FEDERAL HOME LOAN BANK

REVIEW

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The military campaigns of World War II are finished, but the fiscal problems arising from that war will be with us for a long time. With the completion of the Victory Loan, the Treasury Department is relying exclusively on the normal subscription channels in offering United States securities. Particularly in the interest of the individual subscriber, we wish to keep these channels broad. The Treasury, therefore, is requesting that all financial institutions which have acted as issuing agents in the sale of Federal securities during the war continue this activity in time of peace.

Fred M. Vinson

Secretary of the Treasury

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Each issue is written for executives of thrift and home financing institutions, especially those whose organizations are insured by the Federal Savings and Loan Insurance Corporation and are members of the Federal Home Loan Bank System.

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APPROVED BY THE BUREAU OF THE BUDGET

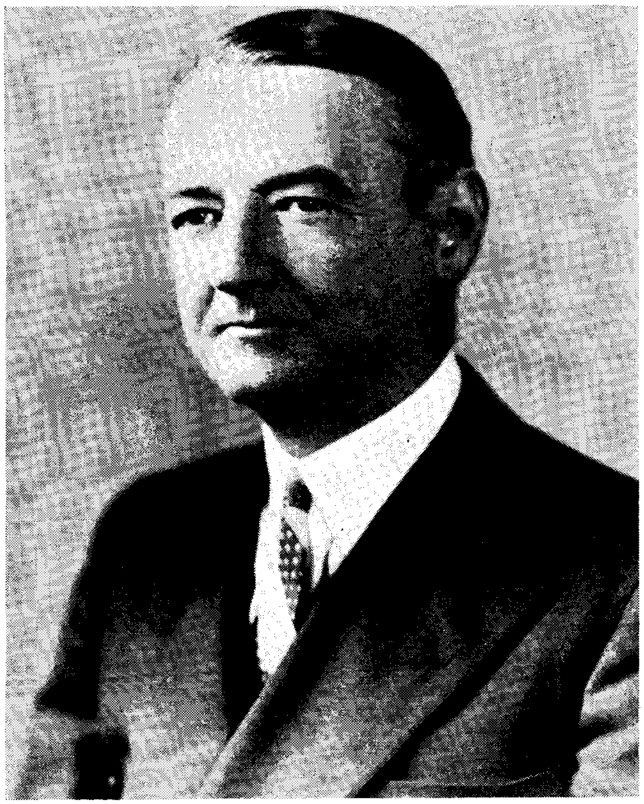
FAREWELL MESSAGE TO THE BANK SYSTEM

By James Twohy, *Retiring Governor*

■ BEFORE I close my service as Governor of the Federal Home Loan Bank System, I wish to express my gratitude to the member institutions of the System for the generous cooperation accorded me during my term of office. While I feel obliged, for family and economic reasons, to return to private business in my own part of the country, you may be sure that I take with me a deep, enduring interest in the good fortunes of this Bank System and the great industry which it serves.

One can not devote six intensive years to a single cause without creating many attachments and loyalties which will last a lifetime.

Today our institutions, both individually and collectively, have greater financial strength than at any other time in their history. In this strength lies the assurance for the future of the private home-building industry, of home-ownership and of the security of thrift investment.



James Twohy

The present demand for homes is so acute as to constitute a grave national problem. To meet this demand the membership of the Federal Home Loan Bank System will be working closely with the building industry in the years ahead. From their relationship I have every confidence that there will come the answer to the challenge of housing: Well built homes, soundly financed, economically priced to reach the broadest possible market.

Our institutions are looking forward to what is certainly the greatest opportunity in their history for sound, prosperous growth. The immense need for homes, coupled with the unprecedented accumulation of liquid savings by individuals, has resulted in a housing demand far in excess of supply, and we have every reason to believe that this condition will continue for at least the next few years. Although these circumstances are responsible for the dangerous inflationary forces in the home market at present, the impending expansion of new building will in time transfer this energy, now a menace, into constructive channels where it will spark the future prosperity of the Nation. The meeting of this challenge is a social as well as an economic responsibility.

Until the production of homes can be brought into reasonable relation to the demand, however, the very forces which will power our future business remain a serious threat to it. A decade ago lending institutions frankly admitted that home values were severely depressed. Today, with equal candor, they are recognizing abnormalities in values.

When the inflationary dangers of this transitional period are overcome, we will move into a period of great production, under the American system of free competitive economy. In that movement our institutions have a vital responsibility which I am sure they will accept and fully discharge. Their work to that end will always carry my loyal good wishes.

Richards Named Acting Governor

■ EARLY this month, the appointment of Ralph H. Richards as Acting Governor of the Federal Home Loan Bank System was announced. Mr. Richards, President of the FHL Bank of Pittsburgh since 1934, is a former faculty member of Ohio State University. Prior to his election as President of the Pittsburgh Bank, he was engaged in trade organizational work in the savings and loan field.

SHARING THE LOCAL TAX BURDEN

Traditionally, real estate has borne the brunt of the cost of local government. What are the possibilities of relieving real estate of a portion of this burden by broadening the base for local taxation? Of improving property tax administration?

By H. O. WALTHER, *Vice President*
Bell Savings and Loan Association
Chicago, Illinois

■ SAVINGS and loan associations are local institutions. For the most part, they obtain their funds from local citizens and lend these funds to property owners in their home areas. As members of the business community, they are interested in their local government, and by that same right in the taxing system from which that government derives its support. However, since most local taxes come from real estate, associations find them of special concern, for the impact of these levies may materially affect the value of real estate which secures the repayment of their loans.

From direct experience, many of these institutions are familiar with the detrimental effects which an oppressive tax burden can have upon home ownership. Builders are aware of the stifling influence that heavy levies have shown on new construction. But the home financing institution, with its long-term mortgage investments, in some instances has seen taxes virtually cripple the borrower's ability to repay and to maintain property in good repair.

When taxes become so burdensome as to impede development in a particular area, it is the natural reaction of both the building industry and the home purchaser to seek a more favorable climate for investment. In such areas it has been the unfortunate experience of the local government to find that it has been killing the "goose which laid the golden eggs." With the growing realization of the nature of the problem, property owners, mortgage lenders, civic groups and local government are becoming more intimately associated in their efforts to arrive at an equitable distribution of local government costs among all citizens.

Should real estate carry practically the whole load of local government? Obviously the answer is "no," and one of the reasons is that tax rates are getting extremely high. They are high because, on the one hand, services of government are increasing. On the other hand, many of these taxes are levied on central city properties, the values of which may be on the wane as a result of neighborhood deterioration. A critical volume of properties in our larger cities is not only old, but is situated in blighted areas surrounding the business district. The assessments on these properties and their high tax delinquency ratio tell a mute story of our current problems.

Genesis of Tax Problem

During the nineteenth century when our population was expanding rapidly, hordes of immigrants who had come to this country to be farmers were gradually drifting to the cities. So fast was the exodus from the farms that in a comparatively short span of 75 years we changed from a predominantly agrarian country to an industrial nation, and consequently an urban one. The value of urban real estate during this time increased by leaps and bounds. To be sure, there were recessions, but each business cycle brought real estate values higher and higher. Under such conditions it was comparatively easy to appraise for tax purposes with assurance that there would be reasonable satisfaction, for property owners were anticipating an indefinite appreciation in the value of their real estate.

Early in the twentieth century our nation came of age; the adolescence was over. The invention of the automobile put people on wheels and automatically increased the potential area of urbanization. There was no longer the strong demand for property near public transportation. People began moving away from the centers of the metropolitan areas and setting up little communities comparatively far away from the original city.

The result naturally was a decline in the value of the real estate in the older parts of the community. Not only did this older real estate have less value and pay less taxes, but much of it paid no taxes at all, while the newer and more economic properties had to shoulder the added burden created by this visible shrinkage of the effective tax base. The situation can best be described by the trite statement "both ends were working against the middle." On the one hand, citizens were demanding more and more services of the local government in the form of expanded and more efficient police forces, fire departments, school systems, recreational facilities and the like. On the other hand, the costs of these services were having to be met from revenues drawn largely from real estate of rapidly diminishing value.

And now in 1946, there is great agitation for the rehabilitation of the so-called blighted areas in our large cities. Obviously one of the principal reasons for this agitation is to put tax-paying real estate on the books of the assessor. Another good reason is to have property make use of the municipal services already available in these blighted areas. This is a noble and a worthwhile effort. Whether it can be accomplished by private enterprise, which is the only way, apparently, that it can be done to gain the objective first mentioned, namely, to build up these areas with tax-paying real estate, is a grave question. It has been found that assembling land in blighted urban areas is an expensive task, and it seems evident that private enterprise cannot handle the problem without some governmental aid.

The blighted areas of our cities present examples of advanced stages of urban deterioration. Fortunately, the overwhelming bulk of our urban properties is situated in middle-aged neighborhoods and remedial action may delay, if not prevent, their complete deterioration before the expiration of a normal economic life. An equitable tax readjustment is undoubtedly an important factor which must be considered in many areas if the spread of blight is to be arrested and properties are to be maintained on city tax rolls. However, a lasting solution in most instances will not come from a reapportionment of the real estate tax alone.

Broaden Tax Base

It seems advisable to look for other forms of taxation to produce needed local revenue. Only a true broadening of the tax base, to include all citizens in accordance with their ability to pay, would appear to offer a practical answer. Many cities have already taken steps in this direction. Most cities are currently collecting license fees for certain forms of business. A typical example of this is the licensing of taverns. Many other businesses pay a license fee but on a much smaller basis, for instance, a license to sell cigarettes.

Another popular form of tax is the so-called vehicle tax which many communities are finding a good revenue producer. This tax has all of the earmarks of being an equitable one, in that the automobile has presented problems which have increased the cost of local government tremendously. There is no reason, therefore, why the users of vehicles should not contribute toward this increased expense of government.

Another levy which has been advocated in some cities is the sales tax. Many states have sales tax laws on their books which are producing tremendous amounts of revenue, so much in fact that they have discontinued any levy on real estate. It has been estimated that a tax of 1 percent on retail sales in the city of Chicago, excluding its suburbs, would yield about 22 million dollars annually.

The opponents of this type of tax argue that the retail sales tax on articles which are consumed daily places an unfair burden on the poor and in doing so it violates one of the basic principles of taxation: namely, that taxes should be paid by those best able to pay. To answer this objection, some cities have levied the sales tax only on luxury goods.

Philadelphia Finds an Answer

One of the problems of cities large enough to have suburban residential communities is the use of municipal services by many non-residents who own no real estate whatever in the city, but nevertheless derive many of the benefits of the city government. Philadelphia has solved this through the enactment of an earned-income tax law, commonly known as the payroll tax. Philadelphia's income on payroll tax applies to two kinds of earned income: earnings of individuals as employees and the net profits of unincorporated businesses and professions. More specifically, the tax applies to all salaries, wages, commissions and other compensation of employees earned on or after January 1, 1940, by

A. Residents of Philadelphia, whether earned within or outside of the city, or by
B. Non-residents for work done or services rendered in the city.

Compensation earned during the three years 1940–1942 was taxed at 1½ percent; compensation earned after 1942 was taxed at 1 percent. The tax applies to the entire compensation; none of it is exempt. Similarly, the net profits earned by unincorporated businesses and professions conducted in Philadelphia by residents or non-residents and the net profits from unincorporated businesses and professions conducted outside Philadelphia by residents of Philadelphia, are taxed and the tax applies to the entire net profit. None of this is exempt. Profits of corporations are not subject to Philadelphia's income tax because under a state law cities cannot tax what is already taxed by the state; and the incomes of corporations have been taxed by the state since 1935.

Income derived from interest, dividends, pensions, annuities, rentals and royalties is not subject to tax, except as such income may enter into the computations of the profits of businesses or professions subject to the tax.

From a fiscal point of view, the tax has been highly successful. An especially noteworthy feature of Philadelphia's income tax is its ability to reach, better perhaps than anything else could, the many thousands of non-residents who earn their living or part of it in the city but who, with few exceptions, would contribute little or nothing toward the cost of Philadelphia's government were they not subjected to the tax. Exact information on how much the non-residents pay is not available but officials in charge of city tax collections estimate that it is upwards of six million dollars a year, or about 30 to 33 percent of the total income tax receipts. Six million dollars is more than one-seventh of the current year's city-county real estate tax levy.

It seems, therefore, that those interested in their local government, and especially those who are interested in arresting the trend toward higher and higher property taxation, can set machinery in motion to bring about tax laws which will provide revenue from sources other than the tax on real estate. In so doing, they not only relieve this burden on real property but also make many citizens conscious of the fact that they are paying something for services rendered by their local government.

Property Tax Administration

A comprehensive approach to the problems of local tax reform cannot overlook the necessity for a careful scrutiny of the real estate tax itself. From some quarters there has come complaint against the ad valorem tax system and the suggestion that we adopt some form of occupancy tax such as has been widely used in Britain and other countries. An examination of property taxes in the United States and abroad, though, tends to show that this offers little assurance in the way of a remedy. Other than those ills which may be rectified by a broadening of the tax base to relieve real estate of its disproportionate burden of local government costs, the property tax problem is largely one of administration and assessment. Charges of regressivity and inequitable assessment may find grounds under an occupancy tax as well as under an ad valorem levy.

Whether the ad valorem tax on real estate is a good or bad tax is a matter of opinion. What is not a matter of opinion is the fact that we have ad valorem taxation of real estate for the purpose of providing a large part of the expense of local government in every state in the Union, and there are many indications that we are going to continue to have it for many years to come. The attempt to do away with ad valorem taxation would, in the opinion of many students of the subject, be a futile effort. Of course, the amount of taxes raised through the assessment of real estate can be reduced, but to do away with the system entirely seems to be a task which cannot be achieved for many years at least.

To the extent that the property tax problem is one of administration and assessment, it is in large part the responsibility of the assessor, who is governed by state law. Whether he administers the law properly will depend upon his ability and interest in doing a good, honest job. In most communities, the voters decide who should be the assessor. While savings and loan associations are nonpolitical, they should, in the interest of good government, find the election of a qualified assessor of particular concern.

The question of valuation should be very familiar to managers of savings and loan associations. If the real estate brokers in the community are not already helping the assessor on matters involving valuation, the association manager might well take the initiative in developing a group of well informed people qualified to offer such assistance. A good assessor will rarely decline helpful advice and guidance.

Mass Appraisal System

In appraising the value of tens of thousands of parcels of real estate, some kind of mass system must be employed which will make use of all the approaches to value. A system based on any one approach without regard to the others will not produce satisfactory results. The cost, the comparison and the economic approaches all must be employed so that in the end the assessed value of the property bears reasonable relationship to its appraised worth.

Because uniformity is absolutely essential, there must necessarily be rules. The complete record of our local tax history, though, emphasizes the need for their flexibility and adaptation to the requirements of each individual community. The rules should represent the experience of relationships of value to such factors as differences in depth of lots, corner lots and inside lots, effective age and economic

(Continued on p. 111)

ACTIVE MARKET BRINGS RECORDING PEAK

On the basis of data compiled by the FHLBA Division of Operating Statistics, a comparative analysis has been made of mortgage recording activity in the first ten months of 1945 and 1944. The results, which show a decided upward trend, are presented in this article.

■ WITH an increasingly brisk real estate market, mortgage recordings appeared to be headed for a new post-depression peak in annual volume during 1945, according to an analysis of activity in the first 10 months of the year. During this period, instruments of $20,000 or less were recorded in an estimated face amount of $4,535,586,000. This was $678,823,000 above the high volume for the same interval in 1944 and $573,664,000 (14.5 percent) greater than in the like months of 1941 when the previous post-depression mark was reached. Because the 10-month record in 1945 was only $196,374,000 short of the 1941 *annual* volume, it is safe to assume that a new record will be reached in 1945, even though November and December are not ordinarily active months in home financing.

To insure that these data conform as closely as possible to the small-home mortgage market, recordings of over $20,000 are excluded. Thus, the definitely "luxury" class of housing is eliminated, as well as commercial property mortgages and loans for large residential projects.

Analysis of these and other market data implies that the greatest relative increases in average loan amount were generally concentrated in those mortgages on the lower cost properties, which would imply that the more severe inflationary influences are probably being felt in the lower price ranges. This inference appears to be in keeping with expectations, in that the greatest volume of demand for dwellings is to be found in the lower-price segments of the housing market.

Although wartime priorities restricted home building to the moderate-price area of the market, this action alone was not enough to meet the rapid accumulation of need during the past few years. Total wartime home building was confined to the minimum requirements, based on criteria of war production and essential civilian needs. As a consequence, the demand for existing properties increased. With a growing accumulation of liquid savings in the hands of individuals who were bidding against a constant (and, in some areas, a diminishing) supply of homes, prices moved rapidly upward.

The 17.6-percent increase in the 10-month volume of recordings in 1945—$4,535,586,000 compared with $3,856,763,000 in the corresponding interval of 1944—was the result of an excess in each month over the same month of the earlier year. Construction showed an appreciable increase in only one month of the 1945 period (October) but, since the general level of building was low, it is evident that the great bulk of the increment in recordings was in mortgages for the purchase of existing homes. The higher market prices were reflected in the fact that, while volume increased 17.6 percent, the number of mortgages recorded rose only 9.8 percent—from 1,214,286 in 1944 to 1,333,435 in 1945.

As a consequence of this disparity in rates of gain, the average value of mortgages recorded in 1945 was $3,401 compared with $3,176 in the 1944 period, a jump of $225, or 7.1 percent. The magnitude of this gain is made more apparent by another reference to the 1941 figures. In the first 10 months of that previous peak year, the average value of mortgages recorded was $2,886. Thus the over-all gain during four years was $515, or 17.8 percent.

Regional Comparison

A regional comparison shows no change in the geographical pattern of mortgage recording activity between January–October 1945 and the same 1944 period. The largest volume in both intervals was

Mortgage recordings of $20,000 or less, first 10 months, 1945 and 1944

[Dollar amounts are shown in thousands]

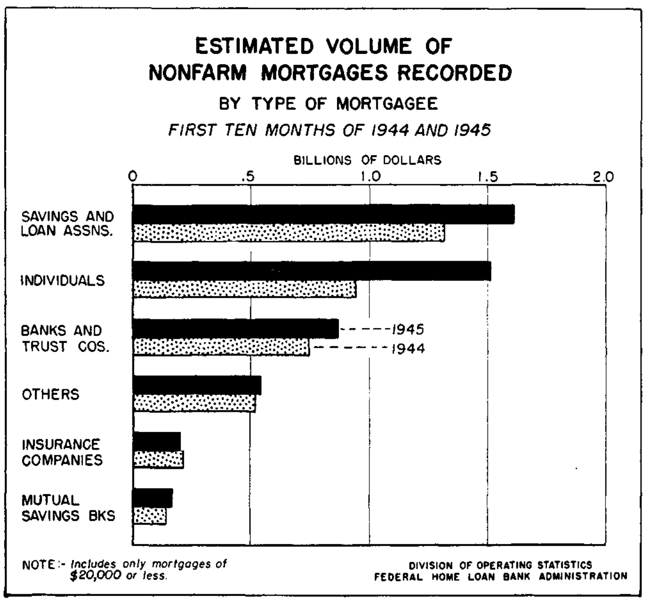
Federal Home Loan Bank District	1945		1944		Percent increase	
	Number	Amount	Number	Amount	Number	Amount
UNITED STATES	1,333,435	$4,535,586	1,214,286	$3,856,763	9.8	17.6
Boston	93,090	341,727	87,371	297,608	6.5	14.8
New York	129,521	502,281	111,051	401,114	16.6	25.2
Pittsburgh	98,759	326,378	86,951	267,908	13.6	21.8
Winston-Salem	147,305	465,448	130,870	380,562	12.6	22.3
Cincinnati	160,529	551,719	149,246	477,587	7.6	15.5
Indianapolis	84,739	254,893	79,596	233,850	6.5	9.0
Chicago	105,738	424,673	98,061	365,292	7.8	16.3
Des Moines	99,610	292,438	93,667	246,524	6.3	18.6
Little Rock	84,857	248,180	76,753	212,383	10.6	16.9
Topeka	75,005	195,753	65,948	156,854	13.7	24.8
Portland	53,175	163,769	48,601	144,788	9.4	13.1
Los Angeles	201,107	768,327	186,171	672,293	8.0	14.3

reached in the Los Angeles Bank District—$768,-327,000 in 1945 and $672,293,000 in the previous year. The smallest amount was reported in the neighboring Portland region—$163,769,000 in 1945 and $144,788,000 in 1944. Aside from Los Angeles, the other areas showing the largest volumes were located in the East, Southeast and Middle West. Pittsburgh and Indianapolis were the only regions east of the Mississippi that were not in the upper half in volume of recordings.

Increases in number, volume and average amount of recordings were general throughout the country. The largest dollar gain was reported by the states of the New York District, an increase of $101,167,000 from $401,114,000 to $502,281,000. Los Angeles was second—up $96,034,000—while Portland was lowest in this respect, increasing only $18,981,000.

New York also led in proportionate gain with an increase of 25.2 percent. However, the Topeka region was only fractionally less—24.8 percent on the basis of an increase from $156,854,000 in 1944 to $195,753,000 last year. The Indianapolis area, where recordings rose from $233,850,000 to $254,-893,000, showed the smallest percentage gain—up 9.0 percent.

In the 1944 period, the average mortgage recording varied from $2,378 in the Topeka area to $3,725 in Chicago. By the following year, although the same regions were bottom and top in the list of averages, the range was between $2,610 and $4,016. In 1944 there were only six regions where the average exceeded $3,000, but in 1945 nine regions reported average recordings in excess of that amount.



The greatest dollar increase in average loan size occurred in the Des Moines District where it rose $304 from $2,632 to $2,936. Advances of $70, $101 and $158 in Indianapolis, Portland and Little Rock, respectively, were the only gains of less than $200. Percentagewise, the increases varied from 2.4 percent in Indianapolis to 16.8 percent in Des Moines. The latter rise, however, was considerably out of line with other increments inasmuch as the next highest (in Topeka) amounted to only 9.8 percent.

Activity by Type of Mortgagee

All types of mortgagees, except life insurance companies, shared in the increases of January–October 1945 over the same period the year before. Although the fluctuations were not sufficient to alter their relative positions in the mortgage financing field, there were several shifts in comparative volume.

Savings and loan associations continued as the chief source of residential mortgage credit. In the 1944 period they recorded 418,255 mortgages of $20,000 or less with an estimated value of $1,308,-751,000. This represented 34.4 percent of the number and 33.9 percent of the volume of this business in the 10-month period under consideration. During the corresponding months of 1945, these associations wrote 466,129 mortgages—35.0 percent of the national total. The volume of business amounted to $1,610,167,000, accounting for 35.5 percent of the aggregate. Thus the number rose 11.4 percent; the dollar volume, 23.3 percent ($301,416,000).

The average value of these instruments in both periods under study was next to the smallest for any type of lender. In 1945 it was $3,454 compared with $3,129 in 1944, a gain of $325, or 10.4 percent.

Individuals

Individuals, always an active group in mortgage financing, also increased their relative participation in the field last year. This was partly due to the fact that, with an unprecedented amount of money to invest, they increased their volume of purchase money mortgages and probably also turned to a greater degree to second mortgages. From a total of 372,458 instruments (30.7 percent of the national aggregate) in 1944, they retained second place in 1945 with 413,555 mortgages—31 percent. The dollar volume in the former year ($934,973,000) represented 24.3 percent of the national total compared with $1,153,734,000, or 25.4 percent, in 1945. While the dollar increase of $218,761,000 was not so great as for savings and loan associations, percentagewise, individuals showed a somewhat larger gain—23.4 percent.

In the two periods of this study the long-standing pattern was repeated with the average amount of the mortgages recorded by this group again topped by that of all types of institutional mortgagees. However, individuals showed a relatively large increase in the average value of their recordings between 1944 and 1945—up $280 from $2,510 to $2,790. This was the largest percentage rise shown by any type of lender, 11.2 percent.

Mutual Savings Banks

Mutual savings banks were the only other type of mortgagee to show increased participation in the recording field last year. However, because of the fact that their operations are confined to 17 states, they still represent the smallest segment of the mortgage credit market. Their share of both number and volume of recordings represented only fractionally more in 1945 than during the preceding year, in spite of the fact that the dollar volume of mortgages recorded by these institutions increased 23.6 percent, a somewhat larger gain than for any other lenders.

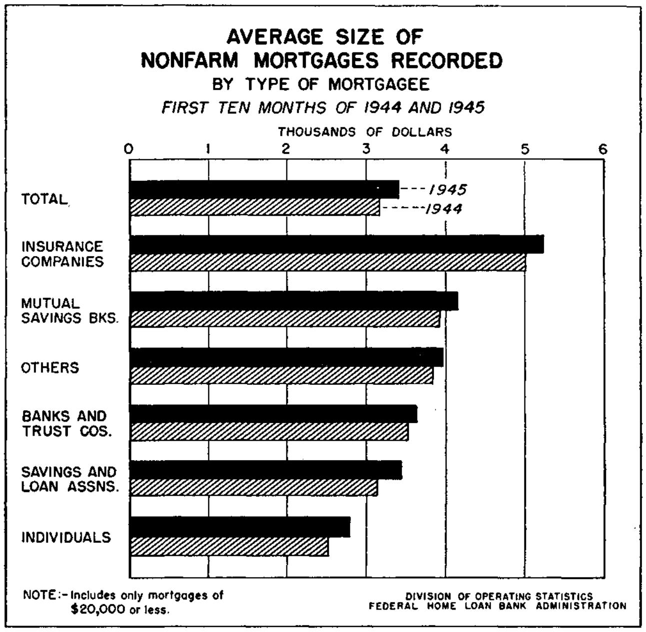
The number of mortgages recorded by mutual savings banks in the January–October interval in 1944 totaled 34,745, or 2.9 percent of all recordings, while the dollar value was estimated at $136,216,000—or 3.5 percent. In 1945, mutuals recorded 3.1 percent (40,739) of all mortgages for a dollar amount of $168,408,000, or 3.7 percent of the national total.

The average value of their mortgages was second highest for all types of mortgagees in both years covered by this study. In 1944 it amounted to $3,920, rising to $4,134 last year. This represented a gain of $214, or 5.5 percent.

Banks and Trust Companies

The third most active lenders in 1944 and 1945 were banks and trust companies. Their business in the former period under consideration accounted for 17.3 percent of the number and 19.2 percent of the total volume, based on 210,172 recordings estimated at $741,203,000. Last year they increased the number to 239,030 (17.9 percent of all recordings). However, the dollar volume gain of $124,594,000, or 16.8 percent, was not sufficient to prevent a fractional decline in the relative participation of these institutions which dropped to 19.1 percent of the national dollar volume.

The average value of the mortgages recorded by these institutions showed the least increase reported



by any group—up only $95, or 2.7 percent, from $3,527 to $3,622. In both years their mortgages were exceeded in average value by those of all other lenders except savings and loan associations and individuals.

"Other" Mortgagees

The miscellaneous category of lenders,[1] in spite of an increase in the number and amount of mortgages recorded in 1945, showed a decline in relative participation although they held their position in fourth place. Claiming 11.1 percent (135,421) of the 1944 number of mortgages recorded, their total rose to 135,978 in 1945 but represented only 10.2 percent of the 10-month business in that year. The estimated value rose from $519,172,000, or 13.5 percent of the national figure, to $538,221,000 in 1945. However, this accounted for only 11.9 percent of the total volume, even though it represented a gain of $19,049,000, or 3.7 percent, over 1944 recordings.

The average value of mortgages written by the miscellaneous group in both periods of this survey was exceeded only by those of life insurance companies and mutual savings banks. From $3,834 in 1944 the average rose to $3,958 last year, a gain of $124, or 3.2 percent.

Life Insurance Companies

Life insurance companies were again alone in showing a decrease in number and amount of mortgages recorded as well as in the share of business done.

[1] Includes such miscellaneous lenders as mortgage companies, endowment, fraternal or educational trust funds; trustees for estates, etc.

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A partial explanation of this is the fact that insured mortgages, which have proved particularly suitable to the widespread operations of these institutions, have shifted from the prewar Title II to the ceiling-controlled Title VI type, which obviously meant smaller mortgage amounts. However, previous analyses have shown that recordings of life insurance companies suffer from understatement because of the nature of the activities of this group of mortgagees. Since a large proportion of their financing is in the purchase of mortgages, to that extent the recordings appear under the classification of the originators rather than in the name of the insurance companies.

Totaling 43,235 instruments in the January-October period of 1944—3.6 percent of all recordings—activity dropped to 38,004, or 2.8 percent of the 1945 number for all types of lenders. This decline was accompanied by a dollar decrease from $216,448,000 to $199,259,000 which represented a change from 5.6 percent of the total volume of recordings in 1944 to 4.4 percent last year.

However, the average value of life insurance company recordings, which has always been higher than that of any other type of lender, increased again last year. It rose 4.7 percent from $5,006 in 1944 to $5,243 in 1945—a gain of $237.

GI Bill Amended

■ ON December 28, 1945, President Truman signed amendments of the Servicemen's Readjustment Act of 1944, extending the benefits provided for World War II veterans. The new act makes it possible for a veteran, making no down payment, to buy a home costing up to $20,000 with a loan having a 20-percent guaranty. The amendments to the original act represent several fundamental operational changes which will affect savings and loan lending activity. A brief summary of new provisions included under Title III follows:

In addition to raising the limit on the real estate loan guaranty from $2,000 to $4,000, the new act extends the period of application to 10 years after the termination of the war and makes the guaranty automatic, provided the appraised value of the property, as determined by an appraiser designated by the Administrator of Veterans' Affairs, meets the requirements of the act. In that event, the lender is authorized to make the loan upon presentation of the veteran's discharge papers. However, the veteran must still meet normal credit requirements. Application for a certificate of eligibility may be made to the VA by a veteran who does not have a discharge certificate or whose discharge was other than honorable.

The previous standard of "reasonable normal value" has been changed to "reasonable value" as determined by a VA-designated appraiser. A 25-year limit was set for repayment of home loans, with the requirement that all those running for over 5 years must be amortized. Interest is not to exceed 4 percent per annum.

The new act provides that Federal savings and loan associations may make GI loans without regard to other statutory limitations or restrictions as to requirements for mortgage or other security or as to priority of lien, provided at least 20 percent of the loan is guaranteed.

The act contains an alternate provision by which a loan which might be guaranteed under the act may, instead of being guaranteed, be insured by the Administrator of Veterans' Affairs when made or purchased by a financial institution subject to examination and supervision by an agency of the United States or of any state or territory, including the District of Columbia. The insurance would be under an agreement by which the Administrator of Veterans' Affairs would reimburse the institution for losses incurred on such loans up to 15 percent of the aggregate of loans so made or purchased by the institution.

Victory Loan Tops Quota

■ DURING the Victory Loan purchases of United States securities soared to $21,144,000,000, the Treasury Department announced recently. This was 92 percent more than the $11,000,000,000 which had been set as the goal of this last organized war fund drive.

Exceeding by 10 percent the quota of $2,000,000,000 established for that particular series, sales of E bonds accounted for $2,204,000,000 of the total realized by the Government from the drive. Individuals purchased securities worth $6,776,000,000, or over 59 percent more than the $4,000,000,000 earmarked as their proportionate share of the overall goal.

In the eight organized war finance drives, over 85,000,000 Americans bought Federal obligations valued at more than $60,000,000,000, the Treasury Department reported.

WAR TELESCOPES EXPERIENCE IN HOUSING DESIGN AND CONSTRUCTION

To provide housing for millions of war workers with a minimum use of manpower and materials, the home building industry turned to research in development planning, structural design and materials. The following article gives a resume of wartime experience in these fields.

■ ACCEPTING the challenge to provide adequate housing under war conditions, the building industry has solved many of its problems through research and technical developments. New designs for both dwellings and communities were evolved. New construction methods were tried. Shop and site fabrication were used extensively as increasing amounts of equipment and parts were standardized and simplified. Substitutes were devised to supplement or replace critical materials.

Many of these technical developments may contribute to better homes in the future, more efficiently constructed at lower costs. The huge housing needs of the country emphasize the import of such prospects. Not all the new techniques, however, have proved of equal value, but many have survived extensive testing made possible by large-scale building operations during the war. Some innovations were unsatisfactory even as temporary expedients; some were workable as make-shift alternatives, while others offer promising advances in efficiency and economy.

Wartime changes in design and construction of both private and public housing have been described in a report prepared by the Technical Division of the National Housing Agency. In addition, the study points out some of the possible effects of such experience on the future of home building.

In general, standards for both dwelling design and site planning were reduced considerably during the war. The trend toward smaller dwellings and greater site-use density stemmed from the need to cut the cost as well as the amount of material and labor.

Development Planning

The size of single building operations increased during the war, especially in areas of concentrated demand. Not only did this give many builders experience in quantity production, the report points out, but it fostered the planning of complete residential neighborhoods. Increasing recognition is being given the neighborhood as the smallest unit able to satisfy the normal requirements of a home environment since more than individually attractive sites and dwellings are required to achieve a desirable American home. Reasonable privacy demands the proper location of adjacent buildings, while regulation of street traffic, pedestrian access and like elements is necessary to safe and healthful surroundings. School, shopping and recreation facilities should be reasonably close and convenient; relatively inexpensive transportation should be accessible. If a neighborhood fails to meet such standards, families are too likely to consider their sojourn there as temporary.

Planning these essentials in advance is coming to be regarded as a desirable method of neighborhood stabilization. Already many municipal planning bodies have been set up throughout the country in anticipation of accelerated postwar home building. These organizations are expected to emphasize the need for integrated neighborhood development, especially as an adaptable unit about which to organize over-all metropolitan facilities. Such planning procedures would enable small builders to cooperate and contribute to the evolution of satisfactory communities.

Large real estate development companies may be formed as an outgrowth of large-scale building methods developed in wartime. Because of their size, these companies would be able to plan projects in neighborhood terms. Urban redevelopment legislation passed or pending in some states may also stimulate replanning of cities in neighborhood units.

The size of dwellings, both public and private, was limited during the war, with the number of bedrooms determining the floor area permitted. From all indications, families seem to want and need more spacious homes than they have had in the recent past. Perhaps the need for *more* space would be less urgent if greater attention were given to planning for the livability as well as the structural soundness of homes. This factor would also tend to retard the obsolescence of dwellings before their amortization is completed.

Design for Living

It is apparent from comments of war housing tenants, according to the study, that normal family living should be the basis of future dwelling design. Such activities have been given far too little consideration in the past, especially in the smaller or less expensive homes where the need is greatest. Suitable space should be provided to accommodate such occupations as home repair and maintenance, sewing, child care, home canning and other varied family tasks. The wartime practice of substituting showers for bathtubs, for example, has proved unsatisfactory, especially for families with small children. Adequate laundry facilities, more well planned storage space, larger rooms and, in some climates, outdoor living space have been cited by war housing tenants as desirable in future dwellings. In other words, there is a growing demand that homes be fitted to the needs of families instead of the other way around.

Recent residential price rises have not been accompanied by proportionate increases in living area, the summary indicated. It seems likely, therefore, that families may actually get smaller houses in the future unless effective methods are found to reduce costs. From the viewpoint of family requirements, however, as demonstrated by difficulties and complaints resulting from wartime design, lower standards are not desirable as a way to produce less expensive housing.

Into a few war years was compressed the equivalent of many years of trial and error progress in home building. Techniques and materials which normally might not have been tried were investigated and tested. Here, large-scale operations again were valuable since they offered the means of proving through actual use the practicality of proposed changes.

In much war housing, basements were eliminated and in some cases continuous masonry exterior foundation was discarded. Piers skirted with light material at the exterior wall line to enclose crawl space between the grade and the first floor were used more extensively. Two main difficulties were experienced in this type of construction: the lightweight skirting required a great deal of maintenance, and accumulated moisture in crawl spaces caused dampness in the house. More work is necessary to make this type of foundation acceptable for postwar homes.

Higher design stresses in both lumber and steel helped cut down the amount of material used in wall and floor construction. Wartime floors, designed with an assumed live loading of only 62.5 percent of prewar requirements and with a greater amount of deflection, proved satisfactory in strength and rigidity. On the basis of such performance, the report suggested that it might be possible to permit lighter floor construction with the consequent reduced cost. Sub-floors were eliminated in a considerable number of structures because of restrictions on the use of one-inch boards. Despite somewhat increased construction difficulties, since sub-floors usually serve as workmen's platforms, the one-layer floors were acceptable in mild climates where added insulation was not required over crawl spaces.

Although wood frame exterior wall construction was widely employed, the amount of requisite materials was cut heavily—up to 50 percent in temporary war housing. The lighter construction coupled with the necessary use of unseasoned lumber caused some warping and twisting of structural members and some loosened connection of facing materials. More study of these problems is required prior to extensive use of lighter exterior walls in postwar homes, but the NHA study showed that with certain types of finishing materials more than the necessary amount of lumber went into prewar housing. In many structures the size of framing members of walls and floors was effectively reduced by taking advantage of the added strength of stressed covering materials. Wartime experience will probably lead to further application of these principles in construction. Gypsum and fiber board which are frequently substituted as wall and roof sheathing in place of lumber are expected to continue to be applied extensively in peacetime building.

A cost reduction of about 35 percent and the use of almost 45 percent less lumber resulted from the development of light clear span wood roof trusses. Passing the crucial test of widespread wartime use, this type of roof construction is expected to be retained where building codes permit or where requisite revision is effected.

Changes in Materials

As direct war production absorbed more and more of the supplies ordinarily used in construction, extensive substitution and elimination of conventional materials became imperative. Engineering design changed to utilize the amount and kind of substances available. In private housing, for instance, the amount of lumber dropped from 16,000 to 8,400 board feet per house, while in war public housing it fell to 4,000 board feet per unit. Copper and its alloys, required for utility services, were reduced from 300 to 50 pounds in the average private house, while only 20 pounds were used in public housing units. Steel in private housing was cut to 30 per cent of prewar quota while it was down to 15 percent in public housing.

The reliability and adaptability of substitute materials for exterior walls varied, the summary revealed. While gypsum board and mineral surfaced fiber board worked well enough for emergency use in temporary projects, high maintenance costs would make it too expensive for permanent dwellings. The performance of plywood as exterior siding was uneven, but plywood with plastic overlays may prove useful in postwar housing. "Single-wall" construction, consisting of one thickness of material of composite character, replaced several layers of more conventional material in some projects. Wartime observation of these substitutes served to delineate the problems and to suggest possible solutions.

Insulation Problems

Fuel shortages prompted installation of more insulation, storm sash and weatherstripping in dwellings. While this was mostly beneficial, some problems were encountered showing the need for more knowledge and improvements in the field of humidity and condensation control. Ventilation standards also need to be explored more carefully to secure sound revision. In the field of insulation, there are indications that the present practice of providing uniform thermal resistance for all living areas in a house might well be re-examined to achieve greater economy and comfort by giving special insulation to the most frequently used rooms.

Based on wartime reports on both single and multifamily dwellings, the NHA study found that better sound insulation is desirable. This could be accomplished by more thoughtful site selection and site planning so that outside noises transmitted to the interior of homes could be limited. Inside, room arrangement and design of walls, floors and ceilings should make possible less sound transmission between rooms and between dwellings.

Just prior to the war, prefabricated metal chimneys were being developed. In efforts to save time, money and labor, these were installed before sufficient tests and improvements had been completed, but later installations proved so acceptable that their use became widespread. Since it saves space, lowers costs and provides better draft, the factory-built chimney is expected to find ready markets in the postwar period. It seems particularly well adapted to earthquake areas since fire resistance can be achieved at lower cost than with reinforced masonry.

Plumbing and Heating

Plumbing, heating and electrical wiring systems were among the first affected by shortages of such materials as copper, brass, aluminum, zinc, steel, chromium, nickel and even cast iron. Through redesign of these installations, most of the conservation of materials in housing was achieved. Surprisingly, only minor sacrifice of essential performance characteristics resulted. In some cases quality was increased at a lower cost to such an extent that "forced" changes have produced techniques and improvements of interest to postwar homes builders.

The formulation of the Emergency Plumbing Code and its acceptance as a national standard by labor, manufacturers, plumbing contractors and code authorities exerted tremendous influence on plumbing practice. For the first time, generally uniform practices were followed in different parts of the country. The emergency standards were also responsible to a large degree for cutting high capital and maintenance costs by bringing about closer attention to engineering details of plumbing systems. Postwar builders would probably find it profitable to intensify their efforts on these and related problems, according to the NHA report.

Cost reduction may be expected from prefabricated plumbing where standardized layouts are practicable. Even though floor and wall construction must be designed for prefabricated units, the dwelling plans can still remain individual in character. Wartime experience clearly demonstrated, however, that workmen must be trained to handle and ship such prefab parts carefully if the full measure of possible cost reduction is to be realized.

Educational programs within the plumbing trade will be needed before there is widespread acceptance of substitute materials and equipment, even those which worked well under war conditions, the study indicated. Early difficulties met in connecting plastic tubing, although now overcome, and lack of acceptance of die-cast zinc fixture trim and cement-lined pipe during the war pointed up the necessity of a fresh approach in winning approval of new materials and methods in the plumbing field.

(*Continued on p. 117*)

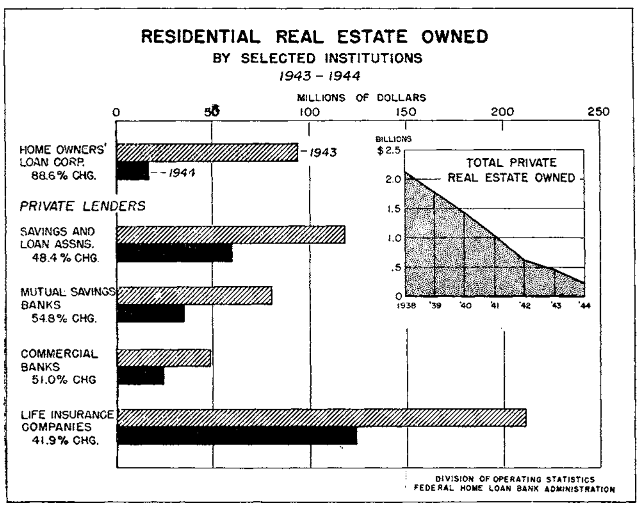
ROCK BOTTOM IN REAL ESTATE OVERHANG?

Principal mortgage lending institutions approached a clean market as the volume of real estate overhang was cut in half during 1944. As a ratio of mortgage loans outstanding, this account also showed a steep decline.

■ THE cumulative effects of sustained housing shortages and a booming market for existing properties were reflected in the shrinking volume of residential real estate owned by the principal mortgage lending institutions of the nation at the close of the third year of war. As annual income payments held to an ascending course in 1944, foreclosures again fell off about one-third, repeating in both direction and degree the trend of this activity during 1943.

The 1944 drop of 54 percent in the estimated book value of residential real estate held by savings and loan associations, mutual savings banks, commercial banks, life insurance companies and the HOLC surpassed the 42-percent decline in 1943. Although the dollar reduction of $298,488,000 was about one-third less than the decrease of $393,000,000 in 1943, the percentage drop in 1944 established a record. The estimated book value of residential properties owned by all these mortgage lenders has fallen from $2,629,000,000 at the end of 1938 to $255,292,000 on December 31, 1944, down 90 percent. The earlier year was the first for which these data were available.

Continuing the pronounced downward trend evident in 1943, the combined value of residential real estate owned by all mortgage lenders other than the HOLC reached a new low of $244,591,000 in 1944. This represented a 47-percent decline from the 1943 combined holdings which amounted to $459,640,000.



Life insurance companies, which at the beginning of that year indicated the largest holdings of acquired real estate among these selected types of institutions, likewise showed the greatest disposition by dollar volume. Of the $212,818,000 held on December 31, 1943, more than $89,000,000 was disposed of during the year 1944. However, proportionately the 42-percent decline was the smallest among any of the selected private home financing institutions included in this study.

Savings and Loan Holdings

Between the end of 1943 and 1944, savings and loan associations saw the book value of their residential overhang decrease from $116,969,000 to $60,383,000. This represented a 48-percent decline as compared with 42 percent the preceding year. The contraction in real estate owned by savings and loan associations in 1944 was common to all FHLB Districts. The Boston area showed the greatest shrinkage in this item—a 62-percent drop from $8,796,000 on December 31, 1943, to $3,365,000 on the same date in 1944. The smallest change occurred in the Winston-Salem District where during 1944 the overhang fell 17 percent from $5,309,000 to $4,384,000.

The estimated dollar amount of residential properties held by mutual savings banks diminished during the calendar year from $80,605,000 to $36,398,000, or almost 55 percent. Commercial banks recorded a similar experience with residential overhang during the like period—a 51-percent drop from $49,248,000 to $24,132,000 on December 31, 1944.

On a percentage basis, the HOLC in 1944 duplicated the leading position it held in 1943. Once again the agency led all the selected types of mortgage lending institutions in cutting its ownership of residential properties by 89 percent. In dollar amount, the HOLC holdings went down from $94,140,000 in 1943 to $10,701,000 in 1944.

(Continued on p. 119)

Amendment to Rules and Regulations

FSLIC
Bulletin No. 24

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS RELATING TO DECLARATIONS OF DIVIDENDS WHEN LOSSES ARE CHARGED TO FEDERAL INSURANCE RESERVE. (Adopted and effective December 18, 1945.)

Subsection (e) of Section 301.12 of the Rules and Regulations for Insurance of Accounts has been amended in conformity with the proposal submitted on September 6, 1945 to the members of the Federal Savings and Loan Advisory Council. (FHLB REVIEW, September 1945, p. 359.) The principal change in this subsection, which relates to the declaration of dividends when losses are charged to the Federal insurance reserve, is the requirement specifying that each insured institution accumulate, within 13 years of the effective date of insurance, a Federal insurance reserve equivalent to 2½ percent of all insured accounts.

The requirement that these institutions accumulate in this account a sum equivalent to 5 percent of insured accounts within 20 years of the effective date of insurance is also incorporated in this amended subsection. Thea mended subsection is printed below:

(e) *Declaration of dividends when losses are charged to Federal Insurance Reserve.*—An insured institution may not pay dividends from its Federal insurance reserve account.

(1) If at any time before the Federal insurance reserve account equals 5 percent of all insured accounts, losses are charged to such reserve account the insured institution shall not declare any dividends until such reserve account equals a sum aggregating the credits of three-tenths of 1 percent of its insured accounts hereinabove required to be annually credited to such reserve account and until such reserve account also meets the requirements of paragraphs (2) and (3) hereof. If at any time after the Federal insurance reserve account equals or exceeds 5 percent of all insured accounts, losses are charged to such reserve account so that such reserve account is reduced below 5 percent of all insured accounts, the insured institution shall credit an amount sufficient to restore such reserve account to 5 percent of all insured accounts before any dividend can be paid on the shares of the insured institution: Provided, however, that if such reserve account shall have been brought up to 5 percent of all insured accounts by credits thereto in excess of the amounts hereinabove required to be annually credited to such account, then it shall only be necessary before dividends may be declared or paid by the insured institution, to restore such reserve account to an amount which shall equal a sum aggregating the credits of three-tenths of 1 percent of its insured accounts hereinabove required to be annually credited to such reserve account and to an amount which shall be sufficient to meet the requirements of paragraphs (2) and (3) hereof, and thereafter such annual credits shall be resumed until the net credits again equal 5 percent of all insured accounts. Even though losses may have been charged to the insurance reserve account, dividends may be declared and paid in any year if the declaration of such dividends is approved by the Corporation.

(2) Each insured institution shall build up its Federal insurance reserve account to 5 percent of all insured accounts within a reasonable period, not exceeding 20 years from the effective date of insurance. An insured institution which has been insured for 20 years or more may not pay any dividends if any losses are charged to the insurance reserve which reduce such reserve below 5 percent of its insured accounts: Provided, that for any year dividends may be declared and paid when losses are so charged to such reserve if the declaration of such dividends in such case is approved by the Corporation.

(3) Each insured institution shall build up its Federal insurance reserve account to 2½ percent of all insured accounts within a reasonable period, not exceeding 13 years from the effective date of insurance. An insured institution which has been insured for 13 years or more may not pay any dividends if any losses are charged to the insurance reserve which reduce such reserve below 2½ percent of its insured accounts: Provided, that for any year dividends may be declared and paid when losses are so charged to such reserve if the declaration of such dividends in such case is approved by the Corporation.

This amendment became effective upon its adoption and filing with *The Federal Register* on December 18, 1945.

DIRECTORY CHANGES

NOVEMBER 16–DECEMBER 15, 1945

Key to Changes

*Admission to Membership in Bank System
**Termination of Membership in Bank System
#Federal Charter Granted
##Federal Charter Canceled
ØInsurance Certificate Granted
ØØInsurance Certificate Canceled

DISTRICT NO. 1

MASSACHUSETTS:
Boston:
**##ØØFirst Federal Savings and Loan Association of Boston, 115 Summer Street.

DISTRICT NO. 2

NEW JERSEY:
Elizabeth:
#Elizabeth Federal Savings and Loan Association, 279 N. Broad Street.
Point Pleasant Beach:
#Point Pleasant Federal Savings and Loan Association, 701 Arnold Avenue.

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
**Manheim Building and Loan Association of Germantown, 5130 Green Street.

DISTRICT NO. 4

NORTH CAROLINA:
New Bern:
#First Federal Savings and Loan Association of New Bern.

DISTRICT NO. 5

OHIO:
Lima:
*The South Side Building and Loan Association, 128 W. High Street.

DISTRICT NO. 7

WISCONSIN:
Wausau:
*Franklin Building and Loan Association, 329 Fourth Street.

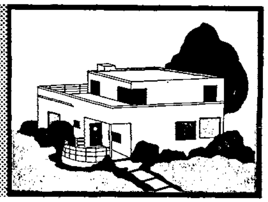
DISTRICT NO. 9

NEW MEXICO:
Hot Springs:
#Hot Springs Federal Savings and Loan Association.
TEXAS:
Alice:
##ØØAlice Federal Savings and Loan Association, 59 North Wright Street.
Pecos:
##ØØPecos Federal Savings and Loan Association, City Hall.

NATIONAL HOUSING AGENCY
John B. Blandford, Jr., Administrator

FEDERAL HOME LOAN BANK ADMINISTRATION
John H. Fahey, Commissioner

NEWS NOTES



States pass veterans' legislation

During 1945, 46 states have enacted or amended legislation covering veterans' rights, privileges and benefits, the Council of State Governments announced recently. Mississippi and Louisiana legislatures did not meet during 1945. All 48 states, however, now have state organizations to handle veterans' affairs.

Designed especially for World War II veterans, most new state legislation passed in 1945 related to bonuses, or educational grants to eligible veterans to supplement Federal or other benefits. Also included were increased educational opportunities in state institutions and loans to qualified veterans to help in their rehabilitation, education or purchase of homes, farms or businesses.

Amendments to existing state laws dealt primarily with assistance to veterans in their claims against the Federal Government, hospitals and home care, economic grants to relieve or prevent want, employment preference and preservation of job rights, land settlement benefits and occupational and tax exemptions.

DDT being tried for interior finishes

Final tests are now being made to determine the practicability of the war-discovered insect killer, DDT, for use in the interior finishes of homes, hotels, stores or restaurants. Laboratory and field experiments during the past year have shown highly successful results in the destruction of various pests, including flies, moths and mosquitoes by the use of properly formulated DDT finishes. In crawling across the treated surface, insects pick up the microscopic quantity of the poison necessary to kill them.

With several types of this material, once-a-year painting is said to be sufficient to protect a home or other building. Pending the current investigations to determine beyond question the suitability of DDT for such household and institutional use, the products have not been released to consumers.

NAHB plans program around veterans' problems

Jobs and homes for veterans will be highlighted in February at the Chicago convention of the National Association of Home Builders. In announcing the program, the Association stated, "We feel that the veterans' problems are particularly important to our industry at this time since no one else can supply them with homes and since no other industry can supply them with as many jobs."

The annual exposition of building materials, plans and products, held in conjunction with the meeting, is expected to attract about 200 exhibitors. Arrangements are being made for panel discussions among builders, materials manufacturers and some leading military authorities.

Cities fight smoke nuisance

The battle to control the smoke nuisance in our industrial cities is being resumed with new vigor since removal of the wartime restrictions on material and labor needed to manufacture smoke-dispelling machinery. A leader in the attempts to eliminate the sources of smoke on a community-wide basis was St. Louis. To spearhead its dramatic clean-up, the city passed a stringent ordinance requiring all fuel consumers either to burn smokeless fuels or to use approved smoke abatement equipment. Although such equipment is still relatively costly, engineering advances promise to reduce its cost. Despite the expense involved, St. Louisans have continued to support the plan wholeheartedly.

Before the war Pittsburgh had passed an anti-smoke ordinance modeled on the St. Louis measure. Enforcement of the stricter provisions of the law had to be abandoned during the war but are to be resumed automatically six months after the emergency ends.

Smoke abatement experts are not universally agreed that St. Louis has evolved the ideal solution to the smoke problem. Several other cities have achieved excellent results with less severe regulations which set a legal limit on the amount of smoke larger establishments may make. The rules are enforced through frequent inspections of equipment and conferences with firemen.

Cities most active in anti-smoke work include Baltimore, Chicago, Cincinnati, Cleveland, Detroit, Kansas City, Louisville, Milwaukee, Memphis, Nashville, New Orleans, SaltLake City and Washington. Smoke districts have been organized in Hudson County, New Jersey, and in Boston and vicinity.

California passes redevelopment law

Under the new Community Redevelopment Act recently signed by the Governor, California cities are authorized to organize redevelopment of blighted areas. The law embodies a compromise agreed to by many groups representing labor, real estate and housing.

Two rather unusual stipulations are written into the Act. The first requires that construction workers on redevelopment jobs valued at $1,500 or more must be paid prevailing wages. The second requirement provides that occupants displaced in assembling redevelopment sites must be rehoused at rents they can afford to pay. Recommendations for rehousing low income tenants are to be sought from local housing authorities.

In addition, the law empowers local redevelopment agencies to accept such state or Federal aid as may become available and to meet such conditions as may be necessary to qualify for financial assistance.

Home purchase advice for Baltimore veterans

A Veterans' Home Buying Clinic is being conducted by the Baltimore, Maryland, Real Estate Board to help veterans by pointing out general factors which are important in selecting a home. This clinic, which meets once a week, is conducted by a committee, the members of which are veterans of World War I or II.

Specific questions are answered, although no attempt is made to give advice on the purchase of any particular house. Also, ways are suggested by which a prospective purchaser can satisfy himself as to the current fair price on the property he is considering. However, future prices will not be predicted.

BLS records rise in urban wage rates

Between October 1944 and April 1945, basic wage rates continued to rise, according to the BLS index of urban wage rates. A leveling of the upward trend, however, became discernible in both manufacturing and non-manufacturing industries. Lower-paid occupations exhibited the greatest increase in rates—principally due to the raising of substandard wages beyond the limits prescribed by the "Little Steel" formula, as permitted by the War Labor Board. The picture has also been affected by piecework rates which change as the job content varies. Geographically, the largest increases throughout industry in general were evident in the Southeast and Middle Atlantic states.

The urban wage rate increased 1.6 percent between October 1944 and April 1945—less than for any six-month period since the war began. Altogether, urban rates in manufacturing industries advanced 32 percent between January 1941 and April 1945.

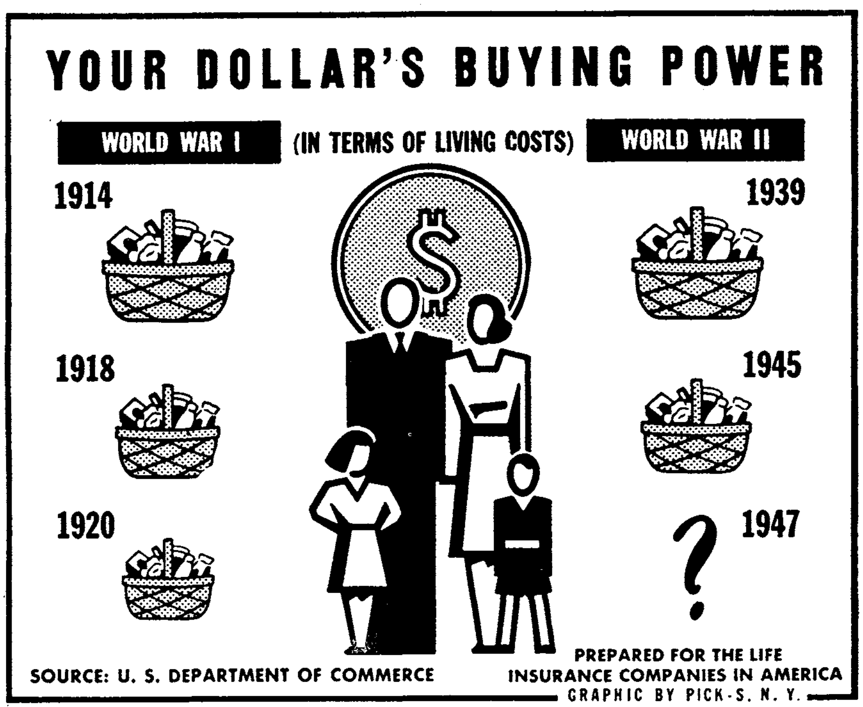
The non-manufacturing index, established in 1943 for selected industry groups, showed a gain of 3.7 percent between October 1944 and April 1945. The comparison for this group indicated an over-all increase of 17.9 percent between April 1943 and April 1945.

College courses in real estate and construction

A four-year course leading to the degree of Bachelor of Building Construction has been inaugurated by the Alabama Polytechnic Institute in its School of Architecture and the Arts. The curriculum has been set up to give sound collegiate training to prospective building contractors, material manufacturers, dealers, service representatives and building inspectors for insurance companies or municipal bodies. Placing considerable emphasis on mathematics, physics, structural theory, building construction and applied economics, the new course also provides that students may take advanced work in several technical electives.

The University of Wisconsin is a pioneer in offering in its School of Commerce a four-year course in real estate. Students completing the prescribed curriculum will be awarded the degree of Bachelor of Business Administration in Real Estate.

Following two years of general educational subjects, the latter half of the course will seek to train students to have a thorough and fundamental understanding of real estate problems, with particular emphasis on how to use the latest and most effective techniques of analyzing them. The curriculum will also include courses in architecture and building, urban sociology and city planning.



World War I prices were calculated on the basis that 1914=100 while 1939=100 was used as the base for World War II figures.

THE BOOKSHELF

Although inclusion of title does not necessarily mean recommendation by the REVIEW, the following recent publications will be of interest.

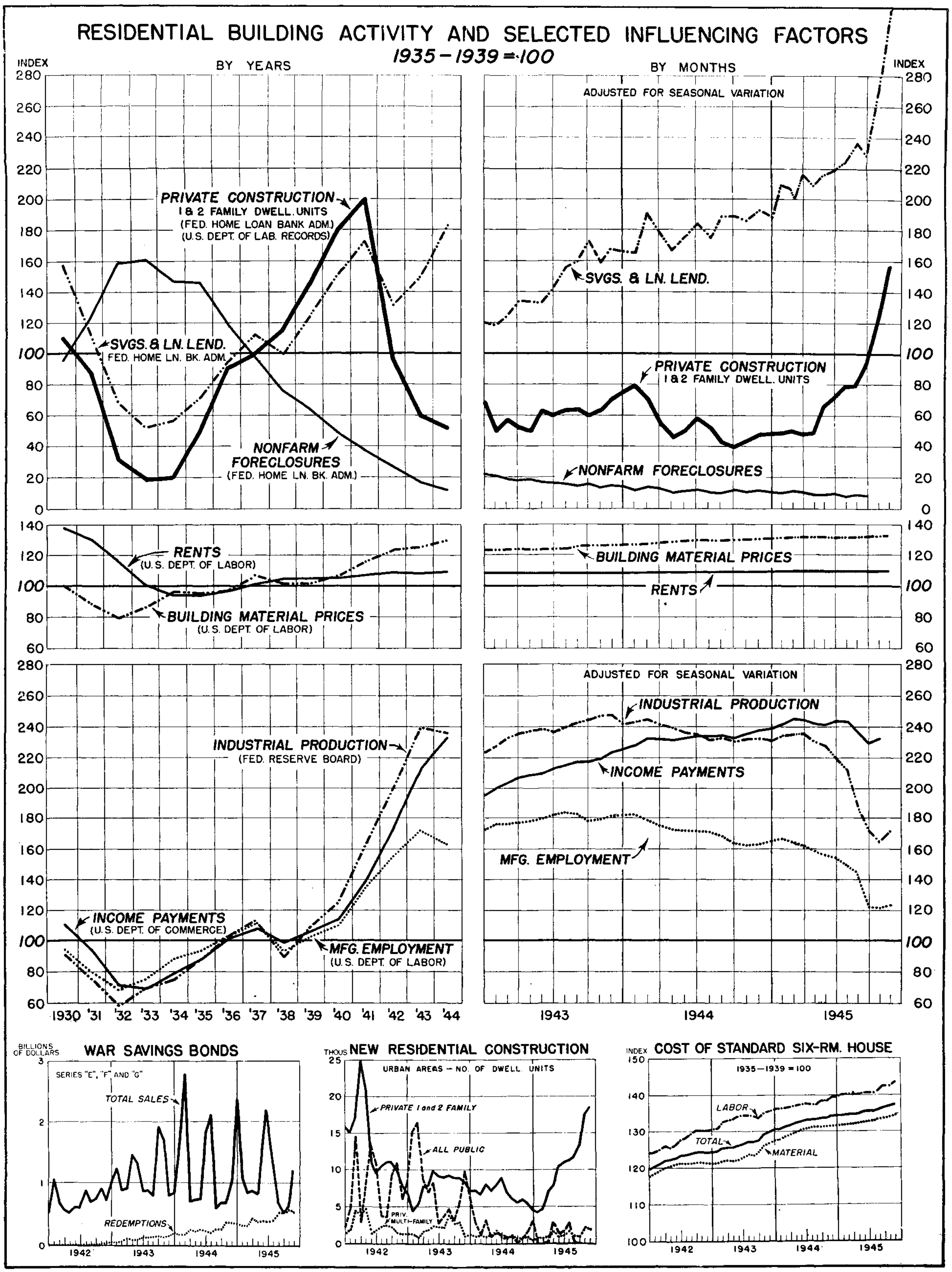
TOMORROW'S TRADE: By Stuart Chase. Available at $1.00 from The Twentieth Century Fund, 330 West 42d Street, New York 18, N. Y.

SPENDING, SAVING AND EMPLOYMENT: H. Gordon Hayes. Alfred A. Knopf, 501 Madison Avenue, New York, N. Y. $3.00.

FINANCING THE HOME: 1945. (A1.3) 4 pp. Small Homes Council, University of Illinois, Urbana, Ill.

THE MODERN HOUSE IN AMERICA: James Ford and Katherine Morrow Ford. 134 pp. 1945. Architectural Record Book Department, 119 West 40th Street, New York 18, N. Y.

PRICE AND RELATED CONTROLS IN THE UNITED STATES: Seymour E. Harris. 1945. 392 pp. Available at $4.00 from McGraw Hill Book Company, 330 West 42d Street, New York 18, N. Y.


RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1935 – 1939 = 100
INDEX
BY YEARS
BY MONTHS
ADJUSTED FOR SEASONAL VARIATION
PRIVATE CONSTRUCTION
1 & 2 FAMILY DWELL. UNITS
(FED. HOME LOAN BANK ADM.)
(U.S. DEPT. OF LAB. RECORDS)
SVGS. & LN. LEND.
FED. HOME LN. BK. ADM.
NONFARM FORECLOSURES
(FED. HOME LN. BK. ADM.)
RENTS
(U.S. DEPT. OF LABOR)
BUILDING MATERIAL PRICES
(U.S. DEPT. OF LABOR)
INDUSTRIAL PRODUCTION
(FED. RESERVE BOARD)
INCOME PAYMENTS
(U.S. DEPT. OF COMMERCE)
MFG. EMPLOYMENT
(U.S. DEPT. OF LABOR)
1930 '31 '32 '33 '34 '35 '36 '37 '38 '39 '40 '41 '42 '43 '44
1943 1944 1945
WAR SAVINGS BONDS
BILLIONS OF DOLLARS
SERIES "E", "F" AND "G"
TOTAL SALES
REDEMPTIONS
NEW RESIDENTIAL CONSTRUCTION
THOUS
URBAN AREAS – NO. OF DWELL. UNITS
PRIVATE 1 and 2 FAMILY
ALL PUBLIC
PRIV. MULTI-FAMILY
COST OF STANDARD SIX-RM. HOUSE
1935—1939 = 100
LABOR
TOTAL
MATERIAL
1942 1943 1944 1945

« « « MONTHLY SURVEY » » »

HIGHLIGHTS

I. November industrial production up for first time since February as fuel, industrial materials and producers' goods output gains.

II. New mortgage lending by savings and loan associations unseasonally high in November 1945—$198,200,000, or 67 percent above preceding November.
- *A. Construction loans somewhat higher than October, other purpose lending increased slightly more.*
- *B. Eleven-month total of $1,725,000,000 approximately 28 percent above like 1944 volume.*

III. Contra-seasonal rise in mortgage recordings brings total to $560,000,000 in November—up 1 percent from October peak.

IV. Permits issued for 20,396 privately financed urban dwelling units. No public construction reported in November.
- *A. November total 5 percent above October and close to 24,337 record of November 1941.*
- *B. Average permit valuation down from October but 28 percent above November 1941.*

V. Material and construction costs fractionally higher than in October—2 percent above November 1944.

VI. Resources of insured associations rise despite gain in repurchase ratios.

☆ ☆ ☆

BUSINESS CONDITIONS—Production showed first gain since February

Following an eight-month decline, industrial production showed its first monthly gain since February when it rose in November to 171 percent of the Federal Reserve Board's seasonally adjusted index (1935–1939=100)—a gain of eight points above the October figure. Thus, November output was at the same level as during last September—also the same as in the autumn of 1941 just before the attack on Pearl Harbor. The November gains resulted primarily from the expanded production of fuels, industrial materials and producers' equipment which was greater than in those earlier periods. Although the output in many lines of civilian consumer goods was greater than in September, it was still substantially smaller than the level reported in the corresponding month of 1941.

Likewise, the number of employees in non-agricultural establishments gained, according to the Bureau of Labor Statistics. The addition of 413,000 workers brought employment in November to 35,620,000. The expansion in production and employment, together with rises in prices and wage rates, appears to have resulted in larger incomes received by agriculture, business, and consumers, the Bureau indicated.

During the last week in November, wholesale commodity prices advanced to 132.5 of the 1935–1939 average (converted from the 1926 BLS index), reaching the highest level in nearly 25 years. However, a decline in the prices for agricultural commodities in the first week of December resulted in the first drop in the combined index since mid-September.

An abrupt rise in department store sales during the month, as measured by the Federal Reserve Board, carried the seasonally adjusted index to 228 percent of the 1935–1939 average compared with 213 percent in October. November sales were 11 percent larger than in the like month of 1944 and this increased activity continued during the opening week of December. Preliminary estimates indicate that total sales during the entire fourth quarter of last year were about 8 percent above the corresponding period in 1944. According to the Department of Commerce, retail store sales during 1945 are estimated at $74,000,000,000 compared with $69,000,000,000 in the preceding calendar year. However, the increase in dollar volume of sales does not represent an equivalent gain in physical volume, the Department's retail price index during the fourth quarter of 1945 standing 2 percent above the figure shown for the like period of 1944. Production of low-priced lines has steadily decreased in almost every field, according to reports of the Department of Commerce.

[1935–1939=100]

Type of index	Nov. 1945	Oct. 1945	Percent change	Nov. 1944	Percent change
Home construction (private)[1]	157.0	123.8	+26.8	46.7	+236.2
Rental index (BLS)	108.3	108.3	0.0	108.2	+0.1
Building material prices	132.5	132.1	+0.3	130.0	+1.9
Savings and loan lending [1]	322.4	271.0	+19.0	192.6	+67.4
Industrial production [1]	171.0	[r] 163.0	+4.9	232.0	−26.3
Manufacturing employment [1]	123.5	[r] 121.3	+1.8	164.6	−25.0
Income payments [1]	234.9	[r] 231.4	+1.5	237.5	−1.1

[r] Revised.
[1] Adjusted for normal seasonal variation.

BUILDING ACTIVITY—Private construction gained again

During November permits were granted for the construction of 20,396 family dwelling units in urban areas, according to estimates of the Bureau of Labor Statistics. As in the two preceding months, all authorizations were for private building. The November gain represented an increase of 5 percent over the activity of the previous month and approached the 24,337 units for which permits were issued for private construction in the like month of 1941. Total permit valuation in November 1945, however, exceeded that for the greater number of private units authorized in November 1941. As a result, although about 2 percent lower than in October, the average valuation in November 1945 was 28 percent above that of privately financed units in the same 1941 month.

Of the total provided last November, 18,469, or 91 percent, were for one- and two-family occupancy, compared with 17,423, or 89 percent, in October. Permits were issued for 1,927 multi-family dwellings, 6 percent less than the October figure of 2,057.

In the first 11 months of 1945, public construction accounted for 9,013 units, or 6 percent of the 139,973 total, a decline of 51 percent from the number of publicly financed dwellings authorized for the like 1944 months. In the 1945 period, permits were issued for 48 percent more privately financed units, one- and two-family dwellings increasing 53 percent and multi-family, 15 percent. The average permit valuation per unit of private construction rose from $3,099 in January-November 1944 to $3,995 for the first 11 months of 1945. [TABLES 1 and 2.].

BUILDING COSTS—Upward trend continued

Construction costs for the standard house continued the gradual upward climb evident over the past several years, both material prices and labor charges rising above October levels. At the close of November the FHLBA index of total costs stood at 137.2 percent (preliminary) of the 1935–1939 average, 0.4 percent above the October index and 2.1 percent higher than in November 1944. During the past year the index of material costs rose 2.1 percent while that of labor charges advanced 2.4 percent.

Increases in the wholesale prices of most building materials were indicated by the Department of Labor index which advanced fractionally to 132.5 (1935–1939=100) during November. Structural steel and plumbing and heating material indexes remained unchanged, while those of all the other components advanced. The largest gains, increases of 1.3 and 0.8 percent, were shown by the brick and tile and miscellaneous materials indexes. Since November 1944 the total index has risen 1.9 percent, the result of higher prices for all building materials except structural steel. [TABLES 3, 4 and 5.]

Construction costs for the standard house

[Average month of 1935–1939=100]

Element of cost	Nov. 1945 ᵖ	Oct. 1945	Percent change	Nov. 1944	Percent change
Material	134. 2	133. 8	+0. 3	131. 5	+2. 1
Labor	143. 3	142. 4	+0. 6	139. 9	+2. 4
Total	137. 2	136. 7	+0. 4	134. 4	+2. 1

ᵖ Preliminary.

MORTGAGE LENDING—High level of preceding month held

New mortgage lending by savings and loan associations in November was substantially maintained at the unseasonally high level reached in the preceding month. The $198,200,000 of new loans closed represented a gain of 1 percent over the October figure and was 67 percent above the level of lending reported in November 1944. As a result of the continued high rate of activity, the month's lending was the greatest for any November since the late twenties.

New mortgage loans distributed by purpose

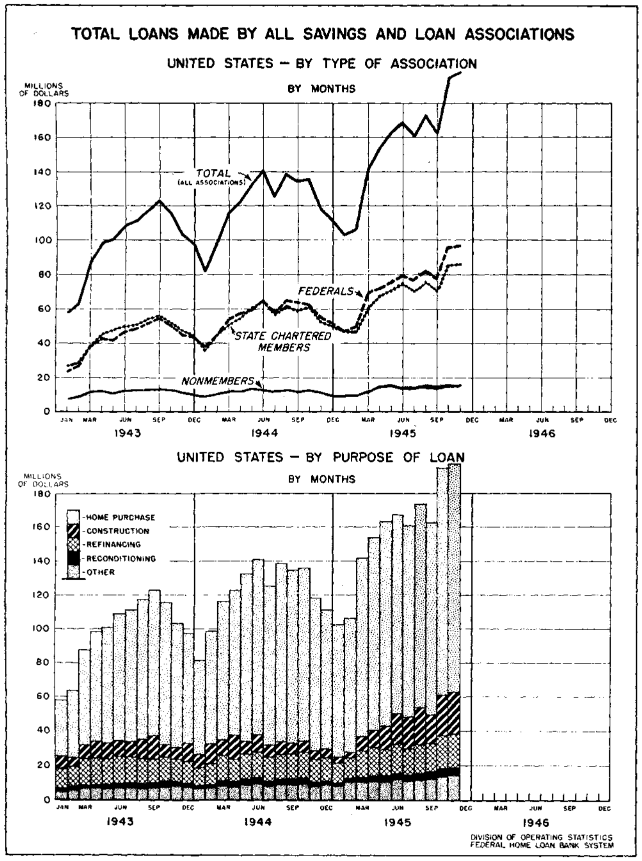
[Dollar amounts are shown in thousands]

Purpose	Nov. 1945	Oct. 1945	Percent change	Nov. 1944	Percent change
Construction	$24, 481	$23, 985	+2. 1	$4, 635	+428. 2
Home purchase	135, 685	135, 224	+0. 3	90, 182	+50. 5
Refinancing	19, 411	18, 751	+3. 5	13, 265	+46. 3
Reconditioning	4, 487	4, 857	−7. 6	2, 507	+79. 0
Other purposes	14, 095	13, 562	+3. 9	7, 785	+81. 1
Total	198, 159	196, 379	+0. 9	118, 374	+67. 4

With the exception of reconditioning loans, which showed a decline of 8 percent from October, all loan purpose categories showed gains in November above the preceding month. Despite the easing of restrictions on new building in November, the end of the building season together with the shortages of a number of materials held the gain in construction lending to 2 percent.

All Bank Districts participated in the unusual November volume of lending, although four (Boston, New York, Pittsburgh and Portland) fell somewhat below their October business. Lending activity during November 1945, compared with the same 1944 month, was considerably greater in every region. The same was true on a cumulative basis. In the first 11 months of 1945 increases over the same period of the preceding year ranged from 16.5 percent in Boston to 39.2 percent in New York.

The continued high level of lending during November brought the total activity during the first 11 months of 1945 to $1,725,000,000, about 28 percent greater than in the like period of 1944 and 35 percent above the corresponding months of 1941. In view of the heavy contra-seasonal trend in savings and loan lending thus far in the fourth quarter of 1945, it seems possible that lending during the entire 12 months may approach the all-time record of about $1,930,000,000 established in 1928. [TABLES 6 and 7.]



MORTGAGE RECORDINGS—Contra-seasonal rise in November

The greatly increased demand for home mortgage credit which resulted in an unseasonal advance in the volume of nonfarm mortgages recorded during October caused a slight gain in recordings during November. The estimated $560,000,000 of mortgages of $20,000 or less recorded by all lenders during the latter month represented a new high for this statistical series, exceeding by almost 1 percent the previous month's record volume.

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

Type of lender	Percent change from Oct. 1945	Percent of Nov. 1945 amount	Cumulative recordings (11 months)	Percent of total recordings
Savings and loan associations	−0.9	36.6	$1,815,267	35.6
Insurance companies	+3.7	4.1	222,320	4.4
Banks, trust companies	+3.8	20.5	980,433	19.2
Mutual savings banks	−1.7	4.1	191,718	3.8
Individuals	−0.5	23.4	1,284,720	25.2
Others	+3.5	11.3	601,308	11.8
Total	+0.8	100.0	5,095,766	100.0

The sustained high level of mortgage financing during November was general throughout the country. In only three Federal Home Loan Bank Districts did the total amount of recordings vary more than 3 percent from the October level. In these regions (Little Rock, Topeka, and Los Angeles) recording volumes advanced from 6 to 9 percent.

Similarly, financing by the various types of mortgagees showed relatively minor changes in volume from October to November. Recordings by savings and loan associations, mutual savings banks and individual lenders declined less than 2 percent, while commercial banks, insurance companies and miscellaneous lenders each reported advances of about 4 percent.

Unusually great financing activity in November boosted the cumulative total of recordings for the first 11 months of last year to almost $5,100,000,000. This was about 20 percent above the comparable figure for the same period of 1944. [TABLES 8 and 9.]

FHLB SYSTEM—Near record volume of advances

In spite of an increase of $10,333,000 above the October 1945 balance of advances outstanding, that item on November 30 was the smallest balance reported for the like month since 1934. The combined balance of $96,931,000 was 3.4 percent below the $100,378,000 volume of the preceding November but represented an increase of 11.9 percent above the October 1945 balance.

Between November and October, only Cincinnati and Topeka reported lower outstanding advances—down by $315,000 and $71,000, respectively. The other 10 Bank Districts shared in the national increase. While Winston-Salem showed the greatest dollar volume increment—$2,595,000—during the month, the largest percentage gain was registered in the Portland area where the November outstanding advances of $1,682,000 were over twice those in October.

Aggregate advances made during November 1945 by the 12 FHL Banks climbed to $21,213,000—more than three times the $6,577,000 advanced the previous month. Exceeded only by the high of $30,737,000 in November 1944, advances in that month of 1945 achieved a record volume of credit extended to members during any November since 1932. This significant upswing in advances propably reflected greater member activity in home mortgage lending, in the Victory Loan and in preparation for payment of dividends in December.

The $14,636,000 gain in total advances made during November was shared by all FHL Banks except the Boston institution, which saw a decline to $529,000 in November from $825,000 in October. Dollar-wise, the increased advances ranged downward from a high of $3,557,000 in the Los Angeles District to $19,000 in Topeka, although the latter represented the greatest percentage gain since no advances at all were made in that District in October.

Repayments fell to $10,880,000 in November 1945, or $8,868,000 less than the $19,748,000 received by the Banks during October. However, surpassing slightly the $10,872,000 repaid by member institutions in the like month of 1944, the November reduction of member indebtedness to the FHL Banks reached the third greatest dollar volume for any November in the System's existence. The drop in this item from October 31 to November 30, 1945 was characteristic of all save the Los Angeles region. [TABLE 12].

FLOW OF PRIVATE REPURCHASABLE CAPITAL

Although continuing at a higher level than in the same month of last year, gross savings receipts by savings and loan associations were substantially lower in November than in October, a decline which is in line with the experience of these institutions in prior years. The estimated $184,000,000 of new share investments received during the month represented a drop of 9 percent from October, but was 25 percent greater than the comparable 1944 figure.

Share repurchases which had showed a significant decline in 1942 and 1943, followed by a rise in 1944, last year evidenced only a fractional drop during November. Savings withdrawals from all savings and loan associations approximated $119,000,000 during November, only 1 percent less than in the preceding month but 56 percent more than in November 1944. The stepped-up rate of withdrawals during recent months has reduced the net flow of new private savings into these institutions. As compared with $92,000,000 in August, $94,000,000 in September and $83,000,000 in October, the excess of new investments over repurchases during the reporting month amounted to only $65,000,000. In November 1944, net savings receipts of savings and loan associations approximated $71,000,000.

Share investments and repurchases, November 1945

[Dollar amounts are shown in thousands]

Item and period	All associations	All insured associations	Uninsured members	Nonmembers
Share investments:				
1st 11 mos. 1945	$2,113,673	$1,696,617	$256, 110	$160, 946
1st 11 mos. 1944	$1,715,326	$1,342,129	$225, 736	$147, 461
Percent change	+23	+26	+13	+9
November 1945	$184, 046	$147, 022	$23, 580	$13, 444
November 1944	$147, 503	$115, 008	$19, 573	$12, 922
Percent change	+25	+28	+20	+4
Repurchases:				
1st 11 mos. 1945	$1,201,983	$933, 942	$167, 551	$100, 490
1st 11 mos. 1944	$956, 936	$708, 944	$148, 869	$99, 123
Percent change	+26	+32	+13	+1
November 1945	$118, 881	$92, 650	$15, 704	$10, 527
November 1944	$76, 113	$52, 378	$13, 534	$10, 201
Percent change	+56	+77	+16	+3
Repurchase ratio (percent):				
1st 11 mos. 1945	56. 9	55. 0	65. 4	62. 4
1st 11 mos. 1944	55. 8	52. 8	65. 9	67. 2
November 1945	64. 6	63. 0	66. 6	78. 3
November 1944	51. 6	45. 5	69. 1	78. 9

INSURED ASSOCIATIONS—Resources, lending showed slight gains

Resources of insured savings and loan associations totaled $5,878,000,000 at the end of November, a gain of $80,860,000 over October. New loans made in November aggregated $151,300,000 which was only fractionally above the October figure of $150,000,000, but 72 percent more than the amount loaned in November 1944.

During the month of November new private investments in all insured associations totaled $147,022,000, a decrease of $16,606,000 from the amount reported in October. November withdrawals amounted to $63 for each $100 invested during the month compared with $56 per $100 in October. [TABLE 13.]

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

The 1,466 Federals showed a gain of $56,089,000 in total resources during November which aggregated $3,732,000,000 at the close of the month. The volume of new mortgage lending—approximately $96,700,000—represented an increase of 0.9 percent above the $95,800,000 loaned in October. Private share capital of these institutions amounted to $3,271,000,000 on November 30 after expanding by $40,000,000 since October.

Progress in number and assets of Federals

[Dollar amounts are shown in thousands]

Class of association	Number		Approximate assets	
	Nov. 30, 1945	Oct. 31, 1945	Nov. 30, 1945	Oct. 31, 1945
New	630	630	$1, 286, 688	$1, 267, 752
Converted	836	836	2, 445, 802	2, 408, 649
Total	1, 466	1, 466	3, 732, 490	3, 676, 401

Sharing the Local Tax Burden

(Continued from p. 94)

obsolescence. Tables can be developed which, in general, tend to represent actual experience over a number of years.

If, for instance, the typical depth of business lots is 100 feet and lots 10 feet deeper have sold for 5 percent more, while those 20 feet shallower have sold for 10 percent less, then on a graduated scale a table of depth can be evolved which will tend to represent factual experience. Similar data can also be developed with respect to lot location within a block and depreciation tables established which, in general, will tend to bring about correct results. Effective, as well as actual, age of improvements may be determined by field observation in order to reflect actual conditions in assessments, and obsolescence tables may be developed. If, for example, we were to experience again a condition such as we had in many communities between 1930 and 1940 when apartment buildings were not yielding enough income to justify their cost, then economic obsolescence is present which must be considered in order to arrive at the value which is contemplated in ad valorem taxation.

Hence, it is evident that all of the approaches to the value of real estate can be employed successfully in a mass appraisal of the value of real estate for assessment purposes. This system is not theoretical; it actually is employed in some of the major cities of the United States. If the administration of this type of system is adamant in its policy and does not make changes unless they are in keeping with its policy, it does tend to keep an equitable distribution of the property tax load.

In Conclusion

Fundamentally, a solution of our local tax problems requires a broadening of the tax base to relieve real estate of the disproportionate burden which it is now carrying. Beyond this there is the need for able property tax administration to assure an equitable distribution of the property tax load. No change in the taxing system alone can guarantee indefinitely an equitable apportionment of governmental costs. Only continuous scrutiny can assure a basis for informed adaptation of our local taxing structures to fit constantly changing local conditions.

Bank Licensing Rules Changed

■ ON December 31, it was announced that steps had been taken to permit all banks which hereafter are authorized by the Comptroller of the Currency to begin business, to perform normal banking functions without obtaining a special license from the Treasury. This applies as well to banks which are admitted to membership in the Federal Reserve System.

Since the bank holiday of March 6, 1933, all member banks of the Federal Reserve System have been required to be licensed by the Secretary of the Treasury. Inasmuch as the requirements for organization as a national bank or for membership in the Federal Reserve System adequately safeguard the public interest at the present time, independent consideration of each proposed member bank by the Treasury is no longer necessary.

Accordingly this action constitutes an authorization of the Secretary of the Treasury to new members of the Federal Reserve System to transact normal banking business without further license from the Treasury Department.

Table 1.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units provided in all urban areas in November 1945, by Federal Home Loan Bank District and by State

[Source: U. S. Department of Labor]
[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and State	All residential structures				All private 1- and 2-family structures			
	Number of family dwelling units		Permit valuation		Number of family dwelling units		Permit valuation	
	November 1945	November 1944	November 1945	November 1944	November 1945	November 1944	November 1945	November 1944
UNITED STATES	20, 396	8, 460	$93, 712	$23, 276	18, 469	5, 492	$86, 837	$15, 332
No. 1—Boston	911	81	4, 810	295	817	81	4, 419	295
Connecticut	130	56	826	213	130	56	826	213
Maine	46	2	274	1	46	2	274	1
Massachusetts	551	14	2, 765	57	457	14	2, 374	57
New Hampshire	49	----------	272	----------	49	----------	272	----------
Rhode Island	98	9	521	24	98	9	521	24
Vermont	37	----------	152	----------	37	----------	152	----------
No. 2—New York	1, 557	615	9, 444	1, 754	1, 243	126	7, 907	381
New Jersey	381	520	2, 113	1, 483	314	31	1, 878	110
New York	1, 176	95	7, 331	271	929	95	6, 029	271
No. 3—Pittsburgh	660	79	3, 675	292	603	76	3, 467	285
Delaware	28	----------	200	----------	23	----------	170	----------
Pennsylvania	510	56	2, 691	228	464	53	2, 533	221
West Virginia	122	23	784	64	116	23	764	64
No. 4—Winston-Salem	2, 754	1, 191	10, 688	2, 486	2, 580	868	10, 191	1, 517
Alabama	340	339	674	602	340	339	674	602
District of Columbia	158	153	973	437	154	17	961	67
Florida	1, 023	223	4, 565	356	891	223	4, 110	356
Georgia	361	264	1, 038	783	339	104	1, 022	201
Maryland	162	39	830	100	162	39	830	100
North Carolina	338	78	1, 108	90	322	75	1, 094	89
South Carolina	74	32	165	22	74	28	165	20
Virginia	298	63	1, 335	96	298	43	1, 335	82
No. 5—Cincinnati	1, 282	412	7, 205	1, 164	1, 109	380	6, 274	1, 084
Kentucky	82	44	308	107	79	12	300	27
Ohio	915	148	6, 127	655	749	148	5, 212	655
Tennessee	285	220	770	402	281	220	762	402
No. 6—Indianapolis	1, 247	986	7, 695	3, 348	1, 231	396	7, 627	1, 688
Indiana	353	259	1, 740	1, 040	348	259	1, 730	1, 040
Michigan	894	727	5, 955	2, 308	883	137	5, 897	648
No. 7—Chicago	1, 371	459	9, 029	2, 062	1, 278	407	8, 625	1, 886
Illinois	1, 038	357	7, 084	1, 654	976	325	6, 801	1, 534
Wisconsin	333	102	1, 945	408	302	82	1, 824	352
No. 8—Des Moines	934	377	4, 467	1, 456	857	317	4, 276	1, 340
Iowa	211	71	871	322	178	67	811	316
Minnesota	450	178	2, 441	858	442	178	2, 433	858
Missouri	209	101	913	214	188	57	860	121
North Dakota	33	10	121	43	18	10	51	42
South Dakota	31	17	121	19	31	5	121	3
No. 9—Little Rock	3, 473	1, 300	8, 875	2, 125	3, 407	1, 266	8, 622	2, 038
Arkansas	137	70	298	35	137	70	298	35
Louisiana	252	264	571	672	248	264	567	672
Mississippi	286	88	558	54	286	88	558	54
New Mexico	31	28	112	26	27	28	106	26
Texas	2, 767	850	7, 336	1, 338	2, 709	816	7, 093	1, 251
No. 10—Topeka	1, 022	257	3, 799	582	860	236	3, 412	537
Colorado	406	50	1, 558	120	247	29	1, 182	75
Kansas	164	76	648	166	164	76	648	166
Nebraska	55	53	265	198	55	53	265	198
Oklahoma	397	78	1, 328	98	394	78	1, 317	98
No. 11—Portland	718	400	3, 152	1, 222	684	255	3, 069	815
Idaho	93	40	285	76	78	40	241	76
Montana	32	32	118	128	32	32	118	128
Oregon	189	79	726	182	189	75	726	175
Utah	166	26	756	120	147	26	717	120
Washington	204	211	1, 186	700	204	81	1, 186	315
Wyoming	34	12	81	16	34	1	81	1
No. 12—Los Angeles	4, 467	2, 303	20, 873	6, 490	3, 800	1, 084	18, 948	3, 466
Arizona	119	55	545	181	113	55	534	180
California	4, 231	2, 243	20, 095	6, 300	3, 570	1, 024	18, 181	3, 277
Nevada	117	5	233	9	117	5	233	9

Table 2.—**BUILDING ACTIVITY**—Estimated number and valuation of new family dwelling units provided in all urban areas of the United States

[Source: U. S. Department of Labor]

[Dollar amounts are shown in thousands]

Type of construction	Number of family dwelling units					Permit valuation				
	Monthly totals			January–November totals		Monthly totals			January–November totals	
	Nov. 1945	Oct. 1945	Nov. 1944	1945	1944	Nov. 1945	Oct. 1945	Nov. 1944	1945	1944
Private construction	20,396	19,480	6,362	130,960	88,224	$93,712	$90,996	$17,664	$523,238	$273,448
1-family dwellings	17,400	16,568	4,880	109,723	67,345	82,703	79,099	13,603	452,444	208,954
2-family dwellings [1]	1,069	855	612	7,979	9,340	4,134	3,528	1,729	28,281	30,744
3-and-more-family dwellings [2]	1,927	2,057	870	13,258	11,539	6,875	8,369	2,332	42,513	33,750
Public construction			2,098	9,013	18,546			5,612	18,899	46,386
Total urban construction	20,396	19,480	8,460	139,973	106,770	93,712	90,996	23,276	542,137	319,834

[1] Includes 1- and 2-family dwellings combined with stores.
[2] Includes multi-family dwellings combined with stores.

Table 3.—**BUILDING COSTS**—Index of building costs for the standard house in representative cities in specific months [1]

[Average month of 1935–1939=100]

Federal Home Loan Bank District and City	1945				1944	1943	1942	1941	1940	1939
	Dec.	Sept.	June	Mar.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.
No. 1—Boston:										
Hartford, Conn	137.9	137.3	136.8	136.8	136.5	134.5	128.4	125.4	107.6	101.1
Portland, Me	153.5	152.5	152.5	152.5	152.4	144.6	127.7	117.0	101.6	98.6
Boston, Mass	134.2	133.6	133.6	133.4	133.2	130.2	125.9	119.8	105.8	103.1
Manchester, N. H	128.0	127.1	127.1	127.1	124.4	116.2	108.7	105.0	99.3	97.9
Providence, R. I	144.5	142.2	141.9	141.8	141.4	135.6	120.7	118.1	109.7	104.2
No. 4—Winston-Salem:										
Birmingham, Ala	127.6	127.4	127.4	128.5	128.5	124.0	115.9	114.3	105.3	r 99.2
Washington, D. C	150.4	144.5	144.5	144.4	143.3	138.9	127.0	119.8	108.1	104.4
Atlanta, Ga	151.7	148.3	145.7	145.8	146.4	137.7	125.1	119.0	107.2	97.5
Baltimore, Md	155.8	152.7	150.5	150.2	150.1	146.4	127.8	123.9	109.6	r 102.1
Richmond, Va	135.9	133.8	133.5	133.5	133.1	125.5	117.4	111.3	105.3	98.4
No. 7—Chicago:										
Chicago, Ill	117.7	115.7	113.0	112.8	112.8	111.7	109.3	104.8	99.2	99.8
Milwaukee, Wis	146.9	145.8	144.4	142.3	142.4	137.9	132.0	116.6	109.8	107.9
No. 10—Topeka:										
Denver, Colo	129.1	127.3	128.2	128.0	125.3	119.6	112.9	110.6	100.6	98.9
Wichita, Kans	137.3	136.8	136.7	135.9	135.9	131.9	127.5	118.8	110.0	103.9
Omaha, Nebr	139.9	137.3	137.3	136.3	134.5	129.6	126.7	120.8	107.5	105.5
Oklahoma City, Okla	153.3	151.5	151.4	151.3	151.3	147.1	132.2	126.8	119.2	106.8

[1] Indexes of December 1940 and thereafter have been revised in order to use retail material prices collected by the Bureau of Labor Statistics.

This index is designed to measure the changes in the costs of constructing a standard frame house and to provide a basis for the study of the trend of costs within an individual community or in different cities. The various units of materials and labor are selected in accordance with their contribution to the total cost of the completed dwelling.

Material costs are based on prices for a limited bill of the more important items. Current prices are furnished by the Bureau of Labor Statistics and are based on information from a group of dealers in each city who report on prices for material delivered to job site, in average quantities, for residential construction. Because of wartime conditions, some of the regular items are not available at times and, therefore, substitutions must be made of similar products which are being sold in the current market.

Labor costs are based on prevailing rates for residential construction and reflect total earnings, including overtime and bonus pay. Either union or nonunion rates are used according to which prevails in the majority of cases within the community.

Figures presented in this table include all revisions up to the present time. Revisions are unavoidable, however, as more complete information if obtained and becomes available for inclusion in this table.

Cities in FHLB Districts 2, 6, 8, and 11 report in January, April, July, and October of each year; those in Districts 3, 5, 9 and 12 report in February, May, August and November; and those in Districts 1, 4, 7 and 10 report in March, June, September and December

r Revised.

Table 4.—**BUILDING COSTS**—Index of building costs for the standard house

[Average month of 1935–1939=100]

Element of cost	Nov. 1945 p	Oct. 1945	Sept. 1945	Aug. 1945	Jul. 1945	June 1945	May 1945	Apr. 1945	Mar. 1945	Feb. 1945	Jan. 1945	Dec. 1944	Nov. 1944
Material	134.2	133.8	133.3	133.1	133.0	132.7	132.5	132.4	132.3	131.9	131.7	131.5	131.5
Labor	143.3	142.4	142.4	140.9	140.6	140.5	140.4	140.5	140.4	140.1	140.1	140.0	139.9
Total	137.2	136.7	136.3	135.7	135.5	135.3	135.1	135.1	135.0	134.7	134.5	134.4	134.4

p Preliminary.

Table 5.—**BUILDING COSTS**—Index of wholesale prices of building materials in the United States

[Source: U. S. Department of Labor]

[1935–1939=100; converted from 1926 base]

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1943: November	126.3	110.1	102.7	164.1	126.9	120.6	103.5	110.5
1944: November	130.0	115.6	107.2	171.3	130.7	121.4	103.5	111.7
December	130.0	115.9	107.0	171.3	130.7	121.4	103.5	111.7
1945: January	130.4	121.5	106.9	171.3	130.7	121.4	103.5	111.9
February	130.6	121.6	108.7	171.4	130.8	121.4	103.5	112.0
March	130.8	121.8	109.1	171.3	130.7	121.4	103.5	112.3
April	130.8	121.7	109.1	171.4	130.7	121.4	103.5	112.3
May	131.0	121.8	109.1	171.9	130.8	121.4	103.5	112.6
June	131.1	122.1	109.1	172.5	130.7	121.7	103.5	112.8
July	131.2	122.9	109.1	172.7	130.4	121.7	103.5	112.8
August	131.5	122.8	109.1	172.9	131.9	122.7	103.5	112.8
September	131.8	123.7	109.3	172.6	132.3	124.8	103.5	113.0
October	132.1	126.8	109.6	172.8	132.3	124.8	103.5	113.1
November	132.5	128.4	109.9	173.2	132.4	124.8	103.5	114.0
Percent change:								
November 1945–October 1945	+0.3	+1.3	+0.3	+0.2	+0.1	0.0	0.0	+0.8
November 1945–Novebmer 1944	+1.9	+11.1	+2.5	+1.1	+1.3	+2.8	0.0	+2.1

Table 6.—**MORTGAGE LENDING**—Estimated volume of new home mortgage loans by all savings and loan associations, by purpose and class of association

[Thousands of dollars]

Period	Purpose of loans					Total loans	Class of association		
	Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes		Federals	State members	Nonmembers
1943	$106,497	$802,371	$167,254	$30,441	$77,398	$1,183,961	$511,757	$539,299	$132,905
January–November	95,593	737,715	154,704	28,151	70,226	1,086,389	468,110	495,327	122,952
November	6,928	73,053	12,767	2,638	7,670	103,056	44,804	47,108	11,144
1944	95,243	1,064,017	163,813	30,751	100,228	1,454,052	669,433	648,670	135,949
January–November	89,999	982,509	150,258	28,624	91,524	1,342,914	617,847	598,749	126,318
November	4,635	90,182	13,265	2,507	7,785	118,374	54,978	52,241	11,155
December	5,244	81,508	13,555	2,127	8,704	111,138	51,586	49,921	9,631
1945 January–November	157,628	1,227,998	178,163	36,778	124,401	1,724,968	820,751	754,983	149,234
January	3,772	76,495	12,167	1,868	7,999	102,301	46,439	46,452	9,410
February	3,081	78,140	12,524	1,994	10,270	106,009	49,900	46,575	9,534
March	7,406	105,307	15,922	2,559	10,287	141,481	69,430	60,688	11,363
April	9,541	113,684	16,800	2,951	10,778	153,754	71,375	67,955	14,424
May	13,032	120,244	15,887	3,396	10,520	163,079	75,607	71,921	15,551
June	17,567	116,798	17,147	3,364	12,435	167,311	79,603	74,219	13,489
July	17,658	112,761	15,622	3,351	11,007	160,399	76,355	70,264	13,780
August	20,730	120,557	17,146	3,971	11,259	173,663	82,197	75,644	15,822
September	16,375	113,103	16,786	3,980	12,189	162,433	77,321	70,642	14,470
October	23,985	135,224	18,751	4,857	13,562	196,379	95,815	84,819	15,745
November	24,481	135,685	19,411	4,487	14,095	198,159	96,709	85,804	15,646

Table 7.—**LENDING**—Estimated volume of new loans by savings and loan associations

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and class of association	New loans			Cumulative new loans (11 months)		
	November 1945	October 1945	November 1944	1945	1944	Percent change
UNITED STATES	$198,159	$196,379	$118,374	$1,724,968	$1,342,914	+28.4
Federal	96,709	95,815	54,978	820,751	617,847	+32.8
State member	85,804	84,819	52,241	754,983	598,749	+26.1
Nonmember	15,646	15,745	11,155	149,234	126,318	+18.1
Boston	12,138	12,671	8,958	114,728	98,464	+16.5
Federal	5,285	5,636	3,642	48,872	37,571	+30.1
State member	5,243	5,919	4,047	52,135	48,483	+7.5
Nonmember	1,610	1,116	1,269	13,721	12,410	+10.6
New York	18,758	19,346	11,899	169,072	121,445	+39.2
Federal	6,599	7,521	4,298	60,121	39,127	+53.7
State member	9,047	9,215	5,737	81,434	62,175	+31.0
Nonmember	3,112	2,610	1,864	27,517	20,143	+36.6
Pittsburgh	14,501	15,261	11,023	140,392	112,951	+24.3
Federal	6,963	7,324	5,486	66,810	52,012	+28.5
State member	4,976	5,354	3,829	48,318	38,570	+25.3
Nonmember	2,562	2,583	1,708	25,264	22,369	+12.9
Winston-Salem	27,189	25,723	14,585	218,223	157,739	+38.3
Federal	13,833	13,238	7,163	114,853	82,395	+39.4
State member	11,416	10,512	6,489	89,231	65,720	+35.8
Nonmember	1,940	1,973	933	14,139	9,624	+46.9
Cincinnati	32,093	31,352	19,965	283,981	232,448	+22.2
Federal	14,632	13,570	8,612	122,417	97,528	+25.5
State member	15,994	15,647	9,713	142,526	116,173	+22.7
Nonmember	1,467	2,135	1,640	19,038	18,747	+1.6
Indianapolis	11,757	11,529	6,901	96,934	75,197	+28.9
Federal	6,373	6,301	3,470	52,392	37,095	+41.2
State member	4,953	4,746	3,185	40,343	34,638	+16.5
Nonmember	431	482	246	4,199	3,464	+21.2
Chicago	21,997	21,779	12,630	194,929	151,508	+28.7
Federal	9,593	9,438	5,215	83,347	63,166	+31.9
State member	10,998	10,753	6,188	97,232	75,681	+28.5
Nonmember	1,406	1,588	1,227	14,350	12,661	+13.3
Des Moines	12,809	12,117	7,279	105,089	84,664	+24.1
Federal	7,116	6,597	3,896	54,910	44,293	+24.0
State member	4,110	4,004	2,386	36,493	29,500	+23.7
Nonmember	1,583	1,516	997	13,686	10,871	+25.9
Little Rock	9,785	9,311	5,568	82,129	69,924	+17.5
Federal	4,901	4,690	2,733	40,708	30,371	+34.0
State member	4,789	4,479	2,768	40,334	38,719	+4.2
Nonmember	95	142	67	1,087	834	+30.3
Topeka	9,925	9,898	5,779	86,911	64,923	+33.9
Federal	5,641	5,656	3,127	47,922	34,258	+39.9
State member	3,004	2,827	1,644	25,102	18,050	+39.1
Nonmember	1,280	1,415	1,008	13,887	12,615	+10.1
Portland	6,329	6,622	3,766	58,361	43,451	+34.3
Federal	4,342	4,514	2,410	36,556	28,153	+29.8
State member	1,937	2,053	1,285	20,501	13,778	+48.8
Nonmember	50	55	71	1,304	1,520	−14.2
Los Angeles	20,878	20,770	10,021	174,219	130,260	+33.8
Federal	11,431	11,330	4,926	91,843	71,878	+27.8
State member	9,337	9,310	4,970	81,334	57,262	+42.0
Nonmember	110	130	125	1,042	1,060	−1.7

Table 8.—**RECORDINGS**—Estimated nonfarm mortgage recordings, $20,000 and under

NOVEMBER 1945

[Thousands of dollars]

Federal Home Loan Bank District and State	Savings and loan associations	Insurance companies	Banks and trust companies	Mutual savings banks	Individuals	Other mortgagees	Total
UNITED STATES	$205,100	$23,061	$114,636	$23,310	$130,986	$63,087	$560,180
Boston	16,887	517	5,678	11,779	6,818	3,527	45,206
Connecticut	2,058	353	2,418	1,903	2,030	1,158	9,920
Maine	710	13	312	689	441	65	2,230
Massachusetts	12,147	151	2,199	7,480	3,270	1,733	26,980
New Hampshire	489	-------	195	806	318	36	1,844
Rhode Island	1,205	-------	457	516	546	521	3,245
Vermont	278	-------	97	385	213	14	987
New York	16,530	1,860	9,860	8,828	19,970	6,502	63,550
New Jersey	4,956	712	3,790	997	4,902	1,991	17,348
New York	11,574	1,148	6,070	7,831	15,068	4,511	46,202
Pittsburgh	15,616	1,548	10,440	687	8,318	3,668	40,277
Delaware	271	162	202	118	375	128	1,256
Pennsylvania	14,185	1,150	8,279	569	7,176	3,319	34,678
West Virginia	1,160	236	1,959	-------	767	221	4,343
Winston-Salem	20,448	3,444	7,272	219	17,475	5,277	54,135
Alabama	888	344	491	-------	1,081	471	3,275
District of Columbia	3,505	452	705	-------	1,550	814	7,026
Florida	3,130	876	1,339	-------	7,156	1,300	13,801
Georgia	1,904	305	1,322	-------	1,450	578	5,559
Maryland	5,374	164	1,118	219	1,804	263	8,942
North Carolina	2,396	650	551	-------	1,258	577	5,432
South Carolina	451	256	502	-------	726	310	2,245
Virginia	2,800	397	1,244	-------	2,450	964	7,855
Cincinnati	39,665	2,348	14,734	707	7,802	5,395	70,651
Kentucky	3,569	473	1,452	-------	482	249	6,225
Ohio	34,963	1,190	11,803	707	6,601	1,742	57,006
Tennessee	1,133	685	1,479	-------	719	3,404	7,420
Indianapolis	11,626	2,220	11,550	29	4,269	2,102	31,796
Indiana	7,350	953	4,455	29	1,471	946	15,204
Michigan	4,276	1,267	7,095	-------	2,798	1,156	16,592
Chicago	23,452	1,190	7,962	42	8,769	10,371	51,786
Illinois	17,979	751	4,986	-------	5,234	9,393	38,343
Wisconsin	5,473	439	2,976	42	3,535	978	13,443
Des Moines	12,473	1,814	8,646	288	6,004	5,250	34,475
Iowa	3,250	181	2,492	-------	1,144	432	7,499
Minnesota	5,384	512	2,317	288	1,809	1,842	12,152
Missouri	3,172	1,086	3,470	-------	2,717	2,919	13,364
North Dakota	466	15	180	-------	141	41	843
South Dakota	201	20	187	-------	193	16	617
Little Rock	11,529	3,792	3,243	-------	8,993	4,153	31,710
Arkansas	1,058	191	553	-------	540	50	2,392
Louisiana	2,807	316	229	-------	1,677	641	5,670
Mississippi	578	180	351	-------	544	175	1,828
New Mexico	226	7	123	-------	301	20	677
Texas	6,860	3,098	1,987	-------	5,931	3,267	21,143
Topeka	11,015	995	3,518	-------	6,907	2,374	24,809
Colorado	1,907	156	796	-------	3,697	963	7,519
Kansas	3,549	182	1,223	-------	839	448	6,241
Nebraska	1,249	390	473	-------	603	167	2,882
Oklahoma	4,310	267	1,026	-------	1,768	796	8,167
Portland	6,174	580	5,503	731	4,565	1,746	19,299
Idaho	560	44	252	-------	511	90	1,457
Montana	336	27	260	-------	472	43	1,138
Oregon	1,645	192	579	89	1,706	264	4,475
Utah	530	121	989	-------	317	131	2,088
Washington	2,866	196	3,121	642	1,267	1,198	9,290
Wyoming	237	-------	302	-------	292	20	851
Los Angeles	19,685	2,753	26,230	-------	31,096	12,722	92,486
Arizona	555	37	565	-------	1,727	81	2,965
California	18,994	2,707	25,527	-------	28,947	12,621	88,796
Nevada	136	9	138	-------	422	20	725

Table 9.—**MORTGAGE RECORDINGS**—Estimated volume of nonfarm mortgages recorded

[Dollar amounts are shown in thousands]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
1944	$1,563,678	33.9	$256,173	5.6	$877,762	19.0	$165,054	3.6	$1,134,054	24.6	$613,908	13.3	$4,610,629	100.0
January-November	1,443,110	34.0	236,991	5.6	812,955	19.1	151,392	3.6	1,038,486	24.4	567,468	13.3	4,250,402	100.0
November	134,359	34.1	20,543	5.2	71,752	18.2	15,176	3.9	103,513	26.3	48,296	12.3	393,639	100.0
December	120,568	33.5	19,182	5.3	64,807	18.0	13,662	3.8	95,568	26.5	46,440	12.9	360,227	100.0
1945														
January-November	1,815,267	35.6	222,320	4.4	980,433	19.2	191,718	3.8	1,284,720	25.2	601,308	11.8	5,095,766	100.0
January	111,480	31.4	17,882	5.0	65,109	18.4	12,500	3.5	99,200	28.0	48,407	13.7	354,578	100.0
February	111,176	32.8	16,034	4.7	63,933	18.9	10,343	3.1	93,248	27.5	43,963	13.0	338,697	100.0
March	151,361	34.9	20,669	4.8	80,000	18.5	13,599	3.1	114,971	26.5	52,737	12.2	433,337	100.0
April	157,181	34.5	19,718	4.3	88,749	19.5	15,680	3.4	118,713	26.1	55,749	12.2	455,790	100.0
May	172,421	35.4	21,459	4.4	91,023	18.7	18,981	3.9	125,849	25.8	57,702	11.8	487,435	100.0
June	176,051	36.1	21,801	4.5	91,336	18.8	18,572	3.8	121,800	25.0	57,481	11.8	487,041	100.0
July	169,784	36.2	20,173	4.3	90,199	19.2	18,062	3.9	116,964	24.9	54,087	11.5	469,269	100.0
August	181,156	37.0	20,359	4.2	93,358	19.1	18,488	3.8	120,015	24.5	56,013	11.4	489,389	100.0
September	172,551	37.2	18,935	4.1	91,661	19.7	18,472	4.0	111,384	24.0	51,154	11.0	464,157	100.0
October	207,006	37.2	22,229	4.0	110,429	19.9	23,711	4.3	131,590	23.7	60,928	10.9	555,893	100.0
November	205,100	36.6	23,061	4.1	114,636	20.5	23,310	4.1	130,986	23.4	63,087	11.3	560,180	100.0

Table 10.—**SAVINGS**—Sales of war bonds [1]

[Thousands of dollars]

Period	Series E	Series F	Series G	Total	Redemptions
1944	$12,379,891	$772,767	$2,891,427	$16,044,085	$3,263,168
November	806,817	42,680	173,858	1,023,355	376,053
December	1,855,300	124,669	405,880	2,385,849	358,572
1945					
January	803,819	42,034	228,327	1,074,180	333,443
February	653,222	30,695	164,073	847,990	317,083
March	712,133	26,487	150,456	889,076	437,892
April	684,424	23,112	130,100	837,636	381,198
May	1,194,712	62,940	282,437	1,540,089	404,209
June	1,467,673	178,003	532,379	2,178,055	382,536
July	1,031,778	47,409	215,288	1,294,475	406,103
August	571,286	21,629	106,825	699,740	515,161
September	420,058	17,760	76,296	514,114	514,382
October	509,706	7,922	106,842	624,470	595,663
November	865,022	53,839	264,760	1,183,621	510,675

[1] U. S. Treasury War Savings Staff. Actual deposits made to the credit of the U. S. Treasury.

Table 11.—**FHA**—Home mortgages insured [1]

[Premium paying; thousands of dollars]

Period	Title II [2]		Title VI (603)	Total insured at end of period
	New	Existing		
1944: November	$54	$21,646	$38,053	$5,969,687
December	31	18,269	36,573	6,024,560
1945: January	67	19,006	38,640	6,082,273
February	27	14,085	31,417	6,127,802
March	37	16,480	29,886	6,174,205
April	63	14,813	26,885	6,215,966
May	80	22,272	23,707	6,262,025
June	374	18,841	20,413	6,301,653
July	347	18,207	19,056	6,339,263
August	666	17,286	14,992	6,372,207
September	968	15,165	12,634	6,400,974
October	1,228	18,606	15,253	6,436,061
November	1,777	18,887	10,779	6,467,504

[1] Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.
[2] Figures for October 1945 and thereafter are estimated.

Table 12.—**FHL BANKS**—Lending operations and principal assets and liabilities

[Thousands of dollars]

Federal Home Loan Bank	Lending operations November 1945		Principal assets November 30, 1945			Capital and principal liabilities November 30, 1945			Total assets November 30, 1945 [1]
	Advances	Repayments	Advances outstanding	Cash [1]	Government securities	Capital [2]	Debentures	Member deposits	
Boston	$529	$409	$8,488	$2,055	$12,527	$20,341	$2,000	$826	$23,171
New York	2,818	493	7,227	8,211	30,036	28,509	3,000	14,120	45,652
Pittsburgh	2,486	570	8,850	8,921	7,526	17,510	6,000	1,854	25,373
Winston-Salem	2,878	283	9,652	2,768	10,968	18,774	2,500	191	23,473
Cincinnati	400	715	5,641	2,732	41,503	28,840	5,000	16,292	50,203
Indianapolis	1,562	424	6,857	6,173	13,675	15,725	4,000	7,077	26,811
Chicago	2,532	1,793	17,885	3,908	20,074	24,339	12,500	5,161	42,018
Des Moines	1,395	967	6,549	372	17,131	14,471	8,500	1,178	24,161
Little Rock	245	54	3,635	631	9,633	12,762	1,000	217	13,983
Topeka	19	91	2,669	2,951	6,738	11,058	1,000	356	12,416
Portland	1,207	240	1,682	5,189	8,148	8,869	3,000	3,207	15,081
Los Angeles	5,142	4,841	17,796	12,931	13,352	17,447	20,000	6,702	44,185
November 1945 (Combined total)	21,213	10,880	96,931	56,842	191,311	218,645	68,500	57,181	346,527
October 1945	6,577	19,748	86,598	20,917	232,626	217,048	68,500	53,749	341,445
November 1944	30,737	10,872	100,378	44,189	164,300	206,528	66,500	37,007	310,284

[1] Includes interbank deposits.
[2] Capital stock, surplus and undivided profits.

Table 13.—INSURED ASSOCIATIONS—
Progress of institutions insured by the FSLIC

[Dollar amounts are shown in thousands]

Period and class of association	Number of associations	Total assets	Operations			
			New mortgage loans	New private investments	Private repurchases	Repurchase ratio
ALL INSURED						
1944: November	2,462	$4,867,068	$88,227	$115,008	$52,378	45.5
December	2,466	5,012,662	83,408	142,291	45,985	32.3
1945: January	2,466	5,035,626	76,215	195,077	123,943	63.5
February	2,463	5,076,554	79,479	125,769	63,089	50.2
March	2,465	5,136,903	110,287	138,709	71,488	51.5
April	2,469	5,204,641	113,296	133,651	65,701	49.2
May	2,469	5,292,169	121,808	130,182	62,980	48.4
June	2,471	5,549,563	126,824	163,156	56,279	34.5
July	2,473	5,594,461	121,572	196,944	144,932	73.6
August	2,475	5,666,351	131,239	156,189	83,357	53.4
September	2,476	5,725,962	122,098	146,290	77,855	53.2
October	2,476	5,797,238	150,000	163,628	91,668	56.0
November	2,474	5,878,098	151,335	147,022	92,650	63.0
FEDERAL						
1944: November	1,464	3,059,556	54,978	75,372	32,665	43.3
December	1,464	3,168,731	51,586	93,400	26,049	27.9
1945: January	1,464	3,178,132	46,439	129,640	84,624	65.3
February	1,464	3,200,324	49,900	82,862	41,374	49.9
March	1,465	3,237,942	69,430	91,627	46,574	50.8
April	1,465	3,280,506	71,375	88,356	41,856	47.4
May	1,466	3,337,648	75,607	85,977	40,063	46.6
June	1,465	3,528,027	79,603	106,770	33,601	31.5
July	1,467	3,552,154	76,355	129,958	100,301	77.2
August	1,469	3,595,087	82,197	102,190	55,016	53.8
September	1,467	3,632,197	77,321	96,180	51,428	53.5
October	1,466	3,676,401	95,815	108,252	59,925	55.4
November	1,466	3,732,490	96,709	97,373	59,023	60.6
STATE						
1944: November	998	1,807,512	33,249	39,636	19,713	49.7
December	1,002	1,843,931	31.822	48,891	19,936	40.8
1945: January	1,002	1,857,494	29,776	65,437	39,319	60.1
February	999	1,876,230	29,579	42,907	21,715	50.6
March	1,000	1,898,961	40,857	47,082	24,914	52.9
April	1,004	1,924,135	41,921	45,295	23,845	52.6
May	1,003	1,954,521	46,201	44,205	22,917	51.8
June	1,006	2,021,536	47,221	56,386	22,678	40.2
July	1,006	2,042,307	45,217	66,986	44,631	66.6
August	1,006	2,071,264	49,042	53,999	28,341	52.5
September	1,009	2,093,765	44,777	50,110	26,427	52.7
October	1,010	2,120,837	54,185	55,376	31,743	57.3
November	1,008	2,145,608	54,626	49,649	33,627	67.7

War Telescopes Construction Experience

(Continued from p. 101)

Many substitutes have not been completely successful, from the viewpoints of both the plumber and the consumer. Cement, porcelain or enamel linings have not functioned so well as the conventional nonferrous water tanks. Inadequate time for research and development of zinc, plastic or cast iron was in large part responsible for continued preference of brass plumbing trim when again available. Copper and brass pipe and tubing are expected to regain their places as materials are freed. It is believed that after additional work has been done on some of the newer plastics, suitable standards of performance at lower costs will stimulate their use for fixtures.

Prescribed wartime limitation of heat loss led to standardization and simplifications of heating systems. Smaller and more efficient equipment was demanded. New designs were laid out and new techniques developed. Standardization gave contractors new opportunities for bulk purchases and for use of prefabrication methods. Prefabrication of such things as standardized duct runs and fittings permitted more shop and less site work with added efficiency and fewer field adjustments. Elimination of basements revealed numerous problems stemming from space heaters and floor furnaces located either within living quarters themselves or in small above-ground utility rooms. Most of these difficulties have been corrected and satisfactory standards have been attained for manufacture and installation of this type of equipment.

Electrical Installations

Since wartime restrictions affecting electrical systems increased fire hazards and led to poor illumination, prewar standards are expected to be reestablished as soon as possible. Closed types of lighting fixtures, which do away with glare, have been proved desirable as opposed to the open type made necessary by war. High maintenance costs and user inconvenience probably assure peacetime reconversion from pull chain fixtures to integrated toggle switches or separate wall switches.

Synthetic glass insulation, with tremendous heat and electrical resistance, and a penetrating thin-film plastic coating wire insulation with high water resistance may offer rubber insulation significant competition in the future. Adequate performance characteristics at lower costs may contribute to the replacement of metal-armored cable (BX) with nonmetallic sheathed cable. New materials may also extend the use of solderless connectors and nonmetallic fixture boxes and plates. Wartime experience further indicated that local codes may have been more stringent than safety required in the standards regulating metal conduits in residential construction.

The desirability of providing ample and efficient structural space for mechanical systems in dwellings has been highlighted. Architectural design should be coordinated with mechanical design to achieve economy of installation and operation. Leftover spaces usually do not permit adequate fire prevention clearance and insulation, sufficient heat and sound insulation, or easy accessibility for operation or repair of mechanical systems.

Election and Appointment of Directors and Designation of Chairmen and Vice Chairmen of the Federal Home Loan Banks

■ ANNOUNCEMENT has been made recently by the Federal Home Loan Bank Administration of: (1) the election of Classes A, B, and C directors and directors-at-large to serve 2-year terms beginning January 1, 1946; (2) the appointment of public interest directors to serve 4-year terms beginning January 1, 1946; and (3) the designation of chairmen and vice chairmen of the various Federal Home Loan Banks to serve during the calendar year 1946 or until such time as their successors are designated and qualified.

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DISTRICT NO. 1—BOSTON

Chairman: Bernard J. Rothwell, Bay State Milling Company, Boston, Massachusetts (re-appointed).
Vice Chairman: Edward H. Weeks, Old Colony Co-operative Bank, Providence, Rhode Island (re-appointed).
Public Interest Director: Bernard J. Rothwell.
Class A Director: Edward H. Weeks (re-elected).
Class B Director: William J. D. Radcliff, Peabody Cooperative Bank, Peabody, Massachusetts.
Class C Director: Sumner W. Johnson, Homestead Savings and Loan Association, Portland, Maine (re-elected).
Director-at-Large: Frederick T. Backstrom, First Federal Savings and Loan Association, New Haven, Connecticut.

DISTRICT NO. 2—NEW YORK

Chairman: George MacDonald, Manufacturers' Trust Company, New York, New York (re-appointed).
Vice Chairman: Roy H. Bassett, Canton Savings and Loan Association, Canton, New York.
Public Interest Director: George MacDonald.
Public Interest Director (unexpired term): Francis V. D. Lloyd, Hackensack, New Jersey (appointed to fill the unexpired portion of a term ending December 31, 1947).
Class A Director: Willis J. Almekinder, First Federal Savings and Loan Association, Rochester, New York.
Class B Director: Joseph Holzka, Northfield Savings and Loan Association, Staten Island, New York.
Class C Director: Henry N. Stam, Totowa Savings and Loan Association, Paterson, New Jersey (re-elected).
Director-at-Large: E. H. Schoonmaker, Tenafly Mutual Savings and Loan Association, Tenafly, New Jersey.

DISTRICT NO. 3—PITTSBURGH

Chairman: Ernest T. Trigg, National Paint, Varnish and Lacquer Association, Philadelphia, Pennsylvania (re-appointed).
Vice Chairman: Charles S. Tippetts, The Mercersburg Academy, Mercersburg, Pennsylvania (re-appointed).
Public Interest Director: Ernest T. Trigg.
Class A Director: Norman E. Clark, First Federal Savings and Loan Association, New Castle, Pennsylvania (re-elected).
Class B Director: N. F. Braun, Eureka Savings Fund and Loan Association, Pittsburgh, Pennsylvania.
Class C Director: Francis E. McGill, Manayunk Savings and Loan Association, Manayunk, Pennsylvania (re-elected).
Director-at-Large: James J. O'Malley, First Federal Savings and Loan Association, Wilkes-Barre, Pennsylvania (re-elected).

DISTRICT NO. 4—WINSTON-SALEM

Chairman: Horace S. Haworth, Roberson, Haworth and Reese (law firm), High Point, North Carolina (re-appointed).
Vice Chairman: Edward C. Baltz, Perpetual Building Association, Washington, D. C. (re-appointed).
Public Interest Director: W. Waverly Taylor, Washington, D. C. (re-elected.)
Class A Director: Wallace O. DuVall, Atlanta Federal Savings and Loan Association, Atlanta, Georgia (re-elected).
Class B Director: Peyton R. Keller, First Federal Savings and Loan Association, Roanoke, Virginia (re-elected).
Class C Director: George E. Rutledge, First Federal Savings and Loan Association, Bessemer, Alabama (re-elected).
Director-at-Large: Marion M. Hewell, Fidelity Federal Savings and Loan Association, Greenville, South Carolina.

DISTRICT NO. 5—CINCINNATI

Chairman: Harry S. Kissell, Springfield, Ohio (re-appointed).
Vice Chairman: W. Megrue Brock, The Gem City Building and Loan Association, Dayton, Ohio (re-appointed).
Public Interest Director: Harry S. Kissell.
Class A Director: Grover A. Welsh, First Federal Savings and Loan Association, Youngstown, Ohio.
Class B Director: John C. Mindermann, General Building Association, Covington, Kentucky (re-elected).
Class C Director: Herman F. Cellarius, San Marco Building and Loan Association, Cincinnati, Ohio (re-elected).
Director-at-Large: W. Megrue Brock (re-elected).

DISTRICT NO. 6—INDIANAPOLIS

Chairman: Herman B. Wells, Indiana University, Bloomington, Indiana (re-appointed).
Vice Chairman: Fermor S. Cannon, Railroadmen's Federal Savings and Loan Association, Indianapolis, Indiana (re-appointed).
Public Interest Director: S. Rudolph Light, Kalamazoo, Michigan (re-elected).
Class A Director: Thomas C. Mason, Grand Rapids Mutual Federal Savings and Loan Association, Grand Rapids, Michigan (re-elected).
Class B Director: Edward W. Springer, Atkins Savings and Loan Association, Indianapolis, Indiana (re-elected).
Class C Director: Earl C. Bucher, People's Savings and Loan Association, Huntington, Indiana (re-elected).
Director-at-Large: Myron H. Gray, Muncie Federal Savings and Loan Association, Muncie, Indiana (re-elected).

DISTRICT NO. 7—CHICAGO

Chairman: Charles E. Broughton, The Sheboygan Press, Sheboygan, Wisconsin (re-appointed).

Vice Chairman: Henry G. Zander, Jr., Henry G. Zander and Company (realtors), Chicago, Illinois (re-appointed).

Public Interest Director: Clarence W. Reuling, Peoria, Illinois (re-elected).

Class A Director: A. H. Koepke, Welfare Building and Loan Association, Milwaukee, Wisconsin (re-elected).

Class B Director: Ray W. Schmitt, Sherman Savings and Loan Association, Milwaukee, Wisconsin.

Class C Director: Robert L. Hirschinger, Baraboo Federal Savings and Loan Association, Baraboo, Wisconsin (re-elected).

Director-at-Large: Arthur G. Erdmann, Bell Savings and Loan Association, Chicago, Illinois (re-elected).

DISTRICT NO. 8—DES MOINES

Chairman: Robert E. Lee Hill, Missouri Bankers Association, Sedalia, Missouri.

Vice Chairman: F. J. Webb, Metropolitan Savings and Loan Association, Kansas City, Missouri.

Class A Director: Elmer E. Miller, Des Moines Building-Loan and Savings Association, Des Moines, Iowa.

Class B Director: J. C. McKercher, Peoples Federal Savings and Loan Association, Minneapolis, Minnesota.

Class C Director: Lloyd Rime, Ottumwa Federal Savings and Loan Association, Ottumwa, Iowa.

Director-at-Large: J. W. Davis, Home Savings Association, Sioux Falls, South Dakota.

DISTRICT NO. 9—LITTLE ROCK

Chairman: B. H. Wooten, The Republic National Bank, Dallas, Texas (re-appointed).

Vice Chairman: Wilbur P. Gulley, Pulaski Federal Savings and Loan Association, Little Rock, Arkansas (re-appointed).

Public Interest Director: B. H. Wooten.

Class A Director: George M. deLucas, Jackson Homestead Association, New Orleans, Louisiana (re-elected).

Class B Director: O. W. Boswell, First Federal Savings and Loan Association, Paris, Texas (re-elected).

Class C Director: Louis D. Ross, St. Tammany Homestead Association, Covington, Louisiana (re-elected).

Director-at-Large: Wilbur P. Gulley (re-elected).

DISTRICT NO. 10—TOPEKA

Chairman: William M. Jardine, University of Wichita, Wichita, Kansas (re-appointed).

Vice Chairman: J. E. Barry, Jr., Oklahoma City Federal Savings and Loan Association, Oklahoma City, Oklahoma.

Public Interest Director: William M. Jardine.

Class A Director: L. S. Barnes, Ponca City Savings and Loan Association, Ponca City, Oklahoma (re-elected).

Class B Director: Gordon Harper, Victor Building and Loan Association, Muskogee, Oklahoma (re-elected).

Class C Director: H. A. Hart, First Federal Savings and Loan Association, Dodge City, Kansas (re-elected).

Director-at-Large: Henry A. Bubb, Capitol Federal Savings and Loan Association, Topeka, Kansas (re-elected).

DISTRICT NO. 11—PORTLAND

Chairman: Ben A. Perham, Perham Fruit Company, Yakima, Washington (re-appointed).

Vice Chairman: Guy E. Jaques, Portland Federal Savings and Loan Association, Portland, Oregon.

Public Interest Director: L. H. Hoffman, Portland, Oregon.

Class A Director: Fred J. Bradshaw, American Savings and Loan Association, Salt Lake City, Utah.

Class B Director: L. C. Wetzel, First Federal Savings and Loan Association, Walla Walla, Washington.

Class B Director (unexpired term): William D. Hopping, Tacoma Savings and Loan Association, Tacoma, Washington (elected to fill an unexpired term ending December 31, 1946).

Class C Director: Paul Bartling, Provident Federal Savings and Loan Association, Casper, Wyoming.

Director-at-Large: R. J. Fremou, Western Montana Building and Loan Association, Missoula, Montana.

DISTRICT NO. 12—LOS ANGELES

Chairman: Archibald B. Young, Pasadena, California.

Class A Director: F. B. Palmer, Pomona First Federal Savings and Loan Association, Pomona, California.

Class B Director: Eugene Webb, Jr., Southland Federal Savings and Loan Association, Beverly Hills, California.

Class C Director: William J. Bowman, Albany Federal Savings and Loan Association, Albany, California (re-elected).

Director-at-Large: E. L. Barnett, Santa Rosa Building and Loan Association, Santa Rosa, California.

Real Estate Overhang

(Continued from p. 102)

Perhaps even more significant than the comparison between types of institutions is the fact that within each category the 1944 ratios of residential real estate owned to residential mortgage loans outstanding fell considerably below the 1943 percentages. As might be expected from the intrinsic nature of its operations, the HOLC displayed the greatest change—from 7.0 percent in 1943 to 1.0 percent by the end of 1944. In the same period the ratio for mutual savings banks went down from 4.4 to 2.2 percent.[1] For savings and loan associations and commercial banks the ratios declined from 2.6 to 1.3 percent and from 1.5 to 0.7 percent, respectively. While life insurance companies also saw their ratio contract from 5.6 to 3.2 percent in 1944, the change was somewhat less proportionately than that experienced by the other selected home financing groups.

[1] Ratios for mutual savings banks are based on total real estate owned related to total real estate mortgages held.

★ ★ ★ WORTH REPEATING ★ ★ ★

PRIVATE CAPITAL: "While the public housing agencies generally have expanded in recent years and more money has been made available to them, their efforts merely serve to accentuate the fact that they are only scratching the surface. Any long range program must contemplate private capital's entry into the housing field.

"Public housing, by virtue of its subsidies and restrictions, can only function for the lowest income group. If better living conditions are to be provided for the middle income group at reasonable rentals then the municipalities must join with the vast reservoirs of private capital as represented by the fiduciaries to bring this about."

Robert Moses, Commissioner of Parks, New York City, *Savings Bank Journal,* November 1945.

NO WISHFUL THINKING: "Housing costs can be reduced and better houses can be produced . . . but no amount of wishful thinking can dream them up. Until an aggressive and comprehensive program of housing research is undertaken, costs will remain high and the industry will operate at relatively low levels, with boom periods followed by foreclosures."

R. Harold Denton, *Housing Progress,* Summer 1945.

INCREASED PRESSURES: "Justification of moving upward with the market is all too common and too easy in these days of rising real estate prices and increasing costs of construction. True, there is some comfort in the thought that many existing houses cannot be reproduced at comparable cost in today's market. However, there is need to keep in mind constantly the fact that a mortgage loan is made to cover years, whereas the sale is completed once the title is transferred. Any lending policy which derives its main support from the increasing costs of construction will undoubtedly have its day of reckoning in some later period of adjustment. Just as sure as night follows day, the costs of construction cannot go up forever. Probably, there is little prospect of any quick reversal of present trends, but the ultimate correction of high costs is inevitable if we are to solve our housing problem.

"Evaluating the pressures of increased mortgage loan competition, it is needless to say that savings and loan associations should give full consideration to long-term security as distinguished from short-term gain. Better to restrict volume now and have fewer foreclosures in the days ahead than to go all out in the offering of inducements to get mortgage loans under present conditions."

William H. Husband, General Manager, FS&LIC, before Missouri Savings and Loan League, St. Louis, Mo., Nov. 15, 1945.

PLANNING GUIDE: "The comprehensive plan of a city is the well-considered correlation of those immediate and long-term needs, purposes, and desires of the people which have been found suitable, feasible, and capable of expression in physical terms, presented as a guide to assist private individuals and public officials in the achievement of beneficial objectives through coordinated action. In origin it must be realistic; in scope it must be broadly inclusive; in outline it must be bold and imaginative; in detail it must be flexible. Such a plan provides the basic framework for directing the development of the city and prescribes interpretations to facilitate its realization; within that framework, complete freedom to function under the law is accorded to both public and private enterprise."

From *Annual Report of Chicago Plan Commission,* 1944.

BALANCED PROGRAM: "One of the critical questions of the immediate future is: shall we have simply another building boom or an intelligent and farsighted rebuilding of large sections of American cities as part of a comprehensive and balanced housing program?

"The answer to this question will depend in no small part upon whether we can find practical means of making available for building two types of urban districts—the deteriorating and blighted sections that are found near the centers of most urban communities and the defunct sub-divisions inherited from times past . . . We should have some effective means of overcoming the serious obstacles to development in these two types of districts—in the central blighted area, high acquisition prices and in both, in varying degrees, obsolete layouts, scattered ownership, poor titles, tax delinquencies, and inadequate recreational space and community facilities."

National Housing Bulletin 3, *Land Assembly for Urban Redevelopment.*

WISE SPENDING: "Before the war, and with wages at depression level, Americans were saving around 5 billions of dollars a year. During the war they built this up to more than 25 billions a year. They can still save at prewar levels or better and spend enough to keep industry busy—and they may save more. As one economist puts it, industry will look at the statistics of reserve buying power, and expand. But, in expanding, industry creates more buying power than it will be able to satisfy for some years to come—so that the accumulated savings of the people, and their regular savings programs, will remain largely intact and undisturbed. This fact benefits not only the security of the family, but the security of our national economy. For the individual that does not understand this process, and yields to the temptation to trade his security for the gratification of immediate luxury wants, the postwar period may mean an end to all hopes of financial independence."

The National Thrift Committee, New York, Dec. 1, 1945.

SOUND LOANS: "In these days of inflated real estate values it becomes easy, if you are not careful, to lend in amounts that are high in relation to sound or stand-up value, to meet competition through rate cutting and make other concessions which for the moment might seem advisable but which, in the long run, might well work to the detriment to depositors' rights through reduced earning power, as well as to the real estate structure itself. On the other hand, greater consideration might be given to your dividend policy, which in years past has been a vital factor to your growth and development."

F. Earl Wallace, Commissioner for Banks of Massachusetts, before convention of Savings Bank Association of Massachusetts.

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