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Completing the Picture of the Depression Housing Crisis

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The Depression housing crisis caused enormous distress, with social, economic and political implications. The roles and experiences of some major players are well established. Tenants were evicted. National statistics on foreclosures show that many property owners lost their homes. Lending institutions went under. Municipalities struggled when property tax receipts fell. The federal government stepped in, establishing new programs and agencies, with long-term consequences.

Other parts of the story have been neglected. Many borrowers surrendered their properties voluntarily, rather than await foreclosure. As vacancies rose and rents fell, landlords, many owning only one or two properties and/or renting part of their own homes, struggled. Neglected sources show they defaulted at a higher rate than homeowners. Among lenders, private individuals held more mortgages than any type of institution. Relying on investment income, many had a hard time. Both landlords and private lenders made concessions to avoid having to evict or foreclose, mitigating the effects of the Depression on tenants and borrowers. Sources exist to document local variations in the role of landlords and private lenders. These can give us a fuller picture of the Depression, one that still has relevance today.

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For three generations, historians of the United States have been fascinated by the Great Depression. It was, after all, a decade of great suffering and of profound social, economic, and political change. These related developments were dramatically apparent in the field of housing. Millions of tenants were evicted, while owners lost their homes; there was a bank crisis, and thousands of savings and loan companies went under. In response, the federal government stepped in to save lenders and homeowners and then to restructure the system of mortgage finance. In the process, it paved the financial highway for the postwar suburban boom and, for good and ill, the financialized housing market we know today. That is the established narrative.

It is true, and important, as far as it goes, but it omits two groups of economic agents who mattered enormously. Landlords, typed as villains, were considered only when they triggered evictions. Meanwhile private individuals, who held more mortgage loans than any type of

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lending institution, were simply ignored. Neither group was well organized, but another reason for their neglect was that their economic positions were hard to document or define. In both groups, many were also owner-occupiers, workers, and in some cases tenants. Lots of them were small-timers, easy to ignore. We know little about the roles they played, how they thought or acted, and how much they suffered. Most of the available statistics lump landlords in with other property owners, focus on lending institutions, and, emphasizing foreclosures, ignore the ways in which borrowers lost property voluntarily. Missing key agents and evidence, we have built a simplified narrative.

This narrative was framed by what Kenneth Snowden calls the “extraordinary burst of scholarship” sponsored by the National Bureau of Economic Research (NBER) in the 1940s and 1950s, scholarship that “played a central role in the academic discussion of residential construction and mortgage finance.” The NBER sponsored a series of books that summarized the available facts, the experiences of four major lending institutions, and overviews of residential construction and mortgage finance. Their authors included Ernest Fisher, chief economist and head of the Division of Economics and Statistics at the Federal Housing Administration (FHA), and Miles Colean, the FHA’s assistant administrator before he moved on to advise the Mortgage Bankers’ Association of America. In sum, NBER research provided “the statistics and stylized facts” that framed postwar thinking, policy, and markets.¹ That material, and the recent work of economic historians, is invaluable, but big gaps remain. They cannot be completely filled in, and indeed may never be. Regardless, there is enough matériel to provide a plausible sketch of the parts of the picture that have been largely blank. The purpose of this paper is to provide that sketch and, in conclusion, to suggest how historical scholars might fill it in.

To provide context, the opening section reviews the familiar story of what was happening to lending institutions and homeowners before considering some of the neglected ways in which properties were defaulting and what state and federal governments did to restore order. We then turn to consider in turn the landlords and private lenders, suggesting how and why they were neglected and, to the extent possible, outlining the nature and extent of their experiences. A concluding trilogy of short sections pulls together what we know in an interpretative sketch, indicates what sources are likely to be useful in filling some blanks, and suggests why this historical experience might still have relevance today.

Flailing Institutions and Homeowners

There are compelling reasons to pay attention to the Depression experience of institutional lenders and their homeowner customers. As in 2008–2009, such institutions were vital to the housing market and indeed to the health of the economy. Many went under or were barely saved. They and their borrowers were the object of major New Deal initiatives in ways that shaped the postwar American experience.

1. Snowden, “Introduction,” 3. Major studies include Wickens, *Residential*; Saulnier, *Urban*; Harris, *History*; Behrens, *Commercial*; Fisher, *Urban*; Colean, *Impact*; Morton, *Urban*.

The financial system was already in disarray by the late 1920s: 2.5 percent of banks were failing annually. The stock market crash in fall 1929 pushed that rate to 20 percent in 1931–1932. The number of commercial banks more than halved between 1921 and 1933, mostly after 1929. A National Bank Emergency early in 1933 caused President Roosevelt to suspend banking activity. Building and loan associations, the main institutional source of mortgage credit, had fared better, but then were hit hard by the events of 1929 and by rising foreclosures. Their numbers fell from 12,804 in 1927 to 10,596 in 1933, with failures peaking in 1930. Survivors were stuck with properties they repossessed. Many also faced a crisis of depositor confidence, as dramatized in *It's a Wonderful Life*, and struggled to survive. Other institutions, notably insurance companies, fared better, but in general mortgage lenders were in serious trouble.²

Their predicament attracted attention from insiders and observers. Morton Bodfish, from 1930 the dynamic executive vice president of the Building and Loan League, sketched his members' problems, both internal (irresponsible lending) and external (bank failures). David Mason shows how, through the 1930s, Bodfish proceeded to transform a "semi-philanthropic movement" into a "true financial industry." In time, NBER sponsored studies of how other institutions handled the crisis. Notably, Lowell Harriss dissected the Home Owners' Loan Corporation (HOLC), the federal agency that between 1933 and 1935, refinanced more than a million homes, more than a fifth of the one- to four-unit owner-occupied dwellings that were mortgaged. Other lenders and government agencies explored various institutional records, including those of a Cleveland loan company, the Home Title Insurance Company, a group of mortgage guarantee companies, and a national sample of insurance companies. Such research faded in the late 1940s, but occasionally inspired studies such as that undertaken by Willis Bryant. As president of the Northern California Mortgage Bankers' Association, he used the American Trust Company records to dissect the incidence and causes of mortgage delinquencies, 1946–1950. In such ways, the experience of institutional lenders was made part of the public record.³

Mortgage lenders were concerned with their own situation, but public and political interest soon focused on homeowners, whose experience was often dire. Most had required credit. In 1920, although many owners would have retired earlier loans, 49 percent were still paying a first, and often a second or third (i.e., junior), mortgage. The *Financial Survey of Urban Housing* showed that by 1934 the proportion had risen to 55 percent. Their net worth was falling. Nationwide estimates of house price declines in the late 1920s and early 1930s range from 21 percent to 38 percent, but housing markets are local, and the drop reached 52 percent in Wichita Falls, Texas. In some places, borrowers were under water, especially those with junior loans. Nationally, between 1920 and 1934, average mortgage debt as a proportion of home values jumped from 42 percent to 56 percent, and Jonathan Rose's study of Baltimore suggests that a significant number of borrowers were experiencing negative

2. Twentieth Century Fund, *Debts*, 44, 50, 78, 86–88, 96; Mason, *Building*, 78; Gotham, "Racialization," 298; Morton, *Urban*, 49.

3. Bodfish, *Depression*, 10–13; Mason, *Building*, 126; Burroughs, "Urban"; Lodge, *Mortgage*; Twentieth Century Fund, *Debts*, 107–108; Mehr, "Mortgage"; Bryant, "Mortgage," 12–13.

equity by 1932. By 1934, even those who could keep up their payments would have been feeling anxious.⁴

Many could not. In Chicago in 1935, Edith Abbott reported how homeowners were being pushed to the limit. In one part of Cook County, a quarter of the families on relief were homeowners. Interviewing fifty, she reported that it “led in some cases to complete mental breakdown and in a few instances even to suicide.” Nationally, in its 1938 survey of *Debts and Recovery*, the Twentieth Century Fund estimated that between a third and half of all urban mortgages were in arrears to some degree. The Federal Home Loan Bank Board estimated the proportion of total arrears owed: 49 percent. The *Financial Survey* provided specific information for owner-occupied properties: across 52 cities, 41.9 percent were in arrears, ranging up to 61.9 percent in Cleveland, the largest city it surveyed. This was a problem, indeed a crisis, for borrowers and lenders alike.⁵

The outcome was inevitable: Many people lost their homes. In 1932, the first federal housing agency, the Federal Home Loan Bank (FHLB), created a national statistical series going back to the mid-1920s. When historians speak about the trend in foreclosures, these are the data they use. They show that their incidence rose steadily from 3.6/1000 in 1926 to 13.3/1000 in 1933 before declining steadily to 3.4/1000 in 1941. These statistics have routinely been used to show the experience of homeowners. Early on, they were key to John Dean’s calculations about the risks of homeownership, as they are to Steven Gjerstad and Vernon Smith’s recent discussion of interwar trends. But Dean was right to caution that his study only “attempts to get at such available facts as there are.” The facts on foreclosures are in fact potentially misleading. As Snowden notes, they embrace *all* types of residential and nonresidential real estate.⁶

The first person to recognize that this was a problem and to do something about it was Howard Whipple Green. A statistician, Green was the prime mover behind the Cleveland Real Property Inventory (RPI), which, beginning in October 1932, undertook an annual housing census across the metropolitan area. With federal assistance, it became a model for imitators across the country, although most were one-off efforts that confined themselves to inner cities. The Cleveland RPI also inspired the *Financial Survey of Urban Housing*, launched by the Bureau of Foreign and Domestic Commerce. As Green later claimed, Cleveland was the “parent city of the Real Property Inventory,” while he could not resist adding that a bureau publication had described himself as the *Financial Survey*’s “father.”⁷

With seven hundred assistants, Green’s survey gathered information on housing finance, conditions, and equipment, reporting these at the census tract scale. It showed that aggregate mortgage data were of limited use. It turned out that the foreclosure rate on one-family homes, 66.4 percent being owner-occupied, was lower than for any other type of property. Over the

4. Wickens, *Residential*, 203, table D2; Fishback and Kollman, “New,” 229; Bocker and Hanes, “1920s,” 171; Rose, “Reassessing,” 922.

5. Abbott, *Tenements*, 392–393, 394; Twentieth Century Fund, *Debts*, 5; Fish, “Housing,” 186; Wickens, *Residential*, 284, table D44.

6. Snowden, “Mortgage,” 569; Wickens, *Financial*, table 36; Dean, *Home Ownership*, xiii, 101–102; Gjerstad and Smith, “Consumption,” 100–103.

7. Green, “Origin,” 325, 326n. On Green, see “Green, Howard Whipple,” in *The Encyclopedia of Cleveland History*, 474.

Table 1 Homeownership rates in Cleveland and Peoria, by dwelling type, 1934

	Proportion owner-occupied				Cleveland: % foreclosed 1927–1934
	Dwelling units		Buildings		
	Cleveland	Peoria	Cleveland	Peoria	
One-family	68.7	61.6	68.7	61.6	10.9
Two-family	30.1	33.3	60.2	66.6	12.5
Three-family	40.0	19.4	80.0	58.2	13.5
Four-family apartment	10.0	6.6	40.0	26.4	22.6
Row	18.5	29.8	—	—	13.2
Larger apartment	2.0	4.3	—	—	43.1
Other	21.8	28.3	—	—	—
Tenements	—	—	—	—	5.9
Total	44.4	53.9	—	—	—

Sources: Wickens, *Financial*, 264; Federal Home Loan Bank Board, Division of Research and Statistics, *Greater Cleveland, Summary of an Economic, Real Estate and Mortgage Finance Survey* (Washington, DC: The Board, n.d), 13, RG 195, box 86, NARA.

eleven-year period 1927–1937, the average annual rate/1000 for such dwellings was 10.9. The equivalent rates for two-unit plexes (up and down) was 13.5, and for apartment buildings, 43.1 (Table 1). Such differences were later confirmed by an NBER-sponsored sample of institutional loans. The nationwide *Financial Survey* published statistics on foreclosure less detailed than those compiled by Cleveland’s RPI and only reported one year, but it took the hint. It showed that there was no city where the incidence of foreclosure on owner-occupied homes was as high as the national rate for all types of real estate—nonresidential included—that the Home Loan Bank Board reported: 12.2/1000. This is the Depression-era rate that is still quoted today, because at the national level there is no alternative. Among *Financial Survey* cities, the rate ranged from 0.6/1000 in Richmond, Virginia, to 7.4/1000 in Wichita, Kansas, which incidentally serves to underline the point that any national average should be used with caution.⁸

Neglected Ways to Default

One of the cautions is that “foreclosure” underestimated the damage. Nationally, the only available data pertain to involuntary defaults: foreclosures, which also included mandated power of sale clauses. But local studies show that many borrowers relinquished their properties voluntarily. These should be added to the annals of distress.

8. Federal Home Loan Bank Board, Division of Research and Statistics, *Greater Cleveland, Summary of an Economic, Real Estate and Mortgage Finance Survey* (Washington, DC: The Board, n.d), 13, RG 195, box 86, NARA; Morton, *Urban*, 98; Wickens, *Financial*, table 35. The FHLB report relies on information gathered by the Cleveland RPI. The ownership rate for one-family homes in Cleveland in 1934 reported in the *Financial Survey* (68.7 percent) is slightly higher than that in the RPI, probably because of a definitional difference. Because the *Financial Survey* was based only on a 10 percent sample, the RPI figure is preferred. Cf. Swan, *Housing*, table XLI.

Involuntary defaults themselves took different forms. Every state had its own legislation, as the federal HOLC soon realized. It was not a miracle worker: Having remortgaged more than a million homes, it eventually foreclosed on one-tenth of them. By January 1935 it had established a foreclosure section. Horace Russell and David Bridewell, respectively the general council and attorney for the agency, later surveyed what had been learned. In twenty-nine states, involuntary defaults were usually accomplished through the court action of foreclosure, in eighteen, by power of sale. The former could be cumbersome, taking weeks or months, while the cost varied enormously: \$5.18 in Texas but \$354.30 in Illinois. For that reason, the Central Housing Committee, which assembled experts from several agencies to offer advice, preferred the power of sale.⁹

Although foreclosure procedures varied, all required the lender to take action. As Ernest Fisher commented, however, “in many instances, the debtor may be willing to abandon the collateral, for example through a quit claim.” In principle—although not always in practice—such forms of voluntary defaults were recorded, but because they were not foreclosures, the national data “understate the extent of actual mortgage distress.” Unfortunately, we have only a rough idea of how common they were. The HOLC reported that 18 percent of its repossession were voluntary. Robert Mehr reports this was consistent with the experience of the life insurance companies, where the proportion was 14 percent. Both, however, might have been lower than the norm. In New York, Leo Grebler found that, between 1925 and 1939, voluntary surrenders accounted for 27 to 30 percent of all defaults; meanwhile, in Lucas County, Ohio (including Toledo), 1917–1938, William Hoad from the Central Statistical Board found that they outnumbered foreclosures through 1935, accounting for 63 percent of all defaults. Evidently, foreclosure data offer a very incomplete picture of the extent of defaults.¹⁰

Why would a borrower give up their property? This option was quicker, less stressful, and avoided court. This fits the HOLC’s experience, which was that voluntary actions were commonest on loans with shorter delinquencies, suggesting that such borrowers were more compliant. Most lenders preferred this option, too, because it was cheaper: the HOLC favored it “wherever possible.” Potentially, it gave the borrower more time, delaying and perhaps forestalling default, something many lenders hoped for. As one observer commented, in a depressed market it can become “impossible to sell at any price.” There was also a public relations issue. A banker later noted that colleagues found foreclosures “distasteful,” because they “may have an adverse effect on the bank itself.” And so Mehr reports that “borrowers are often encouraged to make voluntary settlements by way of a warranty deed or quit claim.” But this carried a risk. B. C. Bovard, the FHA’s counsel, criticized voluntary deeds of sale, because they might be the outcome of the lenders’ “undue influence.” Judges knew this, which mattered, because voluntary deeds could be challenged in court. Indeed, “in a few states ... the mortgagee [lender] must bear the burden of proving that the transaction was entirely fair.” Legally and financially, the calculations were not straightforward.¹¹

9. Russell and Bridewell, “Mortgage,” 312; Bridewell, “Effects,” 546–547.

10. Fisher, *Urban*, 178–179; Harriss, *History*, 3; Mehr, “Mortgage,” 56; Grebler, *Housing*, table 3Z; Hoad, “Real Estate,” 52.

11. Harriss, *History*, 190, 82; Watson, *Housing*, 62; Jones, “Commercial,” 263; Mehr, “Mortgage,” 55; Bovard, “Foreclosure,” 21–22.

Land contracts complicate the picture even further. These legal arrangements retained the buyer as a tenant until most, and sometimes all, loan installments had been paid. This was good for the vendor, who in this case was also the de facto lender, and appealed to many buyers, because it allowed for very low down payments. In the 1920s, few lenders offered more than a 60 percent mortgage, but a land contract might be available for 10 or even 5 percent down. A real estate textbook notes that this attracted families “of limited means” and strong homeownership aspirations. Hoad suggested that land contracts were common in the western states, while Fisher reckoned that they were generally not much used. Both were correct. The *Financial Survey* showed that, in 1934, contracts accounted for 13 percent of mortgage credit on urban owner-occupied homes on the West Coast, and fully a fifth in the Mountain region, but that they were insignificant in the Northeast. If they are compared only with first mortgages, land contracts accounted for 6.7 of the homes with financing nationwide in 1934. These borrowers were especially vulnerable. With high-ratio loans, falling home values would have quickly wiped out their equity. Their rates of default were probably higher than for borrowers with conventional mortgage loans, although estimating rates is impossible, given that so many were not recorded. Indeed, many states forbade the registration of land contracts.¹²

And so many loans were never recorded, except for a handwritten contract in the lender’s drawer. Among family or between friends, this might suffice. There is no way of knowing how common these were. The author of the definitive contemporary Canadian legal textbook on mortgages devoted a whole section to the subject, and in Australia in the 1950s, a researcher suggested that “in many cases” loans were made without a registered instrument.¹³ Given the common legal roots across British settler colonies, this suggests that unregistered loans were quite common in the United States. Including those, along with voluntary settlements, would add appreciably to the number of owner-occupiers who lost their homes during the Depression. Homeowners may have fared better than other owners of real estate, but they did not get off lightly.

Government Solutions

In their varied struggles, both homeowners and lending institutions found support from state and, especially, federal governments. Beginning and usually ending in the early 1930s, about half of the states enacted mortgage moratoria. Provisions and durations varied, but all helped homeowners by freezing or delaying foreclosures. Lenders generally disapproved. Many agreed with Bodfish, that moratoria encouraged borrowers to fall into arrears even when their finances did not compel it. Doubtless, some families changed their priorities, buying food and clothing. In Philadelphia, the study *Ten Thousand Out of Work* found that the main coping strategy was to stop paying “rent,” a category that apparently included mortgage payments. But moratoria were temporary, typically in force for only a year or two. After they were lifted,

12. Bingham and Andrews, *Financing*, 37; Hoad, “Real Estate,” 56–58; Fisher, *Urban*, 27–28; Wickens, *Residential*, 227; North, van Buren, and Smith, *Real Estate*, 193.

13. Falconbridge, *Law*, 61–75; Hill, *Housing*, 124.

they reduced the supply of loans and made credit more expensive.¹⁴ They were at best a stopgap.

The important initiatives came from Washington. In the words of historian Alex Schwartz, these “utterly transformed the nation’s housing finance system and helped propel homeownership within reach of a majority of households.” Ostensibly, as Gertrude Fish claims, “housing policy was shaped in large part to combat unemployment,” which officially peaked at 25 percent in 1933. But if the construction industry and building suppliers were two constituencies that mobilized during the Depression, they were only indirect beneficiaries. Neither the FHA nor any other federal agency attempted to modernize building methods. As late as 1949, the chairman of the Mortgage Finance Committee of the National Association of Home Builders was complaining that construction loans were still the big gap in mortgage finance.¹⁵

Instead, in Nathaniel Keith’s summary, the goal was “rescuing the middle class homeowners and the lenders.” Lenders came first, benefiting from the first permanent federal housing legislation. In July 1932 the Hoover administration established the FHLB to provide credit to lending institutions. In principle, any lender could benefit; in practice, it overwhelmingly served building and loans. Apart from stabilizing the major group of mortgage lenders, the FHLB created a national market to serve what were local associations. In complement, a provision in the National Housing Act (NHA) established the Federal Savings and Loan Insurance Corporation two years later, which insured consumer deposits in those institutions.¹⁶

The next major federal legislation helped borrowers, but not all sorts. By 1933, the housing situation was understood to be “home mortgage crisis.” Establishing the HOLC was one of President Roosevelt’s first actions. It was a huge achievement. Carey Winston, the agency’s assistant general manager, summarized its achievement: refinancing more than a million homes that were in “imminent danger” of foreclosure. It proved enormously popular. Arthur Schlesinger observed that “probably no single measure consolidated so much middle-class support for the New Deal.” But as the agency’s name indicates, only homeowners qualified. True, when the application deadline was briefly extended in 1935, qualification was widened to include situations where “any part of a property were to be used by the owner as a dwelling.” But very few such applications were received.¹⁷ Coupled with the state moratoria, then, it was homeowners who got the break. That may help to explain some of the difference in the timing of the foreclosure peak. Here we must again turn to Cleveland. There, rates peaked first for vacant lots (1929–1930), as land values fell. Owners had little stake in this sort of property and soon cut their losses. After that, there was a notable sequence, with successive peaks for apartment buildings (1932), two-unit structures (1935–1936), and last of all,

14. Field, “Interwar,” 74; Bodfish, *Depression*, 13; Clague and Powell, *Ten Thousand*, 52; Wheelock, “Changing,” 569–583.

15. Schwartz, *Housing*, 70; Fish, “Housing,” 182; “Construction Loans Still Represent Greatest Gap in Mortgage Finance,” 13.

16. Keith, *Politics*, 5; Mason, *Building*, 82–89, 94, 107; Fish, “Housing,” 186.

17. Twentieth Century Fund, *Debts*, 163, 82; Winston, “Home Owners’,” 189; Fishback, Rose, and Snowden, *Well*; Schlesinger, *Coming*, 298; Harriss, *History*, 20 (emphasis in original). The Twentieth Century Fund’s assessment of the Depression makes no mention of rented properties.

one-family homes (1936–1937).¹⁸ In part, the delay among the one-family properties may have reflected the determination of owner-occupiers to hold on to what was a home as well as an investment. But moratoria and the efforts of the HOLC were probably more important. Meanwhile, landlords had to manage as best they could.

The Neglected Landlord

The importance of landlords was obvious at the time. They owned more than half of the housing stock and their power was dramatized by the well-reported growth of evictions. Neglected, stigmatized, and stressed by falling incomes, landlords had few good options. Discouraged from selling by the decline in property values, they faced weakening demand. Some had bought hoping for capital gains, but most relied on rents to provide or supplement their incomes. Although evictions hit the news, most landlords accommodated their tenants as best they could. In the process, and unnoticed by the public, many went under.

Neglect and Stigmatization

Little of this experience received attention. As historical geographer Richard Dennis has commented about depressions and more generally: “Our histories of housing have had very little to say about landlordism.” When a landlord appears, it is as a shadowy figure, evicting a tenant. Studs Terkel, who interviewed diverse Americans who endured the Depression, included Mrs. Willye Jeffries, an evicted tenant activist, and Harry Hartman, a court bailiff whose work included evictions, but no landlord. In showing how Cleveland became “the nation’s housing laboratory” during the 1930s, Daniel Kerr describes how the Communist Party organized grassroots opposition to evictions, but no actual landlord appears. In her survey of Chicago tenements, Edith Abbott mentioned “the plight of the landlords,” which “sometimes became very tragic.” But then she admitted—ruefully?—that although surveys were undertaken of tenants and homeowners, no specific effort was made to explore the “special difficulties” of the landlords.¹⁹

Likewise, for all else that it did, the federal government ignored them. Leading up to the NHA of 1934, the Senate Committee on Banking and Currency held hearings during which representatives of various interest groups spoke. No landlord spoke. The closest approximation was Maco Stewart, an attorney from Galveston, Texas, president of a building and loan, and also of a title insurance company. One of his companies had become a landlord, having repossessed seventy properties. This gave him some understanding of the challenges landlords faced: “I do not get enough rent to more than pay the taxes and about 1 percent.” He suggested the establishment of a Housing Corporation Bank to finance the construction of rental housing. There was little discussion, and nothing came of this. In a memoir of his professional life, Marriner Eccles, the civil servant who chaired the subcommittee that gave

18. Federal Housing Administration, Division of Research and Statistics, Cleveland, Ohio, *Housing Market Analysis* (Washington, DC, 1940), 120, RG 207, box 4, NARA.

19. Dennis, “Landlords,” 306; Terkel, *Hard*, 402, 404; Kerr, *Derelict*, 71–104; Abbott, *Tenements*, 458–464, 462n32.

shape to the FHA, fails to mention any idea related to privately rented housing. Once established, the FHA did eventually create a rental division, but Miles Colean, its first director, later described this as “an afterthought” and deplored the “impotency” of its initiatives on the subject. In his survey of government action coming out of the Depression, Mark Gelfand refers to the FHA’s “jaundiced” view of rental housing and notes that between 1927 and 1956, new rental units as a proportion of housing starts fell from 44 percent to 8 percent. The feds only became interested in supporting privately owned rental housing after 1961. As Robert and Helen Lynd observe in passing, before moving on, the landlord was “the forgotten man” of the Depression.²⁰

“Man” is a simplification. Many women owned rental properties, and where lodgers were taken in, it was the women who would have picked up the domestic slack. But men and women were equally overlooked by the federal government. They lacked political clout. Few compared in size with any lending institution or the influential generation of land developers that had emerged in the 1920s. They organized locally and in New York City to some effect. But New York was not America, where local ratepayer associations were dominated by homeowners. Landlords had no national organization, nothing to compare with the Savings and Loan League or the National Association of Real Estate Boards. It is true that tenants, too, had no national presence, but locally they were numerous, better organized, and readily attracted sympathy. Various organizations, notably the Communist Party, took up their cause and sometimes triggered “eviction riots.”²¹ In contrast, landlords were weakly organized and universally stigmatized.

British historians have made the point. Martin Daunton has described how, in England by World War I, the landlord was “somehow considered to be a morally repugnant form of capitalist whose interests might be sacrificed.” Attitudes were no different in North America. When the Depression struck, landlords—who, in his conclusion to a chapter on the unemployed, Lester Chandler has described as “one of the least loved economic classes in America”—became an obvious target. Edith Abbot reports that, in court, one Chicago landlord observed that he and his kind had been styled as “the villain of the piece.” Briefly during the 1930s, American policy makers became open to transatlantic ideas on social policy, so when Roosevelt’s government was eventually compelled to help families who could not afford to buy homes, it found inspiration in British and European social housing initiatives. Together with his assistant Richard Ratcliff at the FHA, Ernest Fisher published a survey of European housing policies. In 1937, activists secured passage of the Wagner-Steagall Act, which funded public housing. Politicians knew that tenants needed help. Their solution was to house a few and to encourage the rest to buy homes, thereby pushing aside private landlords—along with the majority of lower-income families.²²

20. *National Housing Act, Hearings Before the Committee on Banking and Currency of the U.S. Senate*, 73rd Cong. (1934) 2nd session on the National Housing Act, 97; Eccles, *Beckoning*; Colean, *Backward*, 39; Colean, “Impotency”; Gelfand, *Nation*, 217; Schwartz, *Housing*, 203; Lynd and Lynd, *Middletown*, 192.

21. Day, *Urban*; Mason, *Building*; Weiss, *Rise*. For examples of local tenant activity, see Abbott, *Tenements*, 442–443; Kerr, *Derelict*, 89–93.

22. Daunton, *Property-Owning*, 31; Chandler, *America’s*, 52; Abbott, *Tenements*, 461; Rodgers, *Atlantic*, 477; Fisher and Ratcliff, *European*; McDonnell, *Wagner*; Radford, *Modern*, 188.

Suffering and Response

Stigma was inevitable, given that evictions made families suffer, but it was usually unfair and misguided. Unfair because landlords were suffering too, partly because they accommodated tenants' needs. With the Depression, their incomes dropped precipitously. Rents fell by two-fifths from their peak in 1925, bottoming out in 1933. Vacancies rose into the 15 to 20 percent range, and remaining tenants fell behind. In Cleveland, 30 percent were in arrears by 1933. Some cities imposed rent moratoria; Chicago's lasted eighteen months. Meanwhile, landlords received no compensation. The committee of the city's Landlord's Association appealed, but to no effect. As Abbott notes, "The plight of the small landlords," who were "'caught' more often with 'relief' tenants ... became very tragic." Meanwhile, property taxes sometimes rose as municipalities paid the growing costs of relief. The proportion of owners of rental properties in tax arrears rose in sync with foreclosures: in cities with populations of more than 50,000, the median incidence rose from 10.2 percent in 1930 to 26.4 percent in 1933. In Chicago, typically, landlords helped to organize a taxpayer league that firmed up their resolve to seek remedies, including a moratorium on tax sales. In his defense, Abbott's landlord observed, "We pay our taxes, we have to pay the mortgages—when the mortgages come due; the person collecting doesn't wait if we can't pay it right then."

Landlords were being squeezed harder than at any other time. In Middletown, "grocers ... and the landlords ... have borne a heavy burden of bad debts and slow payments"; in Philadelphia, "the landlords as a class have evidently made substantial involuntary contributions to unemployment relief"; across the country, "whatever their motives, tolerant landlords saved thousands upon thousands of families from becoming homeless." The flip side, as Abbott reports, is that "many landlords were left to suffer indefinitely with large arrears." A widow with several rental properties reduced rents, tolerated arrears, and had to take out a personal loan to pay taxes: "She said she was more fortunate than many, for her property was not mortgaged." For others, "unable to meet the interest charges due on mortgages, foreclosures came and went, leaving the former landlord a tenant."²³

From an economist's office in Washington, this was supply and demand at work. Incomes fell, tenant families doubled up, vacancies increased, ergo landlords had to adapt. Most landlords understood the score, cutting rents and becoming flexible about payments. Eviction was expensive, involving legal fees and bailiffs. It was also unpopular, in visible ways that might deter new tenants. In a weak rental market, an apartment might lie vacant for months or years. And so, as the Lynds observed, evictions were slowed "by the lenience of many landlords, in part dictated by their desire to have their properties occupied by trusted tenants rather than standing idle." Vacant units generated no income, while empty ones were

23. Calculated from Gjerstad and Smith, "Consumption," 97; Doucet and Weaver, *Housing*, 400–401; Wickens, *Financial*, table 16; Abbott, *Tenements*, 458, 460, 461, 463; Bird, *Trend*; Beito, *Taxpayers*; Lynd and Lynd, *Middletown*, 115n25; Clague and Powell, *Ten Thousand*, 54; Chandler, *America's*, 52; Abbott, *Tenements*, 462, 464. It should be noted that the Lynds invented the name "Middletown," but it was an open secret that the place was in fact Muncie, Indiana.

vulnerable to rapid deterioration and squatting. Hence, judging from Chicago, evictions rose less than foreclosures, even though the cost deterrents were less.²⁴

Small and Resident Landlords

In their calculations as businesspeople, many landlords were hardheaded. A few, undoubtedly, were also hard-hearted. As Terkel's bailiff said, "I'm not for the landlord. They bled 'em in some of these buildings," but the key word is "some." Many, perhaps the majority, did not see themselves only, or even primarily, as entrepreneurs. Abraham Goldfeld, the manager of a philanthropic project on the Lower East Side, believed "we should help the tenants in this period." The owner of that project was unusual, in being formally nonprofit and in its size. In a rare study that included landlords, Michael Doucet and John Weaver comment that "small proprietors ... were the norm." That was true during the Depression, as indeed it still is. Such investors were rarely seeking capital gains or to maximize profits; they wanted a steady income from reliable tenants with whom they were at least cordial. This was especially true of resident landlords. Abbott found that these were more likely to have "a close personal relationship" with their tenant(s) and to be "more lenient" with rent. That is also why, when leniency was insufficient, the landlord "frequently ... waits a while" after serving the writ of eviction, hoping the family will pay up or move voluntarily. Such pragmatism paralleled the attitudes of lenders about quit claims; as the bailiff observed, "By making it easier for them, you made it easier for yourself."²⁵

How common were such resident landlords? Strikingly, they included many of the "homeowners" whose financial struggles Edith Abbott describes. Their troubles often stemmed from that fact. In 1932, a Croatian couple lost the eleven-flat building that they had owned and occupied, staying on to do janitorial work before being evicted; a Greek immigrant owner of a two-flat fretted about his inability to generate regular income from rent and threatened to "end it all"; rashly, in 1930, an American-born family of six traded a bungalow for a three-flat, but the husband lost his job in 1934 and was threatened with foreclosure in 1935. Under duress "other families moved into basement apartments in order to rent the more desirable quarters," thereby becoming resident landlords: A Lithuanian family that had lived in a two-flat moved into the basement and rented out the two upper apartments. These were homeowners, but not the "middle-class" ones that made the news or that government agencies aimed to help.²⁶

Statistics cannot capture this everyday shuffle or the underlying calculations, but they provide a context. The *Financial Survey* shows that resident landlords were common. It reveals that 30 percent of the *units* in two-family dwellings in Cleveland were owner-occupied, which means that the proportion of the buildings themselves must have been 60 percent (Table 1). Similar calculations suggest that resident landlords held 80 percent of

24. Lynd and Lynd, *Middletown*, 190. Evictions in Chicago rose by 205 percent, from 18,399 in 1925 to 56,246 in 1932; nationally, the incidence of foreclosures rose 270 percent between 1926 and 1933. Abbott, *Tenements*, 433; Snowden, "Mortgage."

25. Terkel, *Hard*, 407; Goldfeld, *Diary*, 101; Doucet and Weaver, *Housing*, 348; Mallach, "Landlords"; Abbott, *Tenements*, 389, 430.

26. Abbott, *Tenements*, 394, 395, 396, 397, 400.

the three-unit buildings and 40 percent of the four-unit buildings. They even occupied 591 of the larger apartment buildings. The situation in other cities would have varied with the character of the housing stock. In Peoria, fewer three- and four-family buildings were held by resident landlords, but they held more of the two-unit properties (Table 1). Clearly, resident landlords controlled the fate of a large minority of tenant households in both cities. The same was surely true across the country. Living close, tensions must have arisen, and not just over rent. But so must a degree of mutual understanding and respect. Theirs was not a purely commercial relationship.

Defaults

Understanding and respect did not improve the landlord's financial position—often the reverse was true. On average, in 1934 landlords were less likely than homeowners to be indebted—the proportions were 39.8 and 56.1, respectively—but those with mortgages came under greater pressure. The *Financial Survey* shows that, the proportion of rental properties in mortgage arrears across the country was higher (45.7 percent) than those that were owner-occupied (41.9 percent). This small gap in arrears translated into a wider gap in foreclosures. Again, with its property inventory, Cleveland offers the best evidence. As noted earlier, between 1927 and 1937, 10.9 percent of the mortgages on owner-occupied homes were foreclosed, but the rates for buildings with tenants ranged from 12.5 percent to 43.1 percent, increasing with the proportion of units occupied by tenants (Table 1). This is consistent with other studies. A Brooklyn insurance company reported that the proportion of properties “in trouble” or foreclosed ranged from 5 percent for one-family homes through 10 percent for two-family to 31 percent for those with eight or more units. Also in the New York area, mortgage guarantee companies foreclosed on a higher proportion of apartment buildings (9.5 percent) than on other dwellings (6.8 percent). There was a consistent pattern.²⁷

This makes sense. Those landlords who did not live on-site had few emotional ties to their properties or their tenants and released properties without much fight: It was a purely business decision. Perhaps they used more quit claims—we do not know. Smaller, often residential, landlords hung on and, perhaps by moving into the basement or doubling up with extended family, kept what was also their home. But all were more likely to find themselves in court than the homeowner. Given the numbers of properties involved, this was a big story, a correlate of the wave of evictions. Unlike the evictions, however, it was one that newspapers and politicians and historians have ignored.

The Silent Crowd

The other important but neglected group includes the numberless individuals who provided mortgage loans. Numberless, but in the millions. Relying on brokers for market contacts and knowledge, many were constrained by their reliance on income from just one or two

27. Wickens, *Residential*, 206–209, 284–285, tables D5, D6, D44; Lodge, *Mortgage*, 25; Twentieth Century Fund, *Debts*, 24.

properties. Arrears on a single property jeopardized their goal—that of so many landlords—a steady income. Like landlords, too, and for a similar reason, they were inclined (and often advised) to be flexible. As a result, despite criticism from self-styled experts, their experience with defaults was generally better than that of the lending institutions.

Private lenders have been less stigmatized than landlords because they were even more neglected. In 1928, a real estate text declared that “a tremendous amount of money is still being loaned by individuals,” and the numbers bear this out. In 1931, “non-institutional” sources accounted for about 31 percent of the loans on one- to four-family dwellings, but this category was “statistically and conceptually a residual.” Cleaner evidence is available from the *Financial Survey*, which shows that across fifty-two cities in 1934, individuals held 24.3 percent of the mortgages on owner-occupied, single-family homes, which was more than was held by the most important lending institution, building and loans (18.1 percent). Their importance varied regionally, being most prominent along the West Coast (31.3 percent) and in the Mountain region (32.6); in Phoenix, Arizona, these individuals provided almost half of all loans. Conversely, along the East Coast and in the Midwest, they played a smaller role. But even in Cleveland (7.5 percent) and Peoria (11.1 percent), they should not be ignored. Moreover, their share of the mortgage market for rental properties, at 27.1 percent nationally, was very substantial almost everywhere, and they dominated (70.9 percent) the provision of junior mortgages on single-family homes, a field forbidden to many savings banks and insurance companies. Millions of private individuals were involved as lenders as well as borrowers.²⁸

We have little idea who they were. In 1929, Alexander Bing, president of the City Housing Corporation in New York City, judged that rich investors had exited this market after World War I, perhaps preferring the new option of mortgage bonds. Consistent with this, Frank Watson, a lawyer on the subcommittee of the President’s Emergency Committee on Housing that drafted legislation to establish the FHA, suggested in 1935 that many individual loans were “purchase money,” otherwise known as vendor take-back, mortgages. If so, such loans were probably being offered by a fairly wide social cross section. Unfortunately, as the authors of a later survey observed, “There are virtually no data on the purchase money mortgages of non-institutional lenders.” Confusingly, the only study in this period that documents the social position of lenders, undertaken in Maryland in the late 1940s, found that most were in the professional class, stereotypically lawyers. Intuitively, this makes sense, but whether that was generally true remains unclear.²⁹

However, we know something about how private lenders operated. Those not financing their buyers often used a broker, commonly a local lawyer. Many agents specialized in that business. One, a “concern in a New England city,” had found this procedure “very satisfactory and rewarding” ... until the Depression. Their advice was appropriately varied, being adapted to local conditions. Howard Bissell, who ran a mortgage agency in Cleveland, reckoned that,

28. North, van Buren, and Smith, *Real Estate*, 29; Grebler, Blank, and Winnick, *Capital*, 191, table N5; Wickens, *Residential*, 230–233, tables D17, D18; Bing, “Financing,” 130–131. The *Financial Survey* counts “individuals” separately from a miscellaneous “other” category.

29. Bing, “Financing,” 128; Watson, *Housing*, 66; Grebler, Blank, and Winnick, *Capital*, 162; Maryland University Bureau of Business and Economic Research, *Residential Mortgage*, 11;

because they knew their clients personally, brokers offered “a more humane treatment” than lending institutions, so that “with patience and persistence it will save many loans and protect some borrowers, at least, from unnecessary loss.” Whether individuals were more flexible, however, is open to debate. A lending institution could afford to make allowances for a few delinquents as long as the rest of its clients were paying up. An individual, however, might rely heavily on the income from one source. In 1928 a real estate text emphasized that fact, pointing out that many lenders were “not financially strong themselves.” It suggested this circumstance would make private lenders “unscrupulous.” But foreclosure offered uncertain relief. The lender would take on a vacant property that was hard to sell or rent. That property, too, would have been more of a liability to the individual than to an institutional lender. From a purely financial point of view, the best strategy was not at all clear.

Mortgage Terms and Client Relations

Part of the calculation was based on the fact that the term of the average mortgage was short. Unlike the savings and loans, individual lenders rarely offered amortization. They preferred the “balloon” arrangement, whereby borrowers paid only interest, typically on a quarterly or biannual basis. In Cleveland in 1934, for example, 40 percent of individual first loans took this form, but only 7 percent of those offered by building and loans. At the term’s end, commonly three to five years, the principal came due, subject to renegotiation. Commonly, then, a mortgage in arrears had few years to run, and so lenders might wait until it came due. Another complication is that individuals took more risks, notably on junior loans, which had a lower legal priority, for which they received higher interest.³⁰

These arrangements, and private lenders themselves, were viewed skeptically by federal agencies. Frank Watson was damning. Deploring the “exceedingly large volume of mortgages” that individuals held, he suggested that, being less experienced than lending officials, they would find it more difficult to handle arrears. Amortization and monthly payments were better, he suggested, because most borrowers paid from wages or salary and lacked the foresight to save for infrequent payments, still less for a reduction of principal in several years’ time. Instead, modeled on what the savings and loans were doing, the FHA promoted longer-term, full amortization.³¹

But it is not clear that borrowers necessarily wanted longer-term loans. A recent study of Baltimore indicates that short-term loans were favored by more affluent families. Moreover, private lenders often knew who they were lending to, unlike loan officials. Vendors were familiar with their buyers; others received information from a trusted broker; and many loaned to people they knew through family, social, or neighborhood networks. Using information on subcontractors, another neglected housing market agent, Mark Granovetter has shown how trust networks can sustain the viability of small firms. In that spirit, local mortgage agents worked to “reinforc[e] notions about trustworthy character or desirable

30. Bowie, “Individuals,” 294; Bissell, “Loans,” 355; Wickens, *Financial*, 297, table 36; North, van Buren, and Smith, *Real Estate*, 30, 31; Kinnard, “Junior,” 42–57.

31. Watson, *Housing*, 60, 66.

shelter.” Unfortunately, we know little about exactly how lenders and borrowers were connected before the Depression, but a study of the financial crisis of 2008–2009 has shown how networked social capital can reduce mortgage delinquency. Unlike landlords, private lenders were surely driven primarily by economic motives, but it is likely that they often had better information about their clients than professional loan officers.³²

Knowledge and Default Experience

Nonetheless, private lenders were criticized for their ignorance and poor judgment. A Washington, DC, mortgage manager, for example, suggested that many “had no knowledge, or did not even want to have any, of facts and conditions.” Here was a prime example of the pot calling the kettle black. In 1931, a President’s Conference survey found that, after unemployment, the main cause of mortgage foreclosure was that borrowers could not afford the loan in the first place. Loan officials had not done due diligence. Confirming this, a Cleveland loan company found that, regardless of when a mortgage had been taken out, delinquency usually began within the first year or two. Either the borrower had never had sufficient income or, as a mortgage banker reported in the late 1940s, he “had an improper regard for obligations—uncooperative.” Too many borrowers were overoptimistic and/or ill-informed. Lending institutions, which should have exercised better judgment, must bear most of the blame. Speaking of savings and loans, Morton Bodfish conceded that many managers in the 1920s were inexperienced and unprofessional. This was dramatized in *It’s a Wonderful Life* by Uncle Billy, the loan company’s bumbling, if endearing, accountant. Robert Mehr found that, in hindsight, managers at the life insurers agreed they should have exercised more care in appraising property and clients. The bubble of the 1920s had underlined the problem. Over-optimism encouraged lenders to relax their underwriting standards and chase the fast buck. Revisiting Middletown in the mid-1930s, the Lynds found that many foreclosures had been caused by “overextension in the happy days of the 1920s.” One real estate man conceded, “It was our fault ... for overselling them.”³³

Private lenders were not immune to the boom mentality, but many depended on advice from brokers who, as a finance text observed, had “a keen knowledge of the market.”³⁴ The proof of the pudding lies in the foreclosure statistics. Here, again, the *Financial Survey* comes to the rescue. It shows that in fifteen cities, mortgage arrears were somewhat higher than average on the first mortgages provided by individuals, but in 37 cities the proportion was lower. Fewer arrears translated into fewer foreclosures. Cleveland is a good example. There, foreclosure rates on individual loans were lower than average, and for both owner-occupied and rented properties: the paired statistics were 2.7 and 1.9 percent and 2.7 and 2.4 percent, respectively. The underlying causes and calculations remain inscrutable. Instead of

32. Rose, “Short-Term”; Granovetter, “Economic”; Doucet and Weaver, “North American,” 244; Li, Ucar, and Yavas, “Social,” 379–403.

33. Bowie, “Individuals,” 294; President’s Conference on Home Building and Home Ownership, *Home Finance*, 17; Burroughs, “Urban,” 364; Bryant, “Mortgage,” 12; Bodfish, *Depression*, 7, 10; Mehr, “Mortgage,” 12; Lynd and Lynd, *Middletown*, 191.

34. North, van Buren, and Smith, *Real Estate*, 60.

foreclosing, perhaps private lenders failed to renew their balloon loans. Did their experience reflect the properties and borrowers they chose, their flexibility in offering what Robert Mehr called “forbearance ... in the case of the worthy borrower,” or, more probably, some combination of the above? At any rate, their decisions and practices were no worse than those of institutional lenders. They deserved more attention and respect from policy makers at the time, as they do from historians today.³⁵

A Plausible Sketch

It is hardly news to say that there was a housing crisis during the Depression, but to understand it properly we need the whole picture. We know that many lending institutions got into trouble, homeowners defaulted, and the federal government stepped into the breach, but the rest of the picture is blurred or blank. The evidence assembled here indicates a plausible sketch. Hundreds of thousands of landlords and private investors were deeply affected and helped shape the social and economic dynamics of the day. Many had more than one identity. Homeowners were often also landlords or investors, or both. And, directly or indirectly, everyone was connected. A tenant behind on rent hurt their landlord and, potentially, a lender, not to mention the municipality that struggled to levy taxes while helping the tenant out with relief. The homeowners’ chain of causality was only slightly shorter. Multiplied hundreds or thousands of times in each city, distressed tenants, homeowners, landlords, lenders, and municipalities had such a great collective impact on prices, rents, arrears, and foreclosures that, for the first time, the new federal agencies began to speak about “the local housing market” as a multiplayer, functioning whole. We should take the cue.

Those involved in the market acted in their own interests. Of course. We should expect nothing else. How they understood those interests, however, was not simple and did not necessarily prevent them from responding to the plight of others. The actions and chains of influence were not mechanical. There were negotiations and concessions. From a variable blend of humanity and self-interest, landlords learned to be flexible about rents, saving some tenants from eviction and potential homelessness. Similarly, lenders shuffled repayment schedules, rescuing landlords and homeowners from bankruptcy. In both cases, the fact that so many were small investors made a difference. Resident landlords knew their tenants as close neighbors, and maybe as friends. Many lenders, too, were personally acquainted with those who owed them money, hesitating to make purely financial calculations. Meanwhile, under pressure and faced with a moribund market, municipalities gritted their teeth, freezing repossessions and tax sales. State moratoria and new federal programs shaped market dynamics, but in the end these were local in character. They depended on the local employment scene, ranging from bad to awful; the relative prominence of homeowners; ownership patterns within the rental stock; the particular mix of sources of mortgage credit; the occupational,

35. Wickens, *Residential*, 290, table D47; Wickens, *Financial*, tables 36, 37; Mehr, “Mortgage,” 53.

gender, and racialized characteristics of owners and investors; the interplay of all of the above; municipal politics; and much else besides.

Filling in the Blanks

This sketch, still blurry and incomplete, tantalizes as much as it informs. How can we make the outline more precise and fill in the blanks? There is no alternative to local research, because land title records, or their equivalent, are the key source of basic facts.³⁶ They are the only reliable and (fairly) complete source of information about who borrowed and loaned money on real estate, on what terms, and with what outcome. They also show when defaults were voluntary. What they do not show is whether a property was owner-occupied or tenanted; what it was worth; what type of property it was (home, small apartment building, store with apartment above); or the occupation of the owner and occupant. To obtain such information, we can turn to property tax records. True, those often show out-of-date underestimates, but at least these provide relative values. City directories can be a useful supplement: Being organized by last name and also street address, they enable us to track mobility and to confirm occupation and tenure, and they sometimes provide the name of an employer. Together, these sources can provide a rich picture indeed.

However, building a picture from these sources is time-consuming. The challenge is how best to use them. Sampling land titles directly can be frustrating, because these are organized by registered plat. That is fine if the purpose is to document conditions in specific neighborhoods. This method could be used to explore the accuracy and impact of the influential judgments that federal agencies began to make about “high risk” areas in the 1930s.³⁷ But a focus on specific districts is problematic if we want a broader picture of the urban scene. It is difficult to determine how representative particular plats and properties are. An alternative method has been described in a Canadian study. It began with a systemic sample of tax records, linked to land title records, and then constructed clusters of properties.³⁸ The result was not a perfectly random sample, but it came plausibly close.

A thornier challenge is how to determine the motives and actions of the key agents in the market: homeowners, landlords, lenders, and municipalities. Lending institutions have often left records, which contemporaries and some historians have tapped. Large landlords might have, too, although their records are apparently fewer, harder to find, and as yet neglected. But there is a good reason why the roles of private lenders and small landlords have remained obscure: What records once existed have mostly been destroyed or are buried, perhaps in family records in a local archive. More promising are the records of the agents and brokers who handled private funds and/or managed rental properties and who offered advice. The authors of another Canadian study made good use of such a source.³⁹

36. For examples see Harris, “Local Housing”; Harris and Forrester, “Suburban Origins”; Rose, “Short-Term”; Rose, “Reassessing.”

37. For a study that addresses this question using the unequalled reports of the Cleveland RPI, see Brennan, “Impact.”

38. Harris and Forrester, “Suburban Origins.”

39. Doucet and Weaver, “North American.”

And then there are newspaper reports, with their accounts, sometimes lurid, of evictions, foreclosures, property-owner organizations, and public debates. Although we cannot know how typical a broker's activity was, or how well a newspaper covered the housing scene, these sources offer valuable glimpses into market dynamics.

All of these sources are local. Conceptually, this makes sense, because housing markets were, and indeed remain, local in character. Practically, however, it raises the question as to which place, or places, to study. The decision may be made for us: some cities have not kept or have lost relevant records. For those with limited funds, the answer may be the researcher's home base or a nearby city. That has been the strategy of those few who have employed land title records, including both contemporaries such as Leo Grebler and those Canadian historians mentioned earlier.⁴⁰ For those with funding, or who can tap strategically located collaborators or research assistants, the choice of city or cities will depend on the purpose of the study. If interest is focused on private lenders, it might make sense to select places that vary in their relative prominence. Alternatives would be to study cities with different levels of homeownership or default. The place to start would be the *Financial Survey* of 1934, which gathered relevant information for fifty-two cities. Unfortunately, the only major metro it included was Cleveland. Given their size and national significance, larger centers also merit attention. Depending on what local records are available and how they are organized, a question is whether information is available for suburbs as well as the central city. It is useful to know the city's experience, but by the 1930s many housing markets were operating on a metropolitan scale.

After all sources have been tapped, there remains the unknowable: the ephemeral communications of the key agents. Newspapers and municipal records tend to show conflict, but much interaction took the form of civil conversation. Rental contracts were made with a handshake; in trouble, tenants knocked on the landlord's door—often a staircase away—to make a personal appeal; borrowers phoned or wrote letters to lenders, not necessarily through a broker; after a conversation or two, many gave up their claim to ownership voluntarily. Needing more time, or maybe a break, owners appealed to municipal tax officials—often in person. This is the most difficult evidence to unearth, and much may have to be inferred by reading between the lines. But it is the informal stuff, as well as the recorded transactions, that made the housing market work, then as now.

Looking Forward

“Now” is correct. It is tempting to view Depression-era private lenders and small landlords as being of purely historical interest, part of a lost world destined for more or less rapid oblivion. True, the role of both waned after 1945. Burned (or cautioned) by the defaults of the 1930s, many with capital concluded there were safer investments than residential mortgages. Others were reluctant to commit to the long-term, amortizing instruments that buyers were learning to like and that the FHA was promoting. And so, secured by FHA insurance, lending institutions dominated the postwar suburban boom. Coupled with growing prosperity, those same FHA

40. Grebler, *Housing*.

programs enabled an unprecedented proportion of families to buy homes, thereby leaving apartments—and their landlords—behind. Meanwhile, highway projects and urban renewal demolished some deteriorated rental stock, while federal projects housed some of those who could not afford to buy. When a modest rental building boom developed in the 1960s, corporations created apartments. Within a generation, the small owner and investor might seem to have become history.

Not so fast. There are reasons to believe that, now as then, both play an important role. In the 1930s, the fact that landlords accommodated tenants and experienced a higher rate of defaults than homeowners, and that private lenders showed flexibility and saw fewer defaults than institutions, suggests that both groups helped mitigate the effects of the Depression. Exactly how much we will never know. Looking ahead, private lending persisted, especially within tight-knit communities, notably of immigrants, and among extended families. Lately, private lending has undergone a resurgence, with young buyers relying on the “Bank of Mom and Dad” for down payments that amount to informal, de facto second mortgages. Even more obviously, to those who have looked, small landlords still figure prominently in the rental market.⁴¹ Here, too, there is a modest resurgence, as those same young buyers create secondary suites to help cover their first mortgage. In the name of intensification, municipalities are encouraging this. In other words, although their characteristics are changing, private lenders, small landlords, and the informal arrangements with which they are associated persist.

Today, as during the Depression, millions are caught in a difficult dance. In the housing market and beyond, social and economic calculations are interwoven, most obviously among those who occupy multiple economic roles. As was true then, their experiences have wide consequences. They shape patterns of ownership and consumption, the lives of families and neighbors, and the tenor of politics at the local as well as at the state and federal levels. As we saw in 2008–2009, and as we will surely see again, a housing crisis can change the economy, social life, and politics, not just of those directly affected but of a whole nation.

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41. Mallach, “Landlords.”

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