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Fiduciary Landlords: Life Insurers and Large-Scale Housing in New York City

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Abstract

For a brief window between the late 1930s and the late 1940s, life insurance companies built approximately 50,000 middle-income rental apartments across the United States. At the time, life insurers controlled the largest pool of capital funds in the nation, and believed that large-scale housing offered a secure and profitable investment — as well as good publicity for the industry. Most projects took the form of large-scale, racially-segregated complexes, often with their own private streets, parks, and playgrounds. Most were also market-rate, though economies of scale in financing and construction produced relatively affordable prices.

While the volume of life insurance housing soon paled in the face of the postwar suburban boom — built for much the same demographic and often financed by life insurance dollars — life insurers' brief venture into multifamily development represents a significant and understudied episode in the history of affordable housing. This corporatized community development model represented a short-lived "third way" between public housing and the suburban home, the primary levers of postwar federal housing policy.

This paper provides an overview of the "rise and fall" of life insurance housing, with a focus on New York City, where the majority of insurance-sponsored apartments were located. The paper argues that, when it came to middle-income urban housing, the 1940s represented a moment of unusual convergence between corporate need and municipal interest. While incentives were aligned, tens of thousands of relatively low-cost apartments were built in America's most expensive housing market. Mixed-use and transit-oriented decades before the terms gained currency, these projects proved a panacea for white families who earned too much for public housing but not enough to purchase suburban homes. As soon as civic and corporate needs began to diverge, however, insurance capital shifted towards the suburban mortgage market, which offered higher returns with fewer political obstacles. In the context of today's continued shortage of affordable housing — particularly for middle-income renters in high-cost cities, a group underserved by federal subsidies — the story of life insurance housing can be read as both a cautionary tale of corporate hubris and a missed opportunity to tap deep-pocketed fiduciary funds for large-scale, low-cost housing.

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FIDUCIARY LANDLORDS

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Fig. 1: Democracity, the central display at the 1939 World's Fair in New York City. | *Source: Richard Wurts, The New York World's Fair, 1939/1940 (New York, NY: Dover Publications, 1977), 2.*

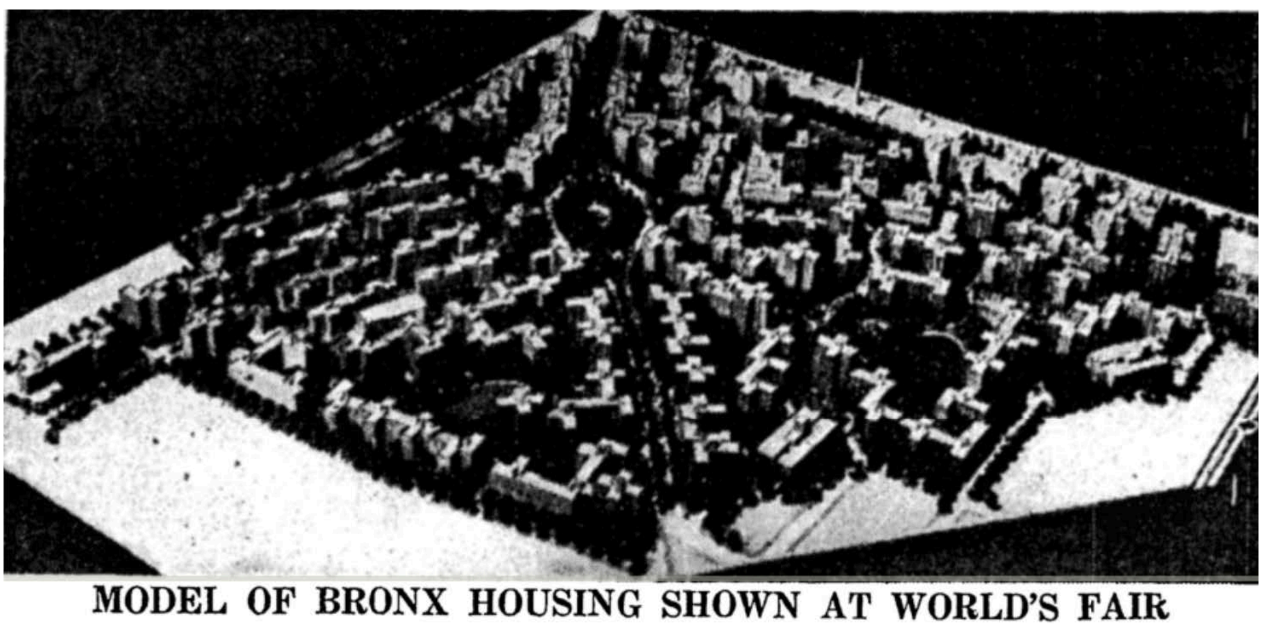

Fig. 2: Parkchester, the world's largest apartment complex, on display at the World's Fair. Parkchester resembled Democracity in a number of respects, including its orientation around a grand boulevard and central open space, its mixture of uses, and its stripped-down, modern buildings.| *Source: "Model of Housing Displayed at Fair," New York Times, May 5, 1939.*

Corporate Community

"Here are the materials, ideas, and forces at work in our world. These are the tools with which the World of Tomorrow must be made."[1] So read the pamphlet that greeted millions of visitors to the 1939 World's Fair in New York City. For a generation still reeling from the hardships of the Depression, the fair was a vision of a renewed and prosperous America—a technologically sophisticated and increasingly urban society buoyed by an expanding middle class. The fair's mascots were the aptly-named "Middleton family," eager consumers of modern appliances like electric dishwashers and robot butlers. Their home was Democracity, the fair's central display: a grandiose, geometric metropolis crisscrossed by highways and dotted with skyscrapers, with nary a tenement in sight (see Fig. 1).

Amidst these utopian spectacles was one project soon to be a reality. The Metropolitan Life Insurance Company, the world's largest life insurer, displayed a six-by-seven-foot model of Parkchester, a housing project under construction just a few miles away in the borough of the Bronx (see Fig. 2).[2] At first glance, onlookers might be forgiven for confusing it with some of the fair's more fantastical exhibits. Mixed-use and transit-oriented long before those terms gained currency, Parkchester was to be the largest apartment complex in the United States, private or public, upon completion in 1941. With 12,272 units spread across 129 acres, the development envisioned a future for the emerging white-collar workforce in comprehensively planned and racially segregated urban enclaves. The project recast life insurance companies from their traditionally passive role as insurers and investors to a more active role as housing developers and landlords. Speaking on national radio to an audience of millions, broadcaster Dorothy Thompson heralded Parkchester as a new frontier in corporatized community development:

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[1] Official Guidebook of the New York World's Fair 1939 (New York, NY: Exposition Publications, 1939).
[2] Although the insurance company is more commonly known today as Met Life, this rebranding only took place in the 1960s. As such, this paper will refer to the company as Metropolitan Life, or simply Metropolitan, as was common practice at the time.

Here at last we see private—not government—enterprise tackling the gigantic, nation-wide problem of housing. The Metropolitan village will be completely independent, it asks no subsidies or favors of anyone, and it is planned to be self-sustaining and self-liquidating. The Company is not a philanthropic institution and its fund must be invested with the highest possible degree of safety for the benefit of its policy holders, and it believes of course that investment housing offers the very highest degree of safety… This in turn ought to be an incentive to investors now holding billions of dollars in leash, to turn them loose on housing in the thousands of communities that badly need it.[3]

This paper explores the role of life insurance companies in the development of large-scale, middle-income housing in post-New Deal New York. In particular, the paper focuses on the activities of the Metropolitan Life Insurance Company as both the most innovative and the most active of the insurance giants in the housing field, holding over two-thirds of life insurance housing investments nationwide by the late 1950s (see Fig. 3).[4] For a brief window between the late 1930s and the late 1940s, life insurers built tens of thousands of apartments across New York City, including private developments on the urban edge and public-private redevelopment projects in the urban core (see Figs. 4 and 5). Without exception, these projects took the form of large-scale, planned communities—many with their own private streets, parks, and playgrounds—reflecting contemporary trends in urban design, as well as insurers' desire to mitigate social, racial and economic risk by insulating their properties from surrounding neighborhoods. Stuyvesant Town, in particular, set a template for postwar urban redevelopment, legitimizing the use of public powers to supplant low-income neighborhoods with middle-class housing, several years before similar policies were enshrined at the federal level in the Housing Act of 1949.

Life insurance companies were driven into the housing field by motives both financial and political. Between 1929 and 1949, the industry's accumulated savings ballooned from $15.3 billion to $57.8 billion, with the calamities of Depression and war proving a boon for actuarial business.[5] These same crises, however, narrowed the field for investment of policyholder funds

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[3] Dorothy Thompson, "People in the News," *Pall Mall Broadcast* (April 15, 1938).
[4] Louis Winnick, *Rental Housing: Opportunities for Private Investment* (New York, NY: McGraw-Hill, 1958), 122.
[5] Commission on Money and Credit, *Life Insurance Companies as Financial Institutions* (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1962), 2, 22.

and cut into corporate profits. Rental housing represented a new investment class that might diversify company portfolios and compensate for sagging returns across the board.

Political dynamics also played a role in steering insurance money into middle-income apartment buildings. The fiduciary housing boom coincided with a period in which the insurance industry was eager to shore up its position as a competitor to the expanding New Deal welfare state. Threatened by the federal government's encroachment into matters of personal financial security and by recurrent calls for the nationalization of the insurance industry, insurers waged an extensive public relations campaign to argue for a curbing of the social safety net in the context of postwar prosperity. As historian Caley Dawn Horan has noted, private insurance offered "an alternative to public welfare… by taking on many functions typically associated with the state—providing security, determining liability, investing in infrastructure […], policing, educating, training and so on."[6] Given the intangible, even inscrutable, nature of actuarial business, large-scale housing projects for the 'common man' represented perhaps the most visible component of this promotional strategy. In the ideological upheaval following Depression and war, life insurers had a vested interest in promoting the material stability of the middle-class at the expense of more collective systems of social welfare. In the context of the nation's housing system, this corporatized community development model represented something of a "third way" between public housing and the suburban home, the two primary levers of postwar federal housing policy.

By and large, historians of postwar urbanism have focused on the role of governmental entities, including public authorities and various federal agencies, in reshaping the residential landscape. Private investors are more often envisioned as responding to incentives, rather than actively shaping outcomes. An analysis of investment housing, built and operated by financial intermediaries with a view towards long-term ownership, complicates this view. Indeed, the evidence suggests that public policies were often molded at the behest of the insurance

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[6] Caley Dawn Horan, "Actuarial Age: Insurance and the Emergence of Neoliberalism in the Postwar United States" (PhD Dissertation, University of Minnesota, 2011), 20.

industry, a phenomenon that historian Marc Weiss has described as "private innovation preceding public action."[7] The entry of life insurers into housing development represented a moment of unusual convergence between corporate need and municipal interest, largely due to the extreme political and economic conditions of Depression and war. While incentives were aligned, thousands of relatively low-cost apartments were built in America's most expensive housing market. As soon as civic and corporate needs began to diverge, however, insurance capital moved beyond city limits to suburban jurisdictions offering higher returns with fewer political obstacles. The rationales structuring fiduciary investment in rental housing thus offer insights into the fragile political economy of the postwar city, and the often improvisatory, even contingent nature of urban policymaking on the eve of mass suburbanization. The story can be interpreted as both a cautionary tale of corporate hubris and a missed opportunity to stimulate much-needed moderate-income housing. Certainly, contemporary observers on both sides of the political spectrum felt deeply ambivalent about life insurers' departure from the housing field. Ultimately, the brevity of life insurers' involvement in residential development revealed the unwillingness—and perhaps, structural inability—of conservative financial institutions to govern mass housing in a period of rapid demographic change.[8]

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[7] Marc A. Weiss, "Researching the History of Real Estate Development," *Journal of Architectural Education* 41, no. 3 (1988), 38. See also: Marc A. Weiss, *The Rise of the Community Builders: The American Real Estate Industry and Urban Land Planning* (New York, NY: Columbia University Press, 1987), particularly chapter 1.

[8] A considerable literature exists on Stuyvesant Town, Metropolitan Life's redevelopment project in lower Manhattan. This is due to several reasons: the project's downtown location; the involvement of well-known public figures such as Fiorello LaGuardia and Robert Moses; its discriminatory leasing policies; its pioneering influence on the later, federal urban renewal program; and the project's dramatic recent history, including a highly-leveraged acquisition in 2006 and subsequent mortgage default. Private projects, which represented the majority of life insurance investments, have received less attention. An exception is the work of Roberta Moudry, which focuses predominantly on architecture and urban design: Roberta Moudry, "Architecture as Cultural Design: The Architecture and Urbanism of the Metropolitan Life Insurance Company" (PhD Dissertation, Cornell University, 1995). On Stuyvesant Town, see: Charles Abrams, *The Future of Housing* (New York, NY: Harper & Brothers, 1946); Charles Bagli, *Other People's Money: Inside the Housing Crisis and the Demise of the Greatest Real Estate Deal Ever Made* (New York, NY: Plume, 2013); Hilary Ballon, "Robert Moses and Urban Renewal: The Title I Program," in *Robert Moses and the Modern City: The Transformation of New York*, ed. Hilary Ballon and Kenneth Jackson (New York, NY: W.W. Norton & Company, 2007), 94–115; Martha Biondi, *To Stand and Fight: The Struggle for Civil Rights in Postwar New York City* (Cambridge, MA: Harvard University Press, 2003); Dominic Jr. Capeci, "Fiorello H. La Guardia and the Stuyvesant Town Controversy of 1948," *New York Historical Society Quarterly*, no. October (1978): 289–310; Scott Henderson, *Housing and the Democratic Ideal* (New York, NY: Columbia University Press, 2000);

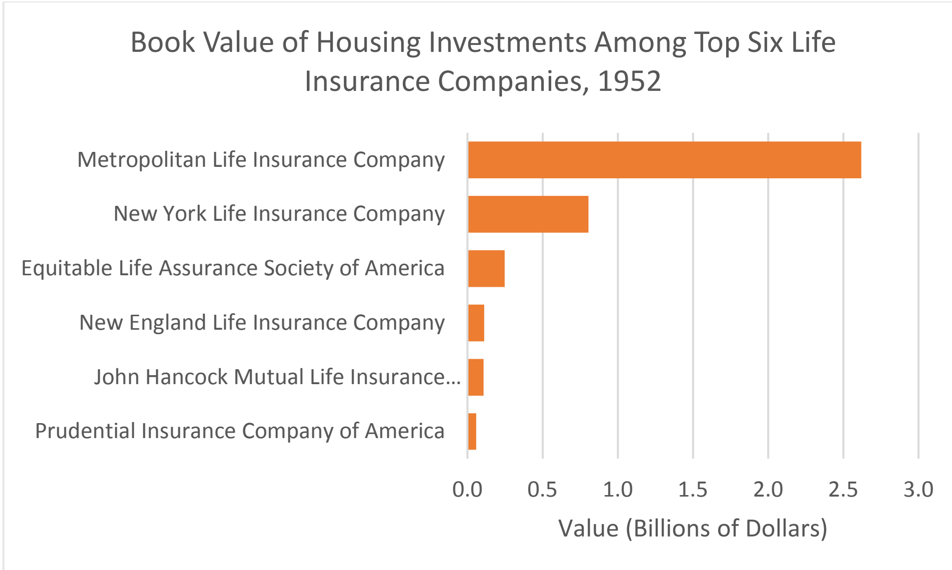

Fig. 3: Book value of life insurance housing investments across the United States in December 1952. MetLife held two thirds of all housing investments. | *Source: Robert E. Schultz, Life Insurance Housing Projects (Philadelphia, PA: The S.S. Huebner Foundation for Insurance Education, University of Pennsylvania, 1956), 35.*

Richard Plunz, *A History of Housing in New York City* (New York, NY: Columbia University Press, 1990); Joel Schwartz, *The New York Approach: Robert Moses, Urban Liberals, and the Redevelopment of the Inner City* (Columbus, OH: Ohio State University Press, 1993); Rachael A. Woldoff, Lisa M. Morrison, and Michael R. Glass, *Priced Out: Stuyvesant Town and the Loss of Middle-Class Neighborhoods* (New York, NY: New York University Press, 2016); Samuel Zipp, *Manhattan Projects: The Rise and Fall of Urban Renewal in Cold War New York* (Oxford, United Kingdom: Oxford University Press, 2010); Samuel Zipp and Nicholas Dagen Bloom, "Stuyvesant Town," in *Affordable Housing in New York: The People, Places, and Policies That Transformed a City,* ed. Nicholas Dagen Bloom and Matthew Gordon Lasner (Princeton, NJ: Princeton University Press, 2016), 151-154.

Project	Borough	Completion Date	Number of Units	Acreage	Developer	Architect	Enabling Legislation	Eminent Domain
Metropolitan Life Apartments (Current name: Cosmopolitan Houses)	Queens	1924	2,125	8	Metropolitan Life Insurance Company	Andrew Thomas	Tax Exemption Law (1920); State Insurance Code Amendment (1922)	No
Parkchester	Bronx	1940-41	12,272	129	Metropolitan Life Insurance Company	Richmond Shreve, Metropolitan Board of Design	State Insurance Code Amendment (1938)	No
Riverton Houses	Manhattan	1947-48	1,232	12	Metropolitan Life Insurance Company	Irwin Clavan, Metropolitan Board of Design	Redevelopment Companies Law (1943)	Yes
Stuyvesant Town	Manhattan	1947-49	8,755	75	Metropolitan Life Insurance Company	Gilmore Clark, Irwin Clavan, H.F. Richardson, George Gore, Andrew Eken, Metropolitan Board of Design	Redevelopment Companies Law (1943)	Yes
Peter Cooper Village	Manhattan	1947-49	2,495	19	Metropolitan Life Insurance Company	Irwin Clavan, Metropolitan Board of Design	State Insurance Code Amendment (1946)	No
Fresh Meadows	Queens	1949	3,008	147	New York Life Insurance Company	Voorhees, Walker, Foley & Smith	State Insurance Code Amendment (1946)	No
Fordham Hill	Bronx	1946-50	1,130	7	Equitable Life Assurance Society of America	Leonard Schultze & Associates	State Insurance Code Amendment (1946)	No
Manhattan House	Manhattan	1951	582	3	New York Life Insurance Company	Skidmore, Owings & Merrill, Mayer & Whittlesey	State Insurance Code Amendment (1946)	No
Clinton Hill Apartments	Brooklyn	1943-55	1,221	4	Equitable Life Assurance Society of America	Harrison & Abramowitz, Irwin Clavan	State Insurance Code Amendment (1938)	No

Fig. 4: Life Insurance Housing Projects in New York City, by date of completion | *Source: Citizens' Housing and Planning Council of New York, Directory of Large-Scale Rental and Co-operative Housing, ed. Ira S. Robbins and Marian Sameth (1957), 24; Robert E. Schultz, Life Insurance Housing Projects (Philadelphia, PA: The S.S. Huebner Foundation for Insurance Education, University of Pennsylvania, 1956), 34.*

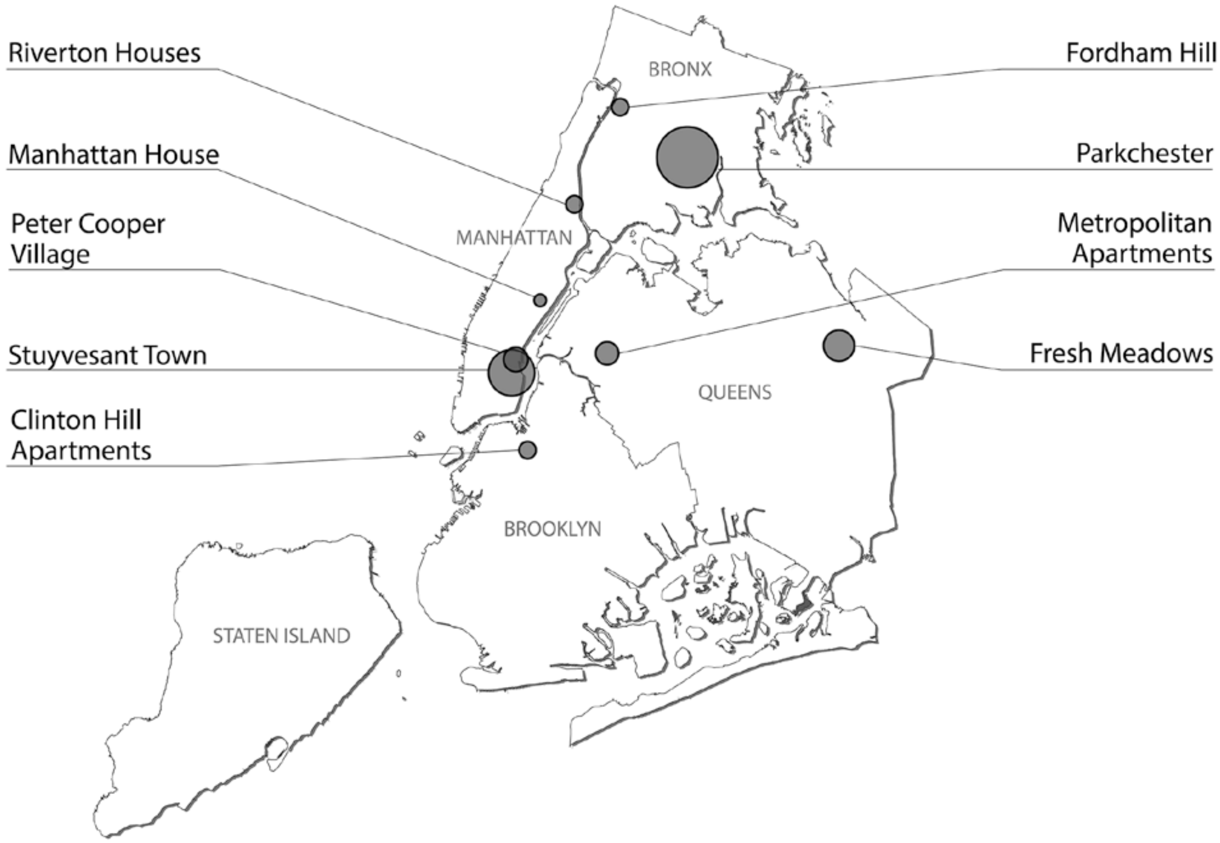

Fig. 5: Map of Life Insurance Housing Projects in New York City, visualized by number of apartments. | *Source: Citizens' Housing and Planning Council of New York, Directory of Large-Scale Rental and Co-operative Housing, ed. Ira S. Robbins and Marian Sameth (1957), 24; NYC Open Data. Map produced by author.*

Institutional Investors in the Public Interest

In a housing landscape dominated by small-scale entrepreneurs, life insurers made for unlikely landlords.[9] But in the late 1930s, economic trends, political pressures, and regulatory changes coalesced to redirect considerable fiduciary capital into residential development. Prior approaches to facilitating large-scale housing for the median wage earner had met with faltering success. While there was broad consensus that tenements failed to provide adequate shelter to the city's working classes, the immutability of private property rights made it difficult to envision feasible alternatives. Early attempts to solve the 'housing question' were entirely private in nature. Wealthy philanthropists produced a handful of so-called "model tenements" around the turn of the century. Between 1870 and 1910, such projects contributed 3,588 apartments to the city's stock, figures which paled in comparison to the estimated 2.3 million New Yorkers living in cramped tenements by 1903.[10] Limited-dividend corporations expanded on this model in the 1910s and 1920s, expanding the capital base for development through the sale of stock to philanthropic investors. Notable examples of this format included the nonprofit City Housing Corporation's Sunnyside Gardens in Queens (1925) and the various projects of the City & Suburban Homes Company (in operation from 1898 to 1938), the city's most prolific limited-dividend builder. Without powers of eminent domain or access to institutional capital, however, it was often difficult for builders to assemble large sites or scale their efforts beyond one-off demonstration projects.[11] Nevertheless, what Eugenie Ladner Birch and Deborah S.

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[9] For a reflection on the dispersed ownership of urban real estate in the mid-twentieth century American city, see: Charles Abrams, *The Future of Housing* (New York, NY: Harper & Brothers, 1946), 77-78; and Charles Abrams, *Forbidden Neighbors: A Study of Prejudice in Housing* (New York, NY: Harper & Brothers, 1955), 150.
[10] Nicholas Dagen Bloom, *Public Housing That Worked* (Philadelphia, PA: University of Pennsylvania Press, 2008), 17; Andrew S. Dolkart, "Tenements," in *Affordable Housing in New York,* ed. Nicholas Dagen Bloom and Matthew Gordon Lasner (Princeton, NJ: Princeton University Press, 2016), 47.
[11] Nicholas Dagen Bloom and Matthew Gordon Lasner, "Below-Market Subsidized Housing Begins," in *Affordable Housing in New York,* ed. Nicholas Dagen Bloom and Matthew Gordon Lasner (Princeton, NJ: Princeton University Press, 2016), 36.

Gardner have referred to as these ventures' "merger of capitalism and altruism" influenced the later fiduciary approach in its social, spatial and financial goals.[12]

Combining the limited-dividend format with public subsidy promised another way forward. A severe housing shortage in New York State following the end of the First World War created the crisis conditions that prompted government intervention into the housing market for the first time. Prior to the 1920s, state and local governments had confined themselves to regulatory tools, such as building codes, to shape the quality of urban housing.[13] In the decade following war's end, however, New York State implemented a range of measures to reduce the cost of urban housing, including rent controls on existing buildings and property tax exemptions on new construction. In 1926, Governor Alfred E. Smith convinced a reluctant legislature to pass the Limited Dividend Housing Companies Law, expanding the public sector's scope of action by granting private developers twenty years of tax exemption in exchange for limited rents and profits. Most projects built under the program were union-sponsored, non-profit cooperatives. Private builders largely shunned the program, unwilling to risk equity capital for regulated rents. A housing boom in the mid-to-late 1920s only widened the gap between speculative returns and the modest, six percent ceiling offered under the limited-dividend law. After a decade in operation, the law produced only eleven projects with 6,346 units between them.[14] This paled in comparison to a spree of private construction that contributed 658,780 new dwellings between 1921 and 1929, improving living conditions for the upper tier of the city's middle classes but doing little to assist the majority of tenement dwellers.[15]

The Great Depression led to a dramatic restructuring of public and private responsibilities in the housing sphere. As construction ground to a halt, foreclosures mounted,

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[12] Eugenie Ladner Birch and Deborah S. Gardner, "The Seven-Percent Solution: A Review of Philanthropic Housing, 1870-1910," *Journal of Urban History* 7, no. 4 (Aug. 1981), 407.
[13] For an overview of this early period in housing reform, see: "Legislating the Tenement" in Richard Plunz, *A History of Housing in New York City* (New York, NY: Columbia University Press, 1990), 21-49.
[14] "Limited Dividend Housing," Box 94, Folder 2 "Middle-Income Housing - Limited Profit and Dividend Housing Companies, 1937, 1947-62 (1 of 3)," CHPC; City of New York Office of the Comptroller, "Affordable No More: New York City's Looming Crisis in Mitchell-Lama and Limited Dividend Housing" (New York, NY, 2004), 7; Kenneth G. Wray, "Abraham E. Kazan: The Story of the Amalgamated Houses and the United Housing Foundation" (Columbia University Masters Thesis, 1991), 9-12.
[15] Plunz, *A History of Housing in New York City,* 122.

and unemployment soared, calls for public intervention in the housing market accelerated over the course of the 1930s, under a bipartisan banner of economic development and job creation. A broad coalition of interests, from homebuilders and mortgage lenders to labor unions and social reformers, agreed that new federal policies were needed to redirect the trajectory of the nation's housing. State-sponsored low-income housing offered one solution. Owner-occupied subdivisions, publicly insured but privately built, offered another. Multifamily housing, organized on a limited-dividend basis, represented a third. Newly formed federal agencies including the Reconstruction Finance Corporation (RFC), the Public Works Administration (PWA) and the Federal Housing Administration (FHA) built on the model of New York's 1926 law, incentivizing private developers to produce moderate-income rental and cooperative projects through direct loans, or mortgage insurance, in the case of the FHA. The conservative housing lobby gravitated toward these programs as an alternative to state-built public housing because they supported rather than supplanted private development. Housing reformers, for their part, hoped that the FHA's multifamily program would gradually foster a more extensive network of nonprofit and limited-profit developers, on the model of Europe's cooperative and trade union groups, which by the early 1930s had produced almost two million housing units across the continent.[16]

Initial results were disappointing, however. The RFC, a product of Herbert Hoover's beleaguered presidential administration, financed only two projects in New York, before being replaced by Franklin Roosevelt's PWA. The PWA, for its part, funded only seven private projects nationwide (see Fig. 6), before shifting its attention to public housing. The FHA, meanwhile, directed most of its efforts towards owner-occupied, single-family housing, despite provisions for mortgage insurance on so-called "large-scale housing" in the National Housing Act of 1934. It would not be until the end of the Second World War that FHA's multifamily programs would

[16] Matthew Gordon Lasner, "Architect as Developer and the Postwar U.S. Apartment, 1945-1960," *Buildings & Landscsapes: Journal of the Vernacular Architecture Forum* 21, no. 1 (Spring 2014): 45; Catherine Bauer, *Modern Housing* (Cambridge, MA: The Riverside Press, 1934), 127. See also: Gail Radford, *Modern Housing for America: Policy Struggles in the New Deal Era* (Chicago, IL: The University of Chicago Press, 1996).

take off in any significant way, accelerated by the moral urgency of the veterans' housing crisis and an accompanying liberalization of underwriting standards.[17]

While public housing promised to create new communities for the working or "worthy" poor, local officials continued to worry about the lack of private capital in new housing construction. Concerns also mounted over how to accommodate those who earned too much to qualify for public housing, but not enough to afford up-to-date private housing—a relatively broad swathe of the city's lower-middle class, including union members with political clout. So-called "investment housing," owned and operated by life insurers and other private trustees of public funds, seemed to offer a promising solution for this 'middle market.' At first glance, the business of life insurance seemed relatively circumscribed. Companies sold insurance policies, invested the premiums—primarily in various forms of low-risk debt—and paid a stated amount to a policyholder's dependents upon his or her death. With conservative underwriting standards and fiduciary laws to abide to, financial intermediaries did not fit the typical profile of a real estate investor. However, they offered plausible credentials, including access to vast institutional funds (see Fig. 7), long-standing experience with mortgage lending, and an orientation towards long-term yields rather than short-term profits—hence the appellation of "investment" rather than "speculative" housing.[18]

Legal and institutional factors also suggested that life insurers might devote some portion of their funds to investing in "public interest" projects such as low-cost housing. Many of the largest life insurers at the time—including Metropolitan Life, and the "Big Three" of Mutual Life, New York Life, and Equitable Life Assurance—were organized as mutual institutions, meaning that the companies were legally owned by their policyholders and profits were redistributed to them in the form of dividends. While in practice policyholders rarely exercised oversight over corporate strategy and most profits were held in reserve rather than

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[17] Matthew Gordon Lasner, *High Life: Condo Living in the Suburban Century* (New Haven, CT: Yale University Press, 2012), 116-117; Bloom, *Public Housing That Worked,* 17-18; Ira S. Robbins and Marian Sameth, *Directory of Large-Scale Rental and Cooperative Housing with a Summary of Legislation Relating to Housing and Urban Renewal in New York City* (New York, NY: Citizens' Housing and Planning Council, 1957), 9.
[18] Abrams, *The Future of Housing,* 179.

being redistributed, the mutual arrangement led progressive reformers to suggest that public interest considerations might play a role in determining investment policy.[19] New York State Insurance Commissioner and housing reformer Louis Pink had captured this sentiment in the late 1920s when he wrote that, "life insurance funds belong to the people. A portion of the surplus of all these groups should find a safe and useful field for investment not only in mortgage loans, but in the erection and management of groups of workers' dwellings in all the great cities of the land."[20]

Several states had already passed laws mandating that a certain proportion of insurance capital be invested in residential mortgages, in an effort to boost homeownership rates and prevent locally-collected insurance capital from circulating beyond state borders.[21] State insurance codes posed a barrier to equity investment, however. Following a series of corruption scandals at the turn of the century and a high-profile investigation by State Senator William Armstrong, New York State's Department of Insurance had tightened the laws regulating life insurance investment. While prior regulations had given insurers wide latitude, new laws restricted investments to fixed-income securities and conservatively underwritten mortgage loans. Investments in common stock and income-producing real estate were forbidden, deemed excessively speculative and a violation of fiduciary duty.[22] The only real property insurers were allowed to own were company offices and properties acquired through foreclosure, which had to be resold within a specified period. Any role insurers might play in

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[19] For more on the mutual structure of life insurance, see: Columbia University Oral History Collection, *The Reminiscences of Louis H. Pink* (New York, NY: Columbia University Oral History Research Office, 1972), 122; Karen Orren, *Corporate Power and Social Change: The Politics of the Life Insurance Industry* (Baltimore, MD: The Johns Hopkins University Press, 1974), 77; "The Relationship between a Life Insurance Company and a Policyholder," *Yale Law Journal* (March 1939), 839-846.
[20] Louis Pink, *The New Day in Housing* (Rahway, NJ: The John Day Company, Inc., 1928), 143.
[21] Commission on Money and Credit, *Life Insurance Companies as Financial Institutions*, 92.
[22] In fact, direct ownership of residential real estate had been forbidden by New York statutes since the earliest days of life insurance regulation in 1849. Regulations vis-à-vis commercial real estate had fluctuated in the interim, but were restricted following the Armstrong Investigation. A severe property recession in the early 1890s, as well as real estate's relative lack of liquidity, contributed to regulators' resistance to equity investment. Harold Snider, *Life Insurance Investment in Commercial Real Estate* (Philadelphia, PA: S.S. Huebner Foundation for Insurance Education, 1956), 6 and 12. See also: Andrew F. Brimmer, *Life Insurance Companies in the Capital Market* (East Lansing, MI: MSU Business Studies, 1962), 68.

equity-financing new housing was dependent on changing, or at least temporarily lifting, these investment codes (see Fig. 8).

Precedent did exist for such amendments. The housing crisis of the early 1920s had coincided with a dramatic increase in the capital reserves of life insurers requiring productive investment. Metropolitan Life in particular sought new venues for investment of policyholder's deposits, and looked towards rental housing as a possible solution to the problem.[23] Insurers could hardly afford indifference. Low yields manifested themselves in the form of higher premiums and lower dividends for policyholders, raising the possibility that customers might leave for competitors.[24] Political dynamics were also at play. Continuing fall-out from the Armstrong investigation, as well as vigorous campaigning for the nationalization of insurance by populist publisher William Randolph Hearst in the early 1920s, prompted many insurers to institute broad-based social welfare programs to recast themselves as altruistic rather than purely profit-driven institutions.[25] Metropolitan led the charge, launching a nationwide public health campaign in the 1910s and 1920s that combined the distribution of educational textbooks and pamphlets with an extensive visiting nurse program. The campaign promoted the image of "Mother Met" as a private corporation devoted to the public welfare, and has been cited by historians of advertising for its highly influential role in legitimating corporate social responsibility as a component of business strategy.[26] At the time, it prompted Herbert Hoover, then Secretary of Commerce, to laud Metropolitan Life as "the greatest single institution dedicated to the public welfare in America."[27]

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[23] State insurance commissioner Louis Pink, an early advocate of fiduciary housing, conveyed this investment challenge when he wrote that "Mr. Frederick H. Ecker, Vice President of the Metropolitan, has to find investment for $12,500,000 each week." Pink, *The New Day in Housing*, 143.
[24] Winnick, *Rental Housing: Opportunities for Private Investment,* 123.
[25] Roscoe Carlyle Buley, *The American Life Convention, 1906-1952: A Study in the History of Life Insurance* (New York, NY: Appleton-Century-Crofts, 1953), 574.
[26] See, for instance: Roland Marchard, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley, CA: University of California Press, 1998).
[27] Metropolitan Life Insurance Company, *An Epoch in Life Insurance: A Third of a Century of Achievement* (New York, NY: The Metropolitan Life Insurance Company, 1924), 271.

The production of low-cost housing was a key part of these efforts to reform the image of the industry. In addition to producing a satisfactory yield, company chairman Frederick Ecker commented on the "general goodwill" that such projects engendered and the way in which they "placed specific companies' names before the public in an advantageous manner."[28] Indeed, insurance executives saw little contradiction in the public-facing nature of their profit-driven business. As political scientist Karen Orren has observed, "it would be misleading to separate completely any broader social goals the life insurance industry might pursue from its ordinary business objectives. The life insurance industry has always been considered by its purveyors to perform a valuable public service… Investment activities in particular [were] considered an important part of the industry's good works."[29]

Following on the heels of Metropolitan's public health initiatives, the operation of high-quality, low-cost housing seemed a logical extension of the company's welfare-oriented activities. Better housing would also lead to lower mortality rates, a boon for the business. Aware that state officials were experimenting with new mechanisms for inducing private capital into low-cost housing, Metropolitan Life executives proposed amending state insurance codes to permit fiduciary investment in real estate. Policymakers were receptive to the company's entreaties. In March 1922, the so-called "Metropolitan Bill" was approved by the legislature, enabling all insurance companies operating in New York State to invest up to ten percent of their stated assets in residential development, with profits capped at six percent. Rents could not exceed $9 per room, which put them well below the cost of new apartments, which tended to lease in the range of $15 to $25 per room.[30]

Upon passage of the bill, Metropolitan Life announced plans to build 2,125 apartments across three adjacent parcels in Long Island City, Queens. The company hired architect Andrew Thompson, known for his work on model tenements, to design the complex, which took the

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[28] Robert E. Schultz, *Life Insurance Housing Projects* (Philadelphia, PA: The S.S. Huebner Foundation for Insurance Education, University of Pennsylvania, 1956), 95.
[29] Orren, *Corporate Power and Social Change: The Politics of the Life Insurance Industry,* 89.
[30] Marquis James, *The Metropolitan Life: A Study in Business Growth* (New York, NY: The Viking Press, 1947), 253.

form of 52 five-story buildings organized around small interior courtyards (see Figs. 9 and 10).[31] Company planners sought economies of scale in construction, operation and financing that would offset regulated rents, including bulk-purchase of building materials from Europe rather than the United States. Tax abatements on new residential construction further reduced costs. The Metropolitan Apartments became the largest low-rent housing project in the country upon completion, although the company's leasing policies restricted tenancy to middle- rather than low-income households, including civil servants, accountants, clerks, and a substantial number of Metropolitan Life's own employees.[32]

The Long Island City Apartments proved a financial success, yielding the maximum returns permissible under state law. Given the long-term nature of insurance liabilities, only requiring payout at time of death, the company could afford a lengthier amortization period and a lower return than most speculative investors would tolerate, leading Metropolitan Life executives to describe the housing project as a "permanent investment." The project was also helped along by city tax abatements granted to new housing construction as part of postwar emergency legislation. The insurance company's foray into residential development was heavily covered by both the mainstream and architectural press. The *New York World* trumpeted that "low-rent flats can be built here now at a fair profit," while *Architectural Record* hoped that the success of the Queens Apartments would bring an end to the cramped tenement, claiming that "if the big financial interests enforce the highest standards of architecture in housing, architecture will profit extensively."[33] On a more cynical note, *Business Week* observed that the

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[31] For more detail on low-cost design innovations at the Long Island City Apartments, see: Roberta Moudry, "Architecture as Cultural Design: The Architecture and Urbanism of the Metropolitan Life Insurance Company" (PhD Dissertation, Cornell University, 1995), 323-343.
[32] Walter Stabler, "Comfortable Homes in New York City at $9.00 a Room a Month," N.D., 13, Subject Files: Long Island City Apartments (Queens), Folder 1, MetLife Archives.
[33] "Low-Rent Flats Can Be Built Here Now at Fair Profit," *New York World*, June 29, 1924; John Taylor Boyd, Jr., "A Departure in Housing Finance," *The Architectural Record*, vol. 52, no. 2 (August 1922), 140.

"provision of better living conditions for city folks must accordingly improve the company's mortality experience and annual earnings."[34]

Officials eagerly sought additional fiduciary investment, but the Metropolitan Life apartments ended up being the only project built under the code amendments, which expired in 1926 once the worst of the housing crisis had subsided. Strong returns on corporate bonds and mortgage loans during the economic boom of the 1920s drew insurance capital away from equity housing investments and reduced the industry's interest in lobbying for renewed legislation.[35] Reflecting on the limited output of the program, Pink observed that "it is not the business of insurance companies to build: it is their business to loan."[36] Without the requisite combination of public pressure and corporate financial need, it was unlikely that insurers would again assume the role of landlord. But soon enough the Great Depression would provide the necessary impetus to funnel insurance capital into large-scale housing on an unprecedented scale.

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[34] Cited in: Charles Bagli, *Other People's Money: Inside the Housing Crisis and the Demise of the Greatest Real Estate Deal Ever Made* (New York, NY: Plume, 2013), 11.
[35] Commission on Money and Credit, *Life Insurance Companies as Financial Institutions*, 41.
[36] Pink, *The New Day in Housing*, 142-3.

Fig. 6: Limited-dividend projects like Boulevard Gardens in Queens, completed in 1935, provided important precursors to life insurance housing. | *Source: Clarence Perry, Housing for the Machine Age (New York, NY: Russell Sage Foundation, 1939), 155.*

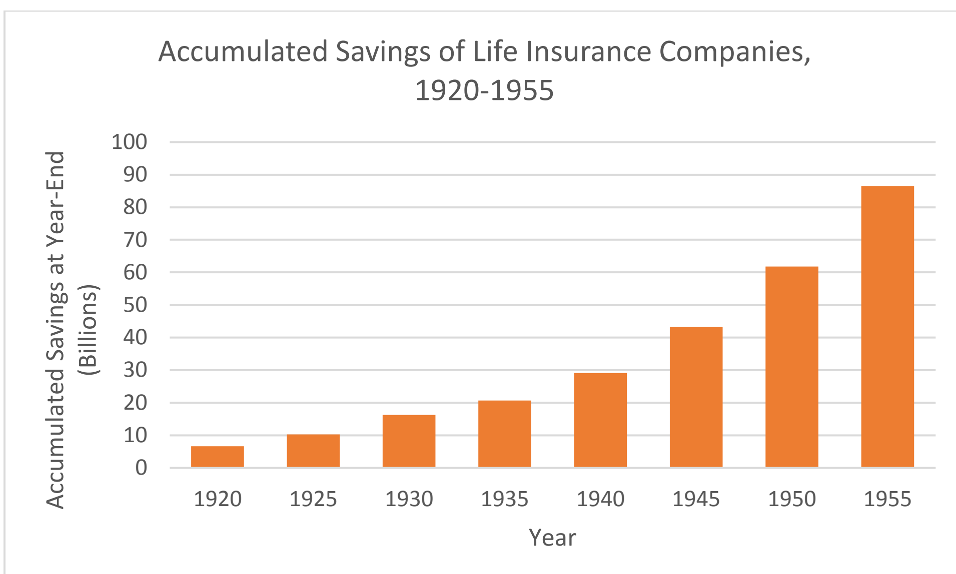

Fig. 7: Total admitted assets of United States life insurance companies, 1920-1955. | *Source: Commission on Money and Credit, Life Insurance Companies as Financial Institutions (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1962), 20-21.*

Year	Principal Types of Investment Permitted
1906	-Mortgage Loans on Unencumbered Real Property -Real Estate for Own Use or Foreclosed
1922	-Real Estate: Low-Rent Housing Projects (2 Year Investment Window)
1924	-Real Estate: Low-Rent Housing Projects (2 Year Investment Window)
1934	-Mortgage Loans Insured by FHA
1938	-Real Estate: Housing Projects (6 Year Investment Window)
1945	-Mortgage Loans Guaranteed by the VA
1946	-Real Estate: Income-Producing
1951	-Mortgage Loans or Leasehold Property

Fig. 8: Changes in New York State laws regarding life insurance real estate investment, 1906-1951. | *Source: Andrew F. Brimmer, Life Insurance Companies in the Capital Market (East Lansing, MI: MSU Business Studies, 1962), 69.*

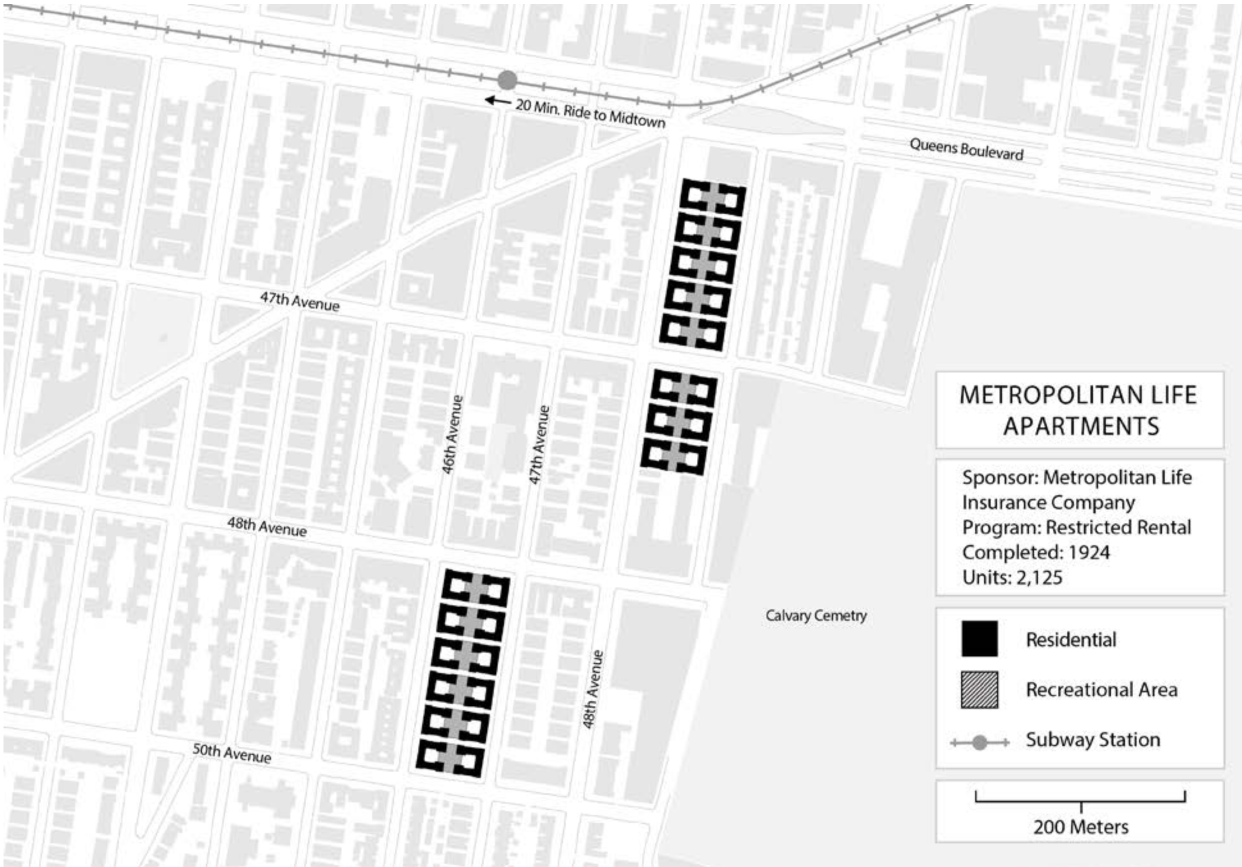

Fig. 9: The Metropolitan Life Apartments in Long Island City, Queens. Note the difference between the garden apartment layout of the insurance housing, with interior courtyards, and the higher lot coverage of surrounding incremental development. | *Source: NYC Open Data. Map produced by author.*

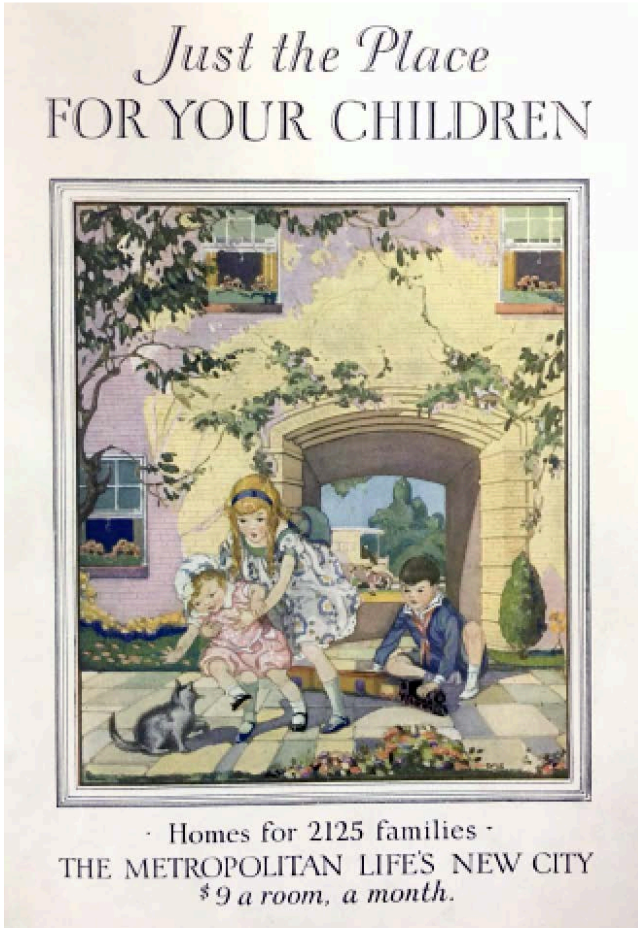

Fig. 10: Advertisement for the Metropolitan Life apartments, 1925. Note the emphasis on landscaped open space, the sense of separation from the rest of the city, and the profusion of windows, open to the outside. All this stood in stark contrast to tenement living. The well-to-do nature of the children's clothing suggests the kind of middle-class community the insurance company hoped to foster. | *Source: "Just the Place for Your Children," Subject Files: Long Island City Apartments (Queens), Folder 1, MetLife Archives.*

Parkchester: Metropolitan Life's Middle-Class Utopia

> *Ours is a private enterprise economy. We believe that our system can do things better than any other system yet devised. We will never have to worry about Communism or Fascism, or any other "ism" for that matter, with a reasonable program of Public Housing for low income—and a decently housed middle income citizenry. The institutions alone, and this also includes the insurance companies, can build large scale housing without losing sight of the public interest by their willingness to establish the lowest possible rents based on a reasonable interest return rather than on what the traffic can bear to produce the maximum profits.*
>
> -Real Estate Developer Paul Tishman, Speaking Before the Savings Banks Mortgage and Real Estate Forum, Yale Club, New York City, January 27, 1953

The 1929 stock market crash and subsequent depression created an investment crisis for the life insurance industry. While most other sectors of the economy contracted, the industry's capital base grew substantially, with accumulated savings increasing from $15.3 billion in 1929 to $25.6 billion in 1938.[37] The legal restrictions on insurance investment—particularly the inability to invest in corporate equity—insulated the industry from much of the tumult afflicting the rest of the financial sector. Many investors also attempted to compensate for stock losses by increasing the value of their life insurance, bringing an unexpected source of revenue.[38] With the economy showing few signs of picking up, Metropolitan Life grew increasingly concerned with finding ways to productively invest the funds of its policyholders. In the late 1920s, the company's return on investment averaged five percent. A decade later, earnings were down to 3.5 percent, compounded by a severe recession in 1937 and 1938.[39] It was in this challenging context that Metropolitan began to look again at the prospect of investing in rental housing.

Political dynamics were also at play. Insurers felt threatened by the expansion of the liberal welfare state over the course of the Depression years. Landmark New Deal legislation, including the Social Security Act of 1935, saw the federal government enter the field of

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[37] Commission on Money and Credit, *Life Insurance Companies as Financial Institutions*, 20.
[38] Thomas Derdak, *International Directory of Company Histories, Vol. III* (Chicago, IL: St. James Press, 1988), 292-3.
[39] Commission on Money and Credit, *Life Insurance Companies as Financial Institutions*, 3.

personal financial security that had previously been the exclusive domain of private insurance. The late 1930s in particular produced considerable anxieties within the financial sector. Following the recession of 1937, the Roosevelt Administration formed a Temporary National Economic Committee (TNEC) and charged it with investigating the "concentration of economic power in American industry." Though the committee's focus was generally on industrial monopoly, the Securities and Exchange Commission (SEC) trained its eye on the vast reserves of life insurers. Rumors of "New Deal plots" to federalize life insurance circulated among the nation's corporate elite. As the country's the wealthiest insurance company, Metropolitan Life was hardly immune to these speculations.[40]

In late 1937, the company began to lobby once more for temporary amendment of state insurance codes on real estate investment. Officials were receptive to these entreaties, eager to relieve unemployment in the building trades and generally frustrated by the slow movement of the federal government's housing programs, which after six years had produced only 4,652 below-market apartments across the city.[41] Insurance commissioner Louis Pink, in particular, pushed for the amendments, arguing that allowing insurers to "enter the field of low rental housing as a public utility" would "not only be socially and economically useful but would be a safe and sound investment" of policyholders' savings.[42] The New York State legislature formalized the amendments in the O'Brien-Piper Insurance Bill of February 17, 1938. As in 1922, the law allowed New York-based life insurers to invest up to ten percent of their assets in rental housing. Unlike prior legislation, however, the O'Brien-Piper Bill placed no limitation on

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[40] Orren, *Corporate Power and Social Change: The Politics of the Life Insurance Industry*, 147. See also: James, *The Metropolitan Life: A Study in Business Growth*, Chapter 21: "The TNEC Inquiry."

[41] Private housing projects included: Knickerbocker Village on the Lower East Side (1934), Hillside Homes in the Bronx (1936), Boulevard Gardens in Queens (1935). Public housing projects included: First Houses (1936) and Harlem River Houses (1937). For more information, see: Plunz, *A History of Housing in New York City,* 210-212; Jeffrey A. Kroessler, "Boulevard Gardens," in *Affordable Housing in New York: The People, Places, and Policies That Transformed a City*, ed. Nicholas Dagen Bloom and Matthew Gordon Lasner (Princeton, NJ: Princeton University Press, 2016), 67-70; and Bloom, *Public Housing That Worked*, 270.

[42] "Pink Backs Plan of Metropolitan Life," *Journal of Commerce*, January 10, 1938.

rents or dividends, in acknowledgement of the earlier law's record of relative failure.[43] Within weeks of the bill's passing, Metropolitan Life announced plans to invest $50 million in Parkchester, an "apartment colony" in the southern Bronx that would combine new housing with extensive recreational and retail facilities.[44] Although state laws did not restrict profits, the company promised to charge the lowest rents it could in order to generate a six percent return, following standard practice in below-market housing dating back to the 1870s. In order to accomplish this, Metropolitan used every tool it had learned in Queens sixteen years earlier, albeit on a far grander scale: with 12,271 apartments spread across a gently sloping 129-acre site, Parkchester was to become the largest housing development in American history.

Construction got underway rapidly, overseen by an in-house Board of Design staffed with specialists in real estate, architecture, engineering, and landscape design. The site, previously owned by the Catholic Church, required minimal demolition and few improvements. Roads and sewers, typically provided by the city, were laid out by Metropolitan at faster pace and lower cost. Standardized building types and interior layouts also cut costs and accelerated assembly (see Fig. 11). While interior circulation spaces such as hallways and lobbies were reduced, exterior space was maximized, with buildings covering only 27 percent of the site. This left an enormous amount of space for landscaping, circulation, and recreation (see Figs. 12 and 13). The project's intimidating size and repetitive, institutional design was softened by hundreds of terra cotta sculptures adorning cornices and entryways (see Fig. 14), while the project's name—a portmanteau of Park and nearby Westchester—alluded to suburban affluence and exclusivity. Expansive retail facilities, including restaurants, a movie theater, and a Macy's department store, contributed to a sense of middle-class consumer leisure.[45] The

[43] New York was in the vanguard no longer. In 1929, New Jersey also passed a law enabling life insurers to invest up to five percent of their assets in income-producing properties. Snider, *Life Insurance Investment in Commercial Real Estate,* 13.

[44] "Housing Is Sought for Middle Group," *New York Times*, May 12, 1952.

[45] State laws had to be amended to permit insurers to own commercial real estate considered "incidental" to residential properties. Snider, *Life Insurance Investment in Commercial Real Estate*, 13.

result was a distinctly conservative futurism characterized by strong social and racial homogeneity.[46]

The project's urban design was influenced by contemporary theories regarding the social and economic benefits of the "neighborhood unit." Elaborated by urban planner Clarence Perry, the neighborhood unit promoted a vision of modern community design that aimed to foster social cohesion through a mixed-use, superblock plan. Elimination of through streets would improve safety, ring roads would add a sense of privacy and enclosure, and on-site provision of schools, shops and open spaces would reduce the need to travel for essential goods and services. Comprehensive site planning would also reduce the upfront costs of infrastructure installation by rejecting the high cost of the traditional city street grid. While the neighborhood unit was most often deployed in suburban settings, Perry provided illustrations of the concept at varying densities, including large-scale apartment complexes like Parkchester (see Fig. 15). Perry argued that large projects not only created economies of scale in construction and operation, but nurtured social capital that made them more resilient to neighborhood decline—which, in turn, stabilized property values for the longer term.[47] As such, Perry proffered the neighborhood unit as a profitable template for private enterprise. By the late 1920s, the Regional Planning Association of America (RPAA), an influential civic group of which Perry was a member, was advocating large-scale community development as the solution to contemporary housing needs.

Following the RPAA, Metropolitan embraced scale not only for its cost savings, but also for the opportunity it provided to forge *ex novo* the behavior of an entire community. Several decades of experience with public health programs had habituated the company to face-to-face interaction with policyholders and their families. At Parkchester, the insurance company instituted paternalistic policies to regulate resident behavior and safeguard the company's investment. In this sense, social planning and financial planning went hand in hand. Upon

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[46] For more detail on the architecture and planning of Parkchester, see: "Metropolitan's Parkchester," *Architectural Forum*, December 1939; Moudry, "Architecture as Cultural Design," 344-386. For information on the implications of large-scale housing projects for zoning and land use, see: William Charney Vladeck, "Large Scale Developments and One House Zoning Controls," *Law and Contemporary Problems* 20, no. 2 (1955): 255–65.
[47] See: Clarence Perry, *Housing for the Machine Age* (New York, NY: Russell Sage Foundation, 1939), 50-82.

submitting applications, prospective tenants were visited by company inspectors, who took note of family manners, finances and spending habits. If granted an apartment, tenants had to sign two-year leases agreeing to relatively onerous conditions that forbade hanging of laundry, playing on lawns, or even the placing of doormats—supposedly to facilitate the cleaning of public hallways.[48] Metropolitan also took steps to discourage tenant committees or other forms of organization that might oppose management policies. While Parkchester boasted substantial retail and open spaces, the project lacked on-site community facilities such as churches or schools. All recreational activities and civic groups were organized under the purview of company management.[49]

"Mother Met's" strictness did little to discourage prospective tenants, however. If anything, Parkchester's pristine and controlled environment heightened the project's appeal to upwardly mobile, second- and third-generation immigrant families eager to leave behind crowded and chaotic tenement districts. Advertisements for the first quadrant of 3,000 apartments attracted applications from over 48,000 families.[50] Historian Richard Plunz eloquently captures the tension between the project's aspirational and conformist qualities, writing that "culturally, as well as geographically, Parkchester was intended to be an independent city, a new middle-class enclave well removed from the uncertainties of old inner-city neighborhoods many of its residents left. Parkchester was an omen of the mass isolation that would be heightened for all forms of middle-class housing after the war."[51]

Interviews with long-term residents corroborate this view. Margaret Walsh, a resident of Parkchester since 1943, recalled moving in with her family as a teenager, and recounted how, as her siblings got married, each moved into a new apartment elsewhere in the complex, creating a strong network of social ties across the community. With each new child born, they would move into another, larger apartment. Both her sisters repeated this ritual four times over. And yet, when her brother returned from the war in 1945 and requested his own

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[48] Starr, *Housing and the Money Market*, 128-34.
[49] Kathryn Close, "New Homes with Insurance Dollars," *Survey Graphic* (November 1948), 453.
[50] "Metropolitan's Parkchester," 16.
[51] Plunz, *A History of Housing in New York City,* 253.

apartment, Metropolitan initially refused, citing an infraction from his childhood when he had climbed on a Parkchester fountain as evidence of poor character. "We used to call her Mother Met, because she interfered in your life all the time," Walsh said. But she maintained that Parkchester was a "step up" for the first wave of Irish, German and Jewish families. Even her brother, initially rebuked by the insurance landlords, ended up living in five separate apartments at Parkchester over the course of his life.[52]

The project proved to be a financial success, yielding an impressive 6.5 percent return over its first five years of operation.[53] With rents averaging $13 a room, Parkchester offered spacious and up-to-date accommodation at almost half the price of new, conventionally financed apartment buildings in the area, and was only marginally more expensive than the nearby, federally-financed Hillside Homes, which leased for $11 a room.[54] Although housing advocate Charles Abrams complained that Parkchester's "below-market" rents were still "far above what lower income families can pay," the project's strong returns, economies of scale, and demonstrated market appeal stimulated wide interest in the prospects of putting life insurance capital to work not only in developing cities, but in *redeveloping* them.

Reflecting on Metropolitan Life's accomplishments in residential finance and community design, architect and housing reformer Clarence Stein argued in a 1940 article that "the principles of investment housing that have been followed at Parkchester must be applied to the rebuilding of the blighted areas of our cities and to the creation of new modern communities."[55] Meanwhile, the Citizens Housing Council, a prominent civic group, established an Investment Housing Committee to pique the interest of other fiduciaries in "supplying the housing needs of the in-between economic group," especially in Manhattan.[56] Any large-scale redevelopment, however, would have to negotiate the high cost and dispersed ownership of

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[52] Margaret Walsh, Interview with Author, December 14, 2015.
[53] "Big Insurance Firms Drawing Plans for New Housing Developments," *Wall Street Journal*, December 17, 1945.
[54] "Metropolitan's Parkchester," 14.
[55] Clarence Stein, "Investment Housing Pays," *The Survey Graphic* (February 1940), 75.
[56] Citizens' Housing Council of New York, "Aims of Investment Housing Committee," October 20, 1939, Series L, Box 83, Folder 824 "Housing, New York: Citizens' Housing and Planning Council of New York, 1937-1969," RAC.

centrally-located land—and would need the power of eminent domain to assemble private property. The landmark 1936 Supreme Court case of *New York City Housing Authority v. Muller* had already established that public housing and slum clearance constituted a “public purpose” in the hands of municipal authorities.[57] The question of whether such powers could be wielded by private entities remained to be seen.

[57] For more on this case, see: Scott Henderson, *Housing and the Democratic Ideal* (New York, NY: Columbia University Press, 2000), 72-5; Bloom, *Public Housing That Worked*, 31.

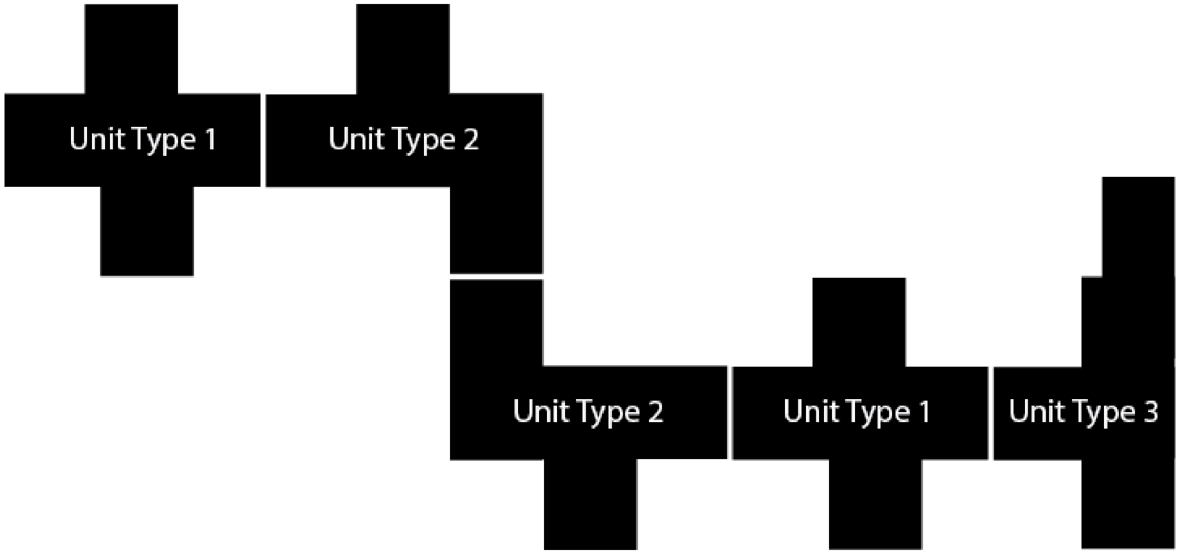

Fig. 11: Standardization of Parkchester's building types accelerated construction and reduced costs. Source: "Metropolitan's Parkchester," *Architectural Forum*, December 1939. Visualization produced by author.

Fig. 12: One of several large open spaces at Parkchester. | *Photograph taken by author.*

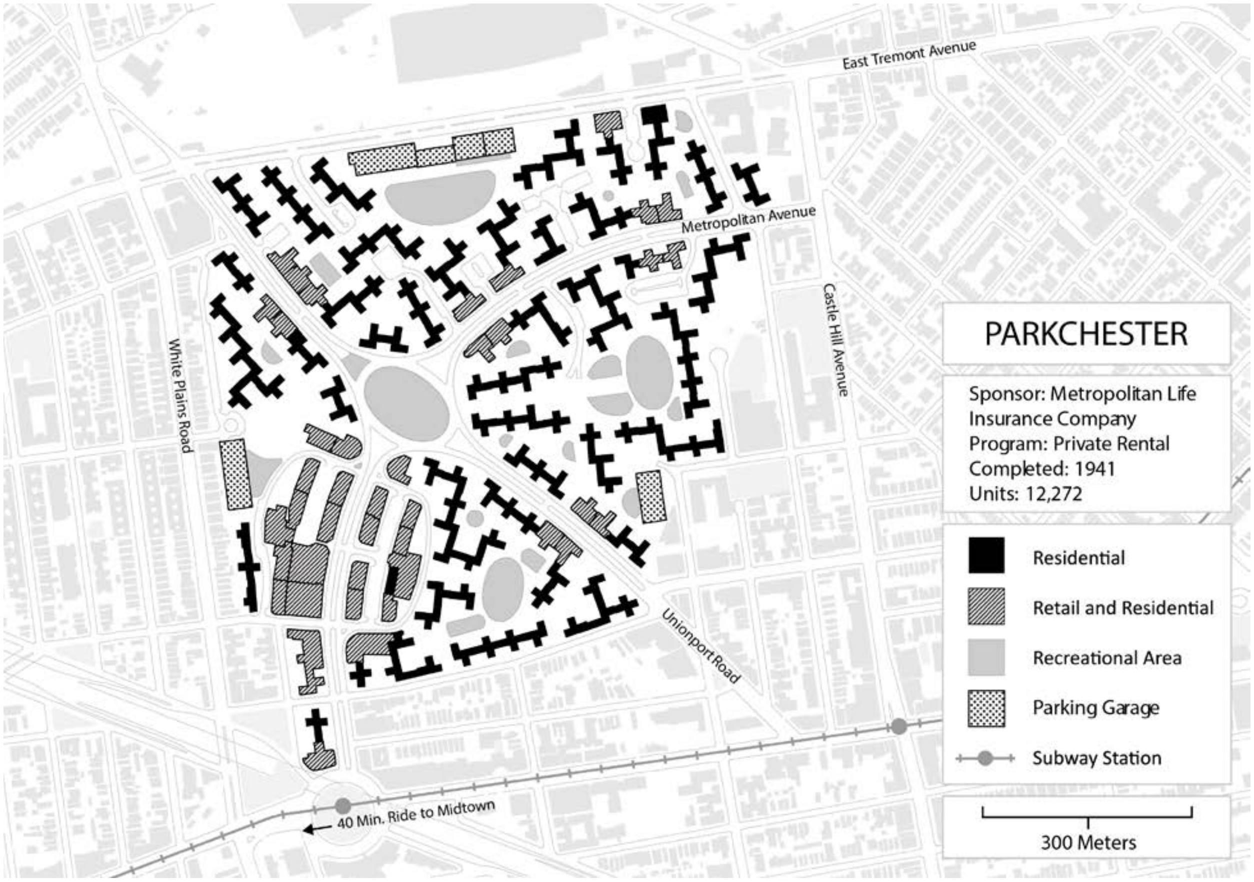

Fig. 13: Site plan of Parkchester, showing the project's curvilinear design and mix of uses. | *Source: NYC Open Data. Map produced by author.*

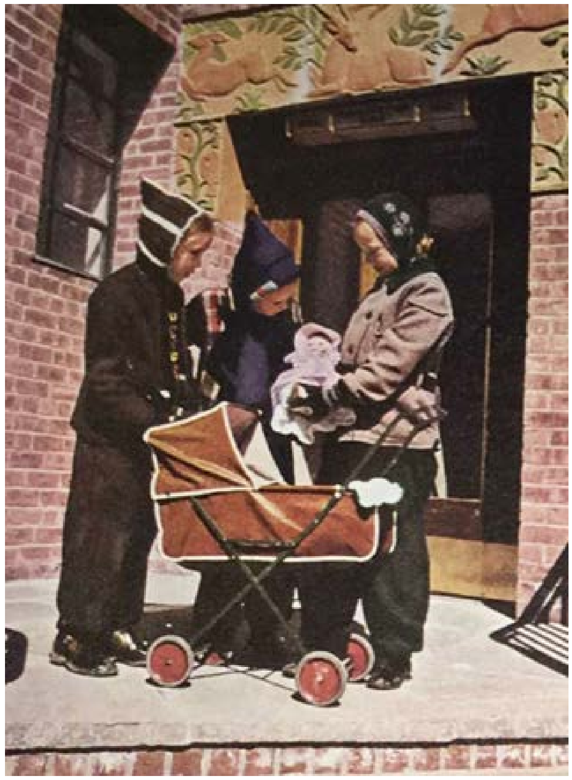

Figure 14: This image, from a newspaper article about Parkchester, is accompanied by the caption: “Their fathers earn from $1800 to $4500 a year. Parkchester is middle-class.” | *Source: “40,000 Neighbors,” Saturday Evening Post, May 18, 1940.*

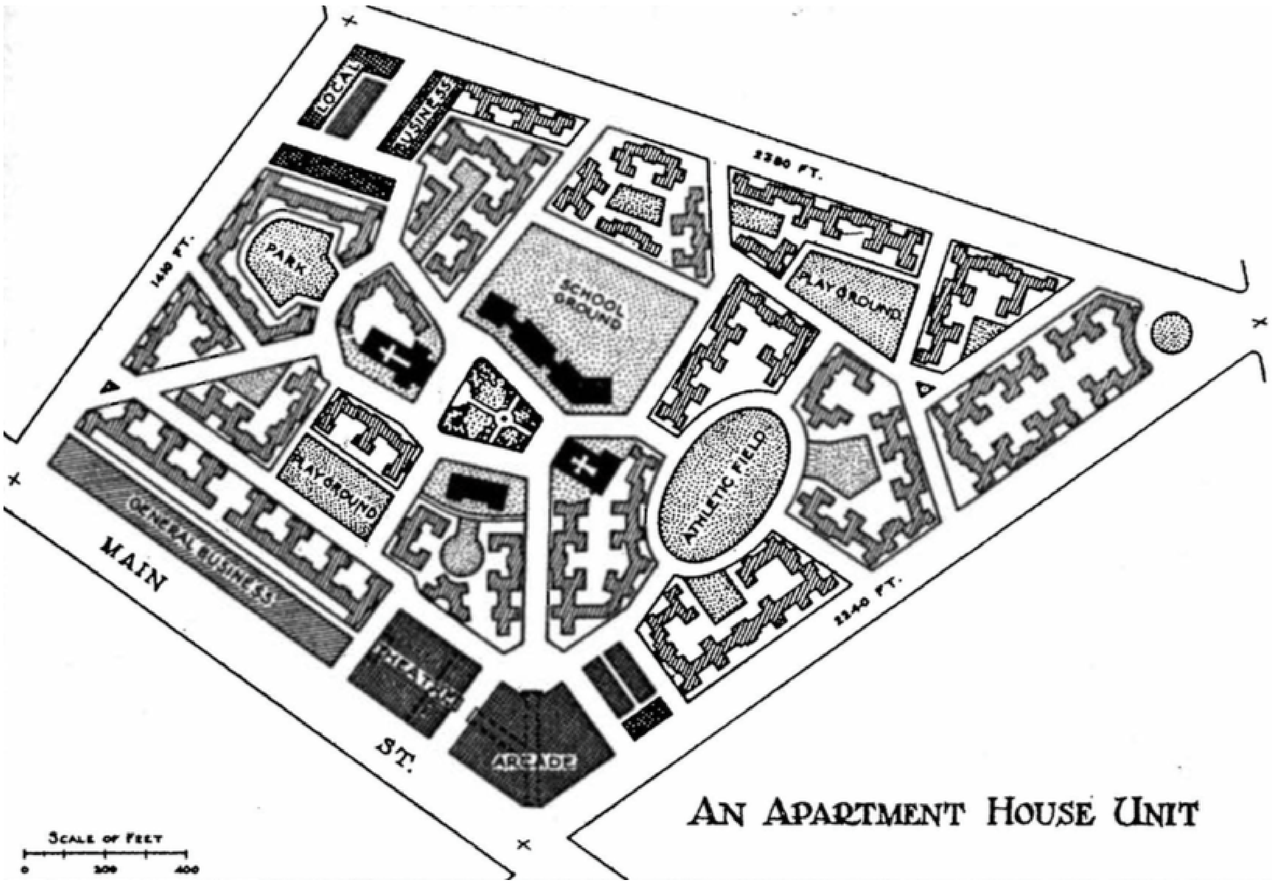

Fig. 15: Clarence Perry's proposal for a multifamily neighborhood unit. Metropolitan Life followed many of Perry's directives, but did not include schools or churches within the development.| *Source: Clarence Perry, "The Neighborhood Unit," from The Regional Plan of New York and its Environs (1929), in The City Reader, Fifth Edition, ed. Richard T. LeGates and Frederic Stout (New York, NY: Routledge, 2011), 495.*

Institutional Capital for Slum Clearance

This is a fairy tale with an unhappy ending.

Once upon a time, not so many years ago, high officials of a great city went to the head of a big company and asked for help in clearing out a terrible slum and building bright new houses for thousands of people… Instead of this project becoming the start of a great new face-lifting program for the city, financed by this and other wealthy companies, this was both the beginning and the end of the story.

Did we say "fairy tale"? This is the story of the Metropolitan Life Insurance Co. and Stuyvesant Town.

Sydney Mirkin, "Slum Clearance Story Has an Unhappy Ending,"
New York Daily News, October 8, 1955

Less than a month after Parkchester achieved full occupancy, Japanese bombers descended on Pearl Harbor and the United States plunged into World War II. The pressures of wartime and its aftermath would have profound effects on the American city and its corporate patrons, adding a heavy dose of Cold War politics to the financial bottom line of urban investment. The threat of communism—both foreign and domestic—prompted insurers to frame their business in increasingly patriotic terms, building on the industry's longstanding critique of New Deal liberalism. As Horan has shown in her study of postwar life insurance advertising, insurers increasingly "align[ed] their business with a patriotic defense of the nation... by associating insurance with self-reliance, entrepreneurial individualism, and free market values."[58] The industry's investment activities, in particular, were portrayed as playing a key role in the development of the nation's capitalist economy. Advertisements repeatedly stressed the connection between the individual savings of policyholders and the billions of dollars of aggregated insurance capital that underwrote postwar economic expansion. The industry's promotional materials were suffused with a populist rhetoric that framed fiduciary

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[58] Horan, "Actuarial Age: Insurance and the Emergence of Neoliberalism in the Postwar United States," 57.

investment as the ultimate exercise of democratic will within a free market system—overlooking the fact that, despite many companies' mutual structure, insurance executives alone decided the placement of funds.[59]

On a more immediate note, the war led to a "stupendous increase" in the assets of life insurers, which swelled from $29 billion in 1940 to an unprecedented $43 billion at war's end.[60] With returns on corporate bonds and mortgage loans continuing to flat-line, the industry shifted almost half of its assets into government war bonds.[61] Eager to burnish its image as a public-spirited corporation, Metropolitan invested more in the war effort than any other private entity, purchasing over $3 billion in federal securities.[62] The war footing did not put a dampener on the company's ambitious housing program, however. On the contrary, the expansion of Metropolitan's capital base only heightened the need to find outlets for policyholder deposits that offered better returns than government debt (see Figs. 16 and 17). As noted by company historian Marquis James, "during the war years, new investments of every character yielded the company an average of only 2.7 per cent. Housing projects with all their uncertainties [were] expected to yield an appreciably higher return."[63]

Emboldened by the success of Parkchester, Ecker announced plans in 1941 for three more middle-class communities: Parkmerced in San Francisco, Parklabrea in Los Angeles, and

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[59] One such advertisement, titled "How Does the Money People Put into Life Insurance Benefit All of Us," ran as follows: "Look around you! The houses we live in the cars we drive, the telephones we use, the electricity that lights our homes, the food we eat, the clothing we wear, all of the things that really affect our lives every day are probably financed by life insurance funds in some way. Invested in every part of the country, this money touches potentially every phase of American life. It helps provide the capital necessary to build America. It helps finance business, both large and small. All of this adds up to more jobs and more goods for more and more people. Furthermore, the earnings of these invested funds help keep down the cost of life insurance for the policyholder. So, you see, your life insurance dollars benefit you and your family, your community, and the country as a whole." Cited in Horan, 89-90.
[60] John W. McPherson, "Some Economic and Legal Aspects of the Purchase and Lease of Real Estate by Life Insurance Companies," *University of Pennsylvania Law Review* (1949), 482; Commission on Money and Credit, *Life Insurance Companies as Financial Institutions*, 20.
[61] Brimmer, *Life Insurance Companies in the Capital Market*, 129-136; "Lower Yields," *Business Week*, June 30, 1945.
[62] Bagli, *Other People's Money,* 11.
[63] James, *The Metropolitan Life: A Study in Business Growth*, 385.

Parkfairfax on the outskirts of Washington DC. The dramatic influx of workers from rural to urban areas in search of war-time defense work exacerbated housing demand in many metropolitan areas.[64] The nation's capital was especially hard-hit, with vacancy rates dropping from five percent to two percent between April and December of 1940, before war had even been declared. [65] These emergency conditions prompted the federal government to approach Metropolitan Life directly and request the company's assistance in relieving the housing shortage.[66]

Like Parkchester, all three war-time developments relied on state enabling legislation to funnel insurance funds into equity ownership of real estate. Like Parkchester, all three met the hurdle of investment-grade return, with no ceilings placed on rents or profits. And like Parkchester, all three were comprehensively-planned and racially segregated rental complexes built on greenfield sites. But where New York's high land costs necessitated high densities, Metropolitan Life's subsequent "park" projects were truer to their name and more bucolic in their site planning. Parkmerced and Parklabrea interspersed low-rise garden apartments and high-rise towers with a stripped-down *moderne* aesthetic, while Parkfairfax offered Colonial Revival townhouses arranged in clusters across a large, sloping site (see Fig. 18).[67]

Back in New York, the window of possibility for life insurance investment in housing was closing fast. The O'Brien-Piper Bill that had prompted Metropolitan's $50 million investment in the Bronx was set to expire in late 1943. An array of interests across New York City's public, private and civic sectors were keen to plow further insurance funds into the city. Increasingly, they trained their eyes on older neighborhoods in the urban core rather than open sites on the urban edge. The push for "slum clearance" had been gathering steam since the early twentieth

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[64] For more information on the impact of war on the nation's housing markets, as well as public policy responses, see: Kristin Szylvian, "The Federal Housing Program during World War II," in *From Tenements to the Taylor Homes: In Search of an Urban Housing Policy in Twentieth Century America* (University Park, PA: The Pennsylvania State University Press, 2000), 121–38; Donald Albrecht and Margaret Crawford, eds., *World War II and the American Dream: How Wartime Building Changed a Nation* (Cambridge, MA: MIT Press, 1995).
[65] United States Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November, 1941.
[66] James, *The Metropolitan Life: A Study in Business Growth,* 383.
[67] Parkchester's land costs were 71 cents per square foot, as compared to 23 cents for Parklabrea, 12 cents for Parkmerced and 3 cents for Parkfairfax. This led to residential densities of 95, 15, 13 and 9 dwelling units per acre, respectively. James, *The Metropolitan Life: A Study in Business Growth,* 383.

century, when the decentralizing force of metropolitan expansion began to transform the social and economic character of older working-class neighborhoods. The growth of the subway system and the outer borough housing boom of the 1920s drained many tenement districts of their more affluent residents. The emerging infrastructure of suburban mortgage financing and metropolitan highways, stimulated by the New Deal programs of the mid-1930s, only accelerated these trends. As occupant densities declined and housing conditions deteriorated, a counter-intuitive pattern developed in many older neighborhoods: land values began to exceed building values, sagging tax revenue failed to compensate for the cost of city services, and landlords, putting little money into maintenance or repairs, profited from impoverished tenants.[68] The high cost and fragmented ownership of urban property presented daunting obstacles to redevelopment.

Over the course of the interwar years, a broad coalition of interests began to advocate for the revitalization of the central city. While their goals were similar—a wholesale reconfiguration of nineteenth century land use patterns—the motivations of this redevelopment front were varied. Progressive elites, inspired by European precedents, deplored the physical, social and hygienic conditions of slum districts and sought to rehouse the working classes in modern dwellings fronting onto airy open spaces.[69] The building trades, fearing a return to Depression-era conditions following war's end, lobbied for large-scale construction projects to guarantee long-term employment.[70] Real estate and business interests

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[68] For more on slum clearance, blight, and the politics of redevelopment prior to the 1949 Housing Act, see, among others: Hilary Ballon, "Robert Moses and Urban Renewal: The Title I Program," in *Robert Moses and the Modern City: The Transformation of New York*, ed. Hilary Ballon and Kenneth Jackson (New York, NY: W.W. Norton & Company, 2007), 94–97; Jon C. Teaford, *The Rough Road to Renaissance: Urban Revitalization in America, 1940-1985* (Baltimore, MD: The Johns Hopkins University Press, 1990); Alexander Von Hoffman, "A Study in Contradictions: The Origins and Legacy of the Housing Act of 1949," *Housing Policy Debate* 11, no. 2 (2000): 299-326.

[69] On the complex and often contradictory links between progressive-era social reform and postwar urban redevelopment see: Schwartz, *The New York Approach: Robert Moses, Urban Liberals, and the Redevelopment of the Inner City,* chapter 1 "Traditions"; Samuel Zipp, "The Roots and Routes of Urban Renewal," *Journal of Urban History* 39, no. 3 (2012): 366-91.

[70] Joel Schwartz, *The New York Approach: Robert Moses, Urban Liberals, and the Redevelopment of the Inner City* (Columbus, OH: Ohio State University Press, 1993), 86-7.

sought to reorient the downtown towards the service economy, clearing away workshops and warehouses in favor of office towers and smart apartment buildings.[71] Even some tenement landlords realized that the most expeditious way to sell their properties at market value might be through state-assisted land assembly.[72] And the City of New York, under the leadership of mayor Fiorello LaGuardia and construction czar Robert Moses, worried about the fiscal and symbolic implications of a rundown city center that no longer held appeal to corporate employers or well-to-do residents.

Moses' involvement in city housing policy was then in its nascent stage. During the Depression years Moses' sphere of influence had been largely confined to transportation and recreation, at the behest of LaGuardia. In 1941, however, Moses gained a seat on the City Planning Commission, strengthening his grip on land use policy.[73] The war years hastened Moses' ascent, with his position as chairman of the Emergency Committee on Housing giving him power over long-range planning. With his appointment as City Construction Coordinator by mayor William O'Dwyer in 1946, Moses' implicit control of subsidized housing was complete.[74] From the start, Moses seized upon privately-financed middle-income housing as a critical salve in reversing the fiscal, social and economic decay of the urban core. With the siren call of the suburbs growing, Moses sought to replace Manhattan's industrial and residential quarters with modern apartments and open spaces that offered suburban idyll in the city. For both ideological and pragmatic reasons, he viewed private capital as best situated to do the job, with public housing primarily serving to rehouse those displaced by redevelopment.[75]

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[71] Samuel Zipp, *Manhattan Projects*, 78-9; Bernard J. Frieden and Lynne B. Sagalyn, *Downtown, Inc.: How America Rebuilds Cities* (Cambridge, MA: MIT Press, 1989), 15-19.

[72] Bloom and Lasner, *Affordable Housing in New York: The People, Places, and Policies That Transformed a City*, 79; Joshua Freeman, *Working-Class New York* (New York, NY: The New Press, 2000), 183.

[73] New York City Department of City Planning, "City Planning Commissioners: New York City," 1989, Accessed October 30, 2016: https://www1.nyc.gov/assets/planning/download/pdf/about/city-planning-history/commissioner_term_1938.pdf.

[74] Peter Eisenstadt, *Rochdale Village: Robert Moses, 6,000 Families, and New York City's Great Experiment in Integrated Housing* (Ithaca, New York: Cornell University Press, 2010), 40.

[75] Moses consistently differentiated himself from the more progressive wing of the city's housing movement: "It is hardly necessary to tell you that I am not a rabid houser… [but] private capital slum clearance requires public

Urban redevelopment was hardly a straightforward endeavor. The complexity of land assembly posed one problem. Simple economics posed another. Prevailing land costs, property taxes and mortgage interest rates precluded the development of centrally located housing affordable to the city's emerging white-collar or unionized blue-collar workforce. As a result, middle-income families found themselves increasingly stuck between substandard accommodation in the urban core and new, often prohibitively priced housing on the urban fringe. Some housing reformers championed decentralization, advocating for European-style "garden cities" on cheap greenfield sites instead of expensive slum clearance initiatives.[76] The federal greenbelt program, a Depression-era initiative that spawned three new towns in Ohio, Maryland and Wisconsin, followed this regional planning model.[77] The FHA's rental housing program also addressed this gap in the market. The high cost and fragmented ownership of inner-city land, as well as the agency's reliance on risk-averse private capital, meant that FHA projects tended to proliferate on open land on the periphery. Moses eschewed this approach, even as his own parkway and highway systems contributed to decentralization. But without additional subsidy—whether on construction, mortgage financing, taxes, or land acquisition—middle-income housing in Manhattan remained an elusive proposition.[78]

Sporadic attempts had been made to redevelop slum districts by private means. Perhaps the most notable was real estate developer Fred French's Tudor City, a lavish, 3,300-unit enclave with its own private park, built adjacent to the city's slaughterhouse district in 1927. Tudor City had succeeded in anchoring an increasingly footloose professional class within walking distance of the midtown office district, and its introverted site planning proved a major

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housing to take care of displaced tenants of the lowest incomes." Letter, Robert Moses to Arthur Hays Sulzberger, July 57, 1953, Box 91, RMP.

[76] See, for instance: Clarence Stein, *Towards New Towns for America* (Cambridge, MA: MIT Press, 1966); Bauer, *Modern Housing*.

[77] See, for instance: Cathy D. Knepper, *Greenbelt, Maryland: A Living Legacy of the New Deal* (Baltimore, MD: Johns Hopkins University Press, 2001); Joseph L. Arnold, *The New Deal in the Suburbs: A History of the Greenbelt Town Program, 1935-1954* (Columbus, OH: Ohio State University Press, 1971).

[78] Ballon, 97.

influence for postwar middle-income housing.[79] But private land assembly was an arduous, risky and expensive process, and many developers worried that small-scale projects would not be enough to stem the tide of neighborhood decay.

Public housing offered another means for sweeping away the nineteenth century cityscape. The goal of slum clearance, amenable to the right, and low-cost housing, amenable to the left, were formally entwined in the Wagner-Steagall Housing Act of 1937, which mandated one-for-one replacement of substandard units by subsidized ones.[80] Even conservative business leaders like Ecker of Metropolitan Life supported public housing for its capacity to clear slums, and viewed its subsidized rents as too low to cut into the private market—a frequent complaint from other real estate interests who decried public housing as unfair competition.[81] But for the city to depend on public housing as the primary tool of redevelopment bred problems of its own. Tax-exempt public housing did little to ameliorate the city's fiscal problems, nor could it reverse the broader trend of middle- and upper-class dispersion.

The city's first attempt to induce private slum clearance, the Urban Redevelopment Corporation Law, was a failure. Enacted in April 1941, the law attempted to overcome the dispersed ownership of slum property by turning landowners within a designated redevelopment area into stockholders in a redevelopment corporation. Then, as state insurance commissioner Pink described it, "the old buildings would be torn down; a mortgage would be secured; new buildings would be erected; and the old owners would have their proportionate equity in the project."[82] Ten years of tax abatements were an added sweetener,

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[79] Alexander Garvin, *The American City: What Works, What Doesn't*, Third Edition (New York, NY: McGraw-Hill, 2014), 299.
[80] On the complex connection between public housing and slum clearance, see, among others: Alexander von Hoffman, "The Lost History of Urban Renewal," *Journal of Urbanism*, no. 3 (2008): 281-301; Bradford D. Hunt, "Was the 1937 US Housing Act a Pyrrhic Victory?," *Journal of Planning History* 4, no. 3 (2005): 195-221; Schwartz, *The New York Approach: Robert Moses, Urban Liberals, and the Redevelopment of the Inner City*, particularly chapter two.
[81] "The Terrible 'Red'," *St. Louis Post-Dispatch*, November 1945.
[82] Columbia University Oral History Collection, *The Reminiscences of Louis H. Pink*, 53.

but the law failed to stimulate interest from developers.[83] Moses felt that the law did a poor job of attracting institutional investors, and Pink agreed, confessing that "there was no opportunity for the insurance companies and the banks, who had the money, to come in and utilize this vehicle."[84] Pink had been advocating for precisely this sort of redevelopment partnership since the late 1920s, when he wrote in his policy manifesto *The New Day in Housing* that "the insurance companies of America can well afford to invest a few hundred million at 5 per cent to clean out the slums."[85] In Moses, he found a partner with legislative expertise, political clout and a shared commitment to harnessing institutional capital in the municipal interest.

With LaGuardia's blessing, Moses and Pink began to court the city's savings banks and insurance companies, urging them to invest in mass housing for the middle class. Moses conveyed the message to the city's fiduciaries as an issue of financial self-interest, later writing in the *Savings Bank Journal* that, "fiduciaries can only prosper in a city where land values are stable, a city whose financial reserves are not being continually drained to provide facilities in outlying neighborhoods to replace old, centrally-located, rundown areas which are simply abandoned and left to rot" and stressing that "slum clearance and rehabilitation constitute a proper, desirable and secure field of investment."[86] In Moses' view, both the city and its financial institutions had a stake in ensuring New York's long-term economic and fiscal health. Given their fiduciary obligation to the city's labor force and their financial interest in improving public health, Moses believed that life insurers were particularly well-positioned to invest in redevelopment.

In 1942, Moses began closed-door negotiations with George L. Harrison, president of New York Life. Working closely with Pink and Manhattan Assemblyman McNeill Mitchell, Moses developed a new bill that was intended to assuage "practically all the objections of the New

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[83] Eugene Morris, "Middle Income Co-Operatives," *New York Law Journal* 141, no. 61 (March 1959): 4.
[84] Columbia University Oral History Collection, *The Reminiscences of Louis H. Pink*, 53.
[85] Pink, *The New Day in Housing,* 143.
[86] Robert Moses, "Savings Banks Find Safe Investment in Slum Clearance Field," *Savings Bank Journal* (April, 1945): 32.

York Life Insurance Company." Mitchell declared himself keen to avoid "tying the companies and the banks down with so many restrictions that it would be impractical for them to invest."[87] Pink, meanwhile, lauded the negotiations as a bold attempt to "integrate... private efforts with city planning" and create "machinery with more teeth in it to build on a larger scale and clear slums."[88] Moses began to identify appropriately "blighted" areas on the Lower East Side in anticipation of New York Life's commitment to undertake the project, even taking Harrison on a site visit south of the Brooklyn Bridge that might provide walk-to-work housing to the financial district.

The result of these negotiations was a new law, known as the Redevelopment Companies Act, explicitly "gauged for the financial institutions."[89] The law allowed for the incorporation of certified redevelopment companies, whose stocks, bonds and other obligations could be held entirely by fiduciaries. Indeed, the law stipulated that redevelopment areas had to be of a "sizable nature," effectively restricting small-scale builders or investors from participating.[90] Public assistance was granted in the form of eminent domain for land assembly and ten years of tax exemption on site improvements. In exchange, the redevelopment company had to assist with the relocation of displaced tenants, build interior streets and parks, and accept limited rents and limited returns as long as the tax exemption was in place.[91]

The bill was revolutionary in broadening the rationale for eminent domain from traditional public facilities, such as roads and infrastructure, to include private projects deemed to serve a "public purpose"—in this case, the replacement of slums by subsidized, middle-

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[87] Joel Schwartz, *The New York Approach: Robert Moses, Urban Liberals, and the Redevelopment of the Inner City* (Columbus, OH: Ohio State University Press, 1993), 90.
[88] Columbia University Oral History Collection, *The Reminiscences of Louis H. Pink*, 36-7.
[89] Columbia University Oral History Collection, *The Reminiscences of Louis H. Pink*, 54.
[90] Columbia University Oral History Collection, *The Reminiscences of Abraham E. Kazan,* 285.
[91] Hilary Ballon, "Redevelopment Companies Law," in *Robert Moses and the Modern City: The Transformation of New York*, ed. Hilary Ballon and Kenneth Jackson (New York, NY: W.W. Norton & Company, 2007), 242–43.

income housing.[92] But despite close involvement in the law's drafting, life insurers found the extent of public oversight onerous and the inducements insufficient. Reports that the Prudential Company, which had invested in a slum clearance project in nearby Newark, New Jersey, was earning only two to three percent on its investment contributed to their skepticism.[93] In the fall of 1942, the board of New York Life voted against redevelopment, considering the inducements "too thin," and the investment risk a violation of the company's fiduciary duties.[94]

In frustration, Moses turned to Metropolitan Life, which had so far remained aloof to the city's entreaties. The housing situation had grown increasingly dire in the meantime. Tens of thousands of migrants flooded into the city to work in munitions factories, overwhelming a largely nineteenth century housing stock. Making matters worse, wartime inflation and prohibitions on construction prevented supply from keeping pace with demand. The housing emergency amplified the political pressure for below-market, middle-income housing, giving Moses and LaGuardia the leeway they needed to arrange even more generous inducements for private investment.[95] As Joel Schwartz has argued, the ideological exigencies of total war greased the wheels of private redevelopment.[96] Ecker, aware of his strong bargaining position, demanded further revision of the Redevelopment Companies Law. The city and state acquiesced. The amended law, approved by the state legislature in early 1943, extended the tax exemption from twenty to twenty-five years, removed income ceilings on occupants, and struck the clause requiring redevelopers to manage relocation proceedings.[97]

Within weeks of the law's passing, LaGuardia took to the radio to announce plans for the largest housing project ever built in Manhattan. In the place of the Gashouse District, "a

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[92] Bloom and Lasner, *Affordable Housing in New York: The People, Places, and Policies That Transformed a City,* 152.
[93] "Life Companies Study Profits in Housing Field," *New York Times*, April 3, 1945.
[94] Robert Moses, "Slums and City Planning," *Atlantic Monthly* (January 1945), 66.
[95] Bloom and Lasner, *Affordable Housing in New York: The People, Places, and Policies That Transformed a City*, 151.
[96] Schwartz, *The New York Approach*, 86.
[97] Income ceilings were reintroduced into Redevelopment Companies contracts in the late 1950s, preventing tenants from earning more than eight times the annual rent. "Redevelopment Companies," Box 94, Folder 5 "Middle-Income Housing Income Standards, 1960-61," CHPC.

real blighted area" covering eighteen crowded city blocks near the East River between 14th and 20th Streets, Metropolitan Life would build Stuyvesant Town, an entirely new, middle-class neighborhood comprised of thirty-five, thirteen-story apartment buildings set in a landscaped, park-like environment (see Fig. 19). The project was described as a "suburb in the city" whose moderate rents and tranquil ambience would provide an "anchor" for middle-income families in heart of the metropolis. The mayor assured listeners that demolition would not commence until the war was over, and that all 11,000 existing residents would be assisted in finding new accommodation, most likely in public housing nearby. In closing, LaGuardia thanked Ecker and took the opportunity to shame the Big Three, whom he and Moses had spent so many years entreating: "May I say in all kindliness to the New York Life and Equitable Life and New York Life, that they should look into this housing proposition and the advantages it offers and they should also provide as much at least as the Metropolitan Life is doing in the area I have just described."[98]

In many respects, Stuyvesant Town was a social and physical replica of Parkchester in a center city location. Once again, the company's Board of Design rejected the street grid in favor of a superblock, and minimized indoor space in favor of lush landscaping and recreational facilities. Architecturally, Stuyvesant Town consisted of the same standardized, red-brick boxes as Parkchester, albeit laid out in a tight, geometric pattern that offset the higher cost of downtown land. The decorative sculptures of Parkchester were also dispensed with. Indeed, from afar, Stuyvesant Town looked little different from the public housing projects then proliferating along the East River.[99] With 8,755 apartments, however, Stuyvesant Town was more than twice the size of the city's largest public housing project, Queensbridge Houses, which contained 3,149 apartments. As at Parkchester, the issue of scale was linked to that of fiduciary responsibility, a particularly urgent matter given the project's "blighted" surroundings. Prevailing planning theories argued that small-scale slum clearance could not alter neighborhood character enough to justify investment. In his 1936 tome *Slums and Housing*,

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[98] Cited in: Bagli, *Other People's Money*, 4-5.
[99] Samuel Zipp has noted how some postwar advertisements even elided Stuyvesant Town and public housing residents in their conception of the mass consumer market. See: Zipp, *Manhattan Projects*, 140.

Harvard sociologist James Ford argued that larger redevelopment projects had an "increased chance of maintaining [their] distinctive character because [their] very size… [can] dominate the neighborhood and discourage regression."[100] The bigger the project, the more likely it was to resist slum encroachment, the lower the financial risk.[101]

With approximately one percent of the insurance company's assets tied up in Stuyvesant Town's $100-million-dollar budget, the question of investment risk was of paramount importance.[102] Although other insurers were skeptical, Metropolitan Life executives were convinced that Stuyvesant Town did not violate the company's fiduciary mandate. Ecker believed that, armed with over $50 million worth of tax abatements and the ability to renegotiate rents after four years of operation, Metropolitan would comfortably net the desired six percent return. This offered a marked improvement over mortgage yields, which hovered around four percent at the time.[103] The redevelopment project would also shore up property values in a part of the city where Metropolitan had significant real estate and mortgage holdings.[104] Stuyvesant Town's proximity to the company's lavish headquarters on 23rd Street meant it could also serve as low-rent housing for its workforce. By 1941, Metropolitan Life was the largest employer in the city, with over 15,000 employees in its midtown office alone.[105] The issue of convenient and affordable worker housing was hardly inconsequential to company executives. Better housing, many believed, also meant longer lives and stronger business. A *New York Times* reporter noted that the development of Stuyvesant Town was a "purely self-interested proposition" for the nation's largest life insurer, as "people

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[100] James Ford, *Slums and Housing, Volume 2* (Greenwood, CT: Negro Universities Press, 1936, reprint 1972), 772.
[101] Ballon, "Robert Moses and Urban Renewal: The Title I Program," 96.
[102] Kenneth Duncan, "What Price Contract… With a City," *Savings Bank Journal*, June 1952, 35.
[103] Starr, *Housing and the Money Market,* 131.
[104] Institutional lenders had a vested interested in slum clearance, as outlined bluntly in the *Savings Banks Journal*: "30 percent of [Manhattan's] total residential area has been designated blighted. Lending institutions have large investments in Manhattan and therefore have an abiding interest in the economic welfare of the island." Earl Schwulst, "Possibilities for Direct Investment in Housing by Savings Banks," *Savings Banks Journal* (December 1944).
[105] James, *The Metropolitan Life: A Study in Business Growth*, 362.

in non-slum areas live longer and continue to pay insurance premiums."[106] Metropolitan Life officials saw their role differently, of course, framing Stuyvesant Town as simply the latest iteration of the company's longstanding commitment, "characteristic of the American way of life, of private enterprise promoting public welfare."[107]

Although supported by many city leaders, Stuyvesant Town came under attack almost immediately on the heels of LaGuardia's radio address. Interestingly, concern for the displaced was not a motivating factor, and those living within the redevelopment area put up little organized resistance. The consensus for redevelopment and the need for modern, middle class housing held firm. Instead, the critiques focused on other aspects of the project's planning and design. The first set of critiques, spearheaded by journalist Lewis Mumford, assailed the project's institutional design and extreme density. Writing in the *New Yorker*, Mumford derided the development for its "unbroken façade of brick, thirteen stories high, absolutely uniform in every detail, mechanically conceived and mechanically executed," which he interpreted as a barrier between the so-called Town and the city that surrounded it.[108] In Mumford's view, Stuyvesant Town's dreary aesthetics were an insult to its future residents, and hardly a suitable domestic environment for middle-class families, and veterans in particular.

The second set of critiques, led by lawyer and public housing advocate Charles Abrams, took aim at Stuyvesant Town's profit-driven nature. Dismissing the architectural debates as "shadow-boxing […obscuring] the main issue," Abrams drew attention to the project's legal and institutional ramifications, which he saw as encouraging "social undertakings" to be "accomplished by the private sector, at a profit—with government subsidy."[109] Abrams conceded that there was an urgent need for housing, but felt that the extent of subsidy, the speed of public approval, and the lack of regulatory oversight signaled the troubling emergence of a "business welfare state" in which private interests would dictate the course of public

[106] Zipp, *Manhattan Projects*, 75.
[107] Louis Dublin, *A Family of Thirty Million: The Story of the Metropolitan Life Insurance Company* (New York, NY: The Metropolitan Life Insurance Company, 1943), 423.
[108] Lewis Mumford, "The Skyline: Prefabricated Blight," *The New Yorker* (October 30, 1948): 54.
[109] Abrams, *The Future of Housing*, 321.

policy. Rejecting Moses' dependence on the private sector, Abrams argued that public authorities should be responsible for the construction and operation of all below-market housing, whether low- or middle-income. Moses in turn dismissed Abrams as one of those "radical housing boys, who don't want private capital horning into their field."[110] Prior to the 1949 Housing Act, which enshrined the division between low-rent public housing and the private market, debates over the future role of government in housing production were commonplace, and support of Stuyvesant Town served as a bellwether for advocates on both sides of the aisle.

Abrams' warnings about the troublesome ethics of corporate welfare dovetailed with the third and ultimately most contentious set of critiques, which focused on race. "Negroes and whites don't mix," Ecker told a reporter as he left the City Planning Commission hearing for Stuyvesant Town in May, 1943. "Perhaps they will in a hundred years but they don't now. If we brought them into this development, it would be to the detriment of the city, too, because it would depress all the surrounding property."[111] Ten years earlier, Ecker's comments would have aroused little ire in the mainstream press. In the 1930s, de facto discrimination was common practice for landlords, homebuilders, real estate brokers, and government agencies. By the 1940s, however, the liberal consensus had begun to shift, particularly in the urban north. A second Great Migration triggered by war-time industrial needs brought millions of African-Americans and Puerto Ricans into northeastern cities. At the same time, the war against fascism and the desegregation of the armed forces began to change the tone of conversation around the color line in housing and other spaces in postwar society.[112]

As the controversy mounted, Ecker maintained that his position was a product of "business and economics, and not of racial prejudice."[113] He portrayed himself as beholden to the fiduciary needs of policyholders—many of whom, he noted, were African-American—and

[110] Cited in: Schwartz, *The New York Approach*, 94.
[111] "West Side Housing Project Will Bar Negro Tenants," *New York Post*, April 18, 1943.
[112] Zipp, *Manhattan Projects*, 120.
[113] Cited in: Bagli, *Other People's Money,* 7.

passed off his company's discriminatory policies as cold, hard truths of the real estate market rather than racially-motivated exclusion. This was hardly an unexceptional position at a time when the federal government underwrote suburban segregation, refusing to insure neighborhoods with "unharmonious racial groups" and often mandating restrictive covenants to prevent such groups from arriving in the future.[114] Real estate interests pointed to a growing economic literature that aimed to prove, through 'objective' statistical research, the correlation between racial mix and decline in property values.[115] Moses accepted Metropolitan's leasing policies as a necessary precondition given the scale of the proposed investment, and vigorously asserted the company's right, as a private landlord, to lease to whomever it desired. Moses even convinced LaGuardia, a well-known civil rights advocate, to support him in the matter lest Metropolitan back out of the project.[116]

Moses and LaGuardia were not alone in siding with the insurance company. Two lawsuits filed prior to the project's groundbreaking were dismissed by state courts, which maintained the fiction that Stuyvesant Town's public purpose was slum clearance, not housing—and that discrimination was therefore irrelevant to the legality of eminent domain proceedings. The New York State Court of Appeals stated affirmatively that "the legislative intent [of the Redevelopment Companies Law] is clear to leave private enterprise free to select tenants of its own choice."[117] In private communication with the presiding judge, Moses cited the segregated tenancy of public housing in southern states as evidence that subsidized housing elsewhere in the nation "recognize[d] the color line."[118]

[114] Abrams, *Forbidden Neighbors*, 11.
[115] Ibid, 160-161.
[116] For more information on this complex dynamic, see: Capeci, "Fiorello H. La Guardia and the Stuyvesant Town Controversy of 1948." For an overview of the debates on whether Moses' conservative attitudes towards fair housing reflected pragmatic politics or more deep-seated racist tendencies, see: Martha Biondi, "Robert Moses, Race, and the Limits of an Activist State," in *Robert Moses and the Modern City: The Transformation of New York*, ed. Hilary Ballon and Kenneth Jackson (New York, NY: W.W. Norton & Company, 2007), 116–21; and Eisenstadt, *Rochdale Village*, particularly chapter 5: "Robert Moses and His Path to Integration."
[117] Robert Moses, *Public Works: A Dangerous* Trade (New York: McGraw-Hill, 1970), 432-433.
[118] Robert Moses, Letter to Samuel Seabury, September 3, 1943, Box 134, Folder "Housing," RPM.

From the mid-1940s through mid-1950s, a broad coalition of leftists, liberals and civil rights advocates waged a protracted fight with Metropolitan over its leasing policies. Critics asserted that, as a publicly subsidized project, Stuyvesant Town was subject to the equal protection clause of the United States constitution, and therefore could not enforce a racialized tenancy.[119] They were particularly incensed by Metropolitan Life's refusal to rent to minority veterans, despite the company's invocation of patriotic duty as a motivating factor for the project. Abrams, a key player in the city's open housing movement, brought several legal actions against the insurance company and the city. In the most famous case, *Dorsey v. Stuyvesant Town*, filed in June 1947, Abrams represented the interests of a black veteran who had been turned away from the project. Abrams drew on personal experience managing integrated public housing developments to argue that mixed occupancy was both feasible and desirable.[120] In his view, projects like Stuyvesant Town set a dangerous precedent for a postwar cityscape increasingly fractured along class and race lines: "The Stuyvesant Town formula, carried to its logical conclusion in our future living pattern, would mean selected "respectable" families living in fenced-off neighborhoods, while the "undesirables," poor or rich, are relegated to ghettos."[121] While attempts to derail or even significantly delay the development of Stuyvesant Town were unsuccessful, in June 1944 City Councilor Stanley Isaacs, a leading housing advocate, successfully pushed for passage of new city ordinance banning discriminatory leasing in privately-financed housing receiving tax exemptions. Stuyvesant Town was not affected, as the ordinance only applied prospectively, but other life insurers took notice.[122]

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[119] Critics also pointed to the fact that New York State's limited-dividend housing program, which also offered tax exemptions to private builders, had outlawed discrimination in 1939. Lasner, *High Life: Condo Living in the Suburban Century,* 152.
[120] Abrams' views on the promise of integrated communities would soon be buttressed by sociological research, including an influential 1951 study of a public housing development in Queens. See: Morton Deutsch and Mary Evans Collins, *Iterracial Housing: A Psychological Evaluation of a Social Experiment* (Minneapolis, MN: University of Minnesota Press, 1951).
[121] This specific quote is from: Abrams, *The Future of Housing,* 322. Abrams further developed his argument in a series of widely-read articles in the late 1940s and early 1950s. See: Charles Abrams, "The Walls of Stuyvesant Town," *The Nation* (March 24, 1945), 328-330; Charles Abrams, "The Segregation Threat in Housing," *Commentary* (February 1949), 123-131; Charles Abrams, "Slum Clearance Boomerangs," *The Nation* (July 27, 1950), 105-6.
[122] "Council Is Warned on Housing Bills," *New York Times*, February 16, 1944.

In an attempt to defuse the situation, Moses urged Ecker to build "model housing for colored folks" in an African-American neighborhood, such as Bedford-Stuyvesant or Harlem. In September 1944, LaGuardia announced that Metropolitan was going to undertake second redevelopment project, this time in upper Manhattan. Known as Riverton Houses, the development would replicate Stuyvesant Town on a smaller scale, with seven high-rise buildings arranged around a park-like superblock (see Fig. 20). In line with the new city law, the development would be open to all applicants, though its Harlem location guaranteed that there would be far more black residents than white, perpetuating a separate-but-equal approach to solving the city's housing needs. Upon completion in 1948, the project counted only twelve white families among its 1,232 households.[123] Riverton received a mixed reception from the city's civil rights community. While some condemned the development as a "Jim Crow housing project that will […] keep the Negro walled in," others conceded that "people are so badly in need of housing in the area that they would still apply over our protest."[124] Ultimately, Riverton served as a template for a spate of middle-income redevelopment projects built in Harlem in the 1950s and 1960s for a predominantly black tenancy.

Despite all the controversy, Stuyvesant Town proved on balance to be a boon for the city. Following war's end, New York was flooded by over 750,000 returning veterans, many of whom had to make do in converted military barracks, trailer parks and Quonset huts rapidly erected on empty land.[125] In 1946, not a single new apartment building was completed in the city.[126] By 1950, New York's vacancy rate had dipped under one percent.[127] In the midst of postwar turmoil, Stuyvesant Town's moderate rents, central location, spacious apartments, and stated preference for veterans proved irresistible. By the opening of the complex in 1948, over 200,000 applications had been received for 9,000 apartments.[128] This gave company

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[123] Close, "New Homes with Insurance Dollars," 456.
[124] Cited in: Bagli, *Other People's Money,* 28-9.
[125] Ibid., 31.
[126] "No Apartments Finished in 1946," *New York Times*, December 14, 1946.
[127] Freeman, *Working-Class New York,* 105.
[128] Close, "New Homes with Insurance Dollars," 450.

administrators the leeway to implement stringent screening policies to forge a socially and racially homogeneous community whose behavior would appropriately safeguard the company's investment. Given the project's proximity to Metropolitan Life headquarters, a substantial portion of tenants were also company employees. While there was no stated preference for Metropolitan's workers, anecdotal evidence suggests that personal connections with the company significantly improved chances of securing an apartment.[129]

By the early 1950s, Stuyvesant Town was no longer just a controversial talking point. It was also a functioning community that, despite a lack of income ceilings, was comprised almost entirely of veterans' families "with incomes neither large nor small."[130] Rents, at $14 per room, fell halfway between low-rent public housing and new apartments in the private market (though far above tenement rents in the surrounding area). In 1949, a year after the project reached full occupancy, the median family income at Stuyvesant Town was $5,301, compared to a median of $5,105 for New York City as a whole.[131] Within the context of lower Manhattan, however, Stuyvesant Town was a gilded enclave, with median incomes twice those of neighboring census tracts (see Fig. 21).[132] The only exception was Peter Cooper Village, a large-scale project built by Metropolitan Life in 1947 on a site directly to the north of Stuyvesant Town, without the benefit of tax exemptions or eminent domain. Peter Cooper's residents earned three times the borough's median income, suggesting that the insurance company's commitment to the "forgotten" middle-income family was more rhetoric than fact. Critics pointed out that rents at Stuyvesant Town were twice as expensive as public housing, and catered to the more privileged of the city's middle classes.[133] Moses, for one, was unapologetic about Stuyvesant Town's aggressive, class-based clearance. He praised the design strategy as part and parcel of a broader sociological upgrading of the city core, using language that cast the

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[129] Woldoff, Morrison and Glass, *Priced Out*, 48.
[130] Zipp, *Manhattan Projects,* 130.
[131] Cited in: Woldoff, Morrison and Glass, *Priced Out*, 27.
[132] United States Census, 1950, accessed January 4, 2017 at: www.socialexplorer.com
[133] Maxwell H. Tretter, "Public Housing Without Cash Subsidy," *Housing News* (June 1947), Box 93, Folder 2 "Middle Income Housing, General Material (1 of 2)," CHPC.

neighborhood's prior residents—largely white, it should be noted—as primitive, even animalistic: "We moved over 11,000 people from the rat-infested old law tenements of the middle East Side, roosting in buildings covering eighty to ninety percent of the ground, to make way for Stuyvesant Town with 27,500 middle income people in high, attractive buildings set in gardens and covering only 25 percent of the land."[134]

Reminiscences of early residents testify to the composed and even sedate quality of life at Stuyvesant Town, in sharp contrast to the project's divisive reputation. In her largely nostalgic childhood memoir, *Eleven Stories High: Growing Up in Stuyvesant Town*, novelist Corinne Demas suggests that the project's regimented appearance and strict management contributed to a sense of security for young families adjusting to an uncertain postwar world: "A friend of mine who grew up in Stuyvesant Town believes the sameness made people crazy—the fact that everything appeared to be identical, but on closer inspection, really wasn't. I disagree. For children, especially, I think the sameness was comforting."[135] Commercial interests also sought to brand the project as very much in tune with the consumer culture of postwar America. Historian Samuel Zipp has shown how contemporary advertisements for domestic goods softened Stuyvesant Town's architectural monotony in their bid for residents' dollars, "portraying the development much the way they did suburban tract housing."[136] Even Lewis Mumford later conceded that, given the shortage of decent, affordable housing in Manhattan, residents were justified in celebrating their new homes: "Quite properly, [tenants] declare their quarters are the equal of anything Manhattan can offer elsewhere at two or three times the rental, and they feel that they are in heaven. On that limited basis they are right, and nothing I have said in disparagement of the project should diminish their pleasure."[137]

While initially unsuccessful, the legal battle over Stuyvesant Town ended up having immense consequences for fair housing legislation, leading to city and state laws banning

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[134] Robert Moses, "Rochdale: Master Planner Moses Views a Master Housing Plan," *Long Island Press,* December 1, 1963.
[135] Corinne Demas, *Eleven Stories High: Growing Up in Stuyvesant Town, 1948-1968* (Albany, NY: State University of New York Press, 2000), 6.
[136] Zipp, *Manhattan Projects*, 134, and more generally, chapter 3: "The Mass Home in the Middle-Class Cityscape."
[137] Lewis Mumford, "The Sky Line: Stuyvesant Town Revisited," *The New Yorker*, November 27, 1948.

discrimination in redevelopment projects in 1944, followed by any subsidized private housing in 1950, and eventually all private housing in 1968. At the same time, however, the banning of discrimination in subsidized rental housing had an immediate and chilling effect on insurance investment in redevelopment projects. Politically conservative and financially risk-averse, life insurance executives continued to associate racial diversity with investment risk. Several of the city's more conservative newspapers sided with the insurers, arguing that civil rights protests had killed the goose that laid the golden egg.[138] In 1948, media reports noted that "anti-discrimination ordinances following [the] Stuyvesant Town debacle [have] wiped out the chances of any more building under the Redevelopment Companies Law. [Insurance executives] disclaim any prejudice other than caution for their policy-holders' funds, which seems to induce fears that non-discriminatory housing cannot be financially sound."[139] In the early 1940s, Moses circulated a plan that envisioned a series of large-scale fiduciary housing complexes along Manhattan's eastern waterfront, running from 14th Street down to the Brooklyn Bridge.[140] In the end, only Metropolitan took him up on the offer. Other companies opted for investment in strictly private developments, with no restrictions on rents, returns, or racial mix.

[138] See, for instance: "Slum Clearance Story Has an Unhappy Ending," *New York Daily News*, October 8, 1955.
[139] Close, "New Homes with Insurance Dollars," 454.
[140] Schwartz, *The New York Approach,* 92.

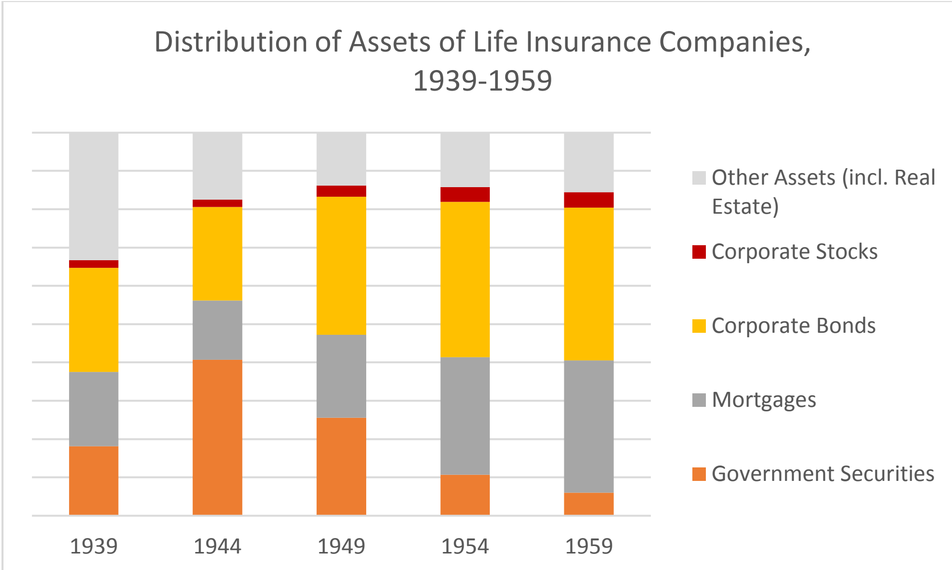

Fig. 16: Investment distribution of life insurance funds. Investments in rental housing tended to coincide with periods of lower-than-usual returns on mortgages and corporate bonds, and consequentially higher investments in government debt. | *Source: Commission on Money and Credit, Life Insurance Companies as Financial Institutions, 41.*

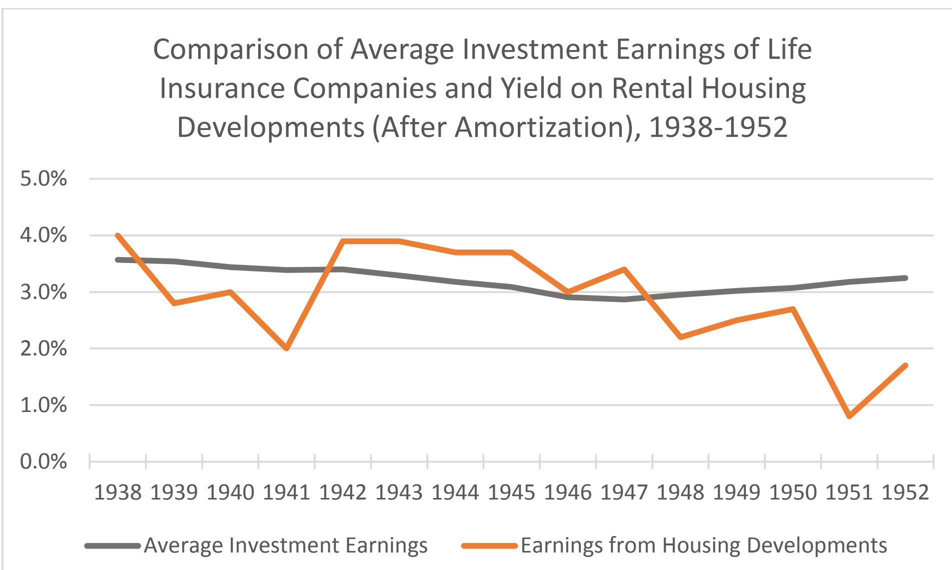

Fig. 17: A comparison of average yields and housing project yields for life insurance companies. Periods of investment in rental housing tended to coincide with periods of lower-than average returns on other investments. | *Source: Robert E. Schultz, Life Insurance Housing Projects (Philadelphia, PA: The S.S. Huebner Foundation for Insurance Education, University of Pennsylvania, 1956), 37, 99.*

Figure 18: Duplex apartments at Parklabrea in Los Angeles. Note the large windows and modern finishes, in contrast to Metropolitan Life's New York projects, as well as the extensive shared, private open spaces. | *Photograph taken by author.*

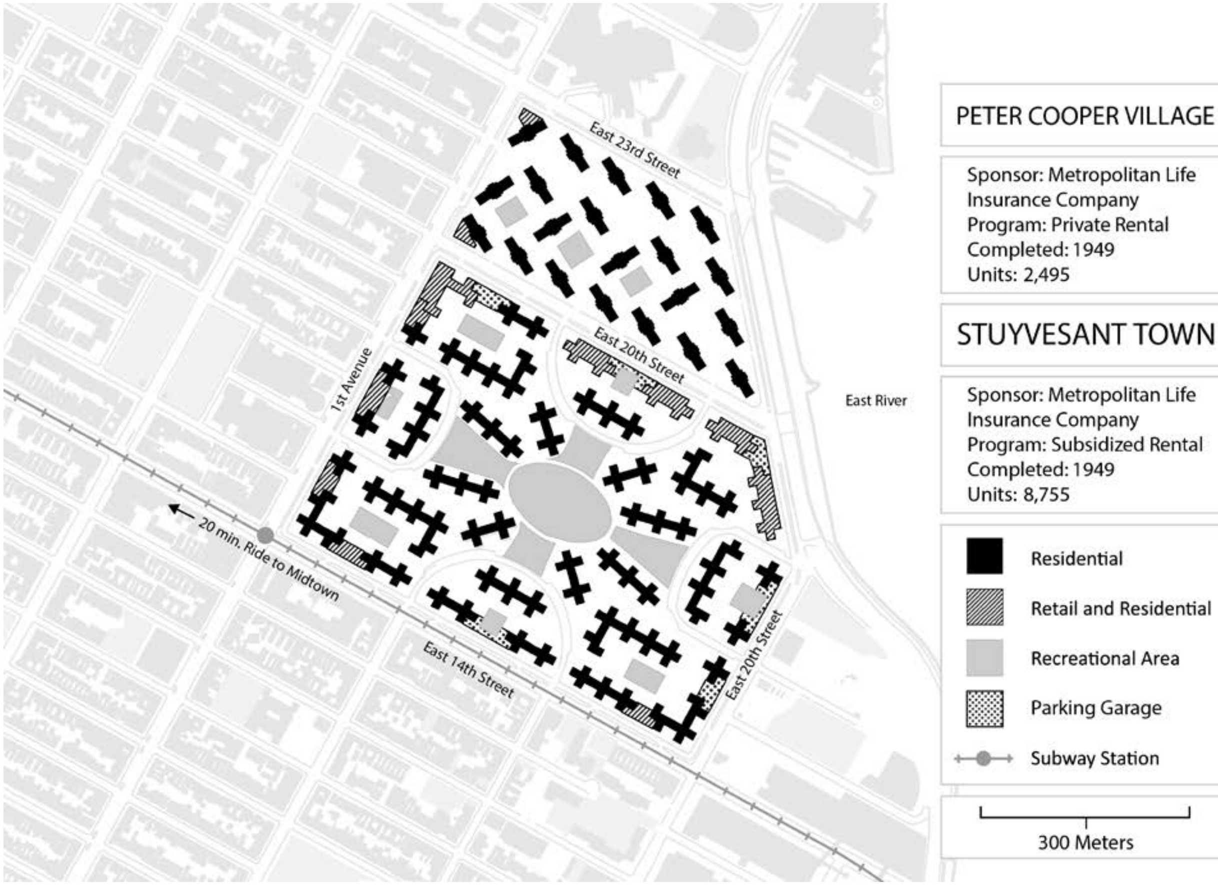

Fig. 19: Stuyvesant Town and Peter Cooper Village in the context of lower Manhattan. Note the placement of retail on the project's borders. | *Source: NYC Open Data. Map produced by author.*

Fig. 20: Riverton Houses in Harlem. | *Photograph taken by author.*

Fig. 21: This map of median household income by census tract in 1950 demonstrates how much of an enclave Stuyvesant Town (highlighted in orange) was in postwar lower Manhattan. The darker the census tract, the higher the median income. | *Source: United States Census 1950. Map visualization by Social Explorer.*

The Life Insurance Housing Boom

The postwar housing emergency was far from confined to New York. Cities across the country struggled to accommodate a growing population—and the beginnings of a baby boom—in a housing stock that had suffered through years of depression and war. Policymakers at all levels of government scrambled to induce private construction in the midst of rising inflation. Insurance companies, bloated with wartime profit, were on the search for new investment outlets. The postwar housing shortage provided the necessary political and economic opportunity for a brief, albeit intense, surge of fiduciary housing from coast to coast.[141] Before 1945, only New York, New Jersey, California and Connecticut had ever allowed insurance companies to own residential real estate. By 1954, all but two states had amended their codes, typically permitting insurers to invest up to ten percent of their stated assets into "moderate-income housing," though this was rarely accompanied by any income or rent restrictions.[142]

From Baltimore to Chicago, from Cincinnati to Los Angeles, life insurers followed the example of Metropolitan Life, pouring policyholder funds into large-scale rental complexes. By 1947, *Real Estate Forum* heralded these developments as "the new real estate phenomenon," observing that "the unprecedented residential shortage with its excellent investment possibilities" had been met by appropriate "legislative encouragement to institutional

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[141] The looming threat of federal oversight may also have prompted insurers to invest in rental housing upon war's end. The industry had been regulated at the state level since an 1868 Supreme Court decision had ruled that life insurance was intra- rather than interstate commerce, and thus beyond the constitutional purview of the federal government. Insurers largely favored this decentralized framework, erecting a robust state-level lobbying infrastructure and often playing states off each other to the industry's advantage. The Supreme Court reversed its position in 1944 with the case of United States vs. South-Eastern Underwriters, which accused the industry of price-fixing and other monopolistic practices. The Court's decision raised the possibility that the federal government might take a more activist stance. Insurers appealed to Congress to maintain state oversight, and an intense lobbying effort led to the passage of the McCarran-Ferguson Act in May 1945, which protected the state-based system. But anxiety continued to wrack the industry, prompting a public relations offensive of which housing projects were a particularly visible piece.

[142] Snider, *Life Insurance Investment in Commercial Real Estate*.

investors."[143] This was followed and soon exceeded by a simultaneous boom in FHA-insured rental and cooperative developments across the metropolitan United States. The Section 608 veterans housing program was particularly prolific, with generous mortgage insurance provisions underwriting the construction of 464,000 apartments from enactment in 1948 until repeal in 1954.[144] This was also a period of considerable experimentation at the local level. In 1946, the urgency of postwar housing needs prompted New York's housing authority to embark on a so-called "no-cash subsidy" program to build public housing for middle-income residents, predominantly veterans. Projects were built on city-owned land without federal funds, and rents had to cover both operating and debt service costs—making them two to three times more expensive than federally-subsidized public housing.[145] Though the program got off to a slow start, by 1960 it had generated an impressive 36,000 apartments across New York City.[146] In comparison, life insurers had only developed an estimated 50,000 apartments *nationwide* by 1950.[147]

In the immediate postwar years, however, life insurers made a significant contribution to improving and expanding New York City's housing stock. In April 1946, the state legislature introduced a new version of the O'Brien-Piper Bill, allowing insurance companies to invest up to three percent of their assets in income-producing real estate. On the heels of the amendment, the Big Three finally ventured into housing development.[148] Unsurprisingly, given the furor surrounding Stuyvesant Town, none of them chose to build under the aegis of the

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[143] "The New Real Estate Phenomenon: Large-Scale Institutional Developments," *Real Estate Forum*, February 1947.
[144] Garvin, *The American City: What Works, What Doesn't*, 234.
[145] Freeman, *Working-Class New York*, 109.
[146] Bloom and Lasner, *Affordable Housing in New York: The People, Places, and Policies That Transformed a City*, 116.
[147] Close, "New Homes with Insurance Dollars," 454. Title VII of the 1949 Housing Act sought to further stimulate fiduciary development through the provision of yield insurance, which guaranteed life insurers a 2.75 percent return if they invested in rent-restricted, moderate-income housing. The combination of low returns and regulated rents proved distinctly unappealing, however, and the provisions were never used. Life insurance executives typically cited 3.5 percent as the threshold for investment. See: "Amended Housing Bill Going to Congress; Will Offer More Aid to Private Builders," *New York Times*, October 25, 1945; "Insurers Wary of Housing," *Business Week*, June 5, 1948.
[148] "Forms Housing Division," *New York Times*, May 8, 1946.

Redevelopment Companies Law. Instead, they mostly followed the Parkchester template, identifying large, open tracts on the city's edges and cutting costs through architectural standardization and efficient site planning. As Pink noted ruefully at the time, "while I would like to see them take advantage of statutes such as the Redevelopment Companies Law… my feeling is that in the immediate future life insurance companies will invest largely in private projects without tax help and without the restrictions which tax limitation implies."[149]

Perhaps the most notable of these efforts, at least in terms of design, was Fresh Meadows, a new neighborhood built by New York Life on the site of a former golf course in eastern Queens (see Figs. 22 and 23). While the project's name evoked pastoral calm and its outer borough location would have struck many New Yorkers as "the country," company planners imbued the project with a walkable character and a rectilinear, compact charm. Socially as well as spatially, Fresh Meadows offered a vision of metropolitan development that bridged city and suburb, with a studied array of low-rise duplexes and high-rise tower blocks organized around shops, schools and open spaces. Innovations such as automatic laundry rooms and chrome kitchen fixtures represented cutting-edge modernity. With a baby boom in the offing, childrearing soon became a focal point of community life.[150]

Former New York City Planning Commissioner Carl Weisbrod, whose family was among the first wave of movers, recalled how the project's comprehensive design was well-suited to children: "The freedom I had as a young child to go to school and the library by myself, to engage in formless, non-organized sports with my friends right outside my apartment, the ability to climb a tree and quietly think about the world, even as a 10-year old was, in hindsight especially, almost idyllic."[151] Lewis Mumford, meanwhile, praised the project as "perhaps the most positive and exhilarating example of large-scale community planning in this country," and contrasted it sharply to the "windy bleakness of high-rise slabs" like Stuyvesant Town.[152]

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[149] Columbia University Oral History Collection, *The Reminiscences of Louis H. Pink*, 139.
[150] Fred Cantor and Debra Davidson, *Fresh Meadows* (Mount Pleasant, SC: Arcadia Publishing, 2011).
[151] Carl Weisbrod, Written Communication with Author, September 18, 2016.
[152] Lewis Mumford, *City in History: Its Origins, Its Transformations, and Its Prospects* (New York, NY: Harcourt, Brace and World, 1961), Graphic Section IV: Plate 52.

Fresh Meadows was among the first in a slew of garden apartment complexes that proliferated across eastern Queens in the early postwar period. Largely built with FHA financing on cheap, open land, these projects offered a "hybrid" lifestyle of multifamily living in a parklike, suburban setting.[153] Most were also highly homogenous, in age, race and class. As Weisbrod recalls, "these developments were products of their time… a reflection of 1950s conformity, where there was a high premium on everyone being the same. You had to be like your neighbors, and you had to have the same social norms as your neighbors."[154] Yet Fresh Meadows was unusual in the variety of its building types, the sophistication of its site planning, and the range of amenities provided. The *New York Times* speculated that this higher standard was due to the company's deep pockets and long-range investment strategy. By comparison to the speculative uniformity of mass suburbia or the regimented austerity of public housing, the *Times* noted that the "large equity investments" of the life insurance companies were characterized by greater "variety and balance," creating long-term value rather than short-term profits from an immediate sale.[155]

Upon completion, however, Fresh Meadows' rents were almost twice those of Stuyvesant Town.[156] The project's residents, accordingly, earned substantially more, with a median household income of $6,383 substantially exceeding the city's median of $5,105.[157] These higher prices reflected an upward surge in construction costs following the end of the war. Between 1939 and 1948, construction costs—including both materials and labor—had more than doubled, putting serious stress on the profit potential of new rental housing (see Fig. 24).[158] The Equitable Life Assurance Company's Clinton Hill Apartments in Brooklyn, built in

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[153] Bloom and Lasner, *Affordable Housing in New York: The People, Places, and Policies That Transformed a City*, 156.
[154] Carl Weisbrod, Interview with Author, July 21, 2016.
[155] "Fresh Meadow Project Will House 11,000," *New York Times*, August 29, 1948.
[156] Robbins and Sameth, *Directory of Large-Scale Rental and Cooperative Housing with a Summary of Legislation Relating to Housing and Urban Renewal in New York City*, 24; Maxwell H. Tretter, "Public Housing Without Cash Subsidy," *Housing News* (June 1947), Box 93, Folder 2 "Middle Income Housing, General Material (1 of 2)," CHPC.
[157] United States Census, 1950, accessed January 4, 2017 at: www.socialexplorer.com
[158] Close, "New Homes with Insurance Dollars," 452.

phases between 1943 and 1947, reflected these rising costs: rooms in the first set of buildings rented for $13 a month, in the second for $18 a month, and in the final third for $24 a month.[159]

New York Life's second large-scale project, Manhattan House on East 68th Street, faced particularly severe cost-control issues. The 600-unit, full-block development was originally planned for "the upper tier of the moderate-income group," given its location in a transitional neighborhood crisscrossed with elevated transit.[160] However, as construction costs escalated, the insurers reconceived the project for a more upscale clientele. Balconies were added to all apartments above the sixth floor and the building was clad in white brick to differentiate the project from other, more mass market apartment buildings. By 1957, rents at Manhattan House were over twice those at Fresh Meadows.[161] In a letter to the state insurance department, Moses expressed concern with this shift towards higher-end housing: "luxury apartments have always been constructed by speculative private capital, and no public purpose whatever is served by allowing our great fiduciary corporations to enter this field."[162] Insurers, for their part, argued that higher-end rentals were the only way to appropriately safeguard policyholder funds against rising costs. Meanwhile, an ambitious housing program sponsored by the city's savings banks was scuttled, largely as a result of postwar inflation (see Fig. 25).[163]

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[159] "High Costs Block Housing," *Portsmouth Ohio Times*, June 17, 1948. See also: "Insurance Role in Housing Cut by High Costs," *New York Journal of Commerce*, March 29, 1948.
[160] Schultz, *Life Insurance Housing Projects,* 93; "N.Y. Life to Build 19-Story Housing," *New York Times*, April 5, 1949.
[161] Robbins and Sameth, *Directory of Large-Scale Rental and Cooperative Housing,* 24.
[162] Robert Moses, Letter to Robert Dineen, May 19, 1947, Box 71, Folder 707 "Housing—Private Financing of Projects, 1945-1946," LGWA.
[163] Savings banks also built a handful of housing developments in the immediate postwar period, thanks to enabling legislation in March 1945 that permitted consortia of banks to jointly invest in large-scale rental projects. The savings banks' track record, however, was significantly spottier than the life insurers, for a number of reasons: higher liquidity needs than life insurance companies, hence an unwillingness to tie up substantial funds in real estate; stricter rent regulations by the state banking board; and the need to operate in consortia of at least 16 banks. Savings banks' housing efforts were also stymied by the postwar inflation in construction costs. Only four projects were built under the law: the 685-unit Parkway Village in Queens, completed 1948, primarily to serve as housing for United Nations employees; the 300-unit Arlington Village in East New York, completed in 1950; the 1,022-unit Concord Village in downtown Brooklyn, sold midway through construction to a private developer in 1956; and the 211-unit Hillview Towers in Harlem, completed in 1957. Colonial Village, Sedgwick Village and East River Apartments, large-scale savings bank projects in Harlem, the south Bronx and lower Manhattan respectively,

Construction cost was not the only factor putting a pinch on life insurance profits. The operation of existing developments also became a challenge, as escalating maintenance costs clashed with the city's increasingly stringent rent-control laws. The laws were first introduced as part of the federal Emergency Price Control Act (EPCA), a 1942 law that included price controls for apartments in areas experiencing dramatic rent increases due to wartime mobilization. In November 1943, the Federal Office of Price Administration (OPA) issued regulations freezing New York City rents at March 1, 1943 levels. Concerned that the end of the war would lead to the end of the controls in a city where housing was at a premium, tenant, veterans and labor groups secured the passage of state "standby" legislation in 1946 that aimed to preserve rent controls in the event that federal controls were lifted.[164] In 1950, taking advantage of a 1949 federal law that allowed states implement their own rent regulations, the state legislature imposed a statewide rent freeze and established a commission to review rent regulation. The following year, the state established rent controls modeled on the federal system, covering rents for 2.1 million apartments in New York City, and another 400,000 units in other New York State localities. Like the federal system, the state controls only applied to buildings occupied before February 1947.[165]

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never proceeded past the planning stage. In 1949, Moses wrote exasperatingly to Brooklyn Borough President John Cashmore that "one of the things we have all learned as a result of this experience is that 16 savings banks operating under the Redevelopment Act can't possibly build anything. It takes one company with one head." Robert Moses, Letter to John Cashmore, February 4, 1949, Box 73, Folder 736 "Housing Projects—Concord Village Houses, 1946-1960," LGWA. For more detail on the short-lived savings banks housing program, see: "Four Brooklyn Savings Bankers Give Their Views on Housing Project," *Savings Bank Journal* (April 1945): 14. "Banks and City Sign Accord on Harlem Homes," *New York Herald Tribune*, July 26, 1945; "New York Savings Banks Will Enter Apartment Building Field," *Boston Business*, August 1945; Richard J. Olds, "The Savings Banks' Housing Program in New York State—A Summary," *Savings Bank Journal* (December 1946), 14-16; "Housing Is Slated for Polo Grounds," *New York Times*, December 24, 1959; "4,500 Applications, 211 Apartments," *Citizens' Housing News*, 1956, Box 93, Folder 3 "Middle Income Housing, General Material (2 of 2)," CHPC; "Housing Projects Financed by Redevelopment Corporations, Life Insurance Companies and Savings Banks in New York" Box 93, Folder 3 "Middle Income Housing, General Material (2 of 2)," CHPC; Thomas C. Desmond, "Financing of Housing by Savings Banks," *Savings Banks Journal* (January 1943), 19; Kenneth Duncan, "What Price Contract… With a City," *Savings Bank Journal* (June 1952) 35.

[164] For more on the politics of rent control, see: Roberta Gold, *When Tenants Claimed the City: The Struggle for Citizenship in New York City Housing* (Chicago, IL: University of Illinois Press, 2014), chapter 1: "A Time of Struggle."

As a large, pre-war rental property, Parkchester had to conform to rent control provisions. Writing in the city's *Commercial and Financial Chronicle* in 1946, Ecker criticized rent controls for "not allow[ing] us to charge a rental to provide a reasonable return on the cost of improvement."[166] With operating costs on the rise, Ecker argued that landlords were in a bind, caught between the real cost of housing and policies that legitimated tenant opposition at the slightest hint of a rent increase. Reflecting on the impact of rent control on housing investment patterns over the course of the 1950s, urban economist Louis Winnick stated in 1958 that, "no matter how the blame is to be shared, ownership of residential real estate has proved to be a distasteful experience to many landlords... Many must [envy] the serene investor in stocks, bonds, or even a noisy but peaceful industrial building."[167]

Metropolitan got its first taste of tenant-landlord conflict in 1948, when it filed for permission to raise rents at Parkchester. The insurers claimed that the original 1940 rents were based on operating costs that, due to postwar inflation, were 80 percent below current costs. Under postwar laws, landlords were technically allowed to raise rents by up to 15 percent, but Metropolitan Life proposed raising them by an average of 12 percent "as a gesture of goodwill." Nevertheless, the rent increase sparked opposition among tenants, amplified by the fact that Parkchester represented, as the *New York Times* observed, "the largest segment of apartment dwellers yet involved in any proposed blanket rise."[168]

Rent disputes came to Stuyvesant Town in 1951, when Metropolitan filed for a hardship-induced rent increase. Under the terms of the Redevelopment Companies Law, the insurers were entitled to a six percent net return on investment, and after four years of operations were allowed to implement a rent increase—pending city approval—if they could prove the property was generating inadequate returns. By the early 1950s, the company was complaining that returns had fallen under four percent, due to rising payroll, fuel costs and

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[166] Frederick H. Ecker, "Main Factors in Housing Shortage," *Commercial and Financial Chronicle*, January 10, 1946.
[167] Winnick, *Rental Housing,* 140.
[168] "Rents to Go Up 12 percent at Parkchester," *New York Times*, July 22, 1948.

contract services.[169] Critics such as Charles Abrams shot back that Metropolitan Life's effective returns ran closer to ten percent, but were hidden by fiscal obfuscations.[170] Even Robert Moses showed impatience with the company's repeated requests for rent increases, noting in a 1954 letter to Mayor Robert Wagner that "there is quite a little funny bookkeeping in all this," and reminding him that because Metropolitan Life was both owner and financier, "an insurance company which goes on indefinitely can produce an altogether different picture [than a conventional developer] by stringing out the amortization period."[171]

Aware that they were swimming against the tide of public opinion, Metropolitan proposed to spread the rent increase gradually over four years, and carried out an extensive public relations campaign to convince residents that the increase was necessary to replenish replacement reserves and keep the property in working order. Tenants received pamphlets with names like "What is a Reasonable Return on Stuyvesant Town?" and "Why Did the City Urge Metropolitan to Build Stuyvesant Town?," many of which emphasized the fact that Metropolitan was not a speculative investor, but rather a mutually-owned trustee of public funds (see Fig. 26). One pamphlet pointed out that "it would not be fair to ask… policyholders to pay more for their insurance to make up for an inadequate rental that does not give a reasonable return for investment."[172]

Despite these efforts, the rent increase application provoked uproar amongst Stuyvesant Town residents. Editorials in the *New York Times* painted an image of "25,000 orphans [evicted from] the home of their dreams," and held the company responsible for Manhattan's "vanishing middle class," a claim housing advocates had been invoking for over a century.[173] The sheer size of Stuyvesant Town amplified the issue, making it hard for politicians or reporters to ignore. When the rent increase proposal went before the city's Board of

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[169] Starr, *Housing and the Money Market,* 134.
[170] Abrams, *The Future of Housing*, 178.
[171] Robert Moses, Letter to Robert Wagner, April 10, 1954, Box 75, Folder "Library—Robert Moses Correspondence—January 1, 1954 to December 31, 1954 from TBTA Housing File," RPM.
[172] "Who Owns Stuyvesant Town?" Subject Files: Stuyvesant Town, 1951-1952, Folder 5, MetLife Archives.
[173] "Middle-Income Housing," *New York Times,* May 29, 1952.

Estimate in 1952, it was rejected 15 to 1.[174] Meanwhile, a special bill was introduced into the State Assembly which aimed to prevent Redevelopment Companies from instituting rent increases above a certain level.[175] Metropolitan was eventually granted permission to raise rents after taking its case to the State Supreme Court, but not without generating considerable ill will amongst tenants and local politicians.[176] The dynamic of "vertical voting blocs" of well-organized tenants resisting rent increases would continue to animate the politics of large-scale, middle-class housing for decades to come. At Stuyvesant Town, Metropolitan Life would encounter vehement resistance when it raised rents in 1961, 1963 and 1970. Each time, the city's Board of Estimate sided with tenants, while state courts sided with the landlord.[177] Other fiduciaries took note of this politicized dynamic. As an editorial in the *Savings Bank Journal* observed, the actions of the city legislature had "caused a number of investors to raise the question of just how much confidence can or should be placed in a contract entered into with a municipality."[178]

The specter of racial discrimination also continued to haunt Metropolitan, intensified by New York's rapidly changing postwar demographics. When Parkchester opened its doors in 1940, the city's population was still overwhelmingly white, and discriminatory leasing in a private rental development raised few hackles.[179] A decade later, mass migration from Puerto Rico and the southern states had begun to alter the city's racial economy. Protests, rallies, and court actions by civil rights advocates disturbed the manicured tranquility of Stuyvesant Town in the early 1950s. Initially, Metropolitan held firm, branding activists as Communist sympathizers, but in 1952, under pressure from a new city law, the company relented,

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[174] "Stuyvesant Town Rent Increase Rejected by City, Goes to Court," *New York Herald Tribune*, May 20, 1952.
[175] Herald Tribune, May 20, 1952.
[176] "Rent Rise Is Upheld at Stuyvesant Town," *New York Times*, February 26, 1954.
[177] Bagli, *Other People's Money*, 64.
[178] Kenneth Duncan, "What Price Contract… With a City," *Savings Bank Journal* (June 1952), 35.
[179] According to the US Census, the borough of the Bronx was 98 percent white in 1940, very much in line with Parkchester's demographics. See: "New York - Race and Hispanic Origin for Selected Large Cities and Other Places: Earliest Census to 1990," census.gov, July 13, 2005, accessed January 3, 2017 at: http://www.census.gov/population/www/documentation/twps0076/NYtab.pdf

amending its leasing policies to accept African-American and Puerto Rican tenants. Even so, the company was unable to shake its racist reputation, and the project remained "a bastion of whiteness" well into the 1970s.[180]

Parkchester too became embroiled in the politics of the open housing movement. Whereas the insurers had adopted an openly discriminatory policy at Stuyvesant Town, they reportedly deployed a subtler strategy at Parkchester, prioritizing applications from relatives of existing residents in order to perpetuate racial exclusion.[181] In 1953, an African-American family was evicted by force for supposedly violating Parkchester's subletting rules. The eviction led to a series of protests which were heavily covered in the local press, including when six women—four of whom were white—chained themselves to chairs in Metropolitan's Home Office to raise awareness of the company's discriminatory policies.[182] The following year, the NAACP, the Urban League, and several Bronx-based Jewish labor groups formed the Inter-Group Committee for Integration at Parkchester in an attempt to desegregate the project. In an open letter to the insurance company, the committee wrote that "while total housing integration is becoming more and more the pattern in our most enlightened communities, your company has persisted in operating the largest privately-owned housing project in the world on an all-white tenancy basis."[183]

Despite the negative press, the company refused to amend its policies.[184] The situation did not change until May 1968, when, at the height of the civil rights movement, New York City's Commission on Human Rights brought a suit against Metropolitan Life for "deliberate, intentional and systematic" exclusion of minorities from Parkchester, Stuyvesant Town and Peter Cooper Village. The report detailed how Parkchester's leasing office, despite averaging

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[180] For more detail on civil rights battles at Stuyvesant Town, see: Zipp, *Manhattan Projects*, 120-128.
[181] "City Charges Bias at Three Projects," *New York Times*, May 28, 1968.
[182] "Women in Chains Protest Eviction," *New York Times*, May 20, 1953.
[183] Urban League of Greater New York, "Press Release: March 13, 1954," Box 129, Folder 1866 "Housing - Parkchester, 1954," LGWA.
[184] Metropolitan's projects were hardly the only fiduciary rentals to remain lilywhite. Fresh Meadows, too, remained over 90 percent white into the 1980s.

400 vacancies a year, had only ever rented to 25 non-white households.[185] Metropolitan Life, fearing fines and possible jail time for top executives, quickly amended its leasing policies, promoting minority applicants to the top of the waiting list and placing advertisements for its "white" properties at Riverton Houses in Harlem. Not long after, rumors began to circulate that the company—tired of combative tenants, negative media attention, and diminishing returns—was looking to sell its properties and get out of the housing game for good.[186] The high visibility nature of the company's housing investments had not only proved an economic disappointment, but a political liability as well.

[185] "City Charges Bias at Three Projects," *New York Times*, May 28, 1968.
[186] "Parkchester Sale," March 8, 1968, Subject Files "Parkchester – Sale – 1968-1970," MetLife Company Archives.

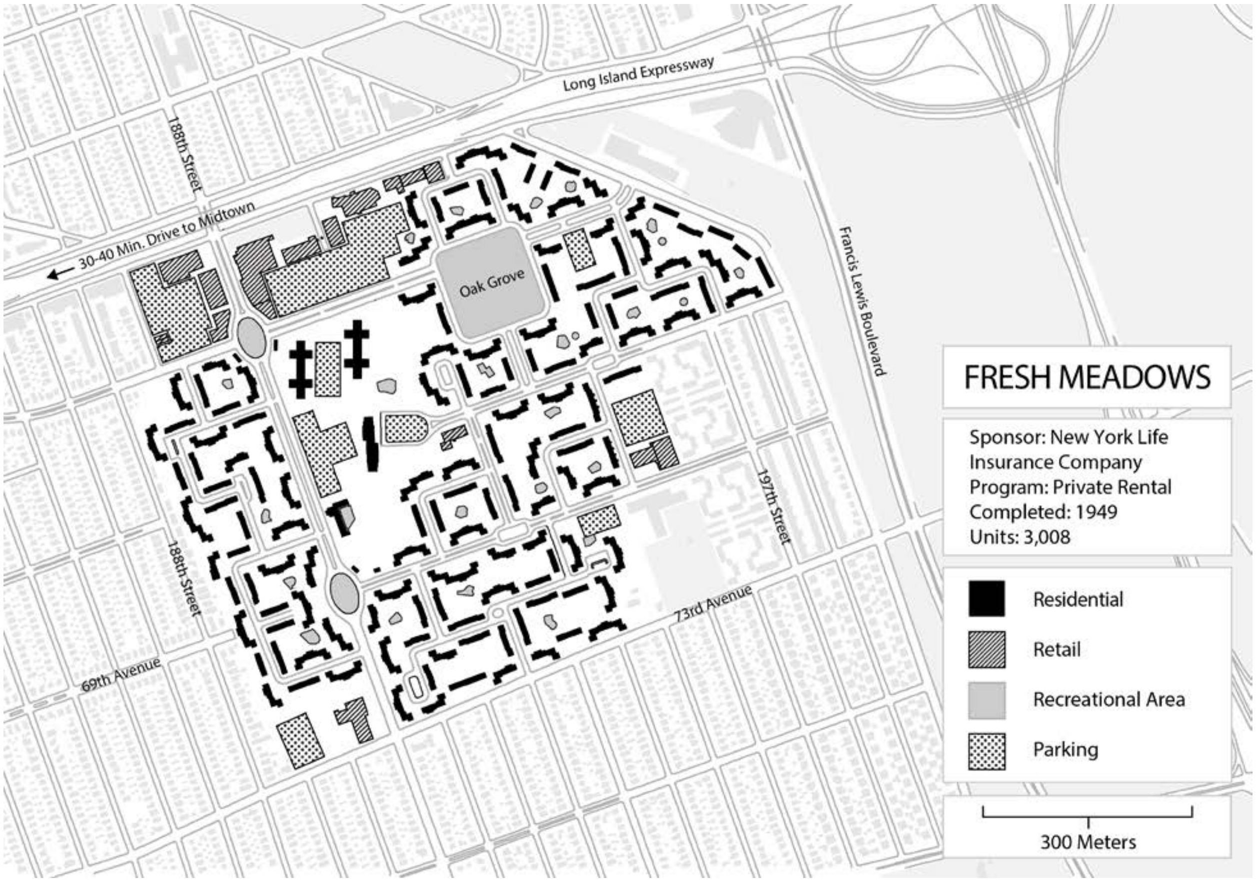


Fig. 22: A site plan of Fresh Meadows, Queens, built by the New York Life Insurance Company in 1949. | *Source: NYC Open Data. Map produced by author.*

Fig. 23: Duplex apartments at Fresh Meadows. Other building types include three and thirteen-story apartment buildings. Note the large amount of shared private open space. Buildings cover less than 15 percent of the project's 147-acre site. | *Photograph taken by author.*

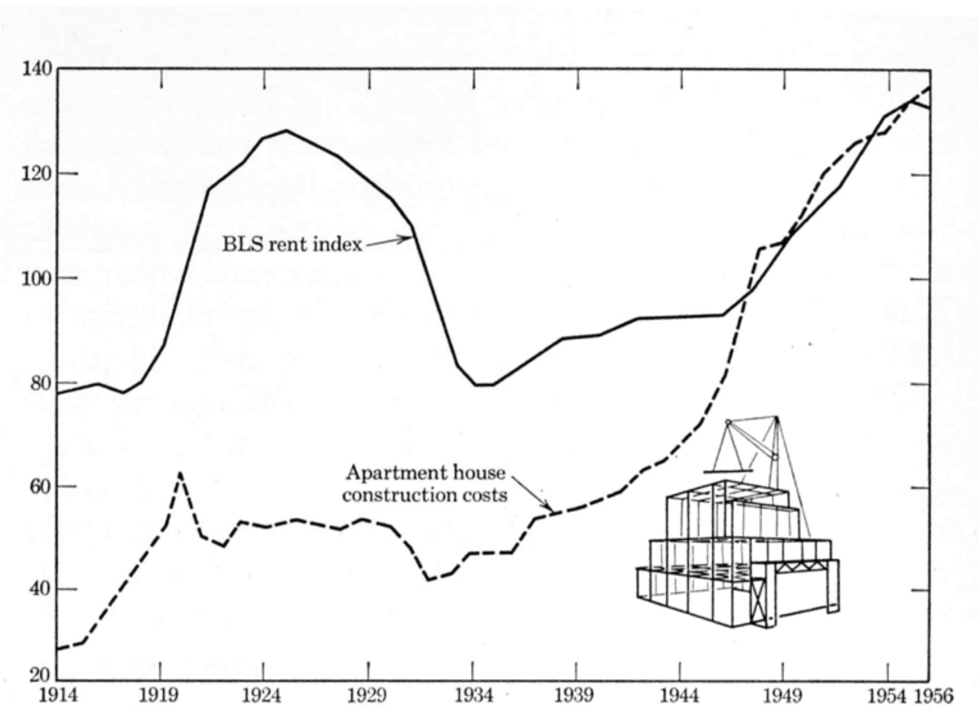


Fig. 24: Indexes of rent and multifamily construction costs in the United States, 1914 to 1956. Construction costs in 1941, when Parkchester was completed, were approximately half those in 1949, when Stuyvesant Town was completed. | *Source: Winnick, Rental Housing, 131.*

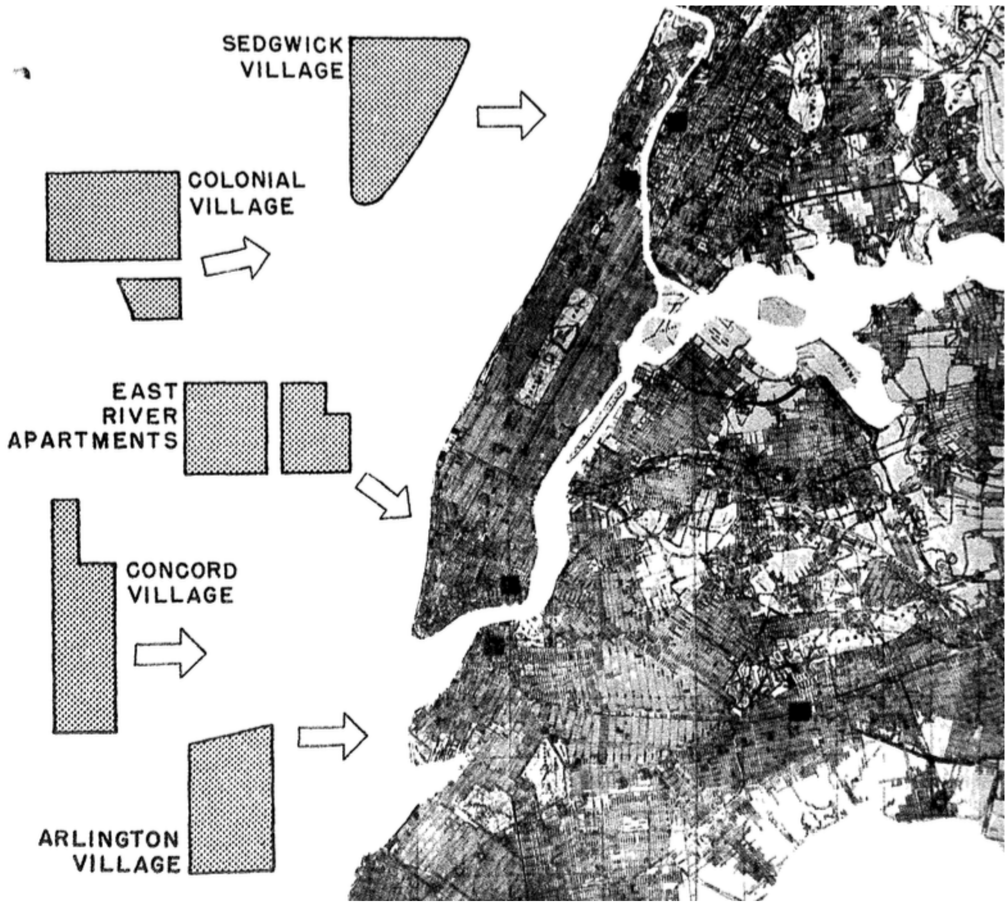
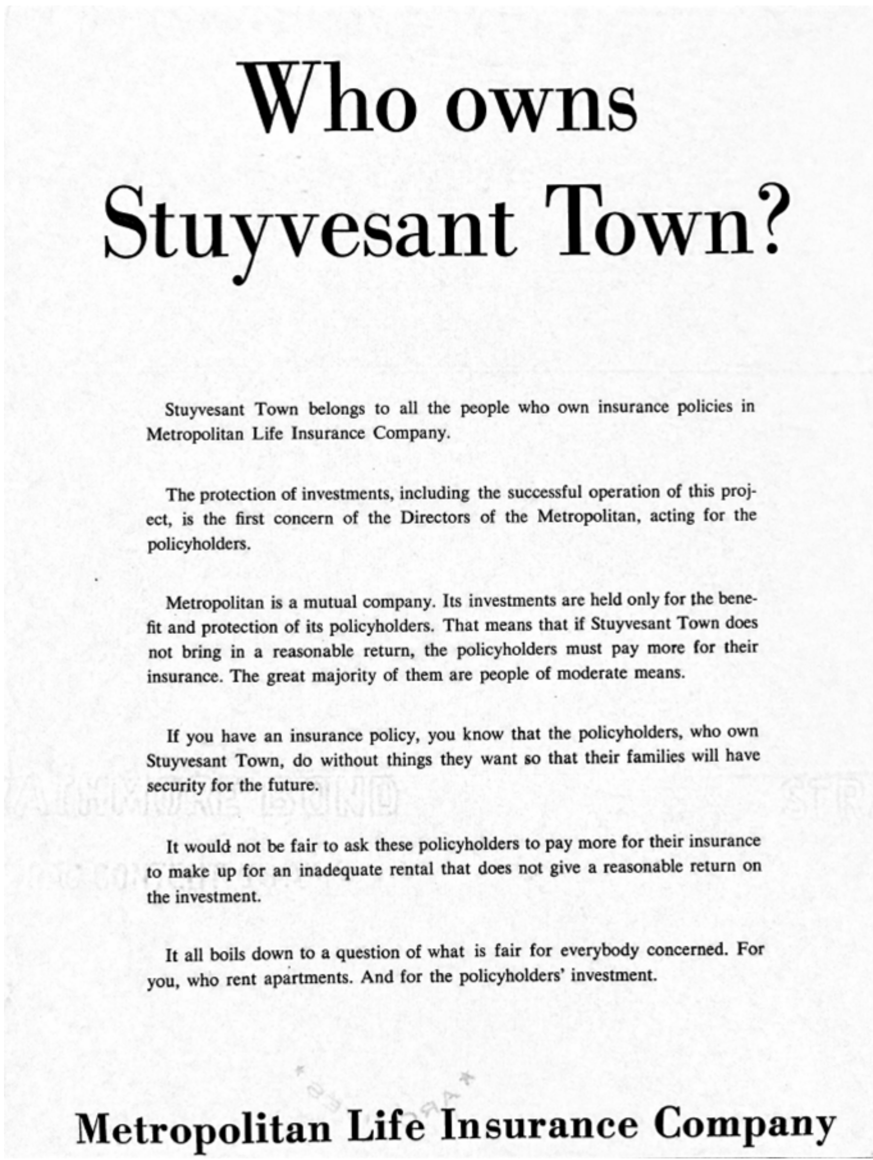


Fig. 25: A map showing proposed savings banks housing projects—or "villages"—in New York City. Of the five projects shown here, only Arlington Village was completed as planned. Concord Village was sold midway through construction to a private investor. The other three were abandoned due to rapidly rising construction costs in the late 1940s and unresolved debates with public officials over the appropriate rents. | *Source: Savings Banks Trust Company, "13th Annual Report to the 131 Mutual Savings Banks in New York State, Owners of Savings Banks Trust Company," 1945, Box 71, Folder 707 "Housing—Private Financing of Projects, 1945-1946," LWGA.*



Who owns Stuyvesant Town?

Stuyvesant Town belongs to all the people who own insurance policies in Metropolitan Life Insurance Company.

The protection of investments, including the successful operation of this project, is the first concern of the Directors of the Metropolitan, acting for the policyholders.

Metropolitan is a mutual company. Its investments are held only for the benefit and protection of its policyholders. That means that if Stuyvesant Town does not bring in a reasonable return, the policyholders must pay more for their insurance. The great majority of them are people of moderate means.

If you have an insurance policy, you know that the policyholders, who own Stuyvesant Town, do without things they want so that their families will have security for the future.

It would not be fair to ask these policyholders to pay more for their insurance to make up for an inadequate rental that does not give a reasonable return on the investment.

It all boils down to a question of what is fair for everybody concerned. For you, who rent apartments. And for the policyholders' investment.

Metropolitan Life Insurance Company

Fig. 26: A leaflet handed out to Stuyvesant Town residents in 1951, in an attempt to defuse opposition to a proposed rent increase. | *Source: "Who Owns Stuyvesant Town?" Subject Files: Stuyvesant Town, 1951-1952, Folder 5, MetLife Archives.*

The End of Life Insurance Housing

> *Operating what I call a high visibility investment—[and housing] is about as high visibility an investment as you can probably get—makes large institutions shudder… I think this is an important aspect of all investment in housing because of the political atmosphere in which housing operates. I think it's only natural that many investors are frightened by the high visibility.*
>
> – Otto Nelson, Vice President, New York Life Insurance Company, quoted in: "Apartment Roundtable Asks: What Price Urban Living?" *Architectural Forum* (March 1964), 87.

By the early 1960s, life insurance companies had not only stopped building new housing. Many had stopped owning it altogether. The postwar demographic boom swelled the coffers of the industry, with total assets tripling between 1945 and 1960.[187] As returns on corporate securities, commercial real estate, and home mortgages continued to climb, the value of housing ownership faded. The long-term stability of central city investment was also increasingly in question. Starting in the late 1940s, speculative builders swamped the outlying sections of metropolitan areas with new, single-family homes. The innovation of the self-amortizing mortgage, the expansion of highway networks, the baby boom, and the specter of inner-city racial conflict coalesced to push hundreds of thousands of white, working- and middle-class families into new suburbs in New Jersey, Long Island and elsewhere. Levittown, New York, the prototypical post-war suburb, offered for-sale homes at the cost of $60 a month, with little or no money down, offering a competitive alternative to the $55 median rents at Stuyvesant Town.[188] Prospects for new urban housing grew dimmer. In a 1958 study, economist Louis Winnick declared that, "as things now stand, there are simply not enough inducements for equity investors, mortgage brokers, bankers, builders, and entrepreneurs to give sufficient attention to new city-based rental housing. The inducements favor homeownership."[189]

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[187] Martin Mayer, *The Bankers* (New York, NY: Weybright and Talley, 1974), 190.
[188] Woldoff, Morrison, and Glass, *Priced Out,* 71.
[189] Winnick, *Rental Housing*, 2.

The life insurance companies were hardly oblivious to these trends. Indeed, insurers were by far the biggest purchasers of FHA- and VA-insured mortgages, profiting from the very suburbanization that undercut their center city investments.[190] By 1952, government-insured loans represented 44 percent of the entire industry's mortgage portfolio.[191] New state laws also enabled insurers to invest in commercial real estate for the first time, leading to heavy investments in suburban shopping malls.[192] In New York State, these amendments passed in 1946.[193] By 1950, the industry's investments in commercial real estate doubled those in residential. By 1958, the ratio was four to one (see Fig. 27).[194] Meanwhile, life insurers disposed of their residential properties. Despite the politics of rent control, many investors were drawn to the accelerated depreciation savings and tax shelter potential of rental properties with sizeable cash flow—and, starting in the mid-1960s, by the liberalization of condominium and co-operative conversion laws. In 1968, Metropolitan Life sold Parkchester to a syndicate of investors headed by prominent commercial landlord Harry Helmsley. Despite having a portfolio dominated by prestigious office buildings—including the Flatiron and the Empire State buildings—Helmsley had become increasingly enamored with the idea of converting rent-regulated properties into condominiums, and selling off apartments by the hundreds to tenants and other prospective buyers.[195] In the next few years he would purchase several other life insurance

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[190] Thomas W. Hanchett, "Financing Suburbia: Prudential Insurance and the Post-World War II Transformation of the American City," *Journal of Urban History* 26, no. 3 (2000): 312–28.
[191] Insurers purchased these loans not only because they were insulated against default, but because, unlike conventional mortgages at the time, they provided a steady stream of monthly debt service payments, thus posing no problems for company liquidity. Snider, *Life Insurance Investment in Commercial Real Estate*.
[192] Thomas W. Hanchett, "U.S. Tax Policy and the Shopping-Center Boom of the 1950s and 1960s," *American Historical Review* 101, no. 4 (1996): 1082-1110. Harold Snider argues that insurers were drawn to commercial property not just for its economic viability relative to residential real estate, but also its lack of controversy. Insurers' use of long-term leases to commercial tenants typically made their role as landlords inscrutable, in contrast to their ever-present role as owners and managers in their residential properties. Snider, *Life Insurance Investment in Commercial Real Estate*, 65.
[193] "Under New State Legislation, the Company Aims to Extend its Realty Investments," *The Home Office*, February 1947.
[194] Commission on Money and Credit, *Life Insurance Companies as Financial Institutions*, 56.
[195] Condominiums were legalized in New York State in 1964. Stanley Rosenthal, "Point of View; Growth in Condominiums Desirable for City Growth in Condominiums Favored," *New York Times*, September 6, 1970.

developments, including Fresh Meadows in Queens and Parkmerced in San Francisco, with the same objective.[196]

In the early 1970s, with the expiration of property tax abatements looming, Metropolitan announced its intention to sell Stuyvesant Town as well. Rumors began to circulate that Helmsley might be the purchaser, despite running into legal and political hurdles with the ongoing condominium conversion of Parkchester.[197] At the same time, tenants researched the possibility of buying the property themselves and converting it to a cooperative. Only days before the benefits were set to expire, the state legislature voted to extend tax abatements for another decade. But instead of selling the property, Metropolitan decided to stay on as landlord. In exchange for renewed tax breaks, the insurers agreed to place all 8,755 apartments into the city's new rent stabilization program, a less restrictive iteration of rent control introduced to temper the effects of Vietnam-era inflation. In a press statement following the agreement, a spokesman for Metropolitan Life complained that, "some tenants think that because we are a large company, we need not be too concerned about yields. They expect more from us than other landlords..."[198]

In its adulatory review of Parkchester in the early 1940s, *Architectural Forum* described the project as a "permanent investment" of life insurance funds and predicted that it would be owned by Metropolitan for many years to come, and "probably forever."[199] That prediction proved naive. In the end, large-scale, middle-income housing failed to provide the financial returns that life insurance companies had anticipated. In the context of the postwar economic boom, the uncertain—and often regulated—returns of urban rental housing became unattractive to rapidly swelling institutional funds. Large housing projects also failed to burnish the public image of the industry. Instead, landlord ownership proved to be a liability, placing companies in conflict with resident-voters in the country's most liberal city. As New York's

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[196] "Housing in Fresh Meadows Is Sold by New York Life," *New York Times*, August 2, 1972. In the mid-1970s, residents of Parkchester and Fresh Meadows lobbied the city to introduce a new zoning category—the "Special Planned Community Preservation District"—to block Helmsley from densifying the developments with new housing. See: "Protection Voted for City Greenery," *New York Times*, June 13, 1974.
[197] "Parkchester Tenants Act to Bar Condominium Conversion Plan," *New York Times*, April 4, 1974.
[198] "Stuyvesant Town, with Tax Reprieve, Enters New Era," *New York Times*, June 16, 1974.
[199] "Metropolitan's Parkchester," *Architectural Forum*, 2.

economic and demographic base fragmented during the postwar decades, life insurers' commitment to the city was eclipsed by their fiduciary responsibilities to an increasingly suburban nation.

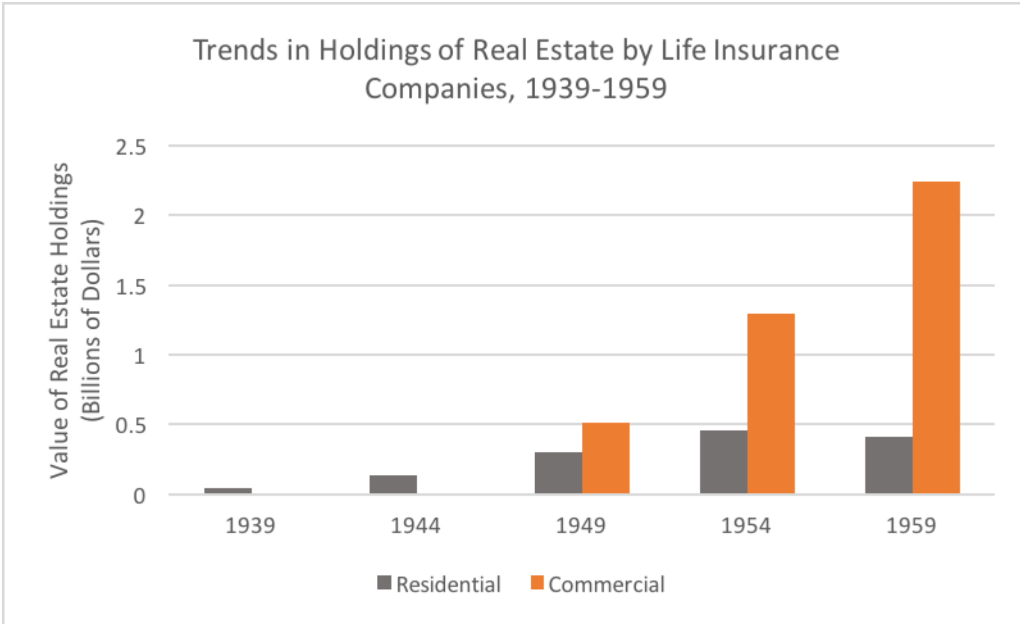

Fig. 27: Trends in holdings of real estate for life insurance companies. Liberalization of laws concerning ownership of commercial real estate led to a vast increase in that asset class, at the expense of rental housing. | *Source: Raymond W. Goldsmith, A Study of Saving in the United States, Vol. 1 (Princeton University Press, 1955), 659; Commission on Money and Credit, Life Insurance Companies as Financial Institutions, 56.*

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