

# EUROPEAN HOUSING POLICY AND PRACTICE

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ERNEST M. FISHER  
AND  
RICHARD U. RATCLIFF



1936

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FEDERAL HOUSING ADMINISTRATION  
WASHINGTON, D. C.



## FOREWORD

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An obligation is imposed upon the Federal Housing Administrator by Section 209 of the National Housing Act to “\* \* \* cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States \* \* \*.”

In the development of housing policy and the improvement of mortgage practice in this country, we cannot afford to ignore the decades of practical experience of the European nations in meeting the problems of home financing through legislative and administrative action, and in the amelioration of housing conditions among the lower income groups. For some time the Federal Housing Administration has been engaged in the analysis of European housing policy and practice with a view to possible adaptations in the program of the Administration. In the furtherance of this study, two members of the Division of Economics and Statistics were dispatched to Europe in July 1936 to secure first-hand information on the latest developments in the field, and to discuss various aspects of the problems of housing and home financing with governmental officials and informed observers.

The following report is based upon their findings. The observations and opinions expressed are those of the authors, and are not to be construed as policies or objectives of the Federal Housing Administration, nor as proposals for a housing program for the United States. On the contrary, certain sections of the report indicate the difficulty involved in attempting to adapt European practices to conditions in this country.

It is hoped that the information and analysis presented in the report will be of interest to the fast-growing body of public officials and citizens who appreciate the wide social and economic implications of the problems of home financing and housing, and who are coming to recognize the difficulties and complexities which face the attempts at solution.

STEWART McDONALD,

*Federal Housing Administrator.*

WASHINGTON, D. C., *December 1, 1936.*

FEDERAL HOUSING ADMINISTRATION,  
Washington, D. C., November 1, 1936.

MR. STEWART McDONALD,  
*Administrator,*  
*Federal Housing Administration,*  
*Washington, D. C.*

DEAR MR. McDONALD: I transmit to you herewith a brief report of the investigations in England and certain continental European countries made this summer by Dr. Richard U. Ratcliff and myself.

During the 5 weeks we were in Europe we visited 21 cities in 10 countries, and had 150 interviews with officers of our own Government and those of the countries visited, with municipal officers, administrative officers of banks and mortgage institutions, and others concerned with the improvement of housing conditions within the framework of the existing economic and political traditions. We are greatly indebted to these individuals, not only for their courtesies, but also for many helpful suggestions received from them.

In addition, we visited modern housing developments and inspected some of the worst housing conditions in each city. In order to present a faithful picture of both, we have taken about 2,000 feet of moving-picture film. In addition, we have accumulated a considerable quantity of source material for more intensive study of conditions in the various countries.

While any report is likely to be biased by the predilections of its author, we have attempted to take a detached point of view and to check our conclusions with the ablest authorities with whom we have come in contact.

May I express my appreciation to you for this opportunity for the Division of Economics and Statistics to accumulate material which I am sure will be of great importance.

Special acknowledgment is due Mr. Allan F. Thornton for his considerable share in the preparation of the report.

Very respectfully submitted,

ERNEST M. FISHER, *Director,*  
*Division of Economics and Statistics.*

45617

## TABLE OF CONTENTS

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	Page
Introduction.....	vii
Summary of Conclusions.....	ix
Part I. Forms of Governmental Intervention.....	1
II. Decentralized Administration.....	8
III. Development of Financial Assistance.....	12
IV. Differential Renting.....	28
V. Housing the Poor.....	33
VI. Municipal Ownership of Land.....	47
VII. Family Rehabilitation.....	52
VIII. Housing Statistics.....	56
IX. Filtering Up.....	59
X. The Need for Comprehensive Action.....	67
XI. Cooperative Housing.....	71
XII. Organization of the Building Industry.....	75
XIII. The Home Mortgage Market.....	85
XIV. Applications in America.....	97

65617

## INTRODUCTION

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This report on the housing policies and practices in Europe is the outgrowth of a field trip including the following countries: England, Holland, Denmark, Norway, Sweden, Germany, Austria, Switzerland, France, and Czechoslovakia. Only a brief time could be allotted to each country, but from more than 150 conferences with State and municipal housing officials, and with representatives of the private housing industry and home financing institutions, a survey of the trends in governmental policy and private activity was possible. This was facilitated by a general understanding of the problems secured through previous visits and about 10 years of study.

It will be the purpose to present here a brief summary of the general principles and conclusions which have been evolved from this survey. Each statement is supplemented by some statistical evidence where available, by illustrative description, or by both. There is no attempt to provide a comprehensive discussion of all aspects of the housing situation abroad, nor to summarize all the material collected during the survey. It is the aim simply to epitomize the most significant trends. Some of the material is presented in dogmatic form for the sake of brevity, but an effort has been made to avoid generalizations that cannot be supplemented by either statistical data or reliable and widespread opinion.

In the first section, Summary of Conclusions, will be found a brief statement of some conclusions and principles which appear to have justification in European experience. This will be followed by a series of sections in which these conclusions are stated in an expanded form and accompanied by a brief discussion presenting illustrative examples from the situation in certain of the countries, together with pertinent statistical summaries.

## SUMMARY OF CONCLUSIONS

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I. Governmental participation in housing is permanent, though its form is changeable. The complication of forces in this field has compelled European governments to adopt comprehensive programs.

II. Decentralized responsibility for the administration of housing policies, under the guidance and control of the central government, is universal.

III. Subsidies to stimulate house production have been generally abandoned. The present emphasis is on improvement of housing conditions by other means than outright subsidies, and the most widely adopted form of assistance is the extension of government credit.

IV. Differential renting, the fixing of rents in subsidized housing on the basis of individual ability to pay, is widely accepted as a sound procedure, and its application in varied form is spreading, particularly in England.

V. The problem of housing the working classes on an economic basis has not been solved, and, except for a few outstanding examples, the rate of improvement of housing conditions for the lowest-income groups has not been satisfactory.

VI. The ownership by municipalities of large areas of undeveloped land at the urban periphery has proved to be a major advantage in controlling land utilization and in providing sites for low-rent housing at low cost.

VII. The solution of the problem of improving housing conditions for the low-income groups involves a large measure of social rehabilitation of the tenants.

VIII. The collection of statistics on housing has long been a function of local and central governments. There is an increasing emphasis on this activity as a basis for the proper guidance of housing policy.

IX. The improvement of housing conditions among the lower-income groups through "filtering up" into better housing has not been effective in Europe.

X. No single remedy exists for the many coordinate problems of housing. The greatest progress is being made in those countries where governmental intervention in housing is accepted as an integral part of a broad program for social betterment, and where there has been a flexible application of a comprehensive and correlated complement of measures.

XI. Cooperative housing has reached its highest development in Scandinavia where it is part of a strong cooperative movement

embracing the production and distribution of both industrial and agricultural products.

XII. The organization of the building industry and the characteristics of the real estate market differ markedly in European countries from those familiar in the United States. The current building boom in England is reminiscent of that in America during the 1920's and has probably passed its peak.

XIII. European home mortgage markets are generally characterized by specialized lending agencies, and by varying degrees of governmental participation.

XIV. Although the application in America of the housing policies and practices adopted by European countries is limited by social, economic, and legal differences, it is possible to derive general principles and adaptations of method which might form the basis of a comprehensive program for this country.