

## Introduction

In June 1985, as a graduate assistant at Carnegie Mellon University, I visited Electric Heights, a housing development in Turtle Creek, Pennsylvania, located on a hillside overlooking Westinghouse Electric Corporation's East Pittsburgh plant. My professors were drawn to Electric Heights because its vibrancy stood in contrast to many working-class neighborhoods in the region, where the economic despair and social dislocation brought about by plant closures and relocations could be measured in the number of dwellings listed for sale. The networks of surveillance and mutual assistance—the “eyes on the street,” as described by author Jane Jacobs, functioned effectively.<sup>1</sup> Unemployed electrical and steel workers busied themselves on home maintenance or improvement projects or repaired their own or each other's cars and lawnmowers. Playing children ran from one house to another. Elderly residents positioned themselves so they could watch the television and the activity outside at the same time. Electric Heights seemed a world away from the rest of Turtle Creek, the Monongahela Valley, and the larger “Rustbelt,” which was then engulfed in yet another wave of plant closures and shutdowns.<sup>2</sup>

Surprised and impressed by what I saw at Electric Heights, I asked Eugene Levy, the history professor who became my dissertation director, about it. No, Electric Heights was not former military housing as I had guessed, but was one among hundreds of similar housing developments constructed nationwide by the federal government during World War II for the civilian employees of important defense contractors. It stood, Levy argued, as evidence of the wartime influence of labor unions, particularly the Congress of Industrial Organizations (CIO). But Electric Heights differed from most defense housing developments, Levy said, because at the war's end the federal government sold it to residents, who had formed a not-for-profit corporation (called a mutual housing

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association) that would own and manage the new community. When I asked for more information about when and how Electric Heights was purchased from the federal government, Professor Levy suggested that I try to find out. So I did, and in my dissertation I explained that Electric Heights ranked among roughly a dozen such communities in the region sold to mutual housing associations between 1947 and 1958 as part of the huge postwar disposition program that involved nearly a million units of temporary and permanent housing nationwide. The Federal Works Agency created the mutual housing program in consultation with organized labor for the benefit of the “middle-income” worker employed in the defense industry who could not afford to buy a house but did not economically qualify for federally subsidized, low-income public housing.

I found that in the 1950s U.S. Department of Labor cooperative expert Florence Parker and her fellow researchers closely monitored the mutual housing associations that had formed to buy government property—including two Greenbelt towns, a subsistence homestead community, a federally funded community in Puerto Rico, and defense housing projects “scattered throughout the country.” They regarded the mutual housing associations as a “special group” of what was known in housing circles at that time as “all-the-way” or “sales” housing cooperatives.<sup>3</sup>

Electric Heights and about fifty other former defense housing developments were sold to residents on a cooperative or “mutual” basis under the Mutual Home Ownership Plan (hereafter Mutual Plan) created by Lawrence Westbrook of the Federal Works Agency (FWA). Under this plan residents jointly owned and managed their own communities. Had the war and the postwar housing situation unfolded the way Westbrook envisioned in 1940–1941, federal housing officials would have hired leading modernist architects to design residential communities earmarked for sale to their residents under the Mutual Plan wherever there was an ongoing need for affordable housing. Westbrook and the FWA would have collaborated with workers represented by the United Automobile Workers Union (UAW) and modernist architects in the design and construction of a mutually owned city for 10,000 people, and postwar developers like William Levitt would have built hundreds of architect-designed planned communities like Electric Heights.<sup>4</sup> That did not happen, of course, and this book examines the origins of Westbrook’s Mutual Plan and its application at eight pilot projects: three in New Jersey, two in Texas, and one each in Ohio, Pennsylvania, and Indiana. It also explains why the President Franklin D. Roosevelt administration abandoned the Mutual Plan and prepared for postwar commercial market growth that would place fee-simple home ownership within the economic grasp of most wage earners.

During the late 1940s and early 1950s with the backing of President Harry S. Truman, Congress created economic incentives to entice wage earners to pursue home ownership through a commercial market mortgage. At the same time, there was sufficient interest in mutual and cooperative housing in 1950 for a group of influential members of Congress to try to establish a public-private

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corporation to provide seed money for middle-income cooperative housing development, but their effort failed. Since then, policy makers have seldom looked back and asked whether home ownership for almost all is in the nation's best economic and social interests. The home mortgage crisis that began in 2008 raised many questions about why banks granted mortgages to applicants with limited financial resources, but it did not precipitate serious debate over Congress's unquestioned commitment to sustaining the profitability of the commercial real estate market. In a 2012 *New York Times* editorial, Jeanne Gang and Greg Lindsay suggested that "some of the nearly 250,000 foreclosed houses acquired by Fannie Mae, Freddie Mac and the Federal Housing Administration" ought to be placed in a "national trust or a series of local trusts," but U.S. lawmakers have yet to embrace this idea and allocate greater resources to non-commercial market options such as housing cooperatives, land trusts, and other joint ownership ventures.<sup>5</sup>

During the first half of the twentieth century, public aid was used to strengthen the nonprofit housing market in times of national crisis, beginning with World War I. Federal funds were used to construct several widely admired war workers' communities, but Congress and President Warren G. Harding refused to follow the precedent set by England and sell them to residents on a cooperative or joint-ownership basis. President Franklin D. Roosevelt responded to the Great Depression with a much studied program of federal intervention in areas such as housing and community planning that had hitherto been the domain of private or local interests. When faced with a choice either to "follow Hoover's lead and seek measures to stimulate private home building and individual home ownership" or to "get behind proposals from congressional liberals like Robert Wagner for large-scale, European-style public housing programs," as David M. Kennedy, a leading Roosevelt scholar, explained, the President "essentially adopted—and significantly advanced"—the approach of his predecessor.<sup>6</sup>

Under Roosevelt's New Deal program, nonprofit housing opportunities were nonetheless made available to a small number of low- and middle-income families in new rural and suburban communities built by the Department of the Interior's Division of Subsistence Homesteads, the Federal Emergency Relief Administration, the Resettlement Administration, and the Farm Security Administration, which employed leading architects and planners. Resettlement Administration officials optimistically expected its three suburban Greenbelt towns to "open a new road for America's builders and money-lending institutions," and offer "invaluable examples" that would guide them in future residential development.<sup>7</sup>

The urban housing programs administered by the Public Works Administration and the U.S. Housing Authority sought to advance a concept called "modern housing" developed by reformer Catherine Bauer in the 1933 book of the same title, and known as "community modernism" by more recent scholars. Had the modern housing program succeeded, it would have made a "publicly

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supported, broadly targeted, noncommercial housing sector the centerpiece of federal housing policy,” contends Gail Radford, a close student of the subject. But it did not succeed. Roosevelt administration officials responded to the defense housing emergency in 1940 by assigning the noncommercial housing sector a supporting role of compensating for the commercial market’s deficiencies, filling in gaps, and helping those who fell through the cracks. Among those slipping through the cracks were defense workers, many of whom were organized and politically influential.<sup>8</sup>

Nonetheless, and from a slightly different perspective, the 1940s may be seen as a “crucial decade in the formation both of a new urban vision and of a political coalition emboldened to carry it out” that has too often been overlooked by historians and other scholars of cities and public policy.<sup>9</sup> The consequences of wartime housing policy decisions, both intended and unintended, “long outlasted the war.”<sup>10</sup> When the decade began, housing and urban development policy making remained in the hands of New Dealers seeking to revitalize community life by replacing substandard dwellings and neighborhoods built by speculative builders with new neighborhoods that featured bright and easy-to-maintain dwellings; safe streets and play areas; and nearby civic, educational, recreational, and commercial facilities and amenities. Reform-minded New Dealers who enjoyed the support of labor responded to mobilization by devoting special attention to middle-income defense workers caught in the “‘no-man’s land’ of housing.”<sup>11</sup> The FWA’s Westbrook took the lead by reaching out to John Green, the president and founder of the CIO’s Industrial Union of Marine and Shipbuilding Workers of America (hereafter Shipbuilding Workers), whose dramatic Capitol Hill testimony helped persuade Congress to address the critical shortage of housing in centers of defense production by passing a housing and community facilities bill known as the Lanham Act.

In late 1940 Westbrook started working with Green’s Shipbuilding Workers and other CIO unions to test the practicality of the Mutual Plan at eight federally funded pilot projects. Each project featured modern architecture and planning features designed by leading architects, including Richard J. Neutra, George Howe, Albert Mayer, Louis I. Kahn, and Oscar Stonorov. Dwelling units were grouped together in clusters serviced by cul-de-sac roads. The front doors of most residences faced a large interior park or green that served as an extended living room and fostered resident interaction. Pedestrian paths linked groups of houses with the community center and, depending on the size and location of the community, an elementary school and a shopping center.

In February 1942, before the completion of all eight of Westbrook’s Mutual Plan projects, President Roosevelt ordered the reorganization of the federal housing bureaucracy under the National Housing Agency (NHA). Under Executive Order 9070 the programs created for low-income households and defense workers were consolidated under the NHA’s Federal Public Housing Authority. The newly appointed head of the NHA, John B. Blandford, cultivated his alliances with builders, bankers, and real estate developers more carefully than

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he did his ties to New Deal communitarian reformers. Westbrook, dismayed with the Roosevelt administration's political turn to the right and the shift in emphasis in housing and community development away from reform, went into the U.S. Army and served overseas. Meanwhile, Blandford relocated administrative responsibility for the eight communities from NHA headquarters in Washington, D.C., to agency field offices, an action convincing many that residents would never get a chance to become joint or mutual owners as promised.

In 1945, after the war ended, Westbrook returned to Washington D.C., where he found little interest in communitarian housing reform among housing and urban policy makers in President Harry S. Truman's administration. The eight pilot projects and the other communities built under the New Deal as models were now regarded as the antithesis of what postwar developers claimed that the homecoming veteran wanted—a detached house and yard situated in a neighborhood and community of like houses and like people, where individualistic goals and aims could be pursued.<sup>12</sup>

The mutual housing program entered a second phase after World War II, when federal housing officials faced a congressional mandate to dispose of defense and wartime housing built with federal funds. Fearing displacement in the midst of the widely publicized postwar housing shortage, residents of the 167,700 units of permanent defense housing made available for disposition on December 31, 1945, sought an opportunity to buy their government-owned dwellings under a modified version of the Mutual Plan.<sup>13</sup> Facing Congressional pressure to liquidate the nation's stockpile of defense workers' housing, federal housing officials responded to these requests with a cumbersome process that presented many stumbling blocks for newly formed mutual housing associations.

Infant associations that secured the assistance of a labor union leader, veterans' advocate, or attorney were most successful in complying with the labyrinth of rules, regulations, and procedures imposed by the Federal Public Housing Authority and its 1947 successor agency, the Public Housing Administration (PHA). Congressional intervention and the outbreak of the war in Korea delayed the disposition process, and today thirty-seven mutual housing associations, including Electric Heights, are still in existence (see the Appendix).

Advocates of cooperative housing aid were encouraged by the passage of the Housing Act of 1949, which established the national goal of a "decent home and living environment" for every American family and called for resumption of the construction of low-income public housing and for funds for urban revitalization.<sup>14</sup> In that context, Senators Burnett R. Maybank (D-SC) and John Sparkman (D-AL) and Congressman Brent Spence (D-KY) introduced in 1950 companion bills calling for the creation of the National Mortgage Corporation for Housing Cooperatives. This public-private entity was to serve as the financial center of the nonprofit middle-income market by providing direct loans or loan guarantees and to advance the standing of cooperative housing as the FHA did for the for-profit market.

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A positive, unintended consequence of the pitched battle over the proposed National Mortgage Corporation for Housing Cooperatives was that the Housing Act of 1950 marked a significant turn in the road for federal support of cooperatives.<sup>15</sup> As it became clear that most middle-income people would pursue traditional housing on the commercial market, supporters of cooperative housing no longer felt compelled to tout it as an emergency or experimental program but won acceptance for it as a “normal” part of the broad package of housing and community development programs and funds available to cities and towns. To be sure, new federal legislation did not offer direct incentives, but in one administration after another Congress adopted legislation that strengthened the ability of the Federal Housing Administration (FHA) to insure commercial market mortgages granted for the sale or construction of middle-income cooperative housing. President John F. Kennedy, for example, gave his support to the Housing Act of 1961, which made it possible for qualified nonprofit or limited-dividend corporations to obtain special loan guarantees from the FHA for the construction of such housing. And during the administration of President Richard M. Nixon, George Romney, secretary of the Department of Housing and Urban Affairs (HUD), created Operation Breakthrough and paired modular or manufactured housing producers with locally controlled nonprofit corporations to develop a series of mixed-income, cooperative communities on the outskirts of Seattle, Washington, Macon, Georgia, Kalamazoo, Michigan, and a handful of other cities.<sup>16</sup>

Examined from a global perspective, the postwar growth of cooperative housing in the United States was insignificant compared to that in other nations. A recent comparative study of the United States, Sweden, and India concluded that state involvement and support were key factors in determining the postwar growth of cooperative housing. In the United States (with the important exception of New York State and New York City), there was no “cooperative-state relationship” to speak of.<sup>17</sup> Despite increasing federal involvement with cooperative home ownership, the postwar increase in cooperative housing bills in Congress, the provision of FHA mortgage insurance for housing cooperatives, the postwar rise of consumer interest in cooperatives, and the activities of advocacy organizations, the history of cooperative housing in the United States remains oddly “hidden.”<sup>18</sup> The eight Mutual Plan communities were relegated to the policy sidelines to protect the profitability of the middle-income commercial housing market and maintain the top-down structure of the low-income public housing program. They faded into obscurity while millions of moderate-income families took advantage of federal home ownership incentives. Electric Heights and the other Lanham-financed properties that contributed to the growth of cooperative housing in the United States became part of a forgotten chapter in U.S. housing policy.

Defense housing developments like Electric Heights were sold to mutual housing associations at a time when ownership of a detached house in a culturally homogenous suburban or suburban-like urban neighborhood was pre-

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sented as the fulfillment of the American Dream. According to the Pennypack Woods Home Ownership Association, its residents jointly purchased their community “so we could have our homes here . . . [and] raise our children in pleasant surroundings.” Their goal was to keep the cost of living down and “get more of the better things in life.” It did not matter if “those better things in life meant a new car, or a television set, a vacation, or the possibility of a college education for our children, or even an extra case of beer for Pop on Saturday night.” The important thing was that the “purchase of this property cooperatively has meant something to all of us.”<sup>19</sup> Whatever that something was, Pennypack Woods residents knew that the six-year campaign to purchase the community under the Mutual Plan was just the beginning and not the end of their struggles. Despite “amazing progress,” they knew that the mutual association would survive only if every community member was willing to “pitch in and help.”<sup>20</sup>

The mutual housing associations that purchased Pennypack Woods, Electric Heights, and other defense housing communities were organized by ordinary wage earners with the help of labor and other workers’ organizations. Hundreds of hours were devoted to meetings with each other and with local and federal government officials, bankers, realtors, and attorneys. People with limited formal education who may never have held title to a piece of real estate in their lives pored over contracts and other legal documents and correspondence written in “governmentese” in an effort to figure out how to comply with the regulations imposed on them by federal housing officials. Those who built the tanks, planes, and ships in support of the war were astonished to find members of Congress not only unsupportive of their efforts but willing to undermine them by requiring mutual housing associations to seek commercial-sector financing. Mutual housing advocates faced resistance from real estate and banking interests from outside the community and opposition from within as residents clashed not only over the sale of a project under the Mutual Plan but also over how to democratically run the community once it was theirs.

Mutual home owners took advantage of their ability to regulate membership and control the purchase of shares in the nonprofit corporation to maintain their original, federally assigned racial designation, just as white home owners used every means at their disposal—including violence and intimidation—to retain residential class and color lines. Only one African American defense housing community and three biracial developments sold under the Mutual Plan remain today. It was not until the 1970s and 1980s that local, state, and federal courts and agencies began to require mutual and cooperative housing associations to uphold fair housing laws and court rulings. And yet they remain overwhelmingly segregated.

Electric Heights and its mutually owned sister communities represent a road not taken in federal housing policy. Roosevelt-era policy makers had confidence in the ability of wage earners to purchase and manage democratic, jointly owned communities of affordable housing. The eight pilot communities and other publicly financed developments sold by the federal government to

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their residents during the late 1940s and 1950s are forgotten legacies of an era in policy making when there was growing recognition of the need for a non-commercial housing market to serve low- and middle-income families whose commercial market choices were few. A look at the mutual housing experiment and how its participants fared is not only well overdue but timely in an era of economic stagnation, growing income inequality, and a shrinking middle class.

In January 2015 President Barack Obama spoke of his intention to emphasize “middle-class economics” and help “working families feel more secure in a world of constant change.” In recognition of the importance of home ownership in achieving that goal, he supports measures to make it easier to purchase a house.<sup>21</sup> If, however, there are any lessons to be learned from the 2008 mortgage crisis, one is that a healthy housing market offers consumers housing options—options that fit their budgetary and other household needs. The story of how and why mutual home ownership was offered—and ultimately rejected—as a mainstream economic and social alternative to traditional home ownership will hopefully ignite interest in the Roosevelt administration’s Mutual Plan and inspire the development and testing of the next-generation model.