

DISTRICT OF COLUMBIA RENT ACT

APRIL 7, 1924.—Committed to the Committee of the Whole House on the state
of the Union and ordered to be printed

Mr. LAMPERT, from the Committee on the District of Columbia,
submitted the following

REPORT

[To accompany H. R. 7962]

The Committee on the District of Columbia, to whom was referred the bill (H. R. 7962) to establish a commission as an independent establishment of the Federal Government to regulate rents in the District of Columbia until August 1, 1926, having considered the same, do report it back to the House with amendments, and as so amended recommend that the bill be passed.

The Committee on the District of Columbia appointed a subcommittee, consisting of five of its members, for the purpose of considering bills relating to the regulation of rents in the District of Columbia. This subcommittee has held a large number of hearings extending over a period of more than two weeks, at which testimony was given by tenants, representatives of labor, representatives of Federal employees, the commissioners of the Rent Commission, owners, real estate agents, and builders. In addition to the testimony taken, a large number of letters have been received from tenants urging, in substance, the continuation of the present rent legislation and the Rent Commission.

After the conclusion of the hearings the bill H. R. 7962 was considered and reported to the House District Committee without amendment. The House District Committee has held two hearings on the bill herewith reported and has adopted the following proposed amendments:

Page 2, line 14, insert:

Provided, however, That this act shall not apply to a new building in course of construction at the time of passage of this act or commenced thereafter.

Page 3, line 23, insert "one of whom shall be an attorney at law, and all of whom shall devote their entire time to the duties of the office."

Page 4, line 22, strike out the word "such" and insert in lieu thereof the word "two." After the word "attorneys" add the words "who shall devote their time exclusively to the work."

Page 5, line 1, insert "who shall give bond in such sum, not less than \$10,000, as shall be fixed by the commission."

Page 14, line 20, insert after the word "lien" "for the amount claimed."

Page 16, line 12, strike out the period, substitute a comma, and add "which certificate of release shall be furnished by the commission upon payment of the amount of the lien."

Page 24, line 18, strike out the words and figures "Sec. 43" and renumber following sections accordingly.

Page 35, line 18, strike out "103" and insert "6."

At the outset of this report attention is called to the fact that the Supreme Court of the United States has held constitutional and valid similar prior regulatory rent legislation, first, simultaneously in the cases of *Block v. Hirsh* (256 U. S. 135), involving the District of Columbia rents act, and in *Brown Holding Co. v. Feldman* (256 U. S. 170), involving the New York housing laws, basing its majority opinions not merely on the ground of emergency but on the prior decisions of the court in cases in which similar questions were involved. It is true that these two decisions were rendered by a 5 to 4 vote of the court, but subsequently in the later case of *Levy v. Siegal* (256 U. S. 242), in which the constitutionality of similar rent legislation in the State of New York was again questioned, the court, in an opinion in which the present Chief Justice concurred, sustained and affirmed the constitutionality and validity of such legislation by a majority vote of 6 to 3.

The committee finds that the rental conditions in the District of Columbia which prompted the enactment of the original legislation on rentals approved October 22, 1919, and the extensions thereof approved August 24, 1921, and May 22, 1922, respectively, not only continue to exist in both dwelling houses and apartment properties but in the lower priced rental properties appear to be growing worse. These conditions which arose early in 1919 were acute and believed to be temporary. They appear, however, to have become chronic and more or less permanent, and this condition appears to have spread throughout the larger cities of the United States and many foreign countries.

After careful consideration of the question whether permanent rent legislation should be enacted for the District of Columbia and a permanent commission established, your committee is of the opinion that for the present an extension only of the existing rent legislation to August 1, 1926, as codified and amended in bill (H. R. 7962) should be made.

Your committee finds that except in cases in which the fair and reasonable rental has been fixed by the Rent Commission, rents in the District have risen continuously, and demands for increased rentals have been and now are being made by owners and agents under threats of eviction upon the expiration of the present legislation on May 22 next. Families have been and are being crowded into smaller and poorer quarters, and many have been compelled to double up. Sometimes two families are obliged to dwell in the same number of rooms, which, prior to 1919, were occupied by,

and were only intended for, a single family. Many more have been, and now are, forced to take in lodgers to meet the heavy increase in rentals. Dilapidated, insanitary, old houses, for years almost uninhabitable, are now fully occupied and in many cases overcrowded. For the past five years owners have been and now are making none but the most imperative repairs. The service formerly customary in apartment-house buildings has been reduced to a minimum, and conditions in this respect appear to be growing steadily worse.

A representative of the Washington Association of Building Owners and Managers submitted a report dated February 11, 1924, to the board of directors of the Washington Board of Trade. The report, though intended to do otherwise, confirms the opinion of your committee as to the necessity for the extension of the rent legislation. It sets forth that the committee is "informed that 32 firms report 351 vacant apartments in Washington, as follows: Twenty-nine renting for less than \$50 per month; 229 renting for from \$50 to \$75 per month; 34 renting for from \$75 to \$100 per month; 29 renting for \$100 and over per month; and 30 reported vacant but price not given.

There is nothing in the report to indicate that the 29 apartments renting for less than \$50 per month have been inspected or that they are even habitable, nor is there anything to show their location. This same representative later submitted a summary of vacant apartments reported by 50 real estate firms as renting for \$50 or less per month, showing a total of 141 apartments and a list of 43 houses; 16 of the apartments are one room and bath; 19 are two rooms, some with bath and a few with kitchen and bath; and 38 contain three rooms with bath. There is nothing in the report to indicate their condition, the service furnished, or whether they are even habitable. It is to be presumed that every effort had and has been made by that association to show and prove the largest possible number of vacancies in apartment houses and dwelling houses to be found in the District in order to try to establish that an emergency no longer exists. If these landlords, with their organization, their agencies, and all their facilities for obtaining information as to vacancies throughout the city, can not make a better showing as to existing vacancies in rental properties in the District, it is clear that the emergency has not passed.

In view of these reports, after the efforts made by representatives of the landlords, your committee does not find that vacancies exist in apartments in such numbers as to permit freedom to contract between landlords and tenants. On the contrary, it finds that the vacant apartments and dwellings are held at such high rentals and the surplus is so small as to require the continuance of the present rent legislation in the District of Columbia.

Representatives of the landlords endeavored before the subcommittee and your District Committee to belittle the number of tenants who testified at the hearings. The printed record of these hearings completely refutes all such unwarranted statements and the unfair impressions intended to be created thereby. Your committee is of the opinion that a great many tenants did not appear through fear of eviction by their landlords in case the law should not be extended; but in addition to the large number of tenants who did

testify, representatives of labor, whose organizations represent great numbers of tenants in the District, also testified in their behalf.

A representative of the American Federation of Labor testified that his organization was "in favor of continuing the Rent Commission," and that his "organization has a little more than 70,000 members, all of whom live in the District of Columbia." (Hearings, pt. 2, p. 145). The Washington Central Labor Union was represented and a resolution adopted by that organization was received and put in the record (Hearings, pt. 2, pp. 153, 154), and the representative of that organization who delivered it testified that that organization "comprises about 75,000 members. Considering their families, it means between 200,000 and 300,000 residents of the District. We deem it wise to present this matter through a subcommittee being appointed to appear before your honorable body." (Hearings, pt. 2, p. 154.)

The most strenuous opponents of the bill are, principally, speculative real estate operators and builders. They endeavor through exorbitant rentals, by which almost the last dollar available for food, clothing, and other necessary living expenses is squeezed out of the unfortunate tenants, to make quick turnovers and sales of rental properties and apartments in the District. Tenants must have shelter somewhere or be jailed for vagrancy, but they can and must, because of present rental conditions, do with less food and fewer clothes. The tendency of the rent act is to restrain reckless speculation and the inflation of real estate values and to stabilize prices throughout the whole District.

Though rentals have been and now are being increased out of all just proportion to values, particularly in old buildings the cost of which ordinarily was one-half the present cost of reproduction, the existence of the rent act has restrained and prevented wholesale eviction and has deterred many landlords from making unconscionable and exorbitant increases and the determinations of the commission have brought relief from extortion to thousands of tenants and their families.

Failure to continue the present rent legislation, in the opinion of a majority of your committee, would be disastrous and if it should be permitted to lapse, a period of greatly increased rentals and wholesale evictions will result after the expiration of the present law.

Your committee therefore recommends that the proposed bill, with the amendments above set forth, be passed at the earliest possible date so that the fears and anxieties under which thousands upon thousands of tenants are now laboring may be allayed as soon as may be humanly possible.

H. R. 7962

DISTRICT OF COLUMBIA RENTS ACT

APRIL 11, 1924.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. UNDERHILL, from the Committee on the District of Columbia, submitted the following

MINORITY REPORT

[To accompany H. R. 7962]

We respectfully dissent from the majority report favorably reporting H. R. 7962 and will as tersely as possible state reasons:

1. Such a law as this is utterly incompatible with and destructive of the liberty of contract. It carries Government intrusion into and control over purely private affairs to the point of intolerance. If persisted in and insisted on as a fixed principle in our polity, it means a Government paternalism that bespeaks the end of business freedom.

2. Even the most that its advocates ever claimed for it is that it was made necessary by the exigencies of the late war. Such was the reason assigned in the majority opinion of the Supreme Court sustaining the original law. (256 U. S. 135; 10 L. R. A. 165; 41 Sup. Ct. Rep. 458.) The Government was under the necessity of housing an unprecedented number of new emergency employees necessary to do the Government business in the carrying on of the war. Such was the condition which for the moment impressed rental property in Washington with a public interest. With the passing of the war passed all possible reason or justification for such a law.

The vigorous dissenting opinion of Mr. Justice McKenna and his three associates, including the Chief Justice, clearly demonstrated the fallacy of the majority opinion, and that necessity, however great, can never justify the appropriation of private property except through the agency of eminent domain which legally implies proper compensation.

The dissenting opinion also maintains to the satisfaction of the candid mind that the so-called police power can never be exercised against an individual or his property in the teeth of express constitutional prohibitions.

Only two members of the court participating in the majority opinion are now on the bench. Three of the four dissenting judges

are fortunately still in the judicial service of the Nation. The new judges who have mounted the bench since that opinion was handed down, if one may judge by their previous professional connections, are not likely to align themselves with the pronouncement of Mr. Justice Holmes, but may be expected to support the sane American principles enunciated by Mr. Justice McKenna. We confidently assert that the present court will repudiate the opinion of Mr. Justice Holmes at the very first opportunity and relieve the community of the baneful effects which ensued and still exist as a result of that judicial pronouncement.

3. Such principles as are found in this act and find expression in the majority opinion referred to above are abhorrent to any lover of American liberty. They should not receive the further deliberate sanction of the legislative assembly. We should emancipate business, not further enslave it.

CHARLES L. UNDERHILL.
HENRY L. JOST.

