The Bank of United States
MEMBER FEDERAL RESERVE SYSTEM
SEVENTH AVENUE AT 38TH STREET

SAUL SINGER
VICE PRESIDENT

NEW YORK

November 29, 1926.

Miss Ida M. Tarbell,
120 East 19th Street,
New York City.

Dear Miss Tarbell:

In response to a request of James Wallen, I am sending you a copy of a housing plan I presented to the Mayor of the city of New York.

Mr. Wallen has explained to you how it came out of my experience with the splendid but unfortunate peoples in the congested sections of our city. I will cherish your opinion of the plan.

With good wishes, I am,

Sincerely yours,

Saul Singer

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November 19th, 1926.

Hon. James J. Walker,
Mayor of the city of New York,
New York.

My dear Mr. Mayor:

Five years ago when Garment Center Capitol was built, the matter of housing conditions in New York City, especially with regard to the workers in the needle trades whose welfare is close to my heart and mind, was given serious study by me. Since then I have watched with the most intense interest the plans proposed.

Mr. Villard made a facetious comment in The Nation to the effect that Mr. Heckscher was endeavoring to get the people out of the east side before Easter. In his desire for action, I heartily agree with Mr. Heckscher. Too much time and conversation have been expended without action or practical solution. Because I believe that all housing plans must stand on a sound business basis, and not charity, after much self-interrogation I reluctantly conclude that Mr. Heckscher's plan is not practical.

Any plan involving charity would in its operation be humiliating to the proud peoples who by force of circumstances are compelled to live in the congested districts of our city. They would rather suffer than accept charity.

Mr. Barron of the Wall Street Journal has, I believe, rightly said that 500 men could not be found who could afford to follow Mr. Heckscher's suggestion of contributing great wealth. This matter of sound business brings me to the flaw in the plan proposed by the State. This plan limits the possibilities of profits to 6 per cent., and proposes to legislate to the effect that no higher return shall be realized on State-recognized housing propositions.

It does not take into consideration the fact that we may limit the return to capital by legislation but such legislation does not induce capital to invest.

I here fall back on the old aphorism "You may lead a horse to water, but you cannot make him drink." I reiterate that any housing plan sponsored by the State and city must be on a business basis and not a charitable one, insuring an inviting return to capital.

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The suggestion has been made that the citizens of the districts under discussion would be better off if dwellings were provided for them in the outlying country. Those who are grounded in the history of peoples know that involuntary transplantation has never been successful.

Furthermore, we owe a great debt of sentiment to the traditions of the east side. Some of our most honored and useful statesmen are the products of the east side.

To mention only a few: Our great Governor, Alfred E. Smith; United States Senator Robert F. Wagner, together with eminent jurists, captains of industry and men of letters and the arts.

It is said that debts of honor are always paid. I think it equally important that debts of sentiment be given like treatment, and to the east side is due an unpaid obligation. This obligation has been incurred not only by the men who came from the east side, but those whom they have blessed and benefitted by their good works.

It should be a comforting thought to those who live on Park Avenue that their friends on the lower east side are to be given a square deal through a plan which is eminently practical and equitable to both capital and the tenant of the proposed housing. I therefore request and urge your immediate consideration of the following proposal:

PRINCIPLE I. LAND AND BUILDINGS

(a) An outline be made of the entire section to be utilized for this purpose and converted into as many portions as would be practical, one portion to be built at a time.

(b) A committee of eminent architects and engineers be appointed to make a detailed recommendation as to the practical, sanitary and aesthetic provisions necessary to wholesome living conditions, such as air, light, play grounds and proper streets.

PRINCIPLE II.

(a) The city, supported by the State, is to condemn the property on which it is decided to build portion by portion for that purpose. A bond issue for a period of forty-two years on a basis of 4 per cent. plus 1 per cent. for amortization to be issued.

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(b) The new plottage, as laid out by the committee, to be leased for a period of forty-two years to builders and investors for the purpose of erecting model homes as prescribed in the plan , on the basis of 4 per cent., plus 1 per cent. for amortization.

This amortization to be used for the purpose of liquidating the entire principal of this issue during the life of the lease.

(c) Legislation to be effected to permit savings institutions, insurance companies and other loaning institutions to make loans to lessors on the buildings constructed on the property leased from the municipality. These loans shall be procured to the extent of two-thirds of the cost of construction. Interest on such loans shall not exceed 5 per cent. They shall also carry a provision of amortization of 1 per cent., which will enable the lessor to liquidate the entire mortgage during the period of the lease.

$12. Maximum Room Rent

PRINCIPLE III.

(a) The plan of financing will result in the following: The lessor to have a lease for forty-two years, and will be enabled to procure low cost financing for construction and by virtue of having the land leased from the city only a small investment will be necessary on the part of the lessor.

(b) The protestion to the tenant against extortionate rentals would be rendered automatic by limiting the rentals to a maximum of $12. per room per month. This will eliminate the cumbersome plan of investigating and checking up corporations, which under the State plan would have to show a limited earning. The ratio, as shown by the table below, will create more than an adequate return for the investment, sufficient to induce capital to come in and build, and make it possible to insure extremely reasonable rentals which are at present impossible to provide.

(c) The city shall forego all taxation during the period of these leases, and in lieu of same will receive at the expiration of the leases the land and buildings free and clear. The revenue derived from future leases will tend to offset the taxation which the city will forego for the present.

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Shows Fair Profit to Builder.

(d) The above effected, the only cost remaining is interest and amortization on the bond issue, and interest and amortization on the mortgage on the building plus expense of maintenance. This subtracted from the income received on rentals, will be applied to profit and amortization of the investment of the builder as per example:

		Per Yr.
Income on rental, $12. per room.....		$144.00
Cost of land portion, per room, based on a cost of $750. interest and amortization, 4 per cent. and 1 per cent.....	$ 37.50	
Cost of construction, $850. per room, Mortgage obtained against construction $550. Interest and Amortization 5 per cent. and 1 per cent.....	33.00	
Maintenance expense per room.....	25.00	95.50
Net Results (Per Room).....		$ 48.50
(Against $300. builder's investment per room)		

These are maximum figures, and it is my firm opinion that they can be greatly reduced when one takes into consideration the purchase price of the wholesale condemnation of land, together with the economies that can be effected on mass construction.

Neither do these figures take into consideration the larger revenue that could be obtained from ground store space, which would greatly reduce the overhead, and as a net result tend to reduce the rentals per room.

The plan here proposed eliminates all of the elements of charity, of doubtful value; attracted capital to be invested on a fair return and eliminates excessive cost in financing, which is a great obstruction to proper housing today. It also, by reason of limitations, eradicates waste in construction cost.

In brief, the plan meets every requirement of sound economies and achieves the results proposed by philanthropy.

I am conscious of the multitudes of problems before you as Mayor of the greatest city in the world, but the solution of no other problem is so vital to the health, morals and well-being of the entire citizenship of our city, and am sure that you will use your great powers of persuasion upon all classes to finally eradicate the darkest phase of our municipal life.

Faithfully,

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