private industry.

"I am for private enterprise," said Mr. Post, "and against government socialization in those fields where private and personal business energy and taste are the natural rights of individual taste. The sound principle that government enterprise should be confined to those channels that cannot operate except by government authority is correct, and when there is disaster, and emergency that cannot otherwise be aided and cured. The housing shortage is both a disaster to the decencies of American life and an emergency. But the housing shortage—which was just as acute in 1921 as it is today—was cured, rapidly and effectively, by private industry and by private business initiative."

The speaker entirely concurred with the position taken by President Maenner of the National Association of Real Estate Boards in opposition to plans of public housing. He said that in the area of Greater New York, more than 5 billions of new buildings, chiefly homes and multiple dwellings, had been erected—with the necessary percentage of business structures to care for such a number of homes. He added that in the ten year period from 1921 to 1931 \$7,893 millions of dollars of buildings were erected and almost 8 billions of dollars were spent in the building trade of the five boroughs of New York City.

With statistics drawn from official records and from the accepted figures within the building industry, Mr. Post traced the development of this home-building surge. Prior to 1921 New York City had been rather a laggard in building and very definitely below that of three of the leading cities of the United States.

In 1921 New York City began a definitely upward trend in volume of building that soon outstripped all the cities of the United States in a most spectacular climb. In 1918 the per capita for building had been but \$7, the lowest in the whole of the United States. In 1920 it was \$38 per capita, in 1921 it had risen to \$69 per capita, and in 1926 it reached the highest peak ever reached in the country, of \$165 per capita, with the building expenditure for that year \$987 millions of dollars! Thereafter it declined and fell with the depression of 1929. Mr. Post pointed out that while the building for New York was almost one billion dollars for that year yet the call money, or brokers' loans, on the New York Stock Exchange averaged over 6½ billions of dollars throughout that same year, 1926; while the total of currency in circulation had never reached 5 billions of dollars.

In order to further emphasize this housing-cure for New York, Mr. Post selected four cities, similar to New York in their economic

status: Chicago, Philadelphia, Boston, and Minneapolis, and with an aggregate population very closely approximating that of New York during the same years. Prior to 1921 these four cities had a per capita building expenditure that far exceeded that of New York. In every subsequent year however, they were far outstripped by New York. In 1926 when New York reached a per capita of \$165, these four cities had a per capita building expenditure of but \$69.—and that was the highest year for the aggregated four cities.

"These definite figures are history," said Mr. Post, "they are not speculative or imaginary. And this phenomenal progress under acute conditions of housing shortage has a vital significance under our present housing shortage when all sorts of fantastic and Marxian socialistic plans are being recklessly put forward. We cured the housing shortage once in New York City, and we can do it again. The remedy is easy and can be read on the pages of history where the proof in results is shown."

"In 1920," continued Mr. Post, "due to the energies of Al Smith, Governor Miller and Lawson Purdy (the latter the ablest tax and real estate economist in the country), a bill was passed that became a law. From April 1, 1920, when it took effect, every building started that was a home was exempted from taxation until April 1, 1932; and the same applied to multiple dwellings where there was but one store or business for the ground floor only. The tax exemption applied only to the house and the structure itself and did not apply to the tax levied on the lot on which the home or homes were erected. Nor did it make any reduction in the assessments for sewers, paving, sidewalks, etc. It applied solely to the building used as a home or homes. Mr. Lawson Purdy says \$928,000,000 of exempted buildings were re-taxed in 1932."

"Directly following the effect of this home-exemption law, there were built in seven years a total of 378,732 separate buildings. In Queens—which is a borough of homes, 131,000 structures were erected—and in Brooklyn, also a home community, 150,000—and in the Bronx, a borough chiefly of multiple dwellings, 36,000 structures were built. If one considered an average multiple dwelling to house but ten families—a very low average—this would mean housing for over 300,000 families."

"The cure for the housing shortage," Mr. Post stated, "lies in the reenactment of that housing bill, at which time private enterprise will do the job."