

# CO-OP CONTACT



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UNITED HOUSING FOUNDATION  
COMMUNITY SERVICES, INC.

## TITLE I AND MIDDLE INCOME HOUSING

Elsewhere in this issue is a report that the number of new housing units which were built in 1956 was the lowest since 1949. Two months ago, Albert Cole, Administrator of the Federal Housing and Home Finance Agency announced that \$200,000,000 would be cut from the Agency's budget for the next fiscal year. Actually, these cuts would not affect this year's program, but would be felt in 1959-60. Mr. Cole said that the cuts would necessitate stopping some of the slum clearance projects now being studied in a score of American cities. This means that there would be a reduction in the number of Title I projects the government would approve.

Under Title I of the Urban Renewal Program, the federal government contributes two-thirds of the cost of acquiring a site for slum clearance when the local municipal government pays the other third. The mayors from a number of important cities went to Washington to protest directly to the President, any reduction in the urban redevelopment program. Several days later, the President was quoted at a press conference by the New York Times as saying, "I am very heartily in favor of the urban renewal program." He had been told that for every two dollars that the federal government puts into rebuilding blighted areas, ten local dollars are spent.

In the New York City area, eight projects are in the planning stages and might be affected by a curtailment in the Title I program. These projects are, in Manhattan, Riverside-Amsterdam, Mid-Harlem, Battery Park South, Gramercy Park, Bellevue South, and Cooper Square; in Brooklyn, Cadman Plaza, in the Bronx, Soundview.

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*(We take pleasure in reprinting the introductory statement of the United Housing Foundation's Annual Report which was recently published. — Editor)*

## **To the Members of the United Housing Foundation:**

This report, covering the fifth year of activity of the United Housing Foundation touches on certain of the steps in our development as the effective instrument of the organized cooperative housing movement. We now have forty-five members, which include most of the non-profit organizations in the metropolitan area who are interested in promoting the development of cooperative housing for families of lower middle-income.

The evil of substandard housing is now generally recognized. Filth and squalor, resulting from slums, are fertile sources for breeding disease, both of body and mind, and for generating criminality. The evil may be attacked partially by philanthropy, social settlement efforts and provision of social services. We believe it more important to remove the cause than to alleviate the symptoms. This represents the teachings of the sages of old.

The great cities have, indeed, provided a large amount of genuinely low cost housing, for the very low income groups. We praise, and in no way disparage such achievements.

We believe, however, that cooperative housing for the lower middle-income population is sound, has many advantages over any other system, and has been demonstrated as the way to attack the evil of substandard housing in the grand manner. The occupants invest their own money. They relieve the State and other governmental authorities of the financial burden of providing funds. The tenant owners have pride of ownership. They become better citizens. Most important of all in the history of cooperative housing, however, is the development of an esprit de corps, an uplifting of not only the standard of physical living, but also of goals of achievement, and ambitions of attainment. The statistics of absence of juvenile delinquency in the older established cooperative houses, as well as the scholarship honors of their young folk are remarkable testimony to the worthiness of our cause.

The present annual report is a record of our activities during the past year. We encourage and assist potentially interested persons and organizations — any members of the public at large — with concrete information, to enable them to initiate their own cooperative housing projects. We do this by lectures, pamphlets, and by personal interviews. We do not confine our activities to members. We want the public to understand the tremendous impact which cooperative housing may have on the problem. We think thereby the cooperative housing movement will spread. The facts of already demonstrated achievements speak for themselves as eloquent messages of the potentialities in the future.

To a large extent the economic and social health of our urban communities depends on their success in providing housing for families in the middle-income bracket. It is our belief that the most effective way to accomplish this goal is to encourage and assist non-profit cooperative housing projects for those families. We shall continue to expand our activities in accordance with that belief.

ROBERT SZOLD, *President*

## **CREDIT UNIONS FASTEST GROWING CO-OPS**

There is no doubt that credit unions are the fastest growing of all kinds of cooperatives. Last year approximately 1500 new credit unions were organized bringing the total in the United States to over 17,500.

The great majority of these voluntary, self-help associations are made up of the employees working in plants, factories, stores, etc. However, a credit union may be organized by any group of people having a similar interest. Many church groups, especially those in Catholic Parishes, have formed credit unions. Similarly, the members in housing and other cooperatives, members of labor unions and farm organizations have also established their own credit unions.

The credit union serves two purposes. First, it encourages its members to save money, even accepting savings as small as 25¢ a week. The second purpose of a credit union is to make low-interest loans to its members for almost any prudent purpose. Most credit unions have been paying 3% interest on savings for many years. Some associations even pay a higher return. The usual rate of interest on a loan is 1% on the unpaid balance, monthly.

Credit unions, although they have become popular recently, are not new. The first credit union was organized at Heddendorf, Germany in 1854 by Ferdinand W. Raiffeisen. It was not until 1900 that credit unions were introduced in the Western Hemisphere. This occurred when Alphonse Desjardins organized the first society in Quebec. The growth of credit unions in the United States was expedited by the interest and financial support of the Bostonian business statesman, Edward A. Filene, who with Roy F. Bergengren, was largely responsible for the spread of the credit-union idea in this country.

Over ten million members are controlling their own funds through these associations which are sometimes called "workers' banks." The combined assets for all credit unions in the United States is three billion dollars. These assets are increasing at a rate of about three hundred thousand dollars a year, and while this sounds quite impressive, compared with the assets of institutions like the Chase Manhattan Bank, the Metropolitan and Prudential Life Insurance Companies, and General Motors Corporation, credit unions are "small potatoes."

However, credit unions are not to be measured or judged by the size of their assets or the amount of loans they make (over two billion dollars in 1956), but by the services which they offer their individual members.

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## ILGWU COOPERATIVE VILLAGE TRIES CLOSED-CIRCUIT TELEVISION

A unique experiment in communication occurred on April 10 when the ILGWU Cooperative Village initiated a closed-circuit television program in its 1672 unit, apartment development.

Utilizing the master antenna system, the telecast originated live from the board room of the cooperative. Only families whose television sets which are connected to the master antenna could receive the program, which was seen over channel 6, called station W-CO-OP, for the evening. All other channels were in operation at the same time.

Mr. Ralph Lippman, manager of the cooperative and moderator of the first program, explained that the program was an experiment in communication within the development. The idea, if successful, will result in the members having a better understanding of their business; and the management having a better understanding of the views of the members.

The first program, which ran 67 minutes, included a panel of six cooperators who asked Mr. Abraham E. Kazan, president of the organization, questions on the operations and administration of the cooperative. Members viewing the program at home, were invited to telephone in their questions. Time prevented the answering of all the questions during the course of the program. Those which were not answered on the air, were answered by mail.

A questionnaire to determine the members' reaction was distributed prior to the program. The cooperators' response indicates great enthusiasm for this new medium of communication. Many offered suggestions for future programs.

The ILGWU Cooperative Village is one of three housing cooperatives on the Lower East Side of New York. If the programs prove successful, arrangements will be made to connect Hillman Houses and Amalgamated Dwellings to the master antenna system so that the programs will be available to those cooperators.

## CONSTRUCTION

Annually the Department of Commerce and the Department of Labor jointly issue a book entitled, **CONSTRUCTION**. This book reviews all construction which occurred in the United States during the previous year. The 1957 volume is of particular interest to New Yorkers concerned with housing for it contains a chapter entitled, "Housing Trends in New York City, 1946-55."

Speaking of the construction industry in general, the report says, "The most important movements in construction last year included the contrasting forces of a sharp drop in housing activities from the extraordinary levels of 1955, and further large-scale expansion in industry and other business capacity to new highs."

On the general picture of housing, the report continued, "The dollar value of new private home building in 1956 (at 13.5 billion) fell 10% from the record volume of 1955. However, because of rising construction costs and the trend in recent years toward larger and more expensive homes with more quality features, expenditures on dwelling units under way last year did not drop as sharply as the number started. About 1,120,000 private and public dwelling units were begun last year of which 1,100,000 were privately owned. These totals were down 16% from 1955 and about 8% from 1954, but were about the same as annual totals in the 1951-53 period. When allowance is made to population growth, however, the 1956 rate of home building was the lowest since the early postwar years.

### HOUSING TRENDS IN NEW YORK CITY, 1946-55

Discussing housing construction in New York City, the report stated, "Residential construction in New York City in the postwar decade, 1946-55, accentuated the trend toward apartment living which has long characterized housing arrangements in the Nation's largest city. More than 85% of 283,000 dwelling units placed under construction in New York in this period were in apartment buildings or two-family houses. The predominance of this rental-type housing in New York City was in sharp contrast with postwar residential building in the country as a whole where 85% of the new units were one-family houses. Almost 1/3 of the city's new apartments were in public-housing projects. New York City accounted for 12% of all privately-owned units in multifamily structures and 25% of the public-housing units, but less than 1/2 of 1% of the one-family houses started in the United States during 1946-55. The city's share of the national total of 10,744,000 non-farm dwelling units of all types begun in this ten-year period, was about 2 1/2%.

... "New York City's postwar housing problem ... is to provide adequate shelter on a limited land base for a large population with a wide range of incomes."

### MIDDLE-INCOME FAMILIES LEAVE THE CITY

"New York City's ten-year rate of residential construction in the 1946-55 decade was 36 dwellings per 1000 of 1950 population — about half the national rate of 71 per 1000 ...

"In the decade of 1920's when New York City's population growth paralleled that of the country as a whole, about three times as many new dwelling units were started as in the 10 years ending with 1955. Since 1940, the rate of population increase in the city has been much less than the national rate, reflecting in part, the exodus to the suburban communities in the New York metropolitan area. Due to its comparatively small population gain, the number of new dwelling units started between 1946 and 1955 per 1000 of 1940-50 population increase in New York City — 648 — was higher than the national rate of 565.

"This suggests that New York City — which is the most densely populated city in the country, with more than 25,000 inhabitants per square mile in 1950, compares favorably with similar large, mature cities in its efforts to upgrade its housing stock by replacing substandard units. Nevertheless, a tremendous backlog of substandard housing remains in New York City. No less than a quarter million of its apartments were physically substandard in 1950 (i.e., were dilapidated or lacked running water or private toilet or bathing facilities, according to the U.S. Census of Housing). Some 52,000 Old Law tenements, built prior to 1901, housed over 400,000 families in 1955."

Describing the governmental programs to facilitate private home ownership of single family houses, the report declared, "Indirectly, such programs have lessened the pressures on the city's housing supply, since a considerable amount of older housing has been made available as a result of the large-scale movement of families — predominantly in the middle-income group — out of New York to housing developments in the surrounding suburbs of the New York Metropolitan Area. In their place come growing numbers of migrants, principally from the South and Puerto Rico ...

"With the great majority of families dependent on rental-type housing, and much of the old housing stock substandard or in the process of becoming so, the housing situation is one of the major problems confronting New York City ..."

### CONCLUSION

It is rather a discouraging report made more disheartening by the apparent lack of an aggressive program to improve the situation.

Substandard dwelling units are increasing and become more valuable as they get older. Every month the city is losing more and more "middle-income" families to suburbia, yet those who would build cooperative housing for this middle-income group are given little encouragement and support. Often the opposite is true. Delay after delay is encountered over trivial technicalities as the housing situation continues to deteriorate.

A healthy city must be one which is socially and economically balanced. It cannot exist with the large majority of the population made up of lower-income families and with a small minority at the other extreme.

The City of New York is the biggest landlord in the world. When several projects now nearing completion are occupied, the total number of tenants living in public housing administered by the Public Housing Authority will be 134,957.

Unless private capital provides housing for the middle-income group, the city faces two alternatives. Either it will lose more of these families to the suburbs or it will have to provide subsidized housing for this group. An intelligent approach to the problem would be for the city to adopt a policy of assisting private groups who are willing to build housing which would be within the price range most working people could afford.

The Mayor stated in his Annual Report to the City Council that when the city assisted the ILGWU Cooperative Project under the Title I program, the city invested one dollar for every eleven dollars invested by the private developer. Is it not more worthwhile for the city to encourage private enterprise to do the job at a ratio of one dollar for every eleven than to have to do the whole job itself?

If the City of New York is to remain the great city it is, its housing problems must be resolved. More housing must be provided for low-income families and the city must adopt a program to cooperate with private groups who are willing and able to help themselves obtain reasonably-priced housing.

## TITLE I

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A total of 11,715 dwelling units are planned for these eight projects. If these projects did not materialize, the loss of nearly twelve thousand new units would immeasurably worsen an already acute housing shortage.

The concept of the 1949 Housing Act which included Title I, recognized that private capital might be used to redevelop substandard areas. To encourage such private investment, the federal government and the local city government participate in the program so the developer can acquire the land at a reasonable price. In New York City, the Coliseum and two housing projects, both cooperatives, have been completed to date under the Title I program. Several other projects are now nearing completion and the program is beginning to gain momentum. A curtailment in the program would have a disastrous effect on the slum clearance program.

Title I is a cooperative undertaking to accomplish a big job. Those participating include private enterprise, and local and federal governments; with the private developers paying the major costs. The President is right when he states that if urban redevelopment is to get anywhere, this type of a cooperative program must be encouraged.

## CREDIT UNIONS

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The lead story in, of all publications, the Wall Street Journal, on March 21, dealt with this aspect of credit unions which was a comprehensive article by Ray Vicker, a staff reporter of this paper. Mr. Vicker apparently visited all kinds of credit unions from those with a 100 members to one over 33,000 members. He found, "Not only can a credit-union member obtain a loan easily, but amounts available are enough to satisfy almost any working man's demand."

Credit cooperatives, be they large or small, operate under the democratic principles as do other cooperatives. The members control the association, each member having one vote. The members elect their directors to operate the credit union through various committees. The credit, supervisory, and education committees are the most important.

These "peoples' banks" demonstrate that factory workers, farmers, department-store workers, teachers, co-op members — any group when they work together, has the ability and the intelligence to manage their own money. When enough people realize this, then their combined funds can be used to provide themselves with important things like housing.

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