

R U S S E L L
Rent Mutualization Plan
FOR NATIONAL RENT RELIEF

Universal Home Ownership
Through Normal Rent
Paying

WALTER RUSSELL, INC.

366 MADISON AVENUE, NEW YORK

Telephone Murray Hill 9308

FOREWORD

I believe that an organized effort for National Rent Relief would be the most important movement of this century.

Twenty-five years of intensive study of real estate financing has convinced me that the present rent paying system is as pernicious as it is unnecessary.

Rents are mounting beyond the ability of the people to pay.

They have reached the danger point where the National Welfare is affected.

Twenty-five years ago ten artists of whom I was one, planted the seed of this idea through perfecting the co-operative ownership movement which has spread around the world.

The principle has been accepted as economically sound because it has proved itself so.

In the proving I have equipped myself with the technical knowledge and surrounded myself with highly specialized associates for enabling me to take this final step which I believe to be of epochal importance because it will ease the great burden of rent paying to a rent weary world.

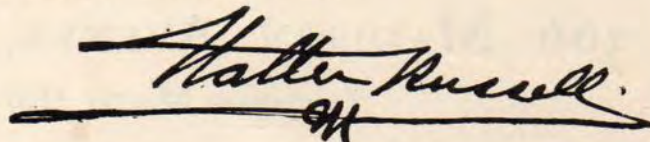
It will rid old age of the fear of dispossess.

It will convert the waste of a lifetime into the savings of a lifetime.

It will mean better citizenship because it automatically will make of this country a NATION OF HOME OWNERS.

I would rather give this idea to the world than possess all the wealth of Croesus.

The one hundred founders who are joining with me in giving this idea to the world feel as I do and are lending their names and their support with the feeling that the beneficial effect of this movement to the people transcends all idea of financial gain.

A handwritten signature in cursive script that reads "Walter Russell". The signature is written in dark ink and is underlined with a single horizontal line. There are some small, illegible marks or initials below the main signature.

Russell Rent Mutualization Plan for National Rent Relief

RENT MUTUALIZATION means universal property ownership through normal rent paying.

RENT MUTUALIZATION means putting a dividend paying value into rent receipts just as life insurance receipts became dividend paying through mutualization of the companies.

IT MEANS mutual ownership by all the people instead of individual ownership by the few.

IT MEANS the conversion of the waste of a lifetime into the savings of a lifetime.

IT MEANS participation by the rent payer in the potential value represented in the rent receipt.

IT MEANS gradual elimination of rent paying.

RENT PARTICIPATION would give back to the rent payer annually that share of the deed which his money has paid for after paying taxes, operating expenses, and fair service charges.

RENT PARTICIPATION should cut a man's rent in half in about seven years, or give him rent free and a substantial cash annuity in twenty-one years.

RENT PARTICIPATION rids one of the fear of dispossess when misfortune comes, for no one can be evicted so long as his participation credit is unused.

RENT PARTICIPATION gives a family two years free rent in the event of the death of the bread winner of the family while the present system gives not one day of respite from so dread a calamity.

RENT PAYING for a lifetime tends to impoverish a man, when, on the contrary, it should enrich him.

RENT PAYING to another owner is unnecessary when through co-operation the people can become owners of property and thus pay rent to themselves.

If it pays a landlord to erect buildings for the people to rent it should pay the people to erect their own buildings and participate in their earnings.

Buildings are paid for by rentals but the rent payers do not acquire the property thereby.

From one-third to one-half of your rent goes into the landlord's pocket. *Rent Mutualization* would put that back into your pocket.

The tremendous spread of co-operative ownership throughout the world has demonstrated the economic soundness of the principle of combination and co-operation as applied to home ownership.

It is a conceded fact that collectively many people can easily do that which is impossible for the few. *Rent Mutualization* is merely the united strength of the many pooled together for the one common purpose of rent saving through rent purchasing.

RENT MUTUALIZATION IS THE FINAL SOLUTION OF THE RENT PROBLEM

Founders of the National Rent Mutual Company

Founders' Committee:

ARCHITECTS	SCULPTORS	PAINTERS
Thomas Hastings	Edward McCartan	Frank V. DuMond
Burt Fenner	A. Stirling Calder	Arthur Crisp
Harvey Corbett		Felix Payant
Donn Barber		Walter Russell

One hundred prominent people have been selected to lend their names and invest \$1,000 each to give initial impetus to this idea by becoming its founders.

These one hundred founders' names are prominent painters, sculptors, architects, musicians, literateurs, art patrons, financiers and those people of vision who see in this idea the betterment of the human race through improved living conditions, increased prosperity through rent saving, the promotion of better citizenship through universal property ownership, the architectural improvement of our

great cities by removing the conditions which limit our architects,
and the artistic development of the nation through preparing New
York to be the Art Center of the World.

The following have already become founders:

André O. Olin Prastren
Thomas R. Jones

Carrie Hastings 14 West 8

52 Vanderbilt av -
by Thomas Hastings

George Perry Barnard
454 Fort Washington St

Howard Chandler Christy
Richard Barry 407 W 67th St.

McKim Mead White 101 Park Ave.

Gertrude S. Whitney 8 West 8th St.

Richard Le Gallienne

Irene J. Gross, Woodstock, N.Y.

Asimiles Corp 130 W. 42nd St.
Russell B. Smith, 152 Fifth Ave

Gordon N. Frank 137 E. 66 St.
J. Koules Hare. 1 W 67th St

Samuel Adams Clark
139 E 45th St N.Y. 10016
G. Warren & Clark

Grace H. Britton

Lilian B. Mallory
Woodstock

Harold W. Rambusch
2 West - 45th St New York City

Louis R. Barras
President
Barras Construction Corporation
366 Madison Ave. New York.

Frank J. Du Mond

27 West 67th St New York City

Felix Payant. 318 West 56 St.

A. Stirling Calder 11 East 14th

Edward Mc Cartan 157 East 35th

~~Henry J. Bullen~~

14 E 53rd St

New York

Wm. L. 101 Park Ave N.Y. City
1 West 67th

J. Phillip Schmand

1 enclijnd landau

~~Halter Russell~~

Alexander Brook Elizabeth H. Gross

THE WHITE HOUSE
WASHINGTON

August 16, 1923.

My dear Mr. Russell:

The President wishes me to express his thanks for your letter of August 15th and the interesting enclosure. He fully realizes the seriousness of the problem to which you are addressing attention and has been much interested in your suggestions as to measures for coping with it.

Most sincerely yours,

Geo. B. Christian
Secretary to the President.

Mr. Walter Russell,
Hotel Des Artistes,
1 West 67th Street,
New York City.

RUSSELL RENT RELIEF PLAN

Rent Relief Is The Nation's Great Necessity

Living conditions are not only becoming intolerable because of HIGH RENTS but impossible.

Billions of dollars have been wasted by rent payers in the past which it is now proposed to save.

The Russell Rent Mutualization Plan proposes to save this unnecessary waste and credit its value to the RENT PAYER instead of to the landlord.

Simplicity of Plan

Nothing could be more simple. Like all great ideas it is a wonder it has not been thought of long ago.

It is based on the fact that RENT PAYERS PAY ALL BUT THEY DO NOT GET ALL.

They only get rent receipts and the landlord gets the deed which the tenant's money has paid for.

There is not the slightest reason in the world why a tenant should not have what his money has paid for, because by uniting together for that one purpose nothing can prevent him from having his share of the deed for every months rent paid by him.

Some Interesting Facts About Rent Paying:

When one carelessly tosses a rent receipt in the waste basket one never realizes that fully one-third of its face value is potentially locked up in it.

Rental charges are based on one-third excess over all operating charges and interest on total investment.

This one-third excess is to buy the property for the landlord who usually doesn't own it until the tenant buys it for him.

Therefore every seven years that you pay rent you buy the equity in the property you live in.

You buy the deed with every rent receipt you get.

You give the deed to another and he gives you in return a worthless scrap of paper.

If you move out of the property you have bought you cannot take a door knob with you because the landlord has the deed and he can rent again.

If you pay rent for twenty-one years you have bought the property three times over yet if you fail to pay your rent you can be put out into the street, bag and baggage.

Rent paying is a habit of the mind.

It is a tradition which the mind has gotten into the habit of thinking is a necessity.

All habits are necessities until they are broken.

All habits are of the mind and are more easily broken by forming others to take their place.

The rent paying habit can be broken by thinking *rent purchasing* instead of *rent paying*; *rent saving* instead of *rent wasting*; and *rent participating* instead of *rent donating*.

By thinking thus constructively you will unite with others to make your rent payment purchase liberty and freedom from rent paying for old age rather than for buying shackles to make your own slavery to it the more binding.

In Unity There Is Strength

Civilization moves ahead only by giving dynamic force to potential idea thought out in the mind of man.

The way to transform potential idea into dynamic force is to double the number of people thinking the same thing and then re-double again one million times.

It then has an impetus which nothing can stop for it becomes a tradition in the mind of man, a habit of his thinking.

I thought out this mutual ownership idea twenty-five years ago but became convinced that its dynamic transformation had to be accomplished in two stages.

I first had to lift the co-operative principle out of failure into economic soundness.

This I did.

Now the world is ready for the next step.

Co-operative ownership paved the way for rent mutualization.

Co-operative ownership is for the few who have money while rent mutualization is universal.

Just as W. K. Vanderbilt had to have his \$10,000 car before the farmer could have his flivver, just so did I have to demonstrate the possibility of mutual home ownership through those who had money before I could give it to the masses.

The idea of mutual ownership has therefore been transformed from potential idea in inertia to dynamic activity by the simple rule laid down herein.

A Nation of Home Owners

To take the next step I shall follow the same rule for it has unlimited power.

Archimedes said, "Give me a fulcrum and a lever and a proper place to stand and I can move the world."

Give me one hundred founders and the dynamic force of one hundred thousand people thinking and talking UNIVERSAL HOME OWNERSHIP through rent mutualization and I shall replace their old *rent paying system* with the new *rent saving system* for them.

The first step is to secure the one hundred founders and plan a demonstration building with their initial investment. McKim, Mead & White shall make the plans for this demonstration building upon a site now being selected.

The second step is to incorporate the idea which shall be done in September.

It shall be known as The National Rent Mutual Company.

Better Homes Make Better Citizens

This company shall be officered by men of much experience and will have an advisory board consisting of an architectural committee and of highly technical experts covering every important element which enters into building construction.

Capital \$10,000,000, divided as follows:

Founders preferred stock 8% cumulative.....	\$100,000.
Preferred stock 7% cumulative.....	4,900,000.
Common stock.....	<u>5,000,000.</u>
	\$10,000,000.

The preferred stock is to be universally sold, preferably in small amounts with additional common stock as bonus.

This \$5,000,000. together with \$5,000,000. of temporary mortgage money will be invested in National Rent Mutual Buildings and filled with tenants who shall pay normal rents.

The first demonstration Rent Mutual buildings will be studio buildings, for the arts are sadly in need of proper housing, and the majority of founders are prominent artists who are once more demonstrating their ability to solve an economic problem as they did in 1900.

The National Rent Mutual Company acting as construction company and owner can save from fifteen to twenty percent of the cost of a building by eliminating all the present day extravagant methods of financing and secure better buildings by idealizing working conditions between architect and sub-contractor.

Tenancy preference will be given at first to stock purchasers.

New Ideas and Ideals In Financing

When a building is completed and filled with paying tenants and operated for at least one year a detailed and fully itemized statement of its exact cost shall be issued which shall show exact cost of land, construction, contracts in detail, fees to architects and others and service fees to the National Rent Mutual Company for construction.

It shall also show the exact income and cost of operation for that year including normal real estate service charge to National Rent Mutual Company for operating and management.

It shall also include an *insurance fund* to be set aside at the rate of ten dollars per thousand to give *two years rent free* to any family who loses their breadwinner by death.

This statement will show that approximately two-thirds of the gross income will be used to pay operating expenses such as taxes, heat and wages plus $5\frac{1}{2}\%$ interest on the entire investment.

Approximately one-third will be left as gross profits to be applied as hereinafter described.

Upon this statement of fact the National Rent Mutual Company will issue and sell serial $5\frac{1}{2}\%$ guaranteed bonds for 80% of the total cost of the building.

These bonds will be redeemed and cancelled at the rate of 5% of the issue annually beginning at the end of the third year.

This will give the Company four years of earnings to release its 20% of capital tied up part of which is cash capital and part service charge, or profit for construction.

I believe this plan of real estate financing to be more sound than any system now in vogue which requires mortgage investment, for the following reasons:—

1. Too often money is loaned for construction in excess of the entire cost for which a very high bonus is charged. This bonus falls eventually on the rent payer and is one of the contributing causes of high rents.
2. The owner of record who has the sole right to administer the property as he chooses, is not the owner in fact. The lending company is the owner in fact yet it has no voice in the administration of the property so long as the interest is paid.
3. The incentive for tawdry building is too strong under the present system and a too rigid enforcement of quality cuts off the patronage of the high rate lending companies which make such conditions possible.

I believe that National Rent Mutual Bonds issued against its improved property of a demonstrated value and wide margin of safety

which property shall be owned and administered by itself, will be safer and more marketable than any real estate bond on the market to-day.

Various reasonably safe real estate construction bonds are being marketed and sold by the millions to-day by lending companies whose investors have not the security which these bonds will give nor the popular appeal for their purchase.

Division of Gross Profits

Now regarding the one-third gross profits left over from rental income. Out of this one-third a depreciation fund, based on two percent of the cost of the building shall be set aside for replacement.

The balance will represent net profits.

Rent Mutual dividend paying participation certificates will be issued for 90% of this amount and given to the tenants in the exact ratio of their respective interests.

Participation certificates will equal in value the common stock of the company but will be non-voting.

The remaining 10% will be retained as the company's share of net profits.

Earnings of the Company

The earnings of the National Rent Mutual Company will be seven-fold as follows:—

1. Service charge for construction, normal fee.
2. Service charge for management, normal fee.
3. Service charge for sale of its securities, less than normal fee.
4. Sinking fund for guarantee two years free rent.
5. One-tenth of net profits.
6. 25% of the common stock of all subsidiary companies desiring to operate under its guarantees.
7. Interest savings on redeemed bonds.

{ ROBERT VONNOH SAYS: }

“I do endorse the general trend of your ideas, and trust you will succeed beyond peradventure so that you can further the ideals and aspirations of the artists and their adherents to the point of rendering signal and distinguished service to art and to economics.”

Earnings of Tenants

The earnings of the tenants will be twofold, as follows:—

1. Nine-tenths of the net profits paid in stock of the company.
2. Pro rata share of all the company's earnings in accordance with the amount of participation certificates held by them.

Thus it will be seen that the tenant shares not only in the net profits but also in the profits of construction, management, financing, earnings from subsidiary companies, and interest savings on redeemed bonds.

It is as though the tenant was taken into partnership not only with his landlord, but the construction company which erected the building for his landlord, and also the bonding company which financed the construction for his landlord, also the real estate firm who managed the building for his landlord; and also the landlord's side partners who desire to make use of his business strength and prestige.

A Truly Mutual Company

And therein lies the whole crux of the situation, mutual interest between company and tenant, for the tenant is the "Company".

The "Company" is practically a trustee for its tenant stockholders whose surplus rent money is pooled together for the one purpose of gradual extinguishment of rent paying and the accumulation of life income for old age.

Insurance Feature

One of the greatest Mutual advantages of Universal Home Ownership is in the distribution of the burden of individual misfortune through death over the entire community through its insurance feature.

When the bread winner dies his family cannot be put out into the street but may live there for two years, gratis, without any feeling of obligation whatsoever.

This is not charity nor philanthropy. It is just plain co-operation, for the nominal cost of making this possible is shared by all and is charged to operation expenses just as fuel and taxes are.

The lifting of so heavy a burden of worry and distress from the mind of man should make this world just a little better place to live in.

Typical Example in Figures

The following figures give a normal demonstration based not only on what has been and is repeatedly being done but can be done without end.

At a time when building costs are high rents are also high but relatively they average the same.

During the last twenty-five years I have found the cost of a building to be about six times one year's rent allowing reasonable profit for construction and without paying heavily for borrowed money.

Unusually high profits and high bonus fees for financing bring cost up to seven years rent.

The National Rent Mutual Company will build for moderate fees and will pay spot cash thus avoiding payment of bonuses. It is, therefore, safe to say that the cost of its buildings will approximate six years rent.

{ IDA TARBELL SAYS: }

"I believe thoroughly in the soundness of your "Mutualization Plan". It is a natural development of the principle of co-operation. . . . There is no doubt that it will do what you claim—convert waste into saving, put into the pocket of the owner that which now goes into the pocket of the landlord."

Analysis of Cost, Income, Outgo and Profit

EXAMPLE:

Cost of nine story building 100' x 97' Eastside near Lexington Avenue also Westside near Seventh Avenue, including service fee.....			\$825,000
Income from rents.....			\$141,000
Cost of Operation:			
Labor—2 doormen, 3 elevator men, 1 fireman, 1 porter, 1 relief man, 1 superintendent....			9,100
Fuel, electricity, water, supplies, repair, mis- cellaneous and insurance.....			10,600
Interest of Company's equity of \$165,000 at 5½%			9,075
Interest on mortgage bonds of 660,000 at 5½%			36,300
			\$825,000
Taxes.....			20,000
Service fee for N. R. M. Co. at 3%.....			4,156
Insurance at \$10 for each \$1,000 for two years rent free.....			3,704
			90,934
			\$50,066
Gross profit (over 34%).....			\$50,066
Less replacement fund of 2% for re-investment.....			16,500
			\$33,566

This net income will increase yearly by the amount of the interest on replacement fund which will annually be written off of principal and credited to the tenant.

Interest savings on redeemed bonds will be an earning of the company in which the tenant will participate pro rata in accord with his holdings.

It does not require much imagination to foresee the large reserve which the National Rent Mutual Company would accumulate through earnings in service fees, interest savings and re-investment of replacement fund on a large number of buildings such as this.

It can readily be seen that the tenant's participation in all the earnings of his company will be much larger by the participation plan than if he received his profits in cash.

DONN BARBER, ARCHITECT
101 PARK AVENUE
N. CORNER 40th STREET
NEW YORK

August 3, 1923

Dear Mr. Russell:

Your rent mutualization idea appeals to me very strongly as being economically sound in principle, and at the same time it is a stirring and far seeing vision, strong in material and spiritual possibilities.

It spells as well human and physical progress which should stimulate and encourage thrift, wholesome living, and civic pride.

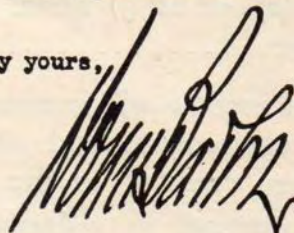
It offers a new hope to the great mass of rent-paying Americans who at present seemingly have no practical means of becoming homeowners.

The average home must be made more attractive, comfortable, convenient and wholesome, it must be more permanent in character, and reflect better common sense in planning and investment.

Our future as a nation is bound to be shaped in a large measure by the character and intrinsic value of the homes we are building. The educational value of your scheme also appeals to me, and I take great pleasure in becoming one of your founders.

Very truly yours,

Walter Russell, Esq.,
366 Madison Avenue,
New York City



ARTHUR CRISP
1947 BROADWAY
NEW YORK

Walter Russell, Esq.,
366 Madison Avenue,
New York City.

My dear Mr. Russell:-

I see in the Russell Rent Mutual Plan the solving of the great problem of providing proper studios for artists and all followers of the arts upon a plan that will allow them to look forward to an ever decreasing rent whereas now they look forward to an ever increasing rent.

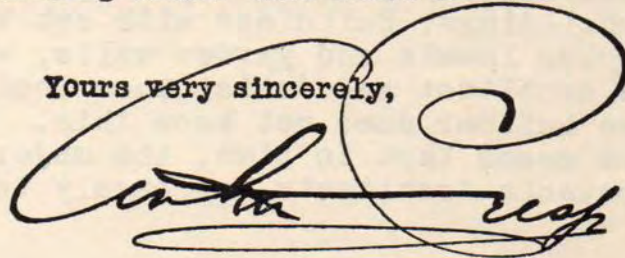
More than that I see it as the means for making New York the world centre of art.

Art like any other product of the human mind needs centralization and co-operation for its proper development of patronage. This is not possible under the present distressing conditions which scatter the artists far and wide over the boundless expanse of this great city like chips on the tide.

The Rent Mutualization Plan should be the greatest boon to art and artists, and because of that as well as because I believe I am making a very good investment I take pleasure in subscribing myself its first founder member.

I might add that even to this day I am greatly hampered in my art activities by the rent problem. If the Rent Mutual Plan had been operating sooner this would not be.

Yours very sincerely,

A large, elegant handwritten signature in cursive script, reading "Arthur Crisp". The signature is written in dark ink and is positioned below the typed name "Yours very sincerely,".

June 1st

1923.

ARCHITECTS REASON FOR ENDORSING RENT MUTUAL PLAN

Every Architect knows there are two general types of building operations. The first type of building is that built for permanent ownership, such as Public buildings, Banks, Memorials, private work for owners who expect to live in it themselves, etc. The other type is speculative building such as block dwellings, apartments, lofts and office buildings, which are built to sell.

The making of buildings to use ones self is quite different than from the making of buildings to sell, and the speculative builder who makes them only to sell does not have to maintain the standard even of a manufacturer of shoes. The shoemaker must have his first customer return for another pair. The building speculator never expects his first purchaser to return for another building. What is the result? The reputable trained Architect is practically unknown in the speculating building field because he cannot train himself to debase his art to the point of simply gilding the brick in order to further its sale as gold. Yet, by far, the major portion of all building operations of the present day are on the speculative side, and for this reason Architects of repute, design and supervise the construction of but a very small portion of the building work of the Country.

Practically every rent payer occupies space in a building created by speculative interests. What can the Rent Mutual Plan do for changing this situation? In the first place, it will turn the speculative type of building into the permanent ownership type. This will mean that all buildings now in the speculative field which come under the Rent Mutual Plan will be built with an idea of permanency and for beauty. It will establish new conditions which are now impossible owing to the short sightedness of Clients who are looking for quick profits and ignore future stability in construction and finance. It will give Architects a much freer hand to use the beautiful and unique in place of the usual tiresome cube form of buildings. Buildings with set backs and terrace gardens, varying levels and garden walls, will be the order of the day. The Architect and Artist know that beauty pays. The speculative builder does not know this. The Rent Mutual Plan therefore means that in time, the major building field which the reputable Architects now barely touch, will be open to him.

Helmler Corbett
Frank J. Helmler
Harvey W. Corbett