

Labor Unions - Business enterprises ✓

"Once we were called dreamers..."

Amalgamated clothing workers of America (AFL-CIO)

Amalgamated Cooperative Housing

AUG 15 1957

A REPORT ON
THE REALIZATION
OF A DREAM

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BIENNIAL REPORT 1954 - 1955 ✓

ONCE we were called dreamers and impractical men. . . . Now, having realized our dreams of yesterday, let us dedicate ourselves to a future when men and women will be economically secure and politically free."

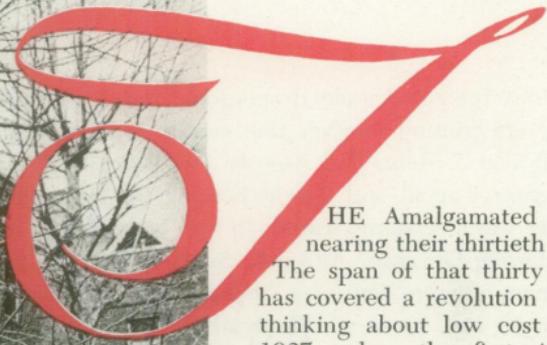
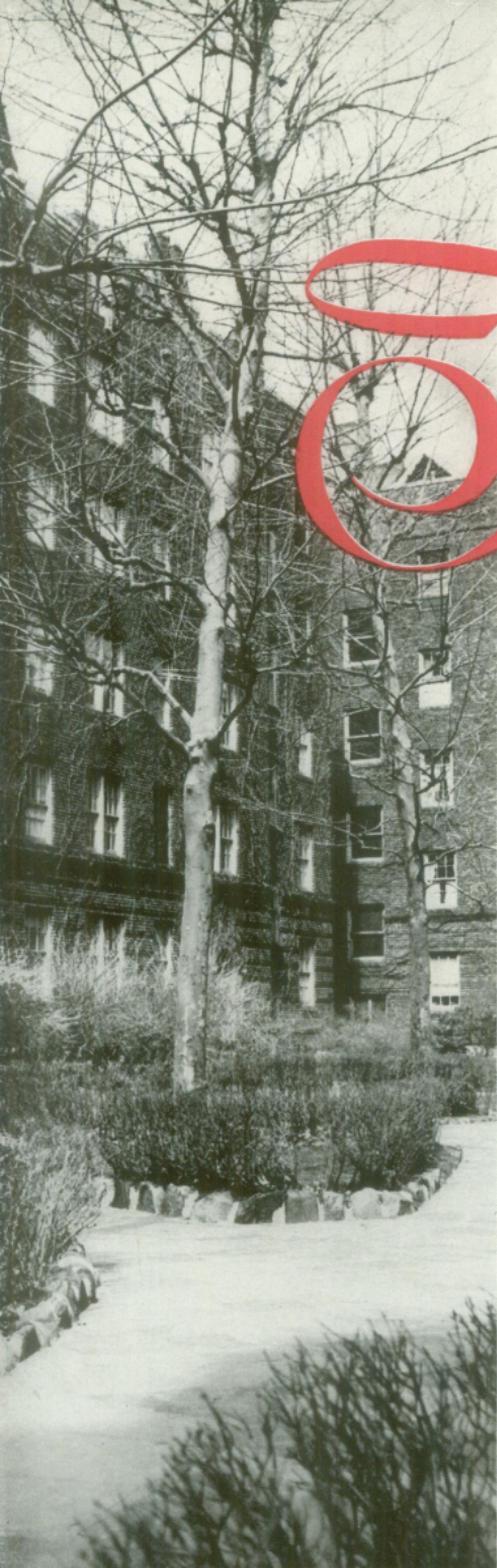
SIDNEY HILLMAN

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THE Amalgamated Houses are nearing their thirtieth anniversary. The span of that thirty year period has covered a revolution in American thinking about low cost housing. In 1927, when the first Amalgamated sponsored cooperative housing project opened, the concept of gracious homes for working people of moderate means was considered wishful thinking. Today we have seen that idea accepted and approved as right and realistic.

The 2500 families living in the 18 Amalgamated buildings are among those who have benefited from this new approach to low cost housing. For they have achieved one of the keenest satisfactions a city dweller of moderate means can anticipate. They have found in the Amalgamated Houses a home to live in, not an apartment to rent. And this has been the key to a new and gratifying way of life.

It has been said of the Amalgamated housing developments that the people who live there, "have built a compact community where a citizen must act like a citizen. We know a man by his name rather than by his apartment number; we know his children's names and we are concerned with what happens to them."

The following pages tell the story of these houses and this community. They stand today as landmarks in American cooperative housing.

Why Amalgamated Housing?

The idea for Amalgamated sponsored housing came as a result of the severe housing shortage that existed in New York City following World War I. Rents had risen to precarious heights. There was no rent control at all and decent housing for low and middle income groups was becoming scarce. In the face of this critical situation, and despite Governor Alfred E. Smith's efforts to promote the construction of more low cost housing, no interest was expressed in important real estate and financial circles, and no new construction resulted.

The Amalgamated Clothing Workers, however, well aware of the dire need that existed, began to think about the possibility of union sponsored housing. It explored the field and located land. When in 1926 the State of New York authorized municipalities to grant a 20 year tax exemption to companies undertaking limited dividend housing, the union was ready to proceed with its plans. It formed the Amalgamated Housing Corporation — the first limited dividend company in the State of New York. The ACWA then put its enterprise and resources towards organizing the financing and construction of moderately priced homes for people of average



means. The program met with the enthusiastic approval of the Amalgamated's 1926 convention. Amalgamated President Jacob S. Potofsky describing the thinking at that time observed that, "Sidney Hillman wanted to dispel once and for all the fiction that decent living is only for the privileged." And the Amalgamated Houses did indeed dispel that fiction.

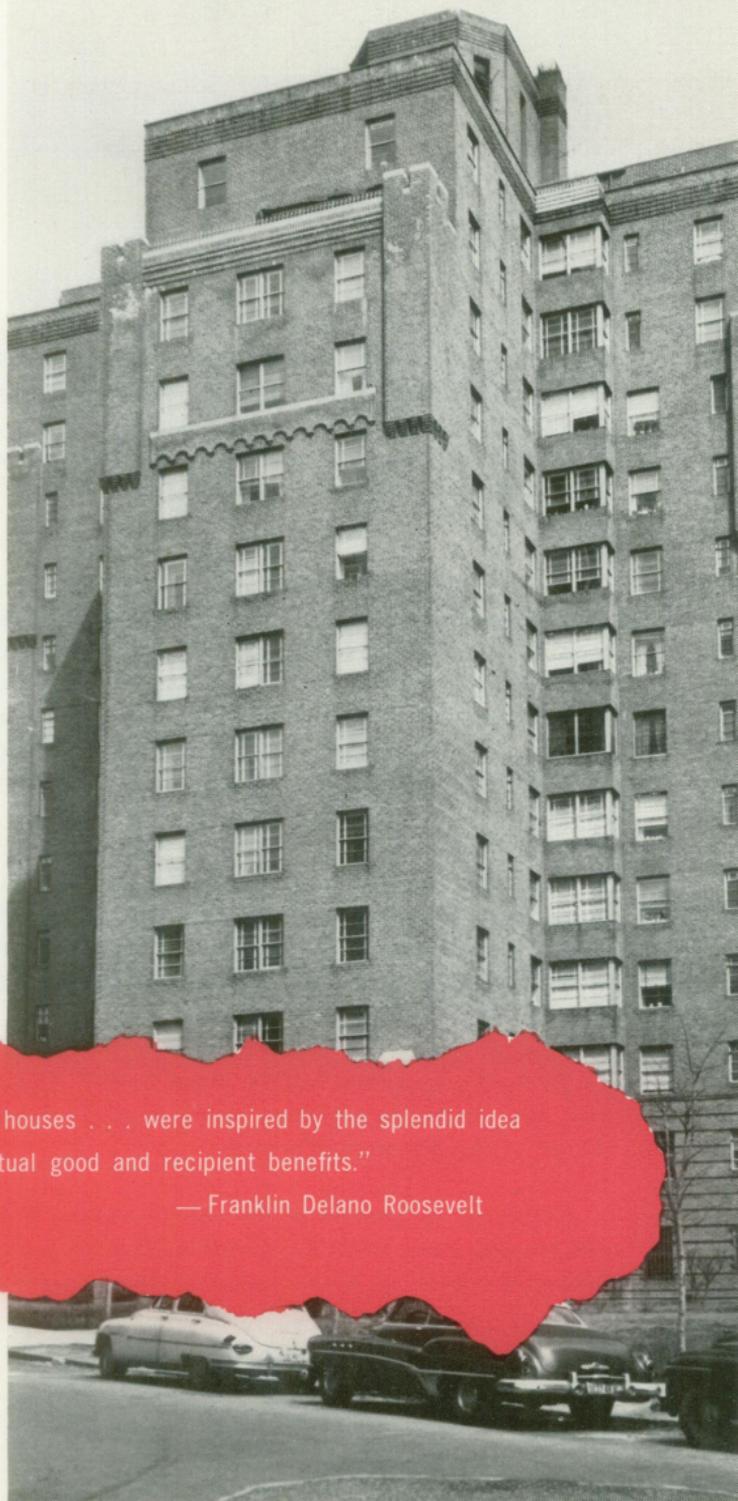
The first group of Amalgamated cooperative houses were located in the beautiful Mosholu Parkway-Van Cortlandt Park area of the Bronx. They were built on a triangular section of land that provides the residents with remarkable views of New York's largest public park, the waters of the Jerome Reservoir, and the Palisades across the Hudson River. The site was chosen by the Amalgamated Housing Corporation because it offered the country atmosphere which so many city dwellers long for but rarely get and, at the same time, the land was relatively inexpensive. Furthermore, the beautiful surroundings were guaranteed for years to come because they were preserved as public property. With these assets to encourage the planners, the land was purchased and under the resourceful direction of Abraham E. Kazan, plans to build were set in motion.



dollar\$ and Cents

The first Amalgamated project, consisting of 6 buildings, ultimately cost almost \$2 million dollars. Through the resources of the Amalgamated, mortgages were arranged for at exceptionally reasonable rates. One third of the cost, however, had to be supplied by the tenant-owners, according to law. They “bought into” the co-op with an investment of \$500 a room. For many, this was a considerable sum, and difficult to raise. The Amalgamated Bank therefore arranged for loans to supplement their savings. The *Jewish Daily Forward* deposited with the Bank \$150,000 as collateral for loans made to tenant-owners who raised 50% of the investment themselves and undertook to repay the rest within 10 years. These loans were all repaid.

Ground was broken in 1926 and the first family moved into the project in November of 1927. The new homes were a far cry from the darkness and despair of the slums from which many of the early residents had come. The great success of this first Amalgamated housing development spurred plans for immediate expansion. In 1929 a new group of buildings went up and they were 6-7 story elevator structures. The buildings were designed to cover only one half of the land area, the other half of the site being used for gardens and landscaping. The houses expanded again in 1931, 1941, 1947, 1949, and 1950, but each new group of houses remained part of the Amalgamated community. Today there are 1450 families living in the Bronx Amalgamated Houses, enjoying modern conveniences and beautiful surroundings. Their rent which in 1927 averaged \$11.00 a room today averages \$12.00. The newer structures average \$15.00 a room. The buildings they live in and own now represent an investment of approximately 12½ million dollars.



"These houses . . . were inspired by the splendid idea
of mutual good and recipient benefits."

— Franklin Delano Roosevelt

Slum Clearance on the Lower East Side

Soon after the Bronx houses were successfully launched, Sidney Hillman began to think about the possibility of further experimentation by the Amalgamated in the housing field. He took note of the East Side slums where many of his New York union members lived. These slums seemed to stand as gravestones marking the dreary rooms to which the working man returned at the end of his hard day.

No group had ever really attempted a slum clearance program before but Sidney Hillman in 1928 thought it was time someone tried. He felt that the Amalgamated Clothing Workers could demonstrate "that there is enough power within the labor movement to abolish slums, to give labor housing that will make decent living possible. . . . It is within the power of the Amalgamated," he said, "to build and give homes, not only to our members but to others as well."

The year was 1930 and the demonstration area chosen was a square block of slums in New York's lower East Side, bounded by Sheriff, Broome, Grand and Columbia streets. In its place the Amalgamated decided to sponsor modern and moderate priced cooperative apartment buildings.

To do this important job the union formed Amalgamated Dwellings, Inc. under the direction of Abraham E. Kazan who was in charge of the Bronx development.

Gratifying recognition of the union's success in the field of low cost housing came when Lt. Governor Herbert Lehman and Aaron Rabinowitz, both of whom had long been concerned with better

housing, purchased the desired plot of land. The union supervised the construction and operation of a new low cost housing development there.

The location for the new houses was one of the most congested districts in the East Side. Ground was broken in 1930 and by 1931 the project was completed. It received the American Institute for Architects Award. Rentals for the large and airy apartments averaged \$12.25 a month per room, in sharp contrast to the \$30 a room rental charged in a comparable non-cooperative house built at that time. Today the rentals of these Amalgamated Dwellings average \$14.25 a room.

The cost of buying into the new co-op was \$500 a room, as in the Bronx houses, and once again the Amalgamated Bank arranged for loans to be made available to prospective tenants. Lehman and Rabinowitz deposited \$350,000 in the Bank to be used as collateral for loans for cooperators who could raise 30% of the purchase price of their apartment. These loans were all repaid.

In 1950 another project was built adjoining the Amalgamated Dwellings. The Hillman Houses, named after the Amalgamated's first president following his death, were erected to meet the needs of the new post-war housing shortage. Renting at \$16.00 a room, with a purchase price of \$625 a room, the apartments were another step toward rehabilitating the East Side slums. Today Amalgamated Dwellings and Hillman Houses provide homes for 1045 families and represent an investment of almost 10 million dollars. They stand as an oasis of gracious living in the heart of the arid slums.



Typically crowded East Side slums . . .

The goal of the Amalgamated in its East Side housing ventures has been to show by example that slum clearance through low cost housing is not only feasible, but practical. The general acceptance of this idea today is a source of great satisfaction to the union. The Amalgamated has always recognized that one union, by itself, can never hope to wipe out slums. It can try, however, by its example, to encourage government, business, union, and civic groups to put



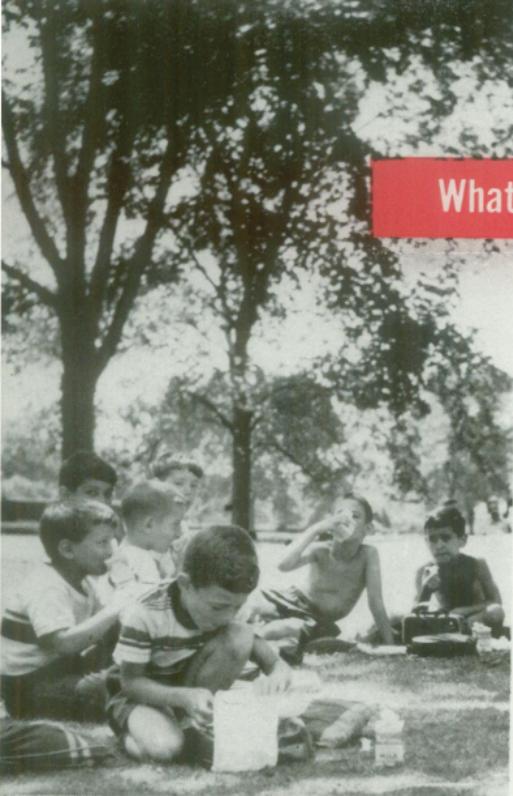
... which the spacious Amalgamated cooperatives replaced.

their full weight into the struggle against the blight of slums in the city.

A look at the rebuilt shoreline of New York's East Side is in itself testimony to the wide acceptance this point of view has gained over the past few decades. It bears witness to the far reaching effects the early Amalgamated experiments in low cost housing have had.

What is a Cooperative House?

First of all, a cooperative house is one which is owned and managed by the people who live in it. They have the ultimate responsibility for the condition of their homes. A family "buys into" the Amalgamated co-op with an initial investment that ranges from \$500 to \$625 per room. Every family that has ever moved out has received its investment back in full. The apartment is sold back to the co-operative for the same amount as was originally paid for it. Since the price of the apartment always remains the same, there can be no speculation.



Rents are unusually low because a co-op is a non-profit organization and the rent goes towards the upkeep of the houses, not for private profit. At the Amalgamated houses, rents range from \$11 to \$20 a month for a room. Should the upkeep prove to be less expensive than anticipated, the tenant-owners receive rebates on the rent the following year.

All decisions concerning the management of the houses are made by a Board of Directors, elected by vote at stockholders' meetings where each tenant-owner casts one vote, regardless of how much money he may have invested in the co-op. The gardens, the hallways, the garages — all these are the joint property of each family. The residents have both the pride and the responsibility of ownership.

The common bond of cooperative ownership and democratic self government within the houses has brought the tenant-owners together in many ways.

The AH Consumers Society, for instance, was formed by the residents of the Bronx project for the purpose of setting up additional cooperative enterprises for their mutual benefit. The result has been the establishment of a cooperative supermarket, laundry, nursery, summer day camp, garage, milk distribution service and electricity plant — just to mention a few of the non-profit enterprises that have resulted in considerable savings and satisfaction.



Depression and War

The Depression years demonstrated the mutual concern of the Amalgamated cooperators and proved the financial stability of their housing projects. The Amalgamated Houses had been built in good times, 1926 to 1927, and the depression struck just as they were getting established.

Nevertheless, the Houses were among the few such projects that managed to weather the storm. During the long years of the depression, *not one resident* was evicted. The Houses sometimes waited as long as a year and a half before receiving one cent of rent from hard hit residents. While families were being dispossessed for non-payment of rent all over the nation, the tenant-owners of the Amalgamated Houses put their faith in their neighbors and the eventual prosperity of the nation, and waited with them for better times to come.

When our economy got back on its feet, so did the embattled residents. Every cent of back rental was duly repaid.

The Amalgamated Houses were able to survive the depression because of excellent management and unusual collective credit. The community knew and had faith in the residents and in the union that stood behind their cooperative houses. It extended credit generously through those trying years.

During World War II, the Amalgamated cooperators once again demonstrated their sense of mutual responsibility. When married men and fathers from the co-ops were drafted, the residents voted that each cooperator contribute \$1.00 a month towards a fund set aside to pay one half of the rent of each family whose man had gone to war. When these husbands and fathers came home after the war years they could return to the same apartments they had left. Their neighbors had helped to make sure that would be possible.

THROUGH the years, 70% of those who became Amalgamated cooperators have remained as residents in the projects. Over 100 families have three generations living happily in the Amalgamated houses. There has never been a case of juvenile delinquency or of arrest and conviction. For these are the homes of people who have built their lives around their own community and have brought warmth and integrity to both.

T O D A Y

Today the Amalgamated cooperative houses are a proved success. Open to working people of moderate means, and not limited to Amalgamated members alone, they serve 2500 families. The 18 buildings that make up the Amalgamated developments gross 2 million dollars annually and are valued at 22 million dollars.

However, the dollar value of these houses and the comfortable shelter they have provided for so many are not the only criteria by which to judge their success. These developments stand as symbols of the never ceasing struggle against the slums of our cities. They are the tangible results of man's deep desire to live in peace and dignity.

But they are just a beginning. Today there is a continuing housing crisis which cannot be met by conventional planning alone. Its solution requires the participation of every segment of society. The labor movement shares in this responsibility. The Amalgamated Clothing Workers of America, through its pioneering housing de-

velopments, has shown that organized labor can plan and execute daring social innovations for the benefit of all. But meeting the housing needs of the nation is a problem beyond the resources of the Amalgamated and the rest of labor alone. To accomplish this mammoth task all the imagination and initiative of our nation must be called upon. As part of this national effort to bring decent housing to every American, the labor movement pledges its vision and its strength.

BOARD OF DIRECTORS

The construction and operation of the projects have been the responsibility of Abraham E. Kazan, an outstanding expert in the co-operative housing field. General President Jacob S. Potofsky is President of Amalgamated Dwellings, Inc., and Treasurer of Amalgamated Housing Corporation. ACWA Vice-President Louis Hollander is a member of the Board of Directors of Hillman Housing Corporation. Mr. Kazan is President of Amalgamated Housing Corporation and Vice-President of Amalgamated Dwellings, Inc. and Hillman Housing Corporation. Robert Szold, Esq., of the firm of Szold and Brandwen, General Counsel to the Amalgamated, is President of Hillman Housing Corporation and Vice-President of the Amalgamated Housing Corporation. Messrs. Potofsky, Kazan and Szold are members of the Board of Directors of each company.