

**P**  
**PERCY**  
**FOR SENATOR**  
**COMMITTEE**

Research Division  
**JOHN McCLAUGHRY**  
*Director of Research*  
Rec'd. JWR

JUL 25 1966

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Phone Area Code 312/782-2626

July 21, 1966

Mr. James Rouse  
James Rouse & Company  
Village of Cross Keys  
Baltimore, Md.

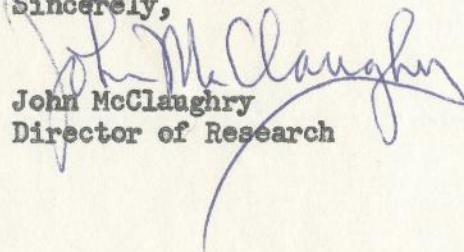
Dear Mr. Rouse:

Jane Jacobs, in her book Life and Death of American Cities, attributes to you a recommendation for stimulating home and apartment ownership among low income families.

Could you advise me as to the nature of your specific recommendations, and as to whether they have been undertaken in practice?

Mr. Percy is very much interested in this subject and will appreciate any report or further sources you can provide for me.

Sincerely,

  
John McClaughry  
Director of Research

JMc/lm

*Handwritten notes:*  
Mr. Rouse  
Baltimore  
Call him

el-Housing  
LowCost

August 17, 1966

Mr. John McClaughry  
Director of Research  
Percy for Senator Committee  
110 South Dearborn Street  
Chicago, Illinois

Dear John:

The references in Jane Jacobs' book go back quite a few years and I cannot, therefore, be certain regarding the state of my thinking at the time we last talked. However, I have long felt that we make a mistake in public housing projects by ghettoizing people by their low income status and imposing a penalty on them when their income rises to a point that makes them ineligible for further occupancy in a public housing project.

Furthermore, I believe that public housing is justified only when it serves that part of the population clearly below the level at which good housing can be economically provided in a free market. The dead hand of bureaucracy weighs heavily as housing projects grow in numbers and in size, and it would, therefore, seem desirable to have some method by which public housing might be built, serve its purpose for low income families and then move into the free market stream.

All of these objectives could be fulfilled if public housing was built in such a manner and managed under such a system that the individual dwelling unit was rented to a family at a rent proportionate to its income. As the family's income increased, the rent would increase proportionately. When the rent finally reached the point that the dwelling unit might be transferred to the family under a long term (perhaps forty years) debt arrangement it would be conveyed to the family with a mortgage for the purchase price. Thus, the family and the dwelling unit would move out of the public housing ghetto into the free market stream. The family would be responsible for maintenance,

Mr. John McClaughry

August 17, 1966

repairs, taxes and debt payments. In time, they would develop an equity in the dwelling unit which would constitute a real family asset. When they were able and elected to move into other housing, they would be free to sell the dwelling unit to another family and take out the equity which had accumulated.

The net effect of such a system would be to break up the massiveness of public housing projects; to automatically liquidate such projects over time; to stimulate initiative and reward among low income families; to avoid the penalties that are now invoked for rising income by ejecting the family from a project.

Best regards.

Sincerely,

James W. Rouse

jgd

bcc: Mr. W. Scott Ditch  
Mr. William H. Winstead  
Mr. William E. Finley  
Mr. Morton Hoppenfeld